



## PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

### TOTAL PRODUCE INCREASES EARNINGS BY 10.5%

- Total revenue <sup>(1)</sup> up 13.0% to €3.2 billion
- Adjusted EBITDA <sup>(1)</sup> up 6.7% to €74.1m
- Adjusted EBITA <sup>(1)</sup> up 9.4% to €58.7m
- Adjusted profit before tax <sup>(1)</sup> up 12.5% to €52.9m
- Adjusted fully diluted EPS <sup>(1)</sup> up 10.5% to 8.77 cent
- Final dividend up 10.0% to 1.66 cent

<sup>(1)</sup> Key performance indicators are defined overleaf

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

*“Total Produce has recorded a strong performance in 2013 with total revenue increasing by 13.0% to €3.2 billion and adjusted earnings per share increasing by 10.5% to 8.77 cent per share. The Group’s growth is primarily driven by successful acquisitions completed in recent years including the investment in Oppenheimer in North America.*

*We are also pleased to announce a 10% increase in the final dividend to 1.66 cent per share. The Group actively continues to pursue further investment opportunities and is targeting adjusted earnings per share for 2014 in the range of 8.4 cent to 9.4 cent per share”.*

4 March 2014

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**TOTAL PRODUCE PLC PRELIMINARY RESULTS FOR THE  
YEAR ENDED 31 DECEMBER 2013**

	<b>2013</b>	<i>Restated</i> 2012*	
	<b>€'million</b>	€'million	% change
Total revenue <sup>(1)</sup> , including share of joint ventures & associates	<b>3,175</b>	2,811	+13.0%
Group revenue	<b>2,638</b>	2,432	+8.5%
Adjusted EBITDA <sup>(1)</sup>	<b>74.1</b>	69.5	+6.7%
Adjusted EBITA <sup>(1)</sup>	<b>58.7</b>	53.7	+9.4%
Operating profit (before exceptional items)	<b>46.9</b>	41.8	+12.1%
Adjusted profit before tax <sup>(1)</sup>	<b>52.9</b>	47.0	+12.5%
Profit before tax	<b>48.2</b>	36.4	+32.6%
	<b>Euro</b>	<b>Euro</b>	
	<b>cent</b>	<b>cent</b>	<b>% change</b>
Adjusted fully diluted earnings per share <sup>(1)</sup>	<b>8.77</b>	7.94	+10.5%
Basic earnings per share	<b>9.38</b>	6.40	+46.6%
Diluted earnings per share	<b>9.36</b>	6.40	+46.3%
Total dividend per share	<b>2.27</b>	2.08	+9.3%

\* All 2012 numbers presented in this report for comparative purposes have been restated to reflect the impact of IAS 19 *Employee Benefits* (2011) and to reflect the reclassification of fair value movements on contingent consideration. See Note 1 of the accompanying financial information for further details.

**<sup>(1)</sup> Key performance indicators defined**

*Total revenue* includes the Group's share of the revenue of joint ventures and associates.

*Adjusted EBITDA* is earnings before interest, tax, depreciation, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration and exceptional items. It also excludes the Group's share of these items within joint ventures and associates.

*Adjusted EBITA* is earnings before interest, tax, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration and exceptional items. It also excludes the Group's share of these items within joint ventures and associates.

*Adjusted profit before tax* excludes acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration and exceptional items. It also excludes the Group's share of these items within joint ventures and associates.

*Adjusted fully diluted 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 joint ventures and associates.

**Forward-looking statement**

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

## Summary Results

Total Produce (the ‘Group’) has recorded a strong performance in 2013 with positive contributions from acquisitions completed in recent years and organic growth. Revenue<sup>(1)</sup>, adjusted EBITA<sup>(1)</sup> and adjusted earnings per share<sup>(1)</sup> grew by 13.0%, 9.4% and 10.5% respectively.

Revenue grew by 13.0% to €3.2 billion (2012: €2.8 billion) with adjusted EBITA up 9.4% to €58.7m (2012: €53.7m). The strong growth in the year was assisted by the positive contributions from acquisitions completed in recent years offset in part by the divestment of the Group’s 25% interest in Capespan Group Limited (‘Capespan South Africa’). The results were marginally affected by currency translation in the year primarily due to the weakening of Sterling. The trading results in all of the operating divisions within the Group’s core Fresh Produce Division were improved on 2012. On a like-for-like basis, excluding the impact of acquisitions, divestments and currency translation, total revenue increased by c.8% in 2013.

Operating profit before exceptional items increased 12.1% to €46.9m (2012: €41.8m). The Group recognised net exceptional credits in the year of €6.5m (2012: €0.3m) due primarily to a credit arising on modifications to the structure of the Group’s defined benefit arrangements offset by fair value losses on the revaluation of properties. A full analysis of these exceptional items is set out in Note 5 of the accompanying financial information. Operating profit after these net exceptional credits was €53.4m (2012: €42.1m), an increase of 26.7%.

Statutory profit before tax in 2013 was €48.2m (2012: €36.4m). Adjusted profit before tax<sup>(1)</sup> increased by 12.5% to €52.9m (2012: €47.0m).

Adjusted earnings per share<sup>(1)</sup> for the year ended 31 December 2013 of 8.77 cent (2012: 7.94 cent) represented a growth of 10.5%.

The Group continues to generate positive cashflows with both operating and free cashflows up on prior year due to increased earnings and working capital inflows. Free cashflow increased to €45.1m (2012: €41.2m) resulting in a reduction in the net debt at 31 December 2013 to €11.0m (2012: €53.0m) and represents 0.15 times adjusted EBITDA.

The Group successfully concluded a number of acquisitions in 2013 with a total investment of over €23m. This included €5m payable contingent on the achievement of future profit targets. The most significant investment being the acquisition of an initial 35% interest in the Oppenheimer Group on 7 January 2013, with a further 30% to be acquired in 2017. This development represents the Group’s first investment in the North American market where the Oppenheimer Group is a leading distribution and marketing company with thirteen locations, of which nine are in the USA, three are in Canada and one in Chile. In addition, on 13 December 2013, the Group completed the acquisition of a further 41% shareholding in Provenance Partners Limited taking the Group’s interest to 50%. Provenance primarily sources exotic vegetables from Africa and it expands the Group’s product offering to major retailers, food service and wholesale customers in the UK.

Post year-end the Group completed an agreement (subject to regulatory approval) to acquire the second 50% shareholding in All Seasons Fruit (‘ASF’) in Holland in three stages. An initial 20% shareholding will be acquired on completion with the balance to be acquired in subsequent years. ASF specialises in the soft fruit category.

The Board recommends an increase of 10.0% in the final dividend to 1.66 cent per share (2012: 1.51 cent per share). This together with the interim dividend of 0.61 cent per share (2012: 0.57 cent per share), brings the total 2013 dividend to 2.27 cent per share (2012: 2.08 cent), an increase of 9.3% on 2012.

## Operating Review

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

	2013		Restated * 2012	
	Segmental revenue €'000	Adjusted EBITA €'000	Segmental revenue €'000	Adjusted EBITA €'000
Fresh Produce				
- Eurozone Fresh Produce	1,493,567	22,962	1,328,042	21,023
- Northern Europe Fresh Produce	900,413	23,431	802,837	22,033
- UK Fresh Produce	480,769	6,596	489,686	5,103
- International Fresh Produce	226,862	3,128	123,076	2,511
Inter-segment revenue	(40,689)	-	(35,832)	-
<b>Total Fresh Produce</b>	<b>3,060,922</b>	<b>56,117</b>	<b>2,707,809</b>	<b>50,670</b>
<b>Healthfoods and Consumer Products</b>	<b>113,906</b>	<b>2,588</b>	<b>102,762</b>	<b>2,989</b>
<b>Third party revenue and adjusted EBITA</b>	<b>3,174,828</b>	<b>58,705</b>	<b>2,810,571</b>	<b>53,659</b>

\* 2012 comparatives have been restated in accordance with IAS 19 *Employee Benefits* (2011) and to reflect the reclassification of fair value movements to contingent consideration. In addition, certain information has been reclassified to conform to the current year presentation.

### Fresh Produce Division

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

Revenue in this division increased 13.0% in the period to €3,061m (2012: €2,708m) with adjusted EBITA increasing 10.7% to €56.1m (2012: €50.7m). Net EBITA margins in the Fresh Produce division of 1.83% (2012: 1.87%) were slightly lower compared to the prior year. The results were assisted by the positive contribution of acquisitions completed in recent years and organic growth offset in part by the divestment of the Group's 25% interest in Capespan South Africa in April 2013.

Trading conditions overall in 2013 were improved on 2012 with performance increasing in each of the operating segment in the Fresh Produce Division. The effect of currency did not have a material impact on the reported results in the year. On a like-for-like basis, excluding the impact of acquisitions, divestments and currency translation, revenue increased c.8% in 2013 with a mix of both volume and average price increases.

Further information on each reporting segment follows.

#### *Eurozone Fresh Produce*

Revenue in the Eurozone Division increased 12.5% to €1,494m (2012: €1,328m) with a 9.2% increase in adjusted EBITA to €23.0m (2012: €21.0m). The increase was primarily due to the full year effect of acquisitions completed in 2012 and improved trading conditions in certain Continental European locations. Excluding the effect of acquisitions, revenue on a like-for-like basis was up c. 8% due to both volume and price increases.

### ***Northern Europe Fresh Produce***

Revenue in the Group's Northern European Division increased by 12.2% to €900m (2012: €803m) with adjusted EBITA increasing by 6.3% to €23.4m (2012: €22.0m). The increase in revenue was due to new customers, new product lines and average price growth. Currency translation did not have a material impact on the reported results year-on-year.

### ***UK Fresh Produce***

Reported revenue in the Group's UK division decreased by 1.8% to €481m (2012: €490m) with adjusted EBITA increasing by 29.3% to €6.6m (2012: €5.1m). The results were negatively impacted by the 5.2% weakening of Sterling in 2013. On a constant currency basis, revenue was up 2.4%. The results reflect a strong second half of the year particularly in the wholesale sector after a relatively poor start to the year due to a late spring which impacted the first half results.

### ***International Fresh Produce***

Reported revenue in the Group's international business increased to €227m (2012: €123m) with adjusted EBITA increasing by 24.6% to €3.1m (2012: €2.5m). The results benefitted from the acquisition of Oppenheimer in January 2013 offset by the impact of the divestment of Capespan South Africa in April 2013.

### **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 markets and distributes to retail and wholesale outlets in Ireland and the United Kingdom.

Revenue increased 10.8% to €114m (2012: €103m) due to the positive contributions of bolt-on acquisitions completed in the previous 18 months. The division recorded an EBITA of €2.6m (2012: €3.0m) with the decrease due to lower margins primarily due to changes in the product mix.

## Financial Review

### *Net financial expense*

Net financial expense in the year decreased to €5.2m (2012: €5.8m) due to lower average debt in the year. The Group's share of the net financial expense in its joint ventures and associates was €0.6m compared to €0.9m in 2012. Net interest cover for the year was 11.3 times based on adjusted EBITA.

### *Exceptional items*

Exceptional items in the year amounted to a net credit before tax of €6.5m (2012: net credit of €0.3m) due primarily to a credit arising on modifications to the structure of the Group's defined benefit arrangements offset by fair value losses on the revaluation of properties. A full analysis of these exceptional items is set out in Note 5 of the accompanying financial information.

### *Statutory profit before tax*

Statutory profit before tax increased 32.6% in the year to €48.2m due to higher operating profits and higher net exceptional credits in 2013. Excluding the exceptional items, acquisition related amortisation charges and costs, and fair value movements on contingent consideration, adjusted profit before tax <sup>(1)</sup> increased by 12.5% to €52.9m.

### *Taxation*

The tax charge for the year including share of joint ventures and associates tax and before non-trading items, as set out in Note 6 of the accompanying financial information, was €14.0m (2012: €12.5m) representing an effective tax rate of 26.4% (2012: 26.7%) when applied to the Group's adjusted profit before tax.

### *Non-controlling interest*

The non-controlling interest's share of after tax profits was €7.3m (2012: €7.1m). Included in the 2013 charge was the non-controlling interest's share of €1.8m (2012: €0.8m) of exceptional items and acquisition related charges and costs. Excluding these non-trading items, the non-controlling interests share of after tax profits increased by €1.2m in 2013 due to the full year effect of the non-controlling interests' share of after tax profits of subsidiaries acquired in the second half of 2012 and higher after tax profits in a number of the Group's non-wholly owned subsidiaries in Continental Europe.

### *Earnings per share*

Adjusted fully diluted earnings per share increased 10.5% to 8.77 cent (2012: 7.94 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 fairer reflection of the underlying trading performance of the Group.

Basic earnings per share and diluted earnings per share after these non-trading items amounted to 9.38 cent (2012: 6.40 cent) and 9.36 cent (2012: 6.40 cent) respectively with the increase due higher operating profits and net exceptional credits in 2013.

Note 7 of the accompanying financial information provides details on the calculation of the respective earnings per share amounts.

## Net debt and cash flow

Net debt at 31 December 2013 was €11.0m (2012: €53.0m). At 31 December 2013, the Group had cash balances (including bank deposits) of €108.2m and interest bearing borrowings (including overdrafts) of €119.2m. Net debt relative to adjusted EBITDA was 0.15 times and interest is covered 11.3 times by adjusted EBITA.

The Group generated operating cash flows of €45.0m in 2013 (2012: €38.0m) before working capital movements with the increase due to higher profits. There were €14.5m (2012: €12.1m) of working capital inflows in the year assisted by an incremental €12.4m inflow from additional trade receivables financing. Cash outflows on routine capital expenditure, net of disposals, were €12.9m (2012: €7.9m). Dividends received from joint ventures and associates increased to €4.1m (2012: €2.9m) with dividend payments to non-controlling interests increasing to €5.6m (2012: €3.9m).

Free cash flow generated by the Group increased to €45.1m (2012: €41.2m). Free cash flow is the funds available after outflows relating to routine capital expenditure and dividends to non-controlling shareholders but before acquisition expenditure, development capital expenditure and the payment of dividends to equity shareholders.

Cash outflows on acquisitions and contingent consideration payments amounted to €17.6m (2012: €14.8m). Development capital expenditure of €1.2m (2012: €3.8m) was down on the prior year. As highlighted earlier, the Group sold its investment in Capespan South Africa and received cash proceeds of €21.7m in 2013. The Group distributed €7.0m (2012: €6.3m) in dividends to equity shareholders in 2013.

There was a positive impact of €2.2m on translation of foreign currency net debt into Euro at 31 December 2013 primarily due to the weaker Czech Koruna, Sterling, Swedish Krona and US Dollar exchange rates at year end compared to the rates prevailing at 31 December 2012.

	<b>2013</b>	<i>Restated</i> 2012
	<b>€'million</b>	€'million
<b>Adjusted EBITDA</b>	<b>74.1</b>	69.5
Deduct adjusted EBITDA of joint ventures and associates	<b>(11.7)</b>	(11.4)
Net interest and tax paid	<b>(16.2)</b>	(17.6)
Other	<b>(1.2)</b>	(2.5)
<b>Operating cash flows before working capital movements</b>	<b>45.0</b>	38.0
Working capital and other movements	<b>14.5</b>	12.1
<b>Operating cash flows</b>	<b>59.5</b>	50.1
Routine capital expenditure net of disposal proceeds	<b>(12.9)</b>	(7.9)
Dividends received from joint ventures and associates	<b>4.1</b>	2.9
Dividends paid to non-controlling interests	<b>(5.6)</b>	(3.9)
<b>Free cash flow</b>	<b>45.1</b>	41.2
Disposal of a joint venture interest	<b>21.7</b>	8.5
Acquisition expenditure (including contingent consideration payments)	<b>(17.6)</b>	(14.8)
Development capital expenditure	<b>(1.2)</b>	(3.8)
Dividends paid to equity shareholders	<b>(7.0)</b>	(6.3)
Other	<b>(1.2)</b>	(0.1)
<b>Movement in net debt in the year</b>	<b>39.8</b>	24.7
Net debt at beginning of year	<b>(53.0)</b>	(75.6)
Foreign currency translation	<b>2.2</b>	(2.1)
<b>Net debt at end of year</b>	<b>(11.0)</b>	(53.0)

## **Defined benefit pension obligations**

The net liability in the Group's defined benefit pension schemes (net of deferred tax) decreased to €3.9m (2012: €23.7m). As explained in further detail in Note 8 of the accompanying financial information the decrease in liability is due primarily to strong returns on pension scheme assets and a credit arising on modification to the structure of the Group's defined benefit pension arrangements.

## **Shareholders' Equity**

The balance sheet strengthened in 2013 with shareholders' equity increasing 15.7% to €217.4m (2012: €187.8m). The increase was primarily due to after tax profits in the year of €30.9m attributable to equity shareholders of the parent and gains of €5.2m recognised directly in the statement of other comprehensive income. This was offset by dividend payments of €7.0m to equity shareholders in 2013. The €5.2m of gains recognised directly in the statement of other comprehensive income include remeasurement gains on employee defined benefit pension schemes of €9.7m (net of deferred tax) offset by currency translation losses of €3.8m that arose on the translation of foreign currency denominated assets to Euro and net fair value losses of €0.6m (net of deferred tax) on the revaluation of property.

## **Development activity**

During 2013, the Group invested €23.3m including deferred consideration and contingent consideration amounts of €5.9m payable contingent of the achievement of future profit targets.

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 the Oppenheimer shares was completed on this date in January for an initial cash payment of CAD\$14.9m (€11.4m) with additional consideration payable on these shares if certain profit targets are met. The fair value of the contingent consideration recognised at the date of acquisition of €2.6m was calculated using an expected present value technique. 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 was estimated not to exceed CAD\$40.0m (€30.0m) at completion.

On 13 December 2013, the Group completed the acquisition of a further 41% shareholding in Provenance Partners Limited taking the Group's interest to 50%. Provenance primarily sources exotic vegetables from Africa for sale to major retailers, food service and wholesale customers in the UK.

In addition to the activity detailed above, the Group made a number of other bolt-on acquisitions and invested in new and existing joint ventures in 2013.

Post year end, the Group completed an agreement (subject to regulatory approval) to acquire the second 50% shareholding in All Seasons Fruit ('ASF') in the Netherlands in three stages. An initial 20% shareholding will be acquired on completion with the balance to be acquired in subsequent years. ASF specialises in the soft fruit category.

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



## **Share buyback**

Under the authority granted at the AGM in 2013, the Group is permitted to purchase up to 10% of its issued share capital in the market if the appropriate opportunity arises at a price which would not exceed 105% of the average price over the previous five trading days. The Group continues to consider exercising the authority should the appropriate opportunity arise. The Group will seek to renew this authority at the forthcoming AGM in May 2014.

## **Dividends**

The Board is proposing a 10.0% increase in the final dividend to 1.66 cent per share (2012: 1.51 cent), subject to the approval at the forthcoming AGM. If approved, this dividend will be paid on 27 May 2014 to shareholders on the register at 2 May 2014 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 2013. The total dividend for 2013 will amount to 2.27 (2012: 2.08) cent per share and represents an increase of 9.3% on 2012.

## **Summary and Outlook**

Total Produce has recorded a strong performance in 2013 with total revenue increasing by 13.0% to €3.2 billion and adjusted earnings per share increasing by 10.5% to 8.77 cent per share. The Group's growth is primarily driven by successful acquisitions completed in recent years including the investment in Oppenheimer in North America.

We are also pleased to announce a 10% increase in the final dividend to 1.66 cent per share. The Group actively continues to pursue further investment opportunities and is targeting adjusted earnings per share for 2014 in the range of 8.4 cent to 9.4 cent per share.

**Carl McCann, Chairman**  
**On behalf of the Board**  
**4 March 2014**

*(1) See page two of this announcement for a definition of the Group's key performance indicators.*

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

**Total Produce plc**  
**Extract from the Group Income Statement**  
*for the year ended 31 December 2013*

	Note	Before exceptional items 2013 €'000	Exceptional items (Note 5) 2013 €'000	Total 2013 €'000	<i>Restated</i> Before exceptional items 2012* €'000	Exceptional items (Note 5) 2012* €'000	<i>Restated</i> Total 2012* €'000
Revenue, including Group share of joint ventures and associates	3	3,174,828	–	3,174,828	2,810,571	–	2,810,571
Group revenue		2,637,693	–	2,637,693	2,431,826	–	2,431,826
Cost of sales		(2,274,977)	–	(2,274,977)	(2,092,874)	–	(2,092,874)
<b>Gross profit</b>		<b>362,716</b>	–	<b>362,716</b>	338,952	–	338,952
Operating expenses (net)		(321,055)	6,751	(314,304)	(301,686)	303	(301,383)
Share of profit of joint ventures and associates	10	5,260	(259)	5,001	4,572	–	4,572
<b>Operating profit</b>		<b>46,921</b>	<b>6,492</b>	<b>53,413</b>	41,838	303	42,141
Financial income		2,123	–	2,123	1,851	–	1,851
Financial expense		(7,301)	–	(7,301)	(7,606)	–	(7,606)
<b>Profit before tax</b>		<b>41,743</b>	<b>6,492</b>	<b>48,235</b>	36,083	303	36,386
Income tax expense	6	(9,716)	(324)	(10,040)	(8,222)	43	(8,179)
<b>Profit for the year</b>		<b>32,027</b>	<b>6,168</b>	<b>38,195</b>	27,861	346	28,207
<i>Attributable to:</i>							
Equity holders of the parent				30,936			21,127
Non-controlling interests				7,259			7,080
				<u>38,195</u>			<u>28,207</u>
<b>Earnings per ordinary share</b>							
Basic	7			9.38 Cent			6.40 cent
Fully diluted	7			9.36 Cent			6.40 cent
Adjusted fully diluted	7			8.77 Cent			7.94 cent

**Total Produce plc**  
**Extract from the Group Statement of Comprehensive Income**  
*for the year ended 31 December 2013*

	2013 €'000	<i>Restated</i> 2012 €'000
<b>Profit for the year</b>	<b>38,195</b>	28,207
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation effects:		
- foreign currency net investments – subsidiaries	(6,302)	5,282
- foreign currency net investments – joint ventures and associates	(2,469)	367
- foreign currency losses reclassified to the income statement on disposal of joint venture and associate investments	1,044	1,489
- foreign currency borrowings designated as net investment hedges	3,428	(2,606)
Effective portion of cash flow hedges, net	(165)	2
Deferred tax on items taken directly to other comprehensive income	41	(1)
Share of joint ventures & associate fair value adjustment on AFS equity investments	(15)	–
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement gains/(losses) on defined benefit pension schemes	12,164	(11,543)
Revaluation (losses)/gains on property, plant and equipment, net	(1,630)	1,771
Deferred tax on items taken directly to other comprehensive income	(1,181)	1,736
Share of joint ventures and associates remeasurement losses on defined benefit pension schemes	(40)	(331)
Share of joint ventures and associates deferred tax on items taken directly to other comprehensive income	10	116
<b>Other comprehensive income for the year, net of tax</b>	<b>4,885</b>	(3,718)
<b>Total comprehensive income for the year, net of tax</b>	<b>43,080</b>	24,489
<i>Attributable to:</i>		
Equity holders of the parent	36,159	17,022
Non-controlling interests	6,921	7,467
	<b>43,080</b>	24,489

**Total Produce plc**  
**Extract from the Group Balance Sheet**  
*as at 31 December 2013*

<i>Assets</i>	<b>2013</b>	2012
	<b>€'000</b>	€'000
<b>Non-current</b>		
Property, plant and equipment	<b>133,948</b>	138,753
Investment property	<b>7,150</b>	11,067
Goodwill and intangible assets	<b>157,643</b>	152,098
Investments in joint ventures and associates	<b>54,761</b>	62,086
Other financial assets	<b>649</b>	636
Other receivables	<b>5,090</b>	6,505
Deferred tax assets	<b>6,801</b>	9,473
Employee Benefits	<b>3,282</b>	–
<b>Total non-current assets</b>	<b>369,324</b>	380,618
<b>Current</b>		
Inventories	<b>48,142</b>	45,565
Trade and other receivables	<b>279,095</b>	279,263
Corporation tax receivables	<b>201</b>	1,971
Derivative financial instruments	<b>20</b>	–
Bank deposits	<b>4,740</b>	3,799
Cash and cash equivalents	<b>103,463</b>	105,692
<b>Total current assets</b>	<b>435,661</b>	436,290
<b>Total assets</b>	<b>804,985</b>	816,908
<b>Equity</b>		
Share capital	<b>3,519</b>	3,519
Share premium	<b>252,574</b>	252,574
Other reserves	<b>(114,096)</b>	(110,043)
Retained earnings	<b>75,369</b>	41,752
<b>Total equity attributable to equity holders of the parent</b>	<b>217,366</b>	187,802
Non-controlling interests	<b>68,524</b>	64,162
<b>Total equity</b>	<b>285,890</b>	251,964
<b>Liabilities</b>		
<b>Non-current</b>		
Interest-bearing loans and borrowings	<b>114,311</b>	154,797
Deferred government grants	<b>1,681</b>	1,876
Other payables	<b>1,775</b>	1,881
Provisions	<b>17,535</b>	15,336
Corporation tax payable	<b>6,973</b>	7,569
Deferred tax liabilities	<b>13,621</b>	16,100
Employee benefits	<b>7,940</b>	28,324
<b>Total non-current liabilities</b>	<b>163,836</b>	225,883
<b>Current</b>		
Interest-bearing loans and borrowings	<b>4,879</b>	7,721
Trade and other payables	<b>340,406</b>	326,805
Provisions	<b>6,435</b>	1,785
Derivative financial instruments	<b>645</b>	341
Corporation tax payable	<b>2,894</b>	2,409
<b>Total current liabilities</b>	<b>355,259</b>	339,061
<b>Total liabilities</b>	<b>519,095</b>	564,944
<b>Total liabilities and equity</b>	<b>804,985</b>	816,908

**Total Produce plc**  
**Extract from the Group Statement of Changes in Equity**  
*for the year ended 31 December 2013*

	<i>Attributable to equity holders of the parent</i>								<i>Non-controlling interests</i> €'000	<i>Total equity</i> €'000	
	<i>Share capital</i> €'000	<i>Share premium</i> €'000	<i>Currency translation reserve</i> €'000	<i>Revaluation reserve</i> €'000	<i>De-merger reserve</i> €'000	<i>Own shares reserve</i> €'000	<i>Other equity reserves</i> €'000	<i>Retained earnings</i> €'000			<i>Total</i> €'000
<b>As at 1 January 2013</b>	<b>3,519</b>	<b>252,574</b>	<b>(1,483)</b>	<b>20,914</b>	<b>(122,521)</b>	<b>(8,580)</b>	<b>1,627</b>	<b>41,752</b>	<b>187,802</b>	<b>64,162</b>	<b>251,964</b>
<b>Comprehensive income</b>											
Profit for the year	–	–	–	–	–	–	–	30,936	30,936	7,259	38,195
<b>Other comprehensive income:</b>											
<i>Items that may be reclassified subsequently to profit or loss:</i>											
Foreign currency translation effects, net	–	–	(3,790)	–	–	–	–	–	(3,790)	(509)	(4,299)
Effective portion of cash flow hedges, net	–	–	–	–	–	–	(94)	–	(94)	(71)	(165)
Deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	23	–	23	18	41
Share of joint ventures and associates fair value adjustments of AFS equity investment	–	–	–	–	–	–	–	(15)	(15)	–	(15)
<i>Items that will not be reclassified subsequently to profit or loss:</i>											
Revaluation losses on property, plant and equipment, net	–	–	–	(1,663)	–	–	–	–	(1,663)	33	(1,630)
Remeasurement gains on defined benefit pension schemes	–	–	–	–	–	–	–	12,019	12,019	145	12,164
Deferred tax on items taken directly to other comprehensive income	–	–	–	1,068	–	–	–	(2,295)	(1,227)	46	(1,181)
Share of joint ventures and associates remeasurement losses on defined benefit pension schemes	–	–	–	–	–	–	–	(40)	(40)	–	(40)
Share of joint ventures and associates deferred tax on remeasurement losses on defined benefit pension schemes	–	–	–	–	–	–	–	10	10	–	10
Total other comprehensive income	–	–	(3,790)	(595)	–	–	(71)	9,679	5,223	(338)	4,885
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(3,790)</b>	<b>(595)</b>	<b>–</b>	<b>–</b>	<b>(71)</b>	<b>40,615</b>	<b>36,159</b>	<b>6,921</b>	<b>43,080</b>
<b>Transactions with equity holders of the parent</b>											
Non-controlling interests arising on acquisition	–	–	–	–	–	–	–	–	–	3,428	3,428
Acquisition of non-controlling interest	–	–	–	–	–	–	–	1	1	(423)	(422)
Contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	15	15
Dividends paid	–	–	–	–	–	–	–	(6,999)	(6,999)	(5,579)	(12,578)
Share-based payment transactions	–	–	–	–	–	–	403	–	403	–	403
<b>Total transactions with equity holders of the parent</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>403</b>	<b>(6,998)</b>	<b>(6,595)</b>	<b>(2,559)</b>	<b>(9,154)</b>
<b>As at 31 December 2013</b>	<b>3,519</b>	<b>252,574</b>	<b>(5,273)</b>	<b>20,319</b>	<b>(122,521)</b>	<b>(8,580)</b>	<b>1,959</b>	<b>75,369</b>	<b>217,366</b>	<b>68,524</b>	<b>285,890</b>

**Total Produce plc**  
**Extract from the Group Statement of Changes in Equity**  
*for the year ended 31 December 2013 (continued)*

	<i>Restated</i>									<i>Restated</i>	
	<i>Attributable to equity holders of the parent</i>									<i>Non-</i>	<i>Total</i>
	<i>Share</i>	<i>Share</i>	<i>Currency</i>	<i>Reval-</i>	<i>De-merger</i>	<i>Own</i>	<i>Other</i>	<i>Retained</i>	<i>Total</i>	<i>controlling</i>	<i>equity</i>
	<i>capital</i>	<i>premium</i>	<i>translation</i>	<i>uation</i>	<i>reserve</i>	<i>shares</i>	<i>equity</i>	<i>earnings</i>	<i>earnings</i>	<i>interests</i>	<i>equity</i>
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>	<i>reserves</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
<b>As at 1 January 2012</b>	<b>3,519</b>	<b>252,574</b>	<b>(5,808)</b>	<b>19,296</b>	<b>(122,521)</b>	<b>(8,580)</b>	<b>1,153</b>	<b>37,066</b>	<b>176,699</b>	<b>60,041</b>	<b>236,740</b>
<b>Comprehensive income</b>											
Profit for the year	–	–	–	–	–	–	–	21,127	21,127	7,080	28,207
<b>Other comprehensive income:</b>											
<i>Items that may be reclassified subsequently to profit or loss</i>											
Foreign currency translation effects, net	–	–	4,325	–	–	–	–	–	4,325	207	4,532
Effective portion of cash flow hedges, net	–	–	–	–	–	–	2	–	2	–	2
Deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	(1)	–	(1)	–	(1)
<i>Items that will not be reclassified subsequently to profit or loss:</i>											
Revaluation gains on property, plant and equipment, net	–	–	–	1,422	–	–	–	–	1,422	349	1,771
Remeasurement losses on defined benefit pension schemes	–	–	–	–	–	–	–	(11,371)	(11,371)	(172)	(11,543)
Deferred tax on items taken directly to other comprehensive income	–	–	–	196	–	–	–	1,537	1,733	3	1,736
Share of joint ventures and associates Remeasurement losses on defined benefit pension schemes	–	–	–	–	–	–	–	(331)	(331)	–	(331)
Share of joint ventures and associates deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	–	116	116	–	116
Total other comprehensive income	–	–	4,325	1,618	–	–	1	(10,049)	(4,105)	387	(3,718)
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>4,325</b>	<b>1,618</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>11,078</b>	<b>17,022</b>	<b>7,467</b>	<b>24,489</b>
<b>Transactions with equity holders of the parent</b>											
Non-controlling interests arising on acquisition	–	–	–	–	–	–	–	–	–	481	481
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(68)	(68)	–	(68)
Contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	59	59
Dividends paid	–	–	–	–	–	–	–	(6,324)	(6,324)	(3,886)	(10,210)
Share-based payment transactions	–	–	–	–	–	–	473	–	473	–	473
<b>Total transactions with equity holders of the parent</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>473</b>	<b>(6,392)</b>	<b>(5,919)</b>	<b>(3,346)</b>	<b>(9,265)</b>
<b>As at 31 December 2012</b>	<b>3,519</b>	<b>252,574</b>	<b>(1,483)</b>	<b>20,914</b>	<b>(122,521)</b>	<b>(8,580)</b>	<b>1,627</b>	<b>41,752</b>	<b>187,802</b>	<b>64,162</b>	<b>251,964</b>

**Total Produce plc**  
**Extract from the Group Statement of Cash Flows**  
*for the year ended 31 December 2013*

	<b>2013</b>	<i>Restated</i> 2012
	<b>€'000</b>	€'000
<b>Net cash flows from operating activities before working capital movements (Note 12)</b>	<b>45,031</b>	37,992
Movements in working capital (Note 12)	<b>14,444</b>	12,066
<b>Net cash flows from operating activities (Note 12)</b>	<b>59,475</b>	50,058
<b>Investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	<b>(2,472)</b>	(3,307)
Acquisition of, and investment in joint ventures and associates	<b>(12,148)</b>	(9,392)
Loans advanced to joint ventures and associates	<b>(210)</b>	(256)
Dividends received from joint ventures and associates	<b>4,056</b>	2,909
Payments of contingent consideration	<b>(2,296)</b>	(1,855)
Acquisition of property, plant and equipment	<b>(13,392)</b>	(11,892)
Acquisition of intangible assets -computer software	<b>(1,265)</b>	(649)
Research and development expenditure capitalised	<b>(165)</b>	(146)
Proceeds from disposal of property, plant and equipment	<b>609</b>	874
Proceeds from disposal of joint ventures and associates	<b>21,677</b>	8,456
Acquisition of other financial assets	<b>(28)</b>	(2)
Government grants received	<b>153</b>	599
<b>Net cash flows from investing activities</b>	<b>(5,481)</b>	(14,661)
<b>Financing activities</b>		
Drawdown of borrowings	<b>11,048</b>	32,647
Repayment of borrowings	<b>(47,577)</b>	(39,268)
Increase in bank deposits	<b>(941)</b>	(3,799)
Decrease/(increase) in cash held in escrow	<b>11,360</b>	(11,580)
Capital element of finance lease repayments	<b>(1,315)</b>	(1,135)
Acquisition of non-controlling interests	<b>(422)</b>	(68)
Capital contribution by non-controlling interests	<b>15</b>	59
Dividends paid to non-controlling interests	<b>(5,579)</b>	(3,886)
Dividends paid to equity holders of the parent	<b>(6,999)</b>	(6,324)
<b>Net cash flows from financing activities</b>	<b>(40,410)</b>	(33,354)
Net increase in cash, cash equivalents, and bank overdrafts	<b>13,584</b>	2,043
Net foreign exchange difference	<b>(1,366)</b>	1,104
Cash, cash equivalent and bank overdrafts at 1 January	<b>88,960</b>	85,813
<b>Cash, cash equivalents and bank overdrafts at 31 December (Note 13)</b>	<b>101,178</b>	88,960

**Group Reconciliation of Net Debt**

*for the year ended 31 December 2013*

	<b>2013</b>	2012
	<b>€'000</b>	€'000
Net increase in cash, cash equivalents and bank overdrafts	<b>13,584</b>	2,043
Drawdown of borrowings	<b>(11,048)</b>	(32,647)
Repayment of borrowings	<b>47,577</b>	39,268
Increase in bank deposits	<b>941</b>	3,799
(Decrease)/increase in cash held in escrow	<b>(11,360)</b>	11,580
Capital element of lease repayments	<b>1,315</b>	1,135
Other movements on finance leases	<b>(1,187)</b>	(535)
Foreign exchange movement	<b>2,218</b>	(2,117)
<b>Movement in net debt</b>	<b>42,040</b>	22,526
Net debt at 1 January	<b>(53,027)</b>	(75,553)
<b>Net debt at 31 December</b>	<b>(10,987)</b>	(53,027)

Total Produce plc

## **Selected explanatory notes for the Preliminary Results for the year ended 31 December 2013**

### **1. Basis of preparation**

The financial information included in this preliminary results statement has been extracted from the Group's Financial Statements for the year ended 31 December 2013 and is prepared based on the accounting policies set out therein, which are consistent with those applied in the prior year with the exception of the effect of the new accounting standards including IAS 19 *Employee Benefits (2011)* and IFRS 13 *Fair Value Measurement* as explained in further detail below. As permitted by the European Union (EU) law and in accordance with AIM/ESM rules, the Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU.

The financial information prepared in accordance with IFRSs as adopted by the EU included in this report do not comprise "full group accounts" within the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations 1992 of Ireland insofar as such group accounts would have to comply with the disclosure and other requirements of those Regulations. The information included has been derived from the Group Financial Statements which have been approved by the Board of Directors on 3 March 2014. The Financial Statements will be filed with the Irish Registrar of Companies and circulated to shareholders in due course. The financial information is presented in Euro, rounded to the nearest thousand where appropriate.

#### **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 2013:

- IFRS 7 *Financial Instruments: Disclosures (Amended)*
- IFRS 13 *Fair Value Measurement*
- IAS 1 *Presentation of Financial Statements (Amended)*
- IAS 12 *Income Taxes (Amended)*
- IAS 16 *Property, Plant and Equipment (Amended)*
- IAS 19 *Employee Benefits (2011)*
- IAS 32 *Financial Instruments: Presentation (Amended)*
- IAS 34 *Interim Financial Reporting (Amended)*
- IAS 36 *Impairment of Assets (Amended)*, Early Adopted

The following new standards had an impact on the results and financial position of the Group for the year ended 31 December 2013.

#### ***IAS 19 Employee Benefits (2011)***

As a result of IAS 19 *Employee Benefits (2011)*, the Group has changed its accounting policy with respect to the basis for determining the income or expense related to defined benefit schemes. The main impact of applying IAS 19 (2011) is in the income statement, with the replacement of the expected return on plan assets item and unwinding of discount on the defined benefit obligation with a single line item calculating the net interest on the (deficit)/surplus.

The impact on the Group's comparative 2012 income statement, cash flows statement and balance sheet was as follows:

- an additional pension cost in Group Income Statement of €715,000 for the year ended 31 December 2012, due to the increase in the net interest cost, with a corresponding decrease in remeasurement



losses on defined benefit pension schemes recognised in the Group Statement of Comprehensive Income

- this resulted in a reduction in the income tax charge in the Group Income Statement of €140,000 for the year ended 31 December 2012 with a corresponding decrease in deferred tax credit on items recognised directly in reserves in the Group Statement of Comprehensive Income
- a reduction in the non-controlling interests charge in the Group Income Statement of €5,000 for the year ended 31 December 2012 with a corresponding reduction in the non-controlling interest share of items recognised in the Group Statement of Comprehensive Income.
- there was no impact on the employee defined benefit pension net deficit in the Condensed Group Balance Sheet
- a reduction in the Group's basic earnings per share and diluted earnings per share of €0.18 cent and a reduction in the Group's adjusted fully diluted earnings per share of €0.17 cent.
- A decrease of €715,000 in the profit before tax in the Group Cashflow statement and an increase in the defined benefit pension scheme expense of €715,000 with no effect on cashflows for operating activities.

### ***IFRS 13 Fair Value Measurement***

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements in other IFRSs, including IFRS 7. As a result the Group has included additional disclosures in this regard in its 2013 Annual Report.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures with the exception of a reclassification of the presentation of fair value movements on contingent consideration. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

As a result of application of IFRS 13, the Group has amended the presentation and classification of fair value movements on contingent consideration. Under the provisions of IFRS 13, all fair value movements on items measured at fair value must be presented as a single line item on the Group income statement. The Group has elected to present fair value movements on the remeasurement of contingent consideration within other operating income/(expense). In 2012, the Group presented interest charges on unwinding the net present value of contingent consideration within financial expense and revisions to contingent consideration estimates within other operating income/(expense). The Group has restated the comparative 2012 income statement to ensure conformity of presentation with current year.

The impact on the Group's 2012 income statement was as follows:

- other operating income decreases by €190,000
- other operating expenses increases by €465,000
- finance expense decreases by €655,000

There is no effect on the Group's profit before tax or any of the Group's earnings per share measures.

## 2. 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 to the extent they are effective. 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		
	2013	2012	% change	2013	2012	% change
Canadian Dollar	<b>1.3685</b>	-	-	<b>1.4641</b>	1.3127	(11.5%)
Czech Koruna	<b>26.3221</b>	25.1879	(4.5%)	<b>27.3718</b>	25.0942	(9.1%)
Danish Kroner	<b>7.4580</b>	7.4438	(0.2%)	<b>7.4601</b>	7.4606	0.0%
Indian Rupee	<b>77.2560</b>	68.3410	(13.0%)	<b>85.2304</b>	72.2313	(18.0%)
Polish Zloty	<b>4.1875</b>	4.1754	(0.3%)	<b>4.1578</b>	4.0800	(1.9%)
Pound Sterling	<b>0.8510</b>	0.8086	(5.2%)	<b>0.8319</b>	0.8110	(2.6%)
South African Rand	<b>12.8226</b>	10.5503	(21.5%)	<b>14.4319</b>	11.1852	(29.0%)
Swedish Krona	<b>8.6418</b>	8.7277	1.0%	<b>8.8498</b>	8.5763	(3.2%)
US Dollar	<b>1.3285</b>	-	-	<b>1.3780</b>	1.2698	(8.5%)

### 3. Segmental Analysis

In accordance with IFRS 8 *Operating Segments*, 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 in procurement, marketing and distribution of fresh produce in the UK.
- *International Fresh Produce*: This segment is an aggregation of operating segments outside Europe involved in the procurement, marketing and distribution of fresh produce.
- *Healthfoods and Consumer Products Distribution*: This division is a full service marketing and distribution partner to the healthfoods, pharmacy, grocery, and domestic consumer products sectors. This segment markets and distributes to retail and wholesale outlets in Ireland and in the United Kingdom.

Following recent corporate finance activities, as detailed in Notes 10 and 11, the Directors re-assessed how performance was monitored throughout the Group and as a result the Group's reportable segments have been realigned in the current year. As a result operating segments for 2012 has been restated.

Segmental performance is evaluated based on revenue and adjusted EBITA. Management believes that adjusted EBITA, while not a defined term under IFRS, provides a fair reflection of the underlying trading performance of the Group. Adjusted EBITA is earnings before interest, tax, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration 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 detail in the analysis that follows.

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

	2013			2012 (Restated)		
	Segmental revenue €'000	Third party revenue €'000	Adjusted EBITA €'000	Segmental revenue €'000	Third party revenue €'000	Adjusted EBITA* €'000
Fresh Produce						
- Eurozone	1,493,567	1,476,503	22,962	1,328,042	1,307,654	21,023
- Northern Europe	900,413	884,186	23,431	802,837	789,508	22,033
- UK	480,769	473,371	6,596	489,686	487,669	5,103
International	226,862	226,862	3,128	123,076	122,978	2,511
Inter – segment revenue	(40,689)	-	-	(35,832)	-	-
<b>Total Fresh Produce</b>	<b>3,060,922</b>	<b>3,060,922</b>	<b>56,117</b>	<b>2,707,809</b>	<b>2,707,809</b>	<b>50,670</b>
<b>Healthfoods and Consumer Products</b>	<b>113,906</b>	<b>113,906</b>	<b>2,588</b>	<b>102,762</b>	<b>102,762</b>	<b>2,989</b>
<b>Third party revenue and adjusted EBITA</b>	<b>3,174,828</b>	<b>3,174,828</b>	<b>58,705</b>	<b>2,810,571</b>	<b>2,810,571</b>	<b>53,659</b>

\* 2012 comparative balances have been re-stated in accordance with IAS 19 *Employee Benefits* (2011) and to reflect the reclassification of fair value movements on contingent consideration. Also segment information has been restated to ensure conformity with current year presentation as explained above.

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

## Reconciliation of segmental profits to operating profit

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

	<i>Note</i>	<b>2013</b> €'000	<i>Restated</i> 2012 €'000
<b>Adjusted EBITA per management reporting</b>		<b>58,705</b>	53,659
Acquisition related intangible asset amortisation in subsidiaries	(i)	<b>(6,369)</b>	(6,732)
Share of joint ventures and associates acquisition related intangible asset amortisation	(i)	<b>(1,593)</b>	(1,089)
Fair value movement on contingent consideration	(ii)	<b>(901)</b>	(465)
Acquisition related costs within subsidiaries	(iii)	<b>(87)</b>	(227)
Acquisition related costs within joint ventures and associates	(iii)	<b>-</b>	(189)
Share of joint ventures and associates net financial expense	(iv)	<b>(594)</b>	(861)
Share of joint ventures and associates income tax	(iv)	<b>(2,240)</b>	(2,258)
<b>Operating profit before exceptional items</b>		<b>46,921</b>	41,838
Exceptional items (Note 5)	(v)	<b>6,492</b>	303
<b>Operating profit after exceptional items</b>		<b>53,413</b>	42,141
Net financial expense	(vi)	<b>(5,178)</b>	(5,755)
<b>Profit before tax</b>		<b>48,235</b>	36,386

- (i) Acquisition related intangible asset amortisation charges are not allocated to operating segments in the Group's management reports.
- (ii) Fair value movements on contingent consideration are not allocated to operating segments in the Group's management reports.
- (iii) Acquisition related costs are transaction costs directly related to acquisitions of subsidiaries completed and are not allocated to operating segments in the Group's management reports
- (iv) Under IFRS, included within profit before tax is the Group's share of joint ventures and associates profit after acquisition related intangible asset amortisation charges, tax and interest. In the Group's management reports these items are excluded from the adjusted EBITA calculation.
- (v) Exceptional items (Note 5) are not allocated to operating segments in the management reports.
- (vi) Financial income and expense is primarily managed at Group level and is therefore not allocated to operating segments in the Group's management reports.

#### 4. Adjusted profit before tax, adjusted EBITA and adjusted EBITDA

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

	<b>2013</b>	<i>Restated</i>
	<b>€'000</b>	2012 €'000
Profit before tax per the income statement	<b>48,235</b>	36,386
<i>Adjustments</i>		
Exceptional items before group share of joint ventures and associates tax on exceptional items (Note 5)	<b>(6,309)</b>	(303)
Group share of the tax charge of joint ventures and associates	<b>2,057</b>	2,258
Acquisition related intangible asset amortisation charges within subsidiaries	<b>6,369</b>	6,732
Share of joint ventures and associates acquisition related intangible assets amortisation charges	<b>1,593</b>	1,089
Remeasurement to fair value of contingent consideration estimates	<b>901</b>	465
Acquisition related costs within subsidiaries	<b>87</b>	227
Acquisition related costs within joint ventures and associates	<b>-</b>	189
<b>Adjusted profit before tax</b>	<b>52,933</b>	47,043
<i>Exclude</i>		
Net financial expense – Group	<b>5,178</b>	5,755
Net financial expense – share of joint ventures and associates	<b>594</b>	861
<b>Adjusted EBITA</b>	<b>58,705</b>	53,659
<i>Exclude</i>		
Amortisation of software costs	<b>261</b>	25
Depreciation – subsidiaries	<b>13,170</b>	13,371
Depreciation – share of joint ventures and associates	<b>1,990</b>	2,425
<b>Adjusted EBITDA</b>	<b>74,126</b>	69,480

## 5. Exceptional items

	2013	2012
	€'000	€'000
Credit from modification to Group's defined benefit pension arrangements (a)	10,317	–
Remeasurement to fair value of pre-existing interest in acquiree (b)	702	–
Profit on the disposal of joint venture and associate investments (c)	234	303
Change in fair value of investment property within subsidiaries (d)	(3,694)	–
Impairment of property, plant and equipment (e)	(808)	–
Share of joint ventures fair value movement on investment property (f)	(442)	–
<b>Total exceptional items (after share of joint ventures and associates tax)</b>	<b>6,309</b>	303
Share of joint ventures tax on fair value movements on investment property (f)	183	–
<b>Exceptional items within operating profit</b>	<b>6,492</b>	303
Net tax credit on exceptional items (a) & (d)	(324)	43
<b>Total</b>	<b>6,168</b>	346

### *(a) Credit arising from modification to Group's defined benefit pension arrangements*

The modification to the structure of the Group's defined benefit pension arrangements resulted in a credit of €10,317,000 to the income statement. The deferred tax charge on this exceptional credit amounts to €1,290,000.

### *(b) Remeasurement to fair value of a pre-existing interest in acquiree*

In December 2013, the Group acquired a controlling interest in a company in which it had a previously held an associate interest. In accordance with the provisions of IFRS, the previously held shareholding was remeasured at this date to fair value resulting in a remeasurement gain of €702,000 which was recognised in the income statement.

### *(c) Profit on disposal of joint venture and associate investments*

In April 2013, the Group announced the completion of a transaction to sell its 25% shareholding in the South African fruit distribution business Capespan Group Limited ('Capespan South Africa') for a total consideration of €21,677,000. A profit of €234,000 was recognised on disposal of this investment comprising the €1,278,000 difference between the sales proceeds and the associate's carrying value of €20,399,000 offset by the reclassification of €1,044,000 of currency translation losses from equity to the income statement.

In January 2012, the Group sold its 50% shareholding in Capespan International Holdings Limited ('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. A profit of €303,000 was recognised on disposal of this investment comprising the €1,792,000 difference between the sales proceeds and the joint venture's carrying value of €11,238,000 offset by the reclassification of €1,489,000 of currency translation losses from equity to the income statement.

### *(d) Fair value movements on investment property*

Fair value losses, amounting to €3,694,000 (2012: €nil) were recognised in the income statement in relation to investment property. A deferred tax credit of €966,000 (2012: €Nil) was recognised in the income statement as a result of this fair value movement.

### *(e) Impairment of property, plant and equipment*

On revaluation of the Group's properties, two properties were identified in the UK and Ireland where the carrying value exceeded the fair value, resulting in an impairment charge of €808,000 (2012: €Nil) to the income statement.

### *(f) Share of joint ventures fair value movement on investment property*

The Group's share of the fair value movements on investment property within joint ventures of €259,000 (2012: €Nil), net of deferred tax was recognised in the income statement.

## 6. Income tax

	2013 €'000	<i>Restated</i> 2012 €'000
Income tax expense	10,040	8,179
Group share of tax charge of its joint ventures and associates netted in profit before tax	2,057	2,258
<b>Total tax charge</b>	<b>12,097</b>	10,437
<i>Adjustments</i>		
Deferred tax on amortisation of intangible assets - subsidiaries	1,578	1,887
Share of joint ventures and associates deferred tax credit on amortisation of intangible assets	429	176
Net deferred tax credit on fair value movements on investment properties – subsidiaries	966	43
Net deferred tax credit on fair value movements on investment properties – share of joint ventures	183	–
Tax impact of other exceptional items	(1,290)	–
<b>Tax charge on underlying activities</b>	<b>13,963</b>	12,543

The total tax charge for the year amounted to €12.1m (2012: €10.4m), including the Group's share of the tax charge of its joint ventures and associates of €2.1m (2012: €2.3m), which is netted in profit before tax in accordance with IFRS.

Excluding the impact of deferred tax credits related to the amortisation of intangibles and the tax effect of exceptional items, the underlying tax charge for the year was €14.0m (2012: €12.5m), equivalent to a rate of 26.4% (2012: 26.7%) when applied to the Group's adjusted profit before tax.

## 7. Earnings per share

### Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, excluding shares purchased by the company which are held as treasury shares.

	2013 €'000	<i>Restated</i> 2012 €'000
Profit attributable to equity holders of the parent	30,936	21,127
Shares in issue at beginning of year ('000)	351,887	351,887
Effect of treasury shares held ('000)	(22,000)	(22,000)
Weighted average number of shares at end of year ('000)	329,887	329,887
Basic earnings per share – cent	9.38	6.40

### Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit per share attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding after adjustment for the effects of all ordinary shares and options with a dilutive effect.

	<b>2013</b>	<i>Restated</i>
	<b>€'000</b>	2012 €'000
Profit attributable to equity holders of the parent	<b>30,936</b>	21,127
	<b>‘000</b>	‘000
Weighted average number of shares at end of year	<b>329,887</b>	329,887
Effect of share options with a dilutive effect	<b>460</b>	–
Weighted average number of shares at end of year (diluted)	<b>330,347</b>	329,887
Diluted earnings per share - € cent	<b>9.36</b>	6.40

### Adjusted fully diluted earnings per share

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, property revaluations and exceptional items and the related tax on these items.

	<b>2013</b>	<i>Restated</i>
	<b>€'000</b>	2012 €'000
Profit attributable to equity holders of the parent	<b>30,936</b>	21,127
<b>Adjustments:</b>		
Exceptional items – net of tax (Note 5)	<b>(6,168)</b>	(346)
Amortisation of acquisition related intangible assets within subsidiaries	<b>6,369</b>	6,732
Group share of joint ventures and associates acquisition related intangible asset amortisation charges	<b>1,593</b>	1,089
Acquisition related costs within subsidiaries	<b>87</b>	227
Acquisition related costs within joint ventures and associates	–	189
Tax effect of amortisation of intangible assets	<b>(2,007)</b>	(2,063)
Non-controlling interests share of exceptional items, acquisition related intangible asset amortisation charges and costs and related tax	<b>(1,835)</b>	(769)
<b>Adjusted fully diluted earnings</b>	<b>28,975</b>	26,186
	<b>‘000</b>	‘000
Weighted average number of shares at end of year (diluted)	<b>330,347</b>	329,887
<b>Adjusted fully diluted earnings per share – cent</b>	<b>8.77</b>	7.94



## 8. Employee benefits

	2013 €'000	<i>Restated</i> 2012* €'000
Net pension liability at beginning of year	(28,324)	(18,058)
Net interest expense and current service cost recognised in the income statement	(4,053)	(3,544)
Past service credit arising on modification to Group's defined benefit pension arrangements recognised in the income statement	10,317	–
Employer contributions to schemes	4,819	5,034
Remeasurement gains/(losses) recognised in other comprehensive income	12,164	(11,543)
Foreign exchange movement	419	(213)
<b>Net pension liability at end of year</b>	<b>(4,658)</b>	<b>(28,324)</b>
Net related deferred tax asset	715	4,578
<b>Net pension liability after tax</b>	<b>(3,943)</b>	<b>(23,746)</b>

\*2012 comparatives have been restated in accordance with the amendments in IAS 19 *Employee Benefits* (2011). See Note 1 for further details.

The table summarises the movements in the net liability on the Group's various defined benefit pension schemes in Ireland, the UK and Continental Europe. The balance sheet at 31 December 2013 reflects pension scheme assets of €3.3m (2012: €Nil) in respect of schemes in surplus and pension liabilities of €7.9m (2012: €28.3m) in respect of schemes in deficit. Pension scheme assets increased 9.6% to €145.1m (2012: €132.4m) while pension scheme obligations decreased 6.8% to €149.8m (2012: €160.7m).

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, inflation rates and mortality rates.

The decrease in the pension liability in 2013 was mainly due to the following;

- credit arising from modifications of the structure of the Group's defined benefit arrangements which resulted in a €10.3m reduction in obligations in the Group's defined benefit schemes
- strong returns on pension scheme assets in 2013

The movement in discount rates did not have a material impact on the pension obligation in the period with the decrease in the Eurozone discount rate to 3.90% (2012: 4.15%) largely offset by the increase in the UK discount rate to 4.60% (2012: 4.30%).

### Share Based Payment Schemes

At 31 December 2013, the performance condition for the share options issued in 2007 and 2008 was satisfied. Details of share options awarded and the performance condition are outlined in Note 28 of the 2012 Annual Report.

## 9. Dividends

	<b>2013</b>	2012
	<b>€'000</b>	€'000
<i>Dividends paid on Ordinary Euro 1 cent shares</i>		
Final dividend for 2012 of 1.512 cent per share (2011: 1.350 cent)	<b>4,988</b>	4,453
Interim dividend for 2013 of 0.6095 cent per share (2012: 0.567 cent)	<b>2,011</b>	1,871
<b>Total dividend</b>	<b>6,999</b>	6,324
<b>Total dividend per share</b>	<b>2.1215</b>	1.917

The directors have proposed an increase of 10.0% in the final dividend for 2013, subject to shareholder approval at the AGM, to 1.6632 cent per share. This brings the total dividend in respect of 2013 to 2.2727 cent per share, representing an increase of 9.3% on the total 2012 dividend. This dividend has not been provided for in the balance sheet at 31 December 2013.

## 10. Joint ventures and associates

	<b>2013</b>	2012
	<b>€'000</b>	€'000
<b>Investment in joint ventures and associates at beginning of the year</b>	<b>62,086</b>	40,212
Share of profit after tax	<b>5,001</b>	4,572
Share of other comprehensive income, net	<b>(45)</b>	(215)
Investment in year in associates (a)	<b>11,928</b>	4,574
Investment in associates – contingent consideration (a)	<b>2,610</b>	–
Investment in year in joint ventures - cash (b)	<b>220</b>	9,392
Investment in year in joint ventures - contingent consideration	<b>–</b>	5,805
Loans advanced during the year to joint ventures (b)	<b>210</b>	256
Disposal of associate (c)	<b>(20,399)</b>	–
Dividends received	<b>(4,056)</b>	(2,909)
Fair value uplift on step acquisition of associate (d)	<b>702</b>	–
Associate becoming a subsidiary (d)	<b>(953)</b>	–
Financial asset becoming an associate	<b>–</b>	32
Foreign exchange movement	<b>(2,469)</b>	367
Revision to goodwill	<b>(74)</b>	–
<b>Investment in joint ventures and associates at end of the year</b>	<b>54,761</b>	62,086

### (a) Investments in associates \*

#### *Investments in 2013*

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 the Oppenheimer shares was completed on this date for an initial cash payment of €11,928,000, including transaction costs with estimated additional contingent consideration payable on these shares if certain profit targets are met. The fair value of the contingent consideration recognised at the date of acquisition of €2,610,000 was calculated by using the expected present value technique.

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 was estimated not to exceed CAD\$40,000,000 (€30,000,000) at completion.

#### *Investments in 2012*

Investments in 2012 are described in the 2012 Annual Report.

## **(b) Investment in joint ventures \***

### *Investments in 2013*

In 2013, the Group invested €430,000 in a number of new and existing joint venture interests in its Fresh Produce Division.

### *Investments in 2012*

Details of the Group's investments in 2012 are disclosed in the 2012 Annual Report.

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

## **(c) Disposal of associate**

In April 2013, the Group announced the completion of a transaction to sell its 25.3% shareholding in Capespan South Africa for a total consideration of €21,677,000. A profit of €234,000 was recognised on disposal of this investment comprising the €1,278,000 difference between the sales proceeds and the associate's carrying value of €20,399,000 offset by the reclassification of €1,044,000 of currency translation losses from equity to the income statement. This was disclosed as an exceptional gain (Refer to Note 5).

## **(d) Remeasurement of associate investment to fair value**

The Group increased its investment in Provenance from a 9% interest to a controlling interest of 50% on 13 December 2013. Under the provisions of IFRS, the previously held 9% interest was remeasured to fair value which was determined to be €953,000. The equity accounted carrying value of the original 9% investment was €251,000 and the fair value adjustment of €702,000 was recognised in the Group income statement in 2013 within other operating income and was disclosed as an exceptional gain in accordance with the Group accounting policy.

## 11. Businesses acquired and other developments in 2013

The Group made the following investments in the business in 2013:

### *Acquisition of subsidiary interests*

During the year, the Group invested €7.8m on new subsidiary interests. The cash spend in the year was €2.5m (net of cash and cash equivalents acquired of €2.1m) with a further €0.8m due in deferred consideration in early 2014, and estimated contingent consideration of €2.4m payable contingent on the achievement of future profit targets.

In December 2013, the Group increased its investment in Provenance Partners Limited ('Provenance') from 9% to 50%. Provenance primarily sources exotic vegetables from Africa for sale to major retailers and food service and wholesale customers in the UK. Prior to this acquisition, the Group treated its original 9% shareholding as an investment in associate as under the provisions of IAS 28 *Investments in Associates*, Total Produce was deemed to have significant influence.

Also during the year the Group made a number of bolt-on acquisitions in Fresh Produce Division across Europe and a small bolt-on acquisition in the Healthfoods and Consumer Products Division. These acquisitions will complement existing business interests in these divisions.

As the investment in Provenance occurred in mid-December 2013, the acquisition did not contribute materially to results in 2013. As the remaining investments were bolt-on acquisitions that were amalgamated into existing business interests in the Group, it is not practical to quantify the post-acquisition contribution of these acquisitions to Group revenue and profits in 2013.

For all 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 (Revised) *Business Combinations*. Further details will be provided in the 2013 Annual Report.

### *Investment in joint ventures and associations*

As highlighted in Note 10 the Group invested €15.0m in new and existing joint venture and associate interests.

### *Other*

During the year, the Group paid €0.4m to acquire shares from non-controlling interests and also paid €2.3m in respect of contingent consideration relating to previous acquisitions on achievement of agreed profit targets.

## 12. Cash flows generated from operations

	2013	<i>Restated</i>
	€'000	2012 €'000
<b>Operating activities</b>		
Profit for the year	<b>38,195</b>	28,207
<i>Non-cash adjustments to reconcile profit to net cash flows</i>		
Income tax expense	<b>10,040</b>	8,179
Income tax paid	<b>(10,829)</b>	(11,814)
Depreciation of property, plant and equipment	<b>13,170</b>	13,370
Fair value movement on investment property	<b>3,694</b>	–
Impairment of property, plant and equipment	<b>808</b>	–
Fair value movement on contingent consideration estimates	<b>901</b>	465
Remeasurement to fair value of pre-existing interest in acquiree	<b>(702)</b>	–
Amortisation of intangible assets - acquisition related	<b>6,369</b>	6,732
Amortisation of intangible assets – development costs capitalised	<b>413</b>	395
Amortisation of intangible assets - computer software	<b>261</b>	25
Amortisation of government grants	<b>(348)</b>	(292)
Movement on other provisions	–	(523)
Defined benefit pension scheme expense	<b>4,053</b>	3,544
Defined benefit pension scheme – gain on modification to accruing benefits	<b>(10,317)</b>	–
Contributions to defined benefit pension schemes	<b>(4,819)</b>	(5,034)
Share based payment expense	<b>403</b>	473
Net gain on disposal of property, plant and equipment	<b>(299)</b>	(567)
Financial income	<b>(2,123)</b>	(1,851)
Financial expense	<b>7,301</b>	7,606
Financial income received	<b>2,191</b>	1,642
Financial expense paid	<b>(7,530)</b>	(7,386)
Gains on non-hedging derivative financial instruments	<b>(566)</b>	(304)
Gain on disposal of joint venture and associates	<b>(234)</b>	(303)
Share of profit of joint ventures	<b>(2,546)</b>	(2,553)
Share of profit of associates	<b>(2,455)</b>	(2,019)
<b>Cash flows from operations before working capital movements</b>	<b>45,031</b>	37,992
<i>Movements in working capital:</i>		
-Movements in inventories	<b>(2,733)</b>	(5,620)
-Movements in trade and other receivables	<b>3,581</b>	2,659
-Movement in trade and other payables	<b>13,596</b>	15,027
<b>Total movements in working capital</b>	<b>14,444</b>	12,066
<b>Cash flows from operating activities</b>	<b>59,475</b>	50,058

### 13. Analysis of Net Debt and Cash and Cash Equivalents

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 2013 and 31 December 2012 is as follows:

	2013 €'000	2012 €'000
<i>Current assets</i>		
Bank deposits	4,740	3,799
Bank balances	77,799	88,656
Call deposits (demand balances)	25,664	17,036
<i>Current liabilities</i>		
Bank overdrafts	(2,285)	(5,372)
Current bank borrowings	(1,268)	(1,239)
Current finance leases	(1,326)	(1,110)
<i>Non-current liabilities</i>		
Non-current bank borrowing	(110,772)	(150,757)
Non-current finance leases	(3,539)	(4,040)
<b>Net debt at end of year</b>	<b>(10,987)</b>	<b>(53,027)</b>

### Reconciliation of cash and cash equivalents per balance sheet to cashflow statement

	2013 €'000	2012 €'000
Bank balances	77,799	88,656
Call deposits (demand balances)	25,664	17,036
<i>Cash and cash equivalents per balance sheet</i>	<b>103,463</b>	105,692
Less bank overdrafts	(2,285)	(5,372)
Less cash held in escrow (a)	-	(11,360)
<b>Cash, cash equivalents and bank overdrafts per cashflow statement</b>	<b>101,178</b>	88,960

(a) On 13 December 2012, the Group drew 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 the completion of the acquisition of the initial 35% of the share capital of Oppenheimer group. At 31 December 2012, the translated Euro value of the CAD\$ 14,912,000 cash balance was €11,360,000. The transaction completed on 7 January 2013 and the proceeds were remitted to the vendor on this date. In accordance with IAS 7 *Statement of Cashflows* this falls outside the classification of cash and cash equivalents and accordingly was omitted from cash and cash equivalents in the Group Cashflow Statement.

### 14. Post balance sheet events

Post year-end, the Group completed an agreement (subject to regulatory approval) to acquire the second 50% shareholding in All Seasons Fruit ('ASF') in Holland in three stages. An initial 20% shareholding will be acquired on completion with the balance to be acquired in subsequent years. Other than this acquisition there have been no other material events subsequent to 31 December 2013 which would require disclosure in this report.

## **15. Related party transactions**

There have been no related party transactions or changes to related party transactions other than those as described in the 2012 Annual Report that materially affect the financial position or affect the performance of the Group for the year ended 31 December 2013.

## **16. Board approval**

This announcement was approved by the Board of Directors of Total Produce plc on 3 March 2014.