TotalProduce

Let's Grow Together

Total Produce plc Annual Report and Accounts 2014

Local at Heart
Global by Nature
Delivering The Best of Both Worlds

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.

Total Produce offers partners and customers the best of both worlds. One of our greatest strengths is our ability to adapt successfully to changing economic, environmental and operational circumstances. We progress because we are diverse, collaborative, innovative and responsible.

Total Revenue[1]

€3,129m

-1.4% on prior year

Adjusted EBITDA[1]

€73.0m

-1.5% on prior year

Adjusted EBITA[1]

€56.7m

-3.4% on prior year

Adjusted EPS[1]

9.45 cent

+4.5% on prior year

Shareholders' Equity

€217.1m

-0.1% on prior year

Dividend per Share (Total)

2.403 cent

+ 5.7% on prior year

[1]Key performance indicators are defined on page 4.

Inside this report

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 39 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.

Diverse

10

Fresh produce does not lend itself to one-size-fits-all solutions. Total Produce's agility, flexibility and our commitment to customise operations to reflect local market dynamics and meet individual customer requirements has given rise to a group infrastructure notable for its customer-centric diversity and strengthened by its collective resources.

Collaborative

14

In a sector as complex as fresh produce the effectiveness with which contributors to the supply chain collaborate can define not only the quality of the produce and the efficiency of service but also competitive advantage.

Innovative

18

Innovation can deliver very practical dividends in the fresh produce sector; providing opportunities to refine the route to market, extract costs from the supply chain, add value to our products and services and help drive consumption. Across Total Produce, an innovation orientated culture where convention is challenged permeates throughout our international operations.

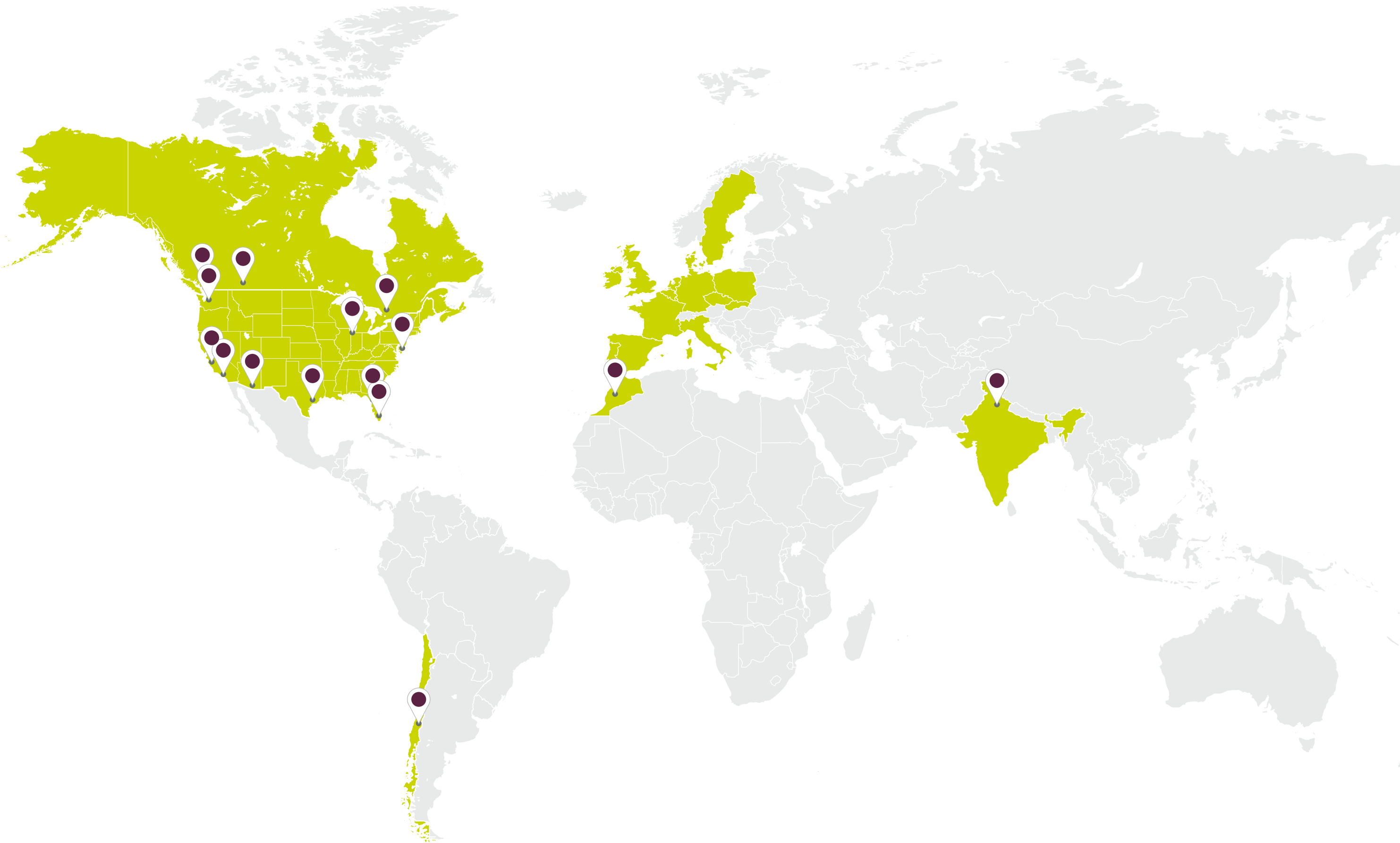
Responsible

22

Trust in our produce is contingent on a confidence in the supply chain through which it is delivered and in the integrity of those from whom it is sourced. In Total Produce we recognise that ours is a position of immense responsibility and are committed to adherence to best practice in everything we do.

A global business with local knowledge

Total Produce is one of the world's largest and most accomplished fresh produce providers. Operating out of 22 countries while serving many more, Total Produce's global infrastructure of over 100 depots extends across Europe, India and North America.



Headcount
4,500+

Facilities
100+

Growing, sourcing, importing, packaging, marketing and distributing over 200 lines of fresh produce, Total Produce's range extends from the more familiar to the truly exotic. Serving the wholesale, foodservice and retail sectors, Total Produce is a complete fresh produce solution provider – offering a comprehensive menu of services to our customers ranging from simple service provision to complete category management.

Distributing over 300 million cartons of fresh fruits and vegetables annually, the Group's size and reach across the supply chain brings together the collective resources of a global multi-national with the market knowledge of local management; generating synergies, creating efficiencies and adding value. In customising our supply chain, we strive to translate our competitive advantages: our people, our suppliers, our infrastructure and our relationships – into value for our customers; delivering a superior service to them, and to the consumer, produce which exceeds expectations.

* The map above is a representative depiction only.

5 Year Financial Summary

The Group has recorded solid returns in the five year period ending 2014 with a 4.7% compounded growth rate in revenue and an 8.1% compounded growth rate in adjusted earnings per share.

	2014 €	2013 €	2012 €	2011 €	2010 €
Total Revenue[1] (including share of joint ventures and associates)	**3,129m**	3,175m	2,811m	2,527m	2,600m
Group Revenue	**2,667m**	2,638m	2,432m	2,284m	2,343m
Adjusted EBITDA[1]	**73.0m**	74.1m	69.5m	59.7m	62.4m
Adjusted EBITA[1]	**56.7m**	58.7m	53.7m	45.0m	47.8m
Adjusted profit before tax[1, 2]	**51.2m**	52.9m	47.0m	39.8m	43.5m
Profit before tax	**44.3m**	48.2m	36.4m	34.4m	33.6m
Adjusted fully diluted earnings per share (cent)[1, 2]	**9.45**	9.04	8.08	7.28	6.92
Basic earnings per share (cent)	**8.83**	9.38	6.40	7.11	5.25

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, 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.

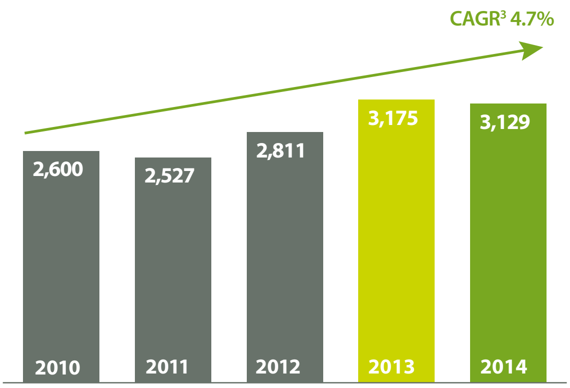
Adjusted earnings per share and *adjusted fully diluted earnings per share* excludes acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, exceptional items and related tax on such items. It also excludes the Group's share of these items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

2 Calculation of adjusted earnings per share and adjusted profit before tax are restated for the periods 2010 to 2013 to ensure conformity with the current year presentation whereby fair value movements on contingent consideration are excluded from adjusted earnings.

Comparative figures for 2010-2011 have not been restated for the impact of revision to IAS 19 *Employee Benefits (2011).*

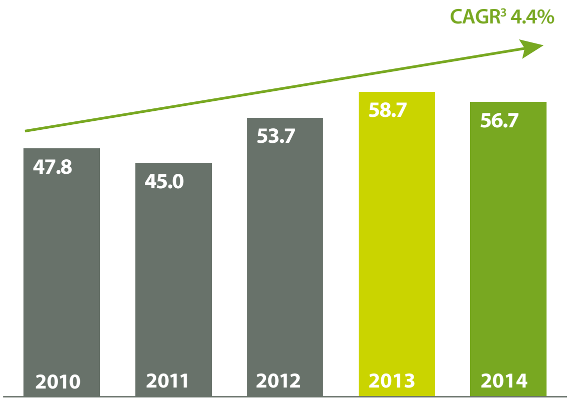
Revenue (€'m)

€3,129m



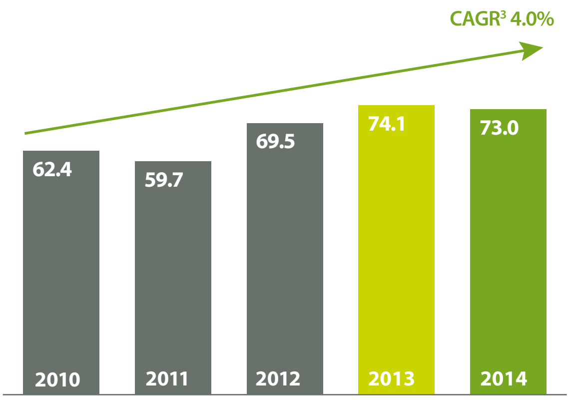
Adjusted EBITA (€'m)

€56.7m



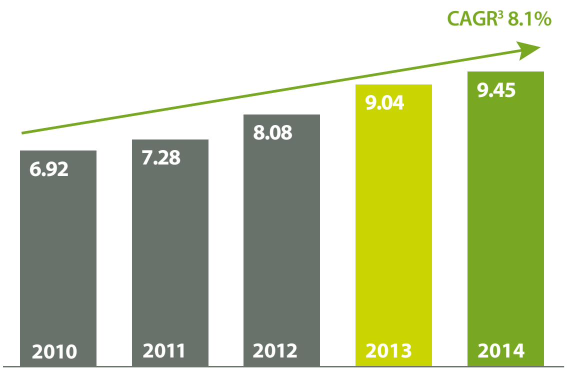
Adjusted EBITDA (€'m)

€73.0m



Adjusted EPS (cent)

9.45 cent



3 Compounded Annual Growth Rate

Well positioned for future growth

Total Produce has delivered a robust performance in 2014 and is pleased to record a 4.5% increase in adjusted earnings per share in a mixed year for the fresh produce industry. The performance underpins the Group's sound business model.

The fresh produce business is a significant global industry and is the largest grocery category. Our medium term goal is to continue to increase our scale through organic growth, innovation and by acquisitions in the fresh produce sector and related areas. Scale creates efficiencies which help to generate increased shareholder returns.

In this industry acquisitions have been, and continue to be, a key part of our strategy and are a foundation for future growth. The Group successfully completed a number of acquisitions during the year with a total investment of over €22m. In Europe, the Group completed an agreement to acquire the second 50% shareholding in All Seasons Fruit ('ASF') in The Netherlands, a company which specialises in the soft fruit category. An initial 20% shareholding was acquired increasing its shareholding to 70% on 28 May 2014 with the balance to be acquired in subsequent years.

In 2014 and in early 2015, the Group has expanded its footprint in the North American market. In August 2014, the Group acquired a 45% interest in Eco Farms, the Californian based avocado grower, marketer and distributor. The Group has options to acquire further shares in Eco Farms in due course to give a majority

Total Produce is one of the largest fresh produce companies with revenues in excess of €3 billion and operations in Europe and in North America. The Group has recently completed its fourth investment in North America.

stake. In December 2014, the Group's Healthfoods and Consumer Products division acquired the trading assets of Gaspari Nutrition ('Gaspari') out of a bankruptcy process. Gaspari is a sports nutrition company based in New Jersey. Post year-end, the Group completed an agreement to acquire a 50% interest in the Gambles Group, a fresh produce company based in Toronto. This investment represents the Group's fourth investment in North America.

The Board recommends an increase of 6.0% in the final dividend to 1.763 cent per share. This together with the interim dividend of 0.64 cent per share brings the total 2014 dividend to 2.403 cent per share, an increase of 5.7% on 2013. This represents a distribution of 25% based on adjusted earnings per share.

Trading conditions to date in 2015 have been satisfactory and we are targeting 2015 adjusted earnings in the range of 9.2 to 10.2 cent per share. The Group is in a very strong financial position and remains well positioned to pursue further acquisition opportunities in Europe, North America and further afield.

The Group now employs over 4,500 people in 22 countries worldwide. The Group's growth and success is testament to the hard work, talent and dedication of all its employees. On behalf of the Board, I would like to thank them for their valued contribution and commitment.

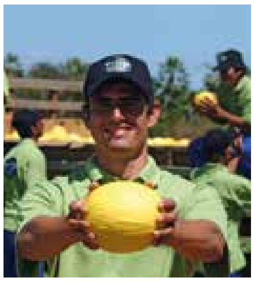
C P McCann
Chairman
2 March 2015

Our business model and strategy

In Total Produce we are Local at Heart, Global by Nature. The collective resources of our international Group are channelled to those who can apply them to best effect – local fresh produce experts who leverage our combined strengths to deliver ever greater operational excellence in the marketplace.

Local at Heart
In Total Produce, we believe in local. Across our worldwide operations, it is empowered local management who shape our service and drive our business on the ground. They bring local experience and expertise, relationships with local growers, an understanding of local market dynamics and consumers and that all-important personal touch to our operations.

Global by Nature
We believe that in bringing together the unique attributes and strengths of diverse local fresh produce providers from across the globe our growers, our customers and the consumer can best be served. As an international group, Total Produce delivers collective financial strength, commercial resources, synergies, efficiencies, shared core competencies and a global reach.



Supply Chain

Total Produce differs from many of its peers by virtue of its local and global infrastructure and specifically the distribution capacity and the on the ground presence in key growing regions around the world that this delivers. Total Produce's influence extends from seed to store and farm to fork, extracting costs from the supply chain and adding value to our produce and the service we provide.

1
Growing and New Product Development
Investing in innovation. Embracing change. Pursuing the different.

2
Sourcing
The most accomplished growers. The very best farms. The closest of relationships.

Delivering the Best of Both Worlds

3
Agronomic Support
Best agricultural practices.
Exacting standards.
On the ground resources.
Superior quality produce.

4
Importation and Quality Assurance
Simplifying supply.
Meeting demand.
Exceeding expectations.

5
Storage, Order Assembly and QC
Embracing technology.
Extracting costs. Delivering efficiencies. Generating value.

6
Distribution
The reach to deliver.
The flexibility to customise.
The synergies to compete.

Marketing

Corporate Social Responsibility


TotalProduce

Delivering the Best of Both Worlds

Diverse

Fresh Produce does not lend itself to one-size-fits-all solutions. Total Produce's agility, flexibility and our commitment to customise operations to reflect local market dynamics and meet individual customer requirements has given rise to a group infrastructure notable for its customer-centric diversity and strengthened by its collective resources.

Local

The requirements of large retailers differs considerably to wholesalers and in turn to those of foodservice professionals. A strength of Total Produce is the flexibility inherent in our business model and the capacity our local infrastructure affords us in catering for the diverse preferences evident across local markets. This allows us formulate bespoke solutions for individual sectors in terms of produce sourcing, packaging and distribution.

Global

Across Europe and North America our infrastructure, our range and the service we provide is tailored for local requirements and can differ considerably from one market to the next. Offering everything from simple service provision to sophisticated category management and operating large, self contained central distribution centres alongside modest regional depots, the collective diversity of our operations reflects the distinct characteristics of individual markets and the breadth of our reach.

01

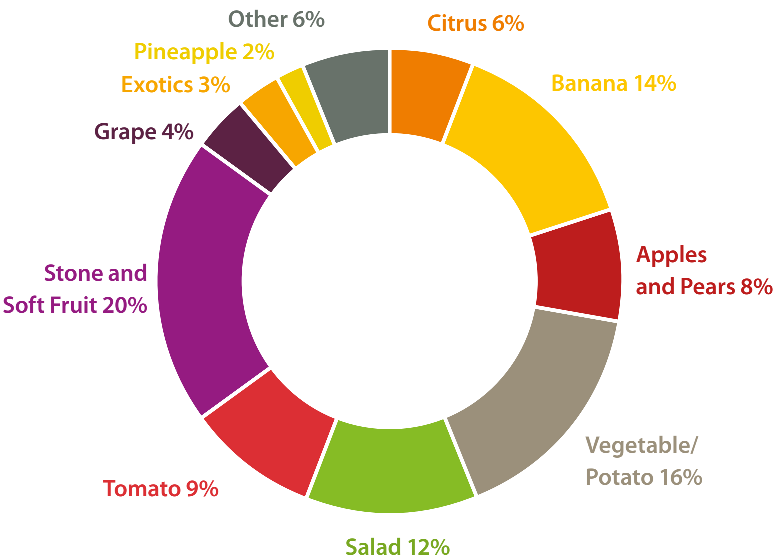
Case study:

Specialised chain – Nedalpac B.V., The Netherlands

Located in Venlo, The Netherlands Total Produce's partner Nedalpac B.V. has a clear vision as to its place in the fresh produce supply chain and more specifically its role in adding value. It provides large programmed volumes of key mainstream lines to market-leading retailers across Germany, The Netherlands and Central Europe. Nedalpac suppliers are, for the most part, large growers' cooperatives and its product portfolio is predominantly greenhouse vegetables, though revenue in organic products, specialities and snack vegetables has grown significantly over the past two years.

What Nedalpac sells, it sells in bulk. In partnership with Total Produce, Nedalpac last summer moved to a new state of the art warehousing and packing facility in Freshpark, Venlo. The building has a total area of over 9,000m^2, including 2,000m^2 of cooling space and 1,200m^2 office space. Operating a highly specialised chain, customers benefit from a singular focus on core lines which deliver certainty, synergies and efficiencies.

Group Product Portfolio*



*Expressed as a percentage of Group revenue.

Case study:

Total Produce Foodservice Ireland

In contrast to Nedalpac, Total Produce Foodservice Ireland ('TPFS') caters for an important, growing , but fragmented segment within the broader Irish fresh produce market. Though based in Dublin, TPFS operations are supported by a further 12 regional depots across the island of Ireland. Reflecting the sector's unique requirements with regard to flexible service levels and the huge importance attached to the supply of local produce by catering customers, TPFS is proud to be able to operate "Depots on your Doorstep", local depots embedded in the community. Suppliers tend to be medium sized, albeit accomplished local growers and programmed ordering is not an option – demand is dictated by any number of factors, from tourist numbers to weather to seasonality. TPFS is expected to instantly accommodate unexpected orders. It is the nature of their business. With an unrivalled national infrastructure and network of local growers, TPFS is uniquely positioned to do so. Personal relationships are crucial, for example knowing the preferences of chefs. Accessibility and flexibility is the key. To this end, TPFS in 2014 launched a new website, www.totalproducefoodservice.ie through which Foodservice clients can order online at any time of the day or night.

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View a "Day in the Life" of Total Produce Foodservice Ireland here

02

03

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01. New Nedalpac central distribution centre opened in 2014 in Freshpark, Venlo, The Netherlands

02. www.totalproducefoodservice.ie with online ordering facility website launched in 2014

03. Mixed speciality tomatoes under scrutiny in Total Produce Foodservice Dublin

04. Our Dublin quality assurance team inspects incoming produce before in-depth testing


Exotics
Local
Reception
How Can We Help?

Delivering the Best of Both Worlds

Collaborative

In a sector as complex as fresh produce, the effectiveness with which contributors to the supply chain collaborate can define not only the quality of produce and the efficiency of service but also competitive advantage.

Local

Operating a "Local Produce First" policy across all our operations whereby locally grown produce is prioritised over imported produce wherever possible, Total Produce is a pro-active and an enthusiastic partner to local growers in each of the markets in which we trade. The effective promotion and efficient production of local fruits and vegetables is a responsibility shared by stakeholders across the supply chain. Total Produce is accomplished at constructively working with local producers and customers across Europe and North America to ensure the commercial viability of crops and maximise the availability, range and quality of local fresh produce.

Global

Collaboration across our global operations sets us apart. Embracing the diversity inherent across Total Produce operations internationally and more specifically the talents of our fresh produce experts and the broad range of core competencies they bring to our group, differentiates our company, our service and our produce.

Total Produce is also committed to working with stakeholders across the fresh produce industry on issues of collective importance to drive our sector forward; constructively engaging with industry bodies and peers, most notably in the areas of food safety, best agricultural practices and the promotion of consumption, to ensure that the produce offered to consumers is of the highest quality.

Case Study:

Creating a sustainable farm of the future for strawberry production in the United Kingdom

Partnering and pioneering responsible strawberry production

Working in conjunction with a major British retailer and a Canadian leader in greenhouse technologies, Total WorldFresh, Total Produce UK's retail division is currently trialling a technologically advanced new strawberry growing system. Based at the company's Kent trial site, they have installed a state of the art single, double and moveable double table top growing system to grow Sonato 60 day cropping strawberries – the object of the exercise is to improve quality further still while delivering a higher yielding crop.

Over a two year period the internal and external climate conditions are being monitored and compared to a comparative conventional tunnel grown crop. If disease and climatic stresses can be reduced, plant health, yield duration, quality and quantity increases should follow.

The ability to harness the potential of both the natural outdoors and a protective greenhouse environment facilitates more proactive crop management. Similarly, the ability to rapidly change the light, temperature and humidity allows for utilisation of the natural outdoors, providing an advantage over existing tunnel growing systems.

Results so far have been very encouraging. Crop yields produced 96% first class fruit and an increase of 22% overall, in comparison to tunnel production. In addition, a 94% reduction in chemical applications and a 0% residue test result was achieved. These positive early results illustrate how stakeholder collaboration in fresh produce production can infuse innovation into the supply chain and deliver a win:win result, one where commercial dividends are achieved in tandem with material advances in responsible production.

01

02

03

01. Strawberries growing in our Total Worldfresh trial site located situated in Kent, in the UK

02. A crop of Sonato 60 Day strawberries under examination re: quality, yield and environmental impact

03. The innovative single, double and moveable double table top growing system in situ

04

04. Total Produce operating companies meeting and greeting suppliers and customers from across the globe

05. Fruit dominates in the reception area on our stand at Fruit Logistica 2015

06. The reception desk on the Total Produce stand greeting the 65,000 trade visitors in Berlin

Case Study:

Fruit Logistica 2015 and industry representation

February 2015 saw Total Produce once again participate at Fruit Logistica 2015, the fresh produce industry's largest tradeshow. The Group was represented by colleagues from eleven different operating companies spanning Europe and North America including Total Produce Ireland, Total Produce UK, Total Produce Nordic, Total Produce B.V., Indigo, the Oppenheimer Group (Oppy), Grupo Eurobanan, Hortim International, Total Berry and Total Exotics. Over 65,000 people from across the fresh produce supply chain attended the event this year. As always, the show afforded the opportunity for Total Produce businesses to bring together customers and producers from across the globe in an informal setting – a veritable "one stop shop" for planning the seasons ahead. As importantly, it provided a forum for bringing together the broader Total Produce family, literally under one roof, facilitating the exchange of ideas, innovations, experiences and insights and the sharing of best practices across group operations.

Throughout the year, in conjunction with industry peers, Total Produce works with industry bodies such as Freshfel, The European Fresh Produce Association, the PMA in North America, GLOBALG.A.P. and Sedex on non-competition related issues of common concern, most notably quality assurance, responsible production and the generic promotion of fresh produce.

05

06


GROWERS!
TOP

Delivering the Best of Both Worlds

Innovative

Innovation can deliver very practical dividends in the fresh produce sector; providing opportunities to refine the route to market, extract costs from the supply chain, add value to our products and services and help drive consumption. Across Total Produce, an innovation orientated culture where convention is challenged permeates throughout our international operations.

Local

Innovation can be most effective when applied locally. Modern technologies can streamline on-site operations and logistics, new packaging solutions can revolutionise the product on the shelf while digital innovations can bring the consumer and the producer closer together, promoting transparency. Across Europe and North America, Total Produce management work together with producers and customers to infuse innovation into operations and tailor bespoke services and products, unique to their specific marketplace and the local consumer.

Global

The dissemination of effective innovations across Total Produce operating companies and markets is an important contributor to sustaining our collective competitive advantage and can be instrumental in making Total Produce more than the sum of its parts – making us not just a bigger company, but a better company. In sharing innovations , individual operating companies benefit from the experience of others in charting routes to markets, refining operations and targeting promotions and communications.

Case study:

Local Initiatives

Local innovation very often reflects local market priorities as is the case with Total Worldfresh's experimental berry production in the UK (see page 16).

In Italy, Total Produce's partner Peviani in 2014 introduced solar technology to its packing facility in Ginosa (pictured). Illustrating its commitment to sustainable production, the solar panels partly power the production platform where a variety of products including grapes, melons, cauliflowers and broccoli are graded, prepared and packed.

Packaging is often regarded as the most obvious expression of innovation, visible as it is on the retail shelf. In North America, The Oppenheimer Group ('Oppy') this year availed of a partnership between the Produce Marketing Association (the PMA) of which it is a member and the Children's Television Workshop to bring a range of 'Eat Brighter', Sesame Street branded products (pictured on page 21) to the retail shelf.

Illustrating its commitment to sustainable production, Peviani introduced solar panels to its packing facility in Ginosa in 2014.

01

01. Peviani packaging facility in Ginosa, Italy. Solar panel technology was added in 2014 to improve further still the environmental efficiency of the operation

02

03

02. Total Exotics new ready to eat packaging range focused on inspiring consumers was introduced in 2014

03. In North America, our partner Oppy launched a range of Sesame Street branded produce in association with the PMA

Case study:
Global Initiatives

In 2014, Group Marketing's digital focus continued. The successful website platform introduced in Ireland, www.locallyfresh.ie was customised for the UK market and launched as www.totalproducelocal.co.uk. It is also currently being adapted to profile Total Produce's new partner in California, Eco Farms.

The Group's iBeacon technology was added to Total Produce SmartStands. This technology allows for content – a pumpkin carving video on Halloween, for example, to be effectively broadcast to Smartphones within a defined radius of the fresh produce unit in-store. This technology complements the existing Near Field Communication ('NFC') capacity of our SmartStands. While currently on trial in Ireland, these technologies are now available to our operating companies throughout Europe and were showcased to the international trade at Fruit Logistica 2015 in Berlin.

In 2014, Total Exotics, Total Produce's specialist unit in Ridderkirk, The Netherlands, launched a new range of packaging promoting a selection of its "Fruit For The Senses" exotic fruits (pictured). This range is now available throughout Europe via Total Produce operating companies, designed specifically to inspire consumers to try the unfamiliar and command attention on the retail shelf.

In 2014, Group Marketing's digital focus continued. The successful website platform introduced in Ireland, was customised for the UK market and launched as www.totalproducelocal.co.uk.

Delivering the Best of Both Worlds

Responsible

In Total Produce, we are fortunate to be in an industry of worth. Few sectors can contend with such certainty that their core business, in this instance driving fresh fruit and vegetable consumption, makes so positive a contribution to public diet and general well being. Trust in our produce is of course contingent on a confidence in the supply chain through which it is delivered and in the integrity of those from whom it is sourced. In Total Produce we recognise that ours is a position of both great privilege and immense responsibility and are committed to adherence to best practice in everything we do.

Local

Across Europe and North America, our people are embedded in the communities in which we operate. From the area themselves, they are committed to contributing to their local communities, enthusiastic in their support for regional producers and genuine in their determination to positively affect their environment. They are in tune with local market expectations and tailor bespoke solutions to meet and exceed expectations of a leading fresh produce company.

Global

Immersed in a global industry, Total Produce's responsibilities span the entire fresh produce supply chain from seed to store, encompassing environmental, social, ethical and technical functions. In addition to the work of our local operating companies in fashioning customised protocols and practices in local markets, Total Produce endeavours to be pro-active internationally, contributing to the global conversation on responsible production, working with industry and independent bodies to establish and implement best practice at a Group level and ensuring that principled trading practices are in place across our operations.

In Total Produce, our commitment to food safety is absolute. We insist on best practices throughout production and across the supply chain, working constructively with all stakeholders to deliver superior fresh produce of the highest quality.

01

Local implementation

In Total Produce, our dedication to food safety first and foremost, our insistence on best practices across horticultural production, our implementation of principled trading practices and our commitment to stakeholders right across the supply chain represent integral components of our strategy for delivering operational excellence and superior produce.

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. In addition, Total Produce, through its subsidiaries, has established Codes of Best Practice with which it requires 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.

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

The Total Produce group is also a member of SEDEX (The Social and Ethical Data Exchange) a body dedicated to auditing global producers to ensure ethical trading practices are adhered to. In Total Produce, we recognise that our responsibilities concerning Corporate Social Responsibility are ongoing. We are committed to being pro-active in addressing all Corporate Social Responsibility matters and to actively participate in industry forums on social, ethical, environmental and health and safety issues.

Case Study:

Global – Responsible international production in Morocco

Located in Mouley Bousselham, south of Tangiers, African Blue is a blueberry joint venture between Agrogailes, Costa Berry Exchange (a world leader in blueberry plant variety development) and Total Berry.

The venture was established to provide Total Berry's customers with an alternative to seafreight imported fruit – cutting the transport time down considerably from

02

48 days to 5 days. It is anticipated that 400 hectares will be in production by the end of 2018. The first ever Moroccan blueberries were supplied in 2012. 3,000 tonnes will be produced across the 2015 season. Production is spread over six farms situated close to the Agrogailes Ouled Mesbah packhouse.

Responsible production

African Blue currently employs up to 2,400 permanent and temporary staff in peak periods with 95 permanent workers. Empowerment, education and training are the cornerstones of the responsible production practices in place at African Blue. Employees have been organised into workers' committees, to which elections took place one year ago. Two stage training with the support of several UK retailers was delivered in Morocco in 2014. Preferred training supplier 'Partner Africa' delivered their ethical trade awareness programme and African Blue were the first soft fruit company to undertake this training. It was followed by improved workplace communication training focusing on the strengthening of the worker committees in place. The experience of these workers, together with that of the permanent management team, enables African Blue to drive their continuous improvement programme across all areas of the business.

GLOBALG.A.P.

Empowering responsible supply chains
Sedex

03

04

01. Pressure testing apples in the quality assurance department

02. Supporting local communities: Total Produce sponsors community initiatives, charities and sporting organisations across Europe, including Dundalk FC, the League of Ireland Champions in 2014

03. Promoting the industry: Total Produce CEO Rory Byrne and EU Commissioner for Agriculture and Rural Development visiting a local tomato production facility in Swords, Co. Dublin

04. Rupert Carter Technical Director (Ethical & Sustainability) of Total Worldfresh visits African Blue production in Morocco

Resilient performance in 2014

Total Produce has delivered a resilient performance in 2014 when measured against a strong comparative period.

Total Produce has delivered a resilient performance in 2014 in a mixed market when measured against a strong comparative period which included the results of Capespan Group Limited prior to its divestment on 23 April 2013 and the marginal adverse impact of currency translation in the year. This was partially offset by the contribution of acquisitions completed in the second half of 2013 and in 2014. On a like-for-like basis excluding the effect of divestments, acquisitions and currency translation, total revenue of €3.1 billion was 2% lower than 2013. Adjusted EBITA decreased by 3.4% to €56.7m (2013: €58.7m) due to the effect of average price decreases and divestments partially offset by the incremental contribution of acquisitions. Further details on the trading performance are outlined in the operating review that follows.

Operating profit before exceptional credits amounted to €47.0m (2013: €46.9m). The Group recognised net exceptional credits in the year of €2.4m (2013: €6.5m) and a full analysis of these items is set out in Note 6 of the accompanying financial statements. Operating profit after these net exceptional credits was €49.4m (2013: €53.4m).

Operating Review

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

	2014		2013*	
	Segmental revenue €'000	**Adjusted EBITA €'000**	Segmental revenue €'000	Adjusted EBITA €'000
Fresh Produce				
– Europe – Eurozone	**1,475,135**	**20,200**	1,525,395	23,096
– Europe – Non-Eurozone	**1,404,351**	**32,216**	1,365,657	29,893
– International	**190,983**	**2,902**	226,862	3,128
Inter-segment revenue	**(62,035)**	**–**	(56,992)	–
Total Fresh Produce	**3,008,434**	**55,318**	3,060,922	56,117
Healthfoods and Consumer Products	**120,404**	**1,372**	113,906	2,588
Third party revenue and adjusted EBITA	**3,128,838**	**56,690**	3,174,828	58,705

* 2013 segment information has been restated to ensure conformity with 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 three distinct reportable segments.

Revenue in this division decreased 1.7% in 2014 to €3,008m (2013: €3,061m). The prior year results included the results of Capespan Group Limited prior to its divestment on 23 April 2013 while the 2014 results benefited from the contribution of acquisitions completed during the second half of 2013 and in 2014. On a like-for-like basis, excluding the effect of divestments, acquisitions and currency translation, total revenue of €3,008m was 2.2% lower than prior year due to average price decreases with volumes similar to the prior year. The warmer weather in Spring caused the European domestic growing season to begin earlier leading to greater production and over supply resulting in downward pressure on prices particularly in some product categories in Europe. Additionally in August 2014, in an unexpected development, Russia introduced sanctions banning the import of fruits and vegetables from certain origins, including from the EU for twelve months. Whilst the Group does not have any operations in Russia and Group sales to Russia are modest at less than 2% of revenue, there was an impact on the market generally for certain categories particularly apples and pears.

Adjusted EBITA in this division decreased 1.4% to €55.3m (2013: €56.1m) due to the effects of average price decreases, divestments and currency translation which were offset in part by the contribution of acquisitions completed in the second half of 2013 and in 2014.

Overall, the robust performance in these mixed market conditions is underpinned by the Group's resilient business model.

Further information on each reporting segment follows.

Europe – Eurozone Fresh Produce

Revenue decreased 3.3% to €1,475m (2013: €1,525m) with a 12.5% decrease in adjusted EBITA to €20.2m (2013: €23.1m). Excluding the effect of acquisitions, revenue on a like-for-like basis was down 5% due to a decrease in average prices and a marginal decrease in volumes. The decrease was due to less favourable trading conditions particularly in Continental Europe with the warm Spring leading to strong early season domestic volumes. In addition to this, the impact of the Russian ban on certain imports put downward pressure on prices of certain product lines.

Europe – Non-Eurozone Fresh Produce

This reportable segment includes businesses in Scandinavia, UK, Czech Republic and Poland. Revenue in this division increased by 2.8% to €1,404m (2013: €1,366m) with adjusted EBITA increasing 7.8% to €32.2m (2013: €29.9m). The results benefited from the contribution of acquisitions in late 2013. The impact of currency translation in the period was not material, with the weakening of the Swedish Krona and the Czech Koruna largely offset by the positive impact of the strengthening of Sterling. On a like-for-like basis excluding the effects of acquisitions and currency translation, revenue was in line with the prior year with a marginal increase in volumes offsetting average price decreases.

International Fresh Produce

This reportable segment includes the Group's businesses in North America and India and in the comparative period also included the results of Capespan Group Limited prior to its divestment on 23 April 2013. Reported revenue decreased to €191m (2013: €227m) and adjusted EBITA decreased to €2.9m (2013: €3.1m) due to the inclusion of the results of Capespan Group Limited in the comparative period.

Healthfoods and Consumer Products Distribution Division

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

Revenue increased 5.7% to €120m (2013: €114m) due to the contribution of new business and bolt-on acquisitions completed in the second half of the year. Adjusted EBITA decreased to €1.4m (2013: €2.6m) due to competitive trading conditions in some of its markets and changed product mix.

Acquisitions and developments

During 2014, the Group invested over €22m including contingent consideration payable on the achievement of future profit targets in both its Fresh Produce Division and Healthfoods and Consumer Products Division.

In May 2014, the Group completed an agreement to acquire the second 50% shareholding in All Seasons Fruit ('ASF') in The Netherlands in four stages. An initial 20% shareholding was acquired on completion of the deal on 28 May 2014 bringing the shareholding to 70% with the balance to be acquired in subsequent years. ASF specialises in the soft fruit category. Prior to this transaction, ASF was a 50% joint venture of the Group and following the acquisition of the additional shareholding it becomes a subsidiary of the Group. In August 2014, the Group acquired a 45% interest in Eco Farms Investments Holdings LLC ('Eco Farms'), the Californian based avocado grower, marketer and distributor. The Group has options to acquire further shares in Eco Farms in due course to give Total Produce a majority stake. In December 2014, the Group acquired the trading assets of Gaspari Nutrition ('Gaspari') out of a bankruptcy process. Gaspari is a sports nutrition company based in New Jersey.

Post year-end, the Group completed an agreement to acquire a 50% interest in the Gambles Group, a North American fresh produce company based in Toronto.

The Group continues to actively pursue further investment opportunities in both new and existing markets. With a strong balance sheet and available credit facilities, it is well positioned for further growth.

R P Byrne
Chief Executive
2 March 2015

2014 Third Party Revenue by Division

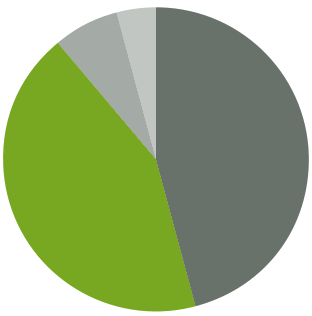
€3,129m

Europe – Eurozone
47%

Europe – Non Eurozone
43%

International
6%

Healthfoods and Consumer Products
4%



Earnings per share growth of 4.5%

> The Group continues to generate strong earnings and cash flows.

Summary of Results

The Group delivered an increase in adjusted earnings per share of 4.5% in 2014 to 9.45 cent per share assisted by lower tax charges, interest charges and lower non-controlling interest charges. Total Revenue decreased 1.4% to €3.1 billion and adjusted EBITA decreased 3.4% to €56.7m.

The Group continues to generate strong cashflows with free cash of €35.5m generated in 2014. With net debt of €16.8m the Group is lowly geared with ample credit facilities to fund future expansion.

Summary of Income Statement

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

	2014 €'000	2013 €'000
Revenue including share of joint ventures and associates	**3,128,838**	3,174,828
Adjusted EBITDA1	**73,032**	74,126
Depreciation charge[2]	**(16,342)**	(15,421)
Adjusted EBITA1	**56,690**	58,705
Acquisition related intangible asset amortisation charges (includes the Group's share within joint ventures and associates)	**(7,425)**	(7,962)
Remeasurement to fair value of contingent consideration estimates	**738**	(901)
Acquisition related costs	**(602)**	(87)
Share of joint ventures and associates net financial expense	**(428)**	(594)
Share of joint ventures and associates income tax (before tax credit on exceptional items)	**(1,999)**	(2,240)
Operating profit before exceptional items	**46,974**	46,921
Exceptional items	**2,432**	6,492
Operating profit after exceptional items	**49,406**	53,413
Net financial expense	**(5,095)**	(5,178)
Profit before tax	**44,311**	48,235
Income tax expense	**(8,390)**	(10,040)
Profit after tax	**35,921**	38,195
Attributable to:		
Equity holders of the parent	**29,218**	30,936
Non-controlling interests	**6,703**	7,259
	35,921	38,195

	2014 cent	2013 cent
Adjusted fully diluted earnings per share1	**9.45**	9.04
Basic earnings per share	**8.83**	9.38
Fully diluted earnings per share	**8.79**	9.36

1. Key performance indicators are defined on page 4.
2. Depreciation charge includes the depreciation charge of the Group's property, plant and equipment assets, the Group's share of the depreciation charge of joint ventures and associates and also amortisation charges of computer software which are classified as intangible assets in accordance with IFRS.

Key Performance Indicators

	2014
Revenue growth	**(1.4%)**
Adjusted fully diluted EPS growth	**4.5%**
Adjusted EBITDA growth	**(1.5%)**
Adjusted EBITA growth	**(3.4%)**
Adjusted EBITA margin	**1.8%**
Interest cover (adjusted EBITA: net financial expense)	**11.1 times**
Net debt/adjusted EBITDA	**0.2 times**
Operating cash flow	**€49.4m**
Free cash flow	**€35.5m**

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 26 to 28.

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 the 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 prevailing at the balance sheet date. Adjustments arising on the translation of the results of the 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 to the extent they are effective.

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		
	2014	2013	% change	**2014**	2013	% change
Canadian Dollar	**1.4674**	1.3685	(7.2%)	**1.4015**	1.4641	4.3%
Czech Koruna	**27.5046**	26.3221	(4.5%)	**27.7147**	27.3718	(1.3%)
Danish Kroner	**7.4551**	7.4580	0.0%	**7.4463**	7.4601	0.2%
Indian Rupee	**80.8676**	77.2560	(4.7%)	**76.3804**	85.2304	10.4%
Polish Zloty	**4.1775**	4.1875	0.2%	**4.2981**	4.1578	(3.4%)
Pound Sterling	**0.8028**	0.8510	5.7%	**0.7760**	0.8319	6.7%
South African Rand	**14.4120**	12.8226	(12.4%)	**13.9986**	14.4319	3.0%
Swedish Krona	**9.1075**	8.6418	(5.4%)	**9.4725**	8.8498	(7.0%)
US Dollar	**1.3295**	1.3285	(0.1%)	**1.2101**	1.3780	12.2%

In 2014 there were movements in some of the major currencies in the Group against the Euro, the Group's presentation currency. In particular the average Swedish Krona and Czech Koruna rates weakened by 5.4% and 4.5% respectively with the average Pound Sterling rate strengthening by 5.7% and the US Dollar rate remaining in line with the prior year. These various movements in currency led to a marginal negative impact on retranslation of 2014 revenues and earnings of the foreign currency denominated operations into Euro, with the loss on the weaker Swedish Krona and Czech Koruna rates partly offset by the stronger Pound Sterling rate.

At 31 December 2014, the closing exchange rates for Pound Sterling and US Dollar rates had strengthened by 6.7% and 12.2% respectively against the Euro. This was partly offset by the Swedish Krona and Czech Koruna weakening by 7.0% and 1.3% respectively against the Euro when compared to the exchange rates that prevailed at 31 December 2013. The various movements in closing exchange rates led to a net gain on retranslation of the opening net assets to the closing rate. This translation adjustment was recorded in a separate translation reserve within equity.

Net Financial Expense

Net financial expense in the year decreased to €5.1m (2013: €5.2m). The Group's share of the net financial expense in its joint ventures and associates was €0.4m compared to €0.6m in 2013. Net interest cover for the year was 11.1 times based on the adjusted EBITA.

Amortisation of Acquisition Related Intangible Assets

The Group's intangible assets mainly represent the value of customer and supplier relationships and brands 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, decreased to €7.4m (2013: €8.0m) due to certain intangible assets being fully amortised offset in part by additional amortisation charges on intangible assets arising on acquisitions completed in the past twelve months.

Exceptional Items

Exceptional items in the year amounted to a net credit before tax of €2.4m (2013: net credit before tax of €6.5m) due primarily to a credit arising on modifications to the structure of the Group's defined benefit arrangements and a fair value gain recognised on an available-for-sale financial asset becoming an associate. These were offset by fair value losses on the revaluation of properties and impairment losses on goodwill and intangible assets. 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 decreased to €44.3m (2013: €48.2m) primarily due to lower net exceptional credits in 2014. Excluding the exceptional items, acquisition related amortisation charges and costs, and fair value movements on contingent consideration, adjusted profit before tax decreased by 3.3% to €51.2m (2013: €52.9m).

	2014 €'000	2013 €'000
Profit before tax per the income statement	**44,311**	48,235
Adjustments		
Exceptional items before group share of joint ventures and associates tax on exceptional items (Note 6)	**(2,432)**	(6,309)
Share of joint ventures and associates income tax	**1,999**	2,057
Acquisition related intangible asset amortisation in subsidiaries	**5,969**	6,369
Share of joint ventures and associates acquisition related intangible assets amortisation	**1,456**	1,593
Remeasurement to fair value of contingent consideration estimates	**(738)**	901
Acquisition related costs within subsidiaries	**602**	87
Adjusted profit before tax	**51,167**	52,933

Taxation

The total tax charge for the year as presented in the table below amounted to €10.4m (2013: €12.1m), including the Group's share of the tax charge of its joint ventures and associates of €2.0m (2013: €2.1m), which was netted in profit before tax in accordance with IFRS.

As set out in the table below, excluding deferred tax credits related to the amortisation of intangible assets, the tax effect of fair value movements on investment property and other exceptional items, the underlying tax charge for the year was €12.0m (2013: €14.0m), equivalent to an underlying rate of 23.4% (2013: 26.4%) when applied to the Group's adjusted profit before tax. The lower tax rate reflects reduced corporation tax rates in some jurisdictions and the geographical blend of profits.

	2014 €'000	2013 €'000
Income tax expense	**8,390**	10,040
Group share of the tax charge of its joint ventures and associates netted in profit before tax	**1,999**	2,057
Total tax charge	**10,389**	12,097
Adjustments		
Deferred tax credit on amortisation of intangible assets – subsidiaries	**1,360**	1,578
Deferred tax credit on amortisation of intangible assets – Group share of joint ventures and associates	**398**	429
Net deferred tax on fair value movement on investment properties – subsidiaries	**141**	966
Net deferred tax credit on fair value movements on investment properties – share of joint ventures	**–**	183
Tax impact of other exceptional items	**(298)**	(1,290)
Tax charge on the underlying activities	**11,990**	13,963

Non-Controlling Interests' Share of Profit after Tax

The non-controlling interest's share of after tax profits for 2014 was €6.7m (2013: €7.3m). Included in the 2014 charge was the non-controlling interest's share of €1.0m (2013: €1.8m) of exceptional items and acquisition related charges and costs. Excluding these non-trading items, the non-controlling interest's share of after tax profits decreased by €1.4m in 2014. This decrease was due to a reduction in the after tax profits in a number of the Group's non-wholly owned subsidiaries in Europe partially offset by the non-controlling interests share of the after tax profits of acquisitions completed in late 2013.

Earnings per Share

Adjusted fully diluted earnings per share increased 4.5% to 9.45 cent (2013: 9.04 cent) assisted by lower tax charges, lower interest charges and the lower non-controlling interest share of after tax profits. The calculation of adjusted earnings per share for 2013 is restated to ensure conformity with the current year calculation whereby fair value movements on contingent consideration are excluded from adjusted earnings. Management believe that adjusted earnings per share excluding exceptional items, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration and related tax on these items provides a fairer reflection of the underlying trading performance of the Group.

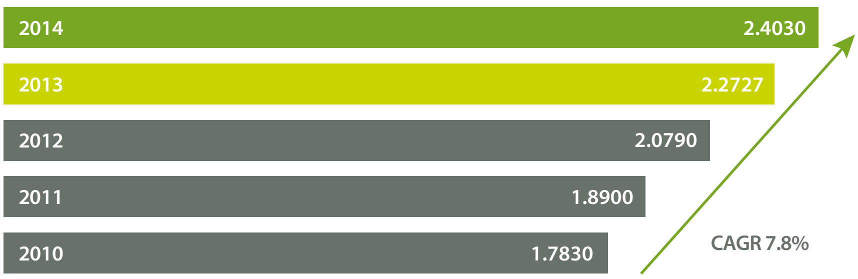
Basic earnings per share and diluted earnings per share after these non-trading items amounted to 8.83 cent (2013: 9.38 cent) and 8.79 cent (2013: 9.36 cent) respectively with the decrease primarily due to lower net exceptional gains in 2014.

Note 9 of the accompanying financial statements provides details on the calculation of the respective earnings per share amounts.

Dividend

The Board is proposing a 6% increase in the final dividend to 1.763 cent per share (2013: 1.6632 cent), subject to the approval of shareholders at the forthcoming AGM. If approved, this dividend will be paid on 22 May 2015 to shareholders on the register at 1 May 2015 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 2014. The total dividend for 2014 will amount to 2.403 cent per share and represents a 5.7% increase on the 2013 dividend of 2.2727 cent.

Dividend per Share (cent)



Summary Balance Sheet

	2014 €'m	2013 €'m
Tangible assets	**145.3**	141.1
Goodwill and intangible assets	**162.6**	157.6
Investments (mainly joint ventures and associates)	**63.6**	55.4
Working capital and other	**(10.2)**	(11.3)
Contingent and deferred consideration	**(23.5)**	(24.8)
Employee benefit liabilities (net of deferred tax)	**(23.6)**	(3.9)
Taxation (excluding deferred tax on employee benefit liabilities)	**(12.0)**	(17.2)
Net debt	**(16.8)**	(11.0)
Net assets	**285.4**	285.9
Shareholders' equity	**217.1**	217.4
Non-controlling interests	**68.3**	68.5
Shareholders' equity and non-controlling interests	**285.4**	285.9

The balance sheet is relatively unchanged in 2014 with net assets decreasing marginally by 0.2% to €285.4m and shareholders' equity decreasing by 0.1% to €217.1m.

Shareholders' Equity

Shareholders' equity decreased by 0.1% to €217.1m with profit after tax of €29.2m in the year attributable to equity shareholders offset by losses of €21.7m attributable to equity shareholders recognised directly in the statement of other comprehensive income and dividends paid to equity shareholders of €7.6m.

	2014 €'m	2013 €'m
Total shareholders' equity at the beginning of the year	**217.4**	187.8
Profit for the year attributable to equity shareholders	**29.2**	30.9
Other comprehensive income attributable to equity shareholders		
Remeasurement (losses)/gains arising on defined benefit pension schemes (net of deferred tax)	**(24.1)**	9.7
Net revaluation gains/(losses) on property, plant and equipment (net of deferred tax)	**1.6**	(0.6)
Net gains/(losses) on the translation of net assets of foreign currency denominated operations	**0.8**	(3.8)
Other	**–**	–
Total other comprehensive income attributable to equity shareholders	**(21.7)**	5.3
Total comprehensive income for the year, net of tax	**7.5**	36.2
New shares issued	**1.0**	–
Share based payment expense	**0.3**	0.4
Dividends paid to equity shareholders	**(7.6)**	(7.0)
Acquisition of non-controlling interests recognised directly in equity	**(1.5)**	–
Total shareholders' equity at the end of the year	**217.1**	217.4

As set out on the previous page, the €21.7m losses (2013: €5.2m gains) recognised directly in reserves through the statement of other comprehensive income includes remeasurement 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 recorded a remeasurement loss of €24.1m (2013: gain of €9.7m) net of deferred tax on the Group's employee 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 revaluation gains, net of tax attributable to equity shareholders for the year was €1.6m (2013: loss of €0.6m). Refer to Note 10 of the accompanying financial statements for further information on revaluation of land and buildings.

As referred to earlier, there was a positive gain on the retranslation of the net assets of foreign currency denominated subsidiaries to Euro, (the Group's presentation currency) at 31 December 2014 resulting in a net foreign currency gain of €0.8m (2013: loss of €3.8m) on the retranslation of the foreign currency denominated net assets into Euro. This net movement was inclusive of translation losses on foreign currency borrowing 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.

During the year the Group paid €7.6m (2013: €7.0m) in dividends to equity shareholders consisting of the 2013 final dividend payment and the 2014 interim dividend. In 2014, the Group received €1.0m (2013: €Nil) from the issue of shares on the exercise of employee share options. As described in Note 19 of the accompanying financial statements, the difference of €1.5m (2013: €Nil) between the fair value of the consideration paid and the book value of non-controlling interests acquired was recognised directly as a reduction in equity.

Employee Benefits

	2014 €'m	2013 €'m
Net liability at the beginning of the year	**(4.6)**	(28.3)
Net interest expense and current service cost recognised in the income statement	**(2.0)**	(4.0)
Past service credit arising on modification to Group's defined benefit arrangements recognised in the income statement	**2.7**	10.3
Employer contributions to the schemes	**5.3**	4.8
Remeasurement (losses)/gains recognised in other comprehensive income	**(28.7)**	12.2
Foreign exchange movement	**(0.2)**	0.4
Net pension liability at the end of the year	**(27.5)**	(4.6)
Net related deferred tax asset	**3.9**	0.7
Net pension liability at the end of the year after tax	**(23.6)**	(3.9)

The table above 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 2014 was €23.6m (2013: €3.9m), net of deferred tax.

The balance sheet at 31 December 2014 reflects pension scheme assets of €Nil (2013: €3.3m) in respect of schemes in surplus and pension liabilities of €27.5m (2013: €7.9m) in respect of schemes in deficit. Pension scheme assets increased 17.2% to €170.1m (2013: €145.1m) and pension scheme obligations increased 31.9% to €197.6m (2013: €149.7m).

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 discount rates used in measuring the pension liability decreased significantly in 2014 with the discount rate in Ireland and Continental Europe decreasing to 2.20% (2013: 3.90%) and the rate in the UK decreasing to 3.80% (2013: 4.60%). The long term inflation rate used in measuring the liability in Ireland and Continental Europe decreased to 1.50% (2013: 1.85%) and the long term rate used in measuring the liability in the UK decreased to 3.00% (2013: 3.30%).

The increase in the net liability in 2014 was due to the above mentioned significant decrease in discount rates which results in an increase in the net present value of the obligations of these schemes. This was partly offset by strong returns on pension scheme assets in 2014 and a credit of €2.7m arising from modifications to the structure of the Group's defined benefit arrangements.

Funds Flow

Net debt at 31 December 2014 was €16.8m (2013: €11.0m). The Group generated operating cash flows of €37.7m in 2014 (2013: €45.0m) before working capital movements with the decrease primarily due to lower trading profits and higher tax payments due to timing. There were €11.7m (2013: €14.5m) of working capital inflows in the year assisted by an incremental €5.8m (2013: €12.4m) inflow from additional trade receivables financing together with working capital inflows from companies acquired mid-year. Cash outflows on routine capital expenditure, net of disposals, were €12.0m (2013: €12.9m). Dividends received from joint ventures and associates increased to €4.6m (2013: €4.1m) with dividend payments to non-controlling interests increasing to €6.5m (2013: €5.6m).

Free cash flow generated by the Group decreased to €35.5m (2013: €45.1m). 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 relating to prior period acquisitions amounted to €22.7m (2013: €19.7m). In addition the Group assumed €10.1m of debt (2013: cash of €2.1m) on the acquisition of subsidiaries. In 2013, the Group received cash proceeds of €21.7m from the sale of its investment in Capespan Group Limited. The Group also distributed €7.6m (2013: €7.0m) in dividends to equity shareholders in the year.

There was a negative impact of €1.3m on translation of foreign currency net debt into Euro at 31 December 2014 primarily due to stronger Sterling and US Dollar exchange rates offset by the weaker Swedish Krona and Czech Koruna exchange rates compared to the rates prevailing at 31 December 2013.

	2014 €'m	2013 €'m
Adjusted EBITDA	**73.0**	74.1
Deduct adjusted EBITDA of joint ventures and associates	**(12.5)**	(11.7)
Net financial expense and tax paid	**(18.6)**	(16.2)
Other	**(4.2)**	(1.2)
Operating cash flows before working capital movements	**37.7**	45.0
Working capital and other movements	**11.7**	14.5
Operating cash flows	**49.4**	59.5
Routine capital expenditure net of disposal proceeds	**(12.0)**	(12.9)
Dividends received from joint ventures and associates	**4.6**	4.1
Dividends paid to non-controlling interests	**(6.5)**	(5.6)
Free cash flow	**35.5**	45.1
Disposal of an associate interest	**–**	21.7
Acquisition expenditure (including contingent consideration payments)	**(22.7)**	(19.7)
Net (debt)/cash assumed on acquisition of subsidiaries	**(10.1)**	2.1
Development capital expenditure	**–**	(1.2)
Dividends paid to equity shareholders	**(7.6)**	(7.0)
Proceeds from shares issued on the exercise of employee share options	**1.0**	–
Other	**(0.6)**	(1.2)
Movement in net debt in the year	**(4.5)**	39.8
Net debt at beginning of year	**(11.0)**	(53.0)
Foreign currency translation	**(1.3)**	2.2
Net debt at end of year	**(16.8)**	(11.0)

Net Debt and Group Financing

As outlined above, net debt during the year increased from €11.0m to €16.8m. At 31 December 2014, the Group had available cash balances including bank deposits of €115.8m and interest-bearing borrowings (including overdrafts) of €132.6m. Net debt to adjusted EBITDA was 0.2 times and interest was covered 11.1 times by adjusted EBITA, both comfortably within existing bank covenants. The Group has adequate facilities to finance future expansion.

Summary

The Group in 2014 has continued its track record of generating strong earnings and cash flows. The Group has a strong balance sheet with significant financing facilities to fund future expansion.

F J Davis
Finance Director
2 March 2015

Board of Directors and Secretary

Carl McCann (61)
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 Holdings plc and is a Director of a number of other companies.

Rory Byrne (54)
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.

Frank Davis (55)
Finance Director, LLB, MA, FCCA, BL, FCIArb

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 and a Fellow of the Chartered Institute of Arbitrators.

Frank Gernon (61)
Director, FCCA

Frank Gernon ceased his full time role as Director, Financial Strategy and Development in July 2013 but continues in a part-time Financial Advisory role and remains an Executive Director of the Board. Frank has been employed by the Group for over 40 years and was appointed Finance Director of Total Produce on 30 December 2006 and Director, Financial Strategy and Development on 1 August 2009. Prior to this, Frank was the Finance Director of Fyffes plc from 1998 to 2006. Frank joined Fyffes in 1973 and held various senior accounting and financial positions, including Company Secretary and Chief Financial Officer before his appointment as Group Finance Director and to the Board of Directors of Fyffes in 1998.

Rose Hynes (57)
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, is Chairman of Ervia and also Chairman of Shannon Group plc. She is also Director of a number of other companies. Rose previously held senior executive positions with the GPA Group plc.

Jerome Kennedy (66)
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 is also a board member of Independent News & Media plc and Green REIT plc and is 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.

Seamus Taaffe (63)
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.

Marie Reid (42)
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' Report

The Directors present their report to the shareholders, together with the audited financial statements of the Group and Company, for the year ended 31 December 2014.

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 26 to 28 and in the Financial Review on pages 29 to 35, 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 39 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 2014 on page 55.

Dividend

An interim dividend of 0.64 cent (2013: 0.6095 cent) per share was paid on 17 October 2014. The Directors have proposed, subject to shareholder approval at the Annual General Meeting (AGM), the payment of a final dividend for 2014 of 1.763 cent (2013: 1.6632 cent) per share. This total dividend of 2.403 cent per share is an increase of 5.7% on the total dividend of 2.2727 cent per share for 2013.

Future Developments

A review of future developments of the business is included in the Chairman's Statement on page 6 to 7.

Directors and Company Secretary

There were no changes to Directors and Company Secretary during the year.

In accordance with the Articles of Association of the Company R P Byrne and J J Kennedy 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 47 to 52.

Substantial Holdings

The issued share capital of Total Produce plc consists of 353,311,732 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 2 March 2015:

	Number of ordinary shares	%
Balkan Investment Company and related parties *(including Arnsberg Investment Company)*	37,238,334	11.24%
GMT Capital Corp	23,546,011	7.11%
FMR LLC	16,750,000	5.06%
Farringdon Capital Management (Switzerland) SA	13,997,336	4.22%
State Street Global Advisors Ireland Limited	13,143,151	3.97%
Sparinvest A/S	13,041,642	3.94%
Invesco Limited	11,216,323	3.39%

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 30 of the accompanying financial statements.

Treasury Shares

At 31 December 2014, the total number of treasury shares amounted to 22,000,000 ordinary 1 cent shares at a cost of €8,580,000 (2013: 22,000,000 1 cent shares at a cost of €8,580,000). These shares represent 6.23% (2013: 6.25%) of the ordinary shares in issue at 31 December 2014. 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 effect 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 Group could be adversely affected by changes in economic, political, administrative, taxation or regulatory factors in any of the jurisdictions in which the Group operates in.

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 31 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

Post year-end, the Group completed an agreement to acquire a 50% interest in the Gambles Group, a North American fresh produce company based in Toronto, Canada. Other than this acquisition there have been no other material events subsequent to 31 December 2014 which would require disclosure or adjustment in the financial statements.

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

Subsidiaries, Joint Ventures and Associates
Information on the Group's principal subsidiaries, joint ventures and associates is included in Note 36 of the accompanying financial statements.

Annual General Meeting
The attention of shareholders is drawn to the notice of the AGM which will be held at 10.30am on Wednesday 20th May 2015 in the Radisson Blu Hotel, Golden Lane, Dublin 8, which is set out on pages 134 to 139 of this document.

In addition to the ordinary business to be transacted at the AGM, there are various items of special business which are described further below.

Special Business at AGM
Resolution No. 5 – Authority to allot Relevant Securities
In Resolution 5, shareholders are being asked to renew the Directors' authority to allot and issue up to an aggregate amount of €1,179,205.77 in nominal value of new ordinary shares, being approximately equal to 33 per cent of the nominal value of the existing issued ordinary share capital of the Company as at the date of the Notice of the AGM. The authority under this Resolution will expire at next year's AGM or 15 months after the forthcoming AGM, whichever is the earlier.

Resolution No. 6 – Authority to Dis-apply Statutory Pre-emption Rights
At the AGM held in 2014, shareholders gave the Directors power to allot shares for cash otherwise than in accordance with statutory pre-emption rights. That power will expire at the close of business on the date of the forthcoming AGM.

The Directors will, at the forthcoming AGM, seek power to allot shares for cash, otherwise than in accordance with statutory pre-emption rights, by way of rights issues up to the amount of the unissued share capital of the Company, or otherwise up to an aggregate nominal value of €176,880.86 on the basis that this limit shall apply to all allotments for cash and any treasury shares that may be reissued for cash. This limit is equivalent to approximately 5 per cent of the nominal value of the issued share capital of the Company. The power under this Resolution will expire (under the Articles of Association of the Company) at next year's AGM or 15 months after the forthcoming AGM, whichever is the earlier.

Resolution No. 7 – Authority to Make Market Purchases of the Company's Own Shares
At the 2014 AGM, shareholders gave the Company and/or any of its subsidiaries authority to make market purchases of up to 10 per cent of the Company's own shares. Under Resolution No. 7 shareholders are being asked to renew this authority.

The Directors monitor the Company's share price and may from time to time exercise this power to make market purchases of the Company's own shares, at price levels which they consider to be in the best interests of the shareholders generally, after taking account of the Company's overall financial position. The minimum price which may be paid for any market purchase of the Company's own shares will be the nominal value of the shares and the maximum price which may be paid will be the greater of (i) 105 per cent of the average market price of such shares for the previous five 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. The power under this Resolution will expire at next year's AGM or 15 months after the forthcoming AGM, whichever is the earlier.

Resolution No. 8 – Authority to Re-issue Treasury Shares
Shareholders are being asked to sanction the price range at which any treasury share (that is a share of the Company redeemed or purchased and held by the Company rather than being cancelled) may be re-issued other than on the Stock Exchange. The maximum and minimum prices at which such a share may be re-issued are 120 per cent and 95 per cent, respectively of the appropriate price of a share calculated over the five business days immediately preceding the date of such re-issue as detailed further in the notice of the AGM.

Resolutions No. 9 and No. 10 – Amendment of the Memorandum and Articles of Association in response to the Companies Act 2014
Resolutions No. 9 and No. 10 are being proposed in response to the new Companies Act 2014 which is expected to become law on 1 June 2015. The purpose of these resolutions is to amend the Memorandum and Articles of Association of the Company in order to bring them into line with the provisions of the Companies Act 2014 and make some consequential and housekeeping changes. An explanation of the changes which will be made by these resolutions is set out in the Appendix to the Notice of the AGM. A copy of the Memorandum and Articles of Association in the form amended by these resolutions is available on the Company's website and will also be available for inspection at the registered office of the Company during business hours on any business day up to and including the date of the Annual General Meeting as well as being available at the Annual General Meeting on 20th May 2015.

Recommendation

The Directors believe that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders. Accordingly, the Directors unanimously recommend shareholders 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**
2 March 2015	2 March 2015

Corporate Governance Report

Corporate Governance Statement

The Board of Total Produce plc is firmly committed to business integrity, high ethical values and professionalism in all 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 report on its application of the UK Corporate Governance Code ('the UK Code') as issued by the Financial Reporting Council in September 2012. However, the Board has undertaken to design appropriate corporate governance arrangements, having regard to best practice, and in particular the UK Code, taking into account the size of the Group and the nature of its activities. This Corporate Governance Report, together with the Audit and Compensation Committees' Reports on pages 46 to 52, describe the corporate governance arrangements in place.

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*
F J Davis	*Finance Director*
J F Gernon	*Director*

Non-Executive:

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

Board members are selected (see Nomination Committee terms of reference overleaf) 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.

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 direct 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.

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 matters 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	3	2
C P McCann	6	–	–	2
R P Byrne	6	–	–	2
J F Gernon	6	4*	2*	–
F J Davis	6	4*	–	–
R B Hynes	6	4	3	2
J J Kennedy	6	4	3	2
S J Taaffe	6	4	–	–

* In attendance only.

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

The Chairman held meetings with the Non-Executive Directors without the Executives present. There is interaction, as necessary, between senior executive management and Board members.

The Board has identified and formally adopted a schedule of key matters that are reserved for its decision, including the annual budgets, half-yearly and preliminary results announcements, the Annual Report, interim and final dividends, the appointment or removal of Directors and the Company Secretary, circulars to shareholders, Group treasury policies 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 2014, 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.

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 46.

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 monitoring the remuneration of senior management, are set out in the Compensation Committee Report on pages 47 to 52.

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 under the UK code. 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 that they are appropriate.

The Committee and the Board understand the importance of ensuring diversity including gender and the key role a diversified Board plays in ensuring effectiveness. The Board takes diversity into consideration whilst ensuring that the best people are nominated to all appointments, and suitable candidates are selected on the basis of relevant experience, backgrounds, skills and knowledge and insight, having due regard to the benefits of Board diversity.

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 Finance Director, an Executive 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.

The Group communicates with its shareholders by way of the AGM and 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 2015 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, the 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 and clear 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 53. The system of internal controls and risk management established to safeguard the Company's assets is set out above. The Audit Committee, whose composition and functions are described on page 46, 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 and concluded that they are appropriate.

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

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

Audit Committee Report

Membership and Responsibilities

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

The UK code requires that at least one member of the Audit Committee has recent and relevant financial experience. The Board believes that all members of the Committee satisfy that requirement and that 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 as follows:

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 75.

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 and where appropriate approve such 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 Directors 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 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
- to 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 Committee can recommend changes to the remuneration structure for senior management.

The remuneration of the Non-Executive Directors is approved by the Board.

Remuneration Policy

Total Produce is an international group of companies with activities in 22 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.

Executive Directors are paid fees in respect of their director roles and responsibilities on the Boards of Total Produce plc and other group companies ('director fees'). These fees are commensurate with fees paid to Non-Executive Directors. In addition, Executive Directors receive further remuneration as described in the paragraph below.

The recurring elements of the remuneration package for Executive Directors are basic pensionable salary, director fees, benefits, annual bonuses, short term incentive plan and pensions. It is the policy of the Company that the net amount of awards to Executive Directors under the short term incentive plan after deduction for relevant taxes payable, 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 aggregate of a Director's fee for Board Memberships and 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 2014 based on achievement of separately agreed performance measures for the Group for the year ending 31 December 2014. A similar plan is in place for the year ending 31 December 2015.

Performance Measure	Minimum Award	Maximum Award
Growth in adjusted earnings per share over previous year	5% of the aggregate of director fees and basic salary for EPS growth of 5%	33% of the aggregate of director fees and 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 the aggregate of director fees and basic salary for growth in average share price of 5%	33% of the aggregate of director fees and 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 the aggregate of director fees and basic salary for achievement of median TSR	34% of the aggregate of director fees and basic salary for achievement of 75th percentile TSR

Under the 2014 plan, a minimum of 70% and up to a maximum of 100% of the award is payable in Total Produce shares. The Committee awarded €746,000 in payments for the year ended 31 December 2014 (2013: €1,232,000), of which €614,000 (2013: €1,106,000) is 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 the date of purchase. The balance of €132,000 (2013: €126,000) shall be payable in cash. In March 2014, 1,127,624 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 2013 award of €1,106,000.

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 2013 or 2014.

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 2014 are detailed in Note 2 on page 50.

In the case of all Directors whose pension entitlements have been capped, pensions are calculated to provide for two thirds of the aggregate of director fees and 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 2014, options had been granted but not yet exercised or lapsed over 9,685,000 (2013: 11,110,000) ordinary shares at prices ranging from €0.60 to €0.815 or 2.74% (2013: 3.16%) of the issued ordinary share capital. These included 1,840,000 (2013: 1,840,000) options granted to Executive Directors and 225,000 (2013: 300,000) options granted to the Company Secretary, further details of which are included in the Directors' share interests disclosed on page 52. No new options were granted to Executive Directors in 2014.

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 2014, 48,230 and 4,813 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 2014.

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 51.

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	
	2014 €'000	2013 €'000	**2014 €'000**	2013 €'000	**2014 €'000**	2013 €'000
Basic salaries and director fees	**1,354**	1,462	**213**	210	**1,567**	1,672
Annual bonus awards	**707**	759	**–**	–	**707**	759
Other benefits	**38**	46	**–**	–	**38**	46
Pension contributions/related payments	**243**	241	**–**	–	**243**	241
Remuneration	**2,342**	2,508	**213**	210	**2,555**	2,718
Short Term Incentive Plan					**746**	1,232
Total					**3,301**	3,950
Number of Directors (average)	**4**	4	**3**	3	**7**	7

Under the short term incentive plan a €746,000 (2013: €1,232,000) award was made to Executive Directors. Of this award, €614,000 (2013: €1,106,000) 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. The balance of €132,000 (2013: €126,000) shall be payable in cash. See page 48 for further details.

In accordance with IFRS 2 *Share-based Payments*, an expense of €Nil (2013: €63,000) has been recognised in the income statement in respect of share options granted in the past to Executive Directors.

	Salary and director fees €'000	Annual bonus awards €'000	Other Benefits[3] €'000	Pension contributions or related payment €'000	Total 2014 €'000	Total 2013 €'000
Executives						
C P McCann[1, 2]	**500**	**200**	**19**	**–**	**719**	712
R P Byrne[2]	**435**	**318**	**–**	**152**	**905**	897
J F Gernon[2, 4]	**130**	**20**	**–**	**–**	**150**	336
F J Davis[2]	**289**	**169**	**19**	**91**	**568**	563
	1,354	**707**	**38**	**243**	**2,342**	2,508
Non-Executives						
R B Hynes	**73**	**–**	**–**	**–**	**73**	72
J J Kennedy	**73**	**–**	**–**	**–**	**73**	72
S J Taaffe	**67**	**–**	**–**	**–**	**67**	66
	213	**–**	**–**	**–**	**213**	210
Remuneration					**2,555**	2,718
Short Term Incentive Plan					**746**	1,232
Total					**3,301**	3,950

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 2013 or 2014 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 48. As a result, the Compensation Committee approved cash payments or contributions to a defined contribution pension of €152,000, and €91,000 (2013: €151,000 and €90,000) respectively to R P Byrne 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 or J F Gernon.
3. Other benefits above for Executive Directors relate entirely to motor expenses.
4. The remuneration for J F Gernon for 2013 and 2014 reflects the change in his role in July 2013 as explained on page 36.

Short Term Incentive Plan

As explained on page 48, the Committee awarded €746,000 in payments to Executive Directors for the year ended 31 December 2014, of which €614,000 is 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 balance of €132,000 shall be payable in cash. The awards to individual Executive Directors were as follows: C P McCann (€305,000), R P Byrne (€265,000), and F J Davis (€176,000).

The Committee awarded €1,232,000 in payments to Executive Directors for the year ended 31 December 2013, of which €1,106,000 were paid in shares on 5 March 2014. On this date the trustees of the Total Produce plc short term incentive plan purchased a total number of 1,127,624 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 (440,353 shares), R P Byrne (305,810 shares), J F Gernon (177,920 shares) and F J Davis (203,541 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 where applicable, were as follows:

	Increase in accrued pension during 2014 (a) €'000	Transfer value of increase during 2014 (b) €'000	Total accrued pension at 31 Dec 2014 (c) €'000	Increase in accrued pension during 2013 (a) €'000	Transfer value of increase during 2013 (b) €'000	Total accrued pension at 31 Dec 2013 (c) €'000
Executive Directors						
R P Byrne	**–**	**4**	**143**	–	–	143
F J Davis	**–**	**2**	**116**	–	–	116
	–	**6**	**259**	–	–	259

(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 2014 together with their interests at 31 December 2013 are shown below:

	Number of Ordinary shares at 31 December 2014	Number of Ordinary shares at 31 December 2013
Directors		
C P McCann	**3,409,123**	2,949,245
R P Byrne	**1,908,997**	1,591,635
J F Gernon	**1,342,249**	1,152,103
F J Davis	**1,329,253**	1,113,486
R B Hynes	**50,000**	50,000
J J Kennedy	**50,000**	50,000
S J Taaffe	**50,000**	50,000
Company Secretary		
M T Reid	**156,861**	152,048

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 31/12/13	Granted	Exercised	**Options held at 31/12/14**	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)[1]	**–**	0.60	05/03/2011	04/03/2018
	125,000	–	–	**125,000**	0.669	26/03/2016	25/03/2023

* These options were vested as at 31 December 2013. Please see note 28 for further details.

1. The share price at the date of exercise of these options was €1.06.

The market price of the Company's shares at 31 December 2014 was €1.07 and the range during 2014 was €0.82 to €1.17. 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 2 March 2015. 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 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 2013.

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 the Company; the Companies Acts, 1963 to 2013 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;
- comply with the applicable International Reporting Standards as adopted by the EU, subject to any material departures disclosed and explained in the Financial Statements; 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 2013. 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

Independent Auditor's Report to the Members of Total Produce plc

We have audited the Group and Company financial statements ('financial statements') of Total Produce plc for the year ended 31 December 2014 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 company financial statements, as applied in accordance with the provisions of the Companies Acts 1963 to 2013.

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 53 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 Financial Reporting Council's Ethical Standards for Auditors.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its profit for the year then ended;
- the Company balance sheet gives a true and fair view, in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Acts 1963 to 2013, of the state of the parent company's affairs as at 31 December 2014; and
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2013 and the IAS Regulation.

Matters on Which We Are Required to Report by the Companies Acts 1963 to 2013

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

The 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 2014 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 2013 we are required to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Tom McEvoy
for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland
2 March 2015

Group Income Statement
for the year ended 31 December 2014

	Notes	Before exceptional items 2014 €'000	Exceptional items (Note 6) 2014 €'000	Total 2014 €'000	Before exceptional items 2013 €'000	Exceptional items (Note 6) 2013 €'000	Total 2013 €'000
Revenue, including Group share of joint ventures and associates	1	**3,128,838**	**–**	**3,128,838**	3,174,828	–	3,174,828
Group revenue		**2,667,014**	**–**	**2,667,014**	2,637,693	–	2,637,693
Cost of sales		**(2,302,369)**	**–**	**(2,302,369)**	(2,274,977)	–	(2,274,977)
Gross profit		**364,645**	**–**	**364,645**	362,716	–	362,716
Operating expenses (net)	2	**(324,414)**	**2,432**	**(321,982)**	(321,055)	6,751	(314,304)
Share of profit of joint ventures	3	**4,016**	**–**	**4,016**	2,805	(259)	2,546
Share of profit of associates	3	**2,727**	**–**	**2,727**	2,455	–	2,455
Operating profit		**46,974**	**2,432**	**49,406**	46,921	6,492	53,413
Financial income	4	**1,576**	**–**	**1,576**	2,123	–	2,123
Financial expense	4	**(6,671)**	**–**	**(6,671)**	(7,301)	–	(7,301)
Profit before tax		**41,879**	**2,432**	**44,311**	41,743	6,492	48,235
Income tax expense	7	**(8,233)**	**(157)**	**(8,390)**	(9,716)	(324)	(10,040)
Profit for the year		**33,646**	**2,275**	**35,921**	32,027	6,168	38,195
Attributable to:							
Equity holders of the parent				**29,218**			30,936
Non-controlling interests				**6,703**			7,259
				35,921			38,195
Earnings per ordinary share:							
Basic	9			**8.83 cent**			9.38 cent
Fully diluted	9			**8.79 cent**			9.36 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 2014

	Notes	2014 €'000	2013 €'000
Profit for the year		**35,921**	38,195
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation effects:			
– foreign currency net investments – subsidiaries		**(63)**	(6,302)
– foreign currency net investments – joint ventures and associates	13	**2,009**	(2,469)
– foreign currency losses reclassified to the income statement on disposal of joint venture and associates investments	13	**–**	1,044
– foreign currency borrowings designated as net investment hedges		**(590)**	3,428
Gain on re-measuring available for sale financial asset		**2,455**	–
Reclassification of fair value gain to income statement on available-for-sale financial asset becoming an associate		**(2,455)**	–
Effective portion of cash flow hedges, net	4	**326**	(165)
Deferred tax on items taken directly to other comprehensive income	7	**(87)**	41
Share of joint ventures and associates fair value adjustments on available-for-sale financial assets	13	**–**	(15)
Items that will not be reclassified to profit or loss:			
Remeasurement (losses)/gains on employee defined benefit pension schemes	28	**(28,666)**	12,164
Revaluation gains/(losses) on property, plant and equipment, net	10	**1,122**	(1,630)
Deferred tax on items takes directly to other comprehensive income	7	**4,636**	(1,181)
Share of joint ventures and associates remeasurement losses on employee defined benefit pension schemes	13	**(52)**	(40)
Share of joint ventures and associates deferred tax on items taken directly to other comprehensive income	13	**13**	10
Other comprehensive income for the year, net of tax		**(21,352)**	4,885
Total comprehensive income for the year, net of tax		**14,569**	43,080
Attributable to:			
Equity holders of the parent		**7,536**	36,159
Non-controlling interests	19	**7,033**	6,921
		14,569	43,080

Group Balance Sheet
as at 31 December 2014

	Notes	2014 €'000	2013 €'000
Assets			
Non-current			
Property, plant and equipment	10	**137,938**	133,948
Investment property	11	**7,414**	7,150
Goodwill and intangible assets	12	**162,551**	157,643
Investments in joint ventures and associates	13	**62,917**	54,761
Other financial assets	14	**698**	649
Other receivables	16	**2,999**	5,090
Deferred tax assets	26	**9,942**	6,801
Employee benefits	28	**–**	3,282
Total non-current assets		**384,459**	369,324
Current			
Inventories	15	**49,464**	48,142
Trade and other receivables	16	**282,915**	279,095
Corporation tax receivables		**1,802**	201
Derivative financial instruments	31	**425**	20
Bank deposits	17	**2,000**	4,740
Cash and cash equivalents	17	**113,830**	103,463
Total current assets		**450,436**	435,661
Total assets		**834,895**	804,985
Equity			
Share capital	18	**3,533**	3,519
Share premium	18	**253,565**	252,574
Other reserves	18	**(111,678)**	(114,096)
Retained earnings		**71,628**	75,369
Total equity attributable to equity holders of the parent		**217,048**	217,366
Non-controlling interests	19	**68,341**	68,524
Total equity		**285,389**	285,890
Liabilities			
Non-current			
Interest-bearing loans and borrowings	20	**114,909**	114,311
Deferred government grants	23	**1,683**	1,681
Other payables	22	**1,696**	1,775
Contingent consideration	24	**12,105**	17,535
Corporation tax payable		**6,794**	6,973
Deferred tax liabilities	26	**11,991**	13,621
Employee benefits	28	**27,514**	7,940
Total non-current liabilities		**176,692**	163,836
Current			
Interest-bearing loans and borrowings	20	**17,769**	4,879
Trade and other payables	22	**343,038**	340,406
Contingent consideration	24	**10,754**	6,435
Derivative financial instruments	31	**180**	645
Corporation tax payable		**1,073**	2,894
Total current liabilities		**372,814**	355,259
Total liabilities		**549,506**	519,095
Total liabilities and equity		**834,895**	804,985

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 2014

	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 2014	**3,519**	**252,574**	**(5,273)**	**20,319**	**(122,521)**	**(8,580)**	**1,959**	**75,369**	**217,366**	**68,524**	**285,890**
Comprehensive income											
Profit for the year	–	–	–	–	–	–	–	**29,218**	**29,218**	**6,703**	**35,921**
Other comprehensive income:											
Items that may be reclassified subsequently to profit or loss:											
Foreign currency translation effects, net	–	–	**790**	–	–	–	–	–	**790**	**566**	**1,356**
Gain on re-measuring available for sale financial asset	–	–	–	–	–	–	**2,455**	–	**2,455**	–	**2,455**
Reclassification of fair value gain to income statement on available-for-sale financial asset becoming an associate	–	–	–	–	–	–	**(2,455)**	–	**(2,455)**	–	**(2,455)**
Effective portion of cash flow hedges, net	–	–	–	–	–	–	**207**	–	**207**	**119**	**326**
Deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	**(55)**	–	**(55)**	**(32)**	**(87)**
Items that will not be reclassified subsequently to profit or loss:											
Revaluation gains/(losses) on property, plant and equipment, net	–	–	–	**1,212**	–	–	–	–	**1,212**	**(90)**	**1,122**
Remeasurement losses on employee defined benefit pension schemes	–	–	–	–	–	–	–	**(28,208)**	**(28,208)**	**(458)**	**(28,666)**
Deferred tax on items taken directly to other comprehensive income	–	–	–	**351**	–	–	–	**4,060**	**4,411**	**225**	**4,636**
Share of joint ventures and associates remeasurement losses on employee defined benefit schemes	–	–	–	–	–	–	–	**(52)**	**(52)**	–	**(52)**
Share of joint ventures and associates deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	–	**13**	**13**	–	**13**
Total other comprehensive income	–	–	**790**	**1,563**	–	–	**152**	**(24,187)**	**(21,682)**	**330**	**(21,352)**
Total comprehensive income	–	–	**790**	**1,563**	–	–	**152**	**5,031**	**7,536**	**7,033**	**14,569**
Transactions with equity holders of the parent											
New shares issued (Note 18)	**14**	**991**	–	–	–	–	**(408)**	**408**	**1,005**	–	**1,005**
Acquisition of non-controlling interests (Note 19)	–	–	–	–	–	–	–	**(1,565)**	**(1,565)**	**(723)**	**(2,288)**
Non-controlling interest disposed on derecognition of pre-existing relationship with acquiree (Note 19)	–	–	–	–	–	–	–	–	–	**(327)**	**(327)**
Contribution by non-controlling interests (Note 19)	–	–	–	–	–	–	–	–	–	**375**	**375**
Dividends paid (Notes 8 and 19)	–	–	–	–	–	–	–	**(7,615)**	**(7,615)**	**(6,541)**	**(14,156)**
Share-based payment transactions (Note 28)	–	–	–	–	–	–	**321**	–	**321**	–	**321**
Total transactions with equity holders of the parent	**14**	**991**	–	–	–	–	**(87)**	**(8,772)**	**(7,854)**	**(7,216)**	**(15,070)**
As at 31 December 2014	**3,533**	**253,565**	**(4,483)**	**21,882**	**(122,521)**	**(8,580)**	**2,024**	**71,628**	**217,048**	**68,341**	**285,389**

Group Statement of Changes in Equity
for the year ended 31 December 2014 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 2013	3,519	252,574	(1,483)	20,914	(122,521)	(8,580)	1,627	41,752	187,802	64,162	251,964
Comprehensive income											
Profit for the year	–	–	–	–	–	–	–	30,936	30,936	7,259	38,195
Other comprehensive income:											
Items that may be reclassified subsequently to profit or loss:											
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 on available-for-sale financial assets	–	–	–	–	–	–	–	(15)	(15)	–	(15)
Items that will not reclassified subsequently to profit or loss:											
Revaluation (losses)/gains on property, plant and equipment, net	–	–	–	(1,663)	–	–	–	–	(1,663)	33	(1,630)
Remeasurement gains on employee 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 employee defined benefit pension scheme	–	–	–	–	–	–	–	(40)	(40)	–	(40)
Share of joint ventures and associates deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	–	10	10	–	10
Total other comprehensive income	–	–	(3,790)	(595)	–	–	(71)	9,679	5,223	(338)	4,885
Total comprehensive income	–	–	(3,790)	(595)	–	–	(71)	40,615	36,159	6,921	43,080
Transactions with equity holders of the parent											
Non-controlling interests arising on acquisition (Note 19)	–	–	–	–	–	–	–	–	–	3,428	3,428
Acquisition of non-controlling interests (Note 19)	–	–	–	–	–	–	–	1	1	(423)	(422)
Contribution by non-controlling interest (Note 19)	–	–	–	–	–	–	–	–	–	15	15
Dividends paid (Notes 8 and 19)	–	–	–	–	–	–	–	(6,999)	(6,999)	(5,579)	(12,578)
Share-based payment transactions (Note 28)	–	–	–	–	–	–	403	–	403	–	403
Total transactions with equity holders of the parent	–	–	–	–	–	–	403	(6,998)	(6,595)	(2,559)	(9,154)
As at 31 December 2013	3,519	252,574	(5,273)	20,319	(122,521)	(8,580)	1,959	75,369	217,366	68,524	285,890

Group Statement of Cash Flows
for the year ended 31 December 2014

	Notes	2014 €'000	2013 €'000
Net cash flows from operating activities before working capital movements	32	**37,715**	45,031
Movements in working capital	32	**11,689**	14,444
Net cash flows from operating activities		**49,404**	59,475
Investing activities			
Acquisition of subsidiaries	27	**(11,499)**	(4,581)
(Bank overdrafts)/cash, assumed on acquisition of subsidiaries, net	27	**(6,746)**	2,109
Cash derecognised on subsidiary becoming a joint venture		**(97)**	–
Acquisition of, and investment in joint ventures and associates	13	**(3,581)**	(12,148)
Loans advanced to joint ventures and associates	13	**(180)**	(210)
Dividends received from joint ventures and associates	13	**4,562**	4,056
Payments of contingent consideration	24	**(5,524)**	(2,296)
Payments of deferred consideration		**(806)**	–
Acquisition of property, plant and equipment		**(11,473)**	(13,392)
Expenditure on computer software	12	**(1,269)**	(1,265)
Development expenditure capitalised	12	**(200)**	(165)
Proceeds from disposal of property, plant and equipment		**744**	609
Proceeds from disposal of joint ventures and associates	6	**–**	21,677
Acquisition of other financial assets	14	**(106)**	(28)
Government grants received	23	**323**	153
Net cash flows from investing activities		**(35,852)**	(5,481)
Financing activities			
Drawdown of borrowings		**26,001**	11,048
Repayment of borrowings		**(16,706)**	(47,577)
Decrease/(increase) in bank deposits	17	**2,740**	(941)
Decrease in cash held in escrow		**–**	11,360
Proceeds from the issue of shares	18	**1,005**	–
Capital element of finance lease repayments		**(1,615)**	(1,315)
Acquisition of non-controlling interests	19	**(981)**	(422)
Capital contribution by non-controlling interests	19	**375**	15
Dividends paid to non-controlling interests	19	**(6,541)**	(5,579)
Dividends paid to equity holders of the parent	8	**(7,615)**	(6,999)
Net cash flows from financing activities		**(3,337)**	(40,410)
Net increase in cash, cash equivalents and bank overdrafts		**10,215**	13,584
Net foreign exchange difference		**(1,003)**	(1,366)
Cash, cash equivalents and bank overdrafts at 1 January		**101,178**	88,960
Cash, cash equivalents and bank overdrafts at 31 December	17	**110,390**	101,178

Group Reconciliation of Net Debt
for the year ended 31 December 2014

	Notes	2014 €'000	2013 €'000
Net increase in cash, cash equivalents and bank overdrafts		**10,215**	13,584
Drawdown of borrowings		**(26,001)**	(11,048)
Repayment of borrowings		**16,706**	47,577
(Decrease)/increase in bank deposits		**(2,740)**	941
Decrease in cash held in escrow		**–**	(11,360)
Interest-bearing loans and borrowings arising on acquisition	27	**(1,618)**	–
Capital element of finance lease repayments		**1,615**	1,315
Other movements on finance leases		**(961)**	(1,187)
Finance lease arising on acquisition	27	**(1,766)**	–
Foreign exchange movement		**(1,311)**	2,218
Movement in net debt		**(5,861)**	42,040
Net debt at 1 January		**(10,987)**	(53,027)
Net debt at 31 December	21	**(16,848)**	(10,987)

Significant Accounting Policies
for the year ended 31 December 2014

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 2014 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

The individual and Group financial statements of the Company were authorised for issue by the Directors on 2 March 2015.

The accounting policies for the year ended 31 December 2014 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 2013 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, statement of comprehensive income 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 2014.

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 properties are measured at fair value;
- contingent consideration is 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 33.

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 in these financial statements.

- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IAS 27 *Separate Financial Statements (2011) (Amended)*
- IAS 28 *Investment in Associates and Joint Ventures (2011)*
- IAS 32 *Financial Instruments: Presentation (Amended)*

The above new standards have not had a material impact on the results and financial position of the Group for the year ended 31 December 2014 except for additional disclosures in relation to interests in other entities.

Accounting for Subsidiaries, Joint Ventures and Associates

Group Financial Statements

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements 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 year end, where relevant. 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.

Profit or loss and each component of other comprehensive income are attributed to the equity shareholders of the parent of the Group, and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance.

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 28 *Investments in Associates and Joint Ventures (2011).*

The Group's interest in the net assets of joint ventures and associates are included as investments in joint ventures and associates in the Group's 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 the latest financial statements prepared up to the respective financial year ends together with management accounts for the intervening periods to the period end, where appropriate. All material 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, appropriate 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 joint ventures 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 do not provide 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.

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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into account potential voting rights that are substantive rights.

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 in the income statement.

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 the income statement.

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 are included in measuring the consideration transferred in the business combination. The 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.

Transaction costs associated with business combinations are expensed to the income statement.

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 in the income statement. Subsequent to acquisition any fair value adjustments to contingent consideration are adjusted against goodwill.

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.

Non-controlling Interests

Under IFRS 3 *Business Combinations* an entity has a choice on a combination by combination basis to measure any non-controlling interest ('NCI') in the acquiree at either the proportionate share of the acquiree's identifiable assets or fair value. The Group has elected to measure NCI at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Fair Value Measurement of Pre-existing Interests in Acquiree

In accordance with IFRS 3 *Business Combinations* the cost of an acquiree acquired in stages is measured using the 'fair value as deemed cost' method. The cost of an acquiree acquired in stages is measured as the sum of the fair value of the previously held interest plus the fair value of any additional consideration transferred at the date the additional investment is made. 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 the 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 after 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.

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.

Intangible Assets continued

Research and Development continued

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 after commercial production has begun 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.

Software Costs

Costs incurred on the acquisition of computer software and software licences are capitalised. Other costs directly associated with developing and maintaining computer software programmes are capitalised once the recognition criteria set out in IAS 38 *Intangible Assets* are met. Computer software is amortised over periods of between three to five years using the straight line method.

Property, Plant and Equipment

Land and buildings are measured at fair value with changes in fair value reflected within the statement of comprehensive income, except impairment losses, which are recognised in the income statement. The fair value is the price that would be returned if the asset were sold in an orderly transaction between market participants based on the asset's highest and best use. 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 there is an absence of or reduced level of transactions of a similar nature, the valuations 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 fair value. The fair value is the price that would be returned if the asset were sold in an orderly transaction between market participants based on the asset's highest and best use. 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 other comprehensive income 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 costs to point of sale, 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 bring 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 reporting 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 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.

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 fair value less cost to sell 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 the fair value of plan assets (measured at fair 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 the operating profit or loss together with the interest return 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 actual return on plan assets less the interest 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 changed, the related income or expense is recognised in the income statement as a past service cost. Settlements and curtailments trigger recognition of the consequent change in obligations and related assets in the income statement.

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 reporting 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 or 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 the realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting 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 appropriate 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 and other 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 as financial assets 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 *Financial Instruments: Recognition and Measurement*. Where such instruments are classified as cash flow hedges, and subject to the satisfaction of certain criteria relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, they are accounted for 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 the profit or loss. In other cases, the amount accumulated in other comprehensive income 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 other comprehensive income 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.

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 or entitlement to dividend is declared.

Finance expense comprises interest expense on borrowings, unwinding of the discount on provisions, borrowing extinguishment costs and arrangement fees. 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 the income statement 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 is 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's results. The Group believes that this presentation provides a more helpful analysis as it highlights one-off items and non-trading 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, significant fair value movements on remeasurement of contingent consideration, together with significant fair value movements 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 2015 or later periods, but have not been early adopted:

Standard/Interpretation	**Effective date – for accounting periods beginning on or after**
IAS 19 *Employee Benefits (Amended)*	1 February 2015
Annual improvements to IFRSs 2010 – 2012 Cycle	1 February 2015
Annual improvements to IFRSs 2011 – 2013 Cycle	1 February 2015
IFRS 9 *Financial Instruments** (2009, and subsequent amendments in 2010 and 2013)	Not yet endorsed by the EU
IFRS 15 *Revenue from contracts with customers**	Not yet endorsed by the EU

* The Group is still assessing the impact that these standards may have on the Group Financial Statements.

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 and 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:

- *Europe - Eurozone Fresh Produce*: This segment is an aggregation of ten 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.
- *Europe - Non-Eurozone Fresh Produce*: This operating segment is an aggregation of four operating segments involved in the procurement, marketing and distribution of fresh produce in Scandinavia, the United Kingdom, Poland and the Czech Republic. These operating segments have been aggregated because they have similar economic characteristics.
- *International Fresh Produce*: This segment is an aggregation of operating segments outside of Europe involved in the procurement, marketing and distribution of fresh produce.
- *Healthfoods and Consumer Products Distribution*: This segment is a full service marketing and distribution partner to the healthfoods, vitamins, minerals and supplements, pharmacy, grocery and domestic consumer products sectors. This segment distributes to retail and wholesale outlets in Ireland, the United Kingdom and the United States.

During the year the Directors have re-assessed how performance is monitored throughout the Group and as a result the Group's reportable operating segments have been re-aligned in the current year and operating segments for 2013 have been restated.

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 assets amortisation charges and costs, remeasurement to fair value of contingent consideration estimates 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 in the analysis that follows.

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

	2014			2013*		
	€'000 Segmental Revenue	**€'000 Third Party Revenue**	**€'000 Adjusted EBITA**	€'000 Segmental Revenue	€'000 Third Party Revenue	€'000 Adjusted EBITA
Fresh Produce						
– Europe – Eurozone	**1,475,135**	**1,459,781**	**20,200**	1,525,395	1,511,247	23,096
– Europe – Non-Eurozone	**1,404,351**	**1,357,670**	**32,216**	1,365,657	1,322,813	29,893
– International	**190,983**	**190,983**	**2,902**	226,862	226,862	3,128
Inter-segment revenue	**(62,035)**	**–**	**–**	(56,992)	–	–
Total Fresh Produce	**3,008,434**	**3,008,434**	**55,318**	3,060,922	3,060,922	56,117
Healthfoods and Consumer Products	**120,404**	**120,404**	**1,372**	113,906	113,906	2,588
Third party revenue and adjusted EBITA	**3,128,838**	**3,128,838**	**56,690**	3,174,828	3,174,828	58,705

* 2013 segment information has been restated to ensure conformity with current year presentation as explained above.

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

1. Segmental Analysis continued

Reconciliation of segmental profits to operating profit

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

	Note	2014 €'000	Restated 2013 €'000
Adjusted EBITA per management reporting		**56,690**	58,705
Acquisition related intangible asset amortisation in subsidiaries	(i)	**(5,969)**	(6,369)
Share of joint ventures and associates acquisition related intangible asset amortisation	(i)	**(1,456)**	(1,593)
Remeasurement to fair value of contingent consideration estimates	(ii)	**738**	(901)
Acquisition related costs within subsidiaries	(iii)	**(602)**	(87)
Share of joint ventures and associates net financial expense	(iv)	**(428)**	(594)
Share of joint ventures and associates income tax (before tax on exceptional items)	(iv)	**(1,999)**	(2,240)
Operating profit before exceptional items		**46,974**	46,921
Exceptional items (Note 6)	(v)	**2,432**	6,492
Operating profit per the Group income statement		**49,406**	53,413
Net financial expense	(vi)	**(5,095)**	(5,178)
Profit before tax		**44,311**	48,235

(i) Acquisition related intangible asset amortisation charges are not allocated to operating segments in the Group's management reports.
(ii) Remeasurement to fair value of contingent consideration estimates 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 6) are not allocated to operating segments in the Group's 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.

Business segment assets and liabilities

	Segment assets 2014 €'000	Investment in joint ventures and associates 2014 €'000	Total assets 2014 €'000	Total liabilities 2014 €'000
Fresh Produce				
– Europe – Eurozone	250,623	33,190	283,813	153,682
– Europe – Non-Eurozone	325,302	9,757	335,059	169,134
– International	953	19,970	20,923	91
Total Fresh Produce	576,878	62,917	639,795	322,907
Healthfoods and Consumer Products Distribution	59,414	–	59,414	23,690
Total	**636,292**	**62,917**	**699,209**	**346,597**
Unallocated assets and liabilities**			135,686	202,909
Total assets/liabilities			**834,895**	**549,506**

1. Segmental Analysis continued

	Segment assets 2013* €'000	Investment in joint ventures and associates 2013* €'000	Total assets 2013* €'000	Total liabilities 2013* €'000
Fresh Produce				
– Europe – Eurozone	247,789	33,074	280,863	152,018
– Europe – Non-Eurozone	326,761	6,556	333,317	169,826
– International	3	15,131	15,134	62
Total Fresh Produce	574,553	54,761	629,314	321,906
Healthfoods and Consumer Products Distribution	49,385	–	49,385	22,601
Total	623,938	54,761	678,699	344,507
Unallocated assets and liabilities**			126,286	174,588
Total assets/liabilities			804,985	519,095

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

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

Other segmental disclosures

	Share of joint ventures and associates adjusted EBITA(i) 2014 €'000	**Acquisition of property, plant and equipment 2014 €'000**	**Depreciation of property, plant and equipment(ii) 2014 €'000**	**Amortisation of intangible assets(iii) 2014 €'000**
Fresh Produce				
– Europe – Eurozone	**5,495**	**6,275**	**7,471**	**2,675**
– Europe – Non-Eurozone	**1,704**	**6,159**	**7,955**	**2,080**
– International	**3,427**	**–**	**237**	**605**
Healthfoods and Consumer Products Distribution	**–**	**286**	**110**	**2,065**
Total	**10,626**	**12,720**	**15,773**	**7,425**

	Share of joint ventures and associates adjusted EBITA(i) 2013* €'000	Acquisition of property, plant and equipment 2013* €'000	Depreciation of property, plant and equipment(ii) 2013* €'000	Amortisation of intangible asset(iii) 2013* €'000
Fresh Produce				
– Europe – Eurozone	4,152	7,371	6,917	2,578
– Europe – Non-Eurozone	1,463	5,894	7,577	2,787
– International	4,072	–	239	631
Healthfoods and Consumer Products Distribution	–	525	427	1,966
Total	9,687	13,790	15,160	7,962

* Comparative balances have been reclassified in the current year to ensure conformity with the current year's presentation.
(i) Share of joint ventures and associates adjusted EBITA is after deduction of the non-controlling interest's share of profit.
(ii) Includes joint ventures and associates share of depreciation of property, plant and equipment.
(iii) Includes joint ventures and associates share of acquisition related intangible asset amortisation.

Country of domicile and geographic disclosures

The Group headquarters are domiciled in the Republic of Ireland.

The breakdown of external customer revenue by geographical region is Republic of Ireland €360,621,000 (2013: €367,890,000), UK €567,972,000 (2013: €503,090,000), Rest of Europe €2,009,199,000 (2013: €2,076,986,000) and Rest of World €191,046,000 (2013: €226,862,000).

Non-current assets, excluding employee benefit assets and deferred tax assets, held in Republic of Ireland are €20,096,000 (2013: €20,397,000), UK €72,629,000 (2013: €70,274,000), Rest of Europe €251,827,000 (2013: €253,399,000) and Rest of World €29,965,000 (2013: €15,171,000).

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

2. Operating Expenses, Net

	Before exceptional items 2014 €'000	**Exceptional items (Note 6) 2014 €'000**	**Total 2014 €'000**	Before exceptional items 2013 €'000	Exceptional items (Note 6) 2013 €'000	Total 2013 €'000
Distribution expenses	**(282,326)**	**–**	**(282,326)**	(277,967)	–	(277,967)
Administrative expenses	**(45,189)**	**–**	**(45,189)**	(43,849)	–	(43,849)
Other operating expenses	**(1,497)**	**(2,717)**	**(4,214)**	(3,059)	(4,502)	(7,561)
Other operating income	**4,598**	**5,149**	**9,747**	3,820	11,253	15,073
Total	**(324,414)**	**2,432**	**(321,982)**	(321,055)	6,751	(314,304)

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

Other operating expenses

	2014 €'000	2013 €'000
Foreign exchange losses	**(881)**	(2,003)
Loss on disposal of property, plant and equipment	**(14)**	(68)
Acquisition related costs in subsidiaries (a)	**(602)**	(87)
Fair value changes to contingent consideration (Note 24)	**–**	(901)
	(1,497)	(3,059)
Exceptional items in other operating expenses (Note 6)		
Impairment of goodwill and intangible assets	**(1,684)**	–
Change in fair value of investment property	**–**	(3,694)
Impairment of property, plant and equipment	**(1,033)**	(808)
	(2,717)	(4,502)
Total	**(4,214)**	(7,561)

(a) 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

	2014 €'000	2013 €'000
Rental income	**2,000**	1,526
Amortisation of government grants (Note 23)	**321**	348
Grant income credited directly to income statement	**13**	8
Gain on disposal of property, plant and equipment	**342**	366
Foreign exchange gains	**826**	1,006
Gain on derivative financial instruments at fair value through the income statement	**358**	566
Fair value changes to contingent consideration (Note 24)	**738**	–
	4,598	3,820
Exceptional items in other operating income (Note 6)		
Credit arising from modification to Group's defined benefit pension arrangements (Note 28)	**2,694**	10,317
Remeasurement to fair value of pre-existing interest in an associate (Note 13)	**–**	702
Gain on available-for-sale financial asset reclassified from other comprehensive income to income statement (Note 14)	**2,455**	–
Gain on disposal of joint ventures and associates investments (Note 13)	**–**	234
	5,149	11,253
Total	**9,747**	15,073

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 2014 €'000	**Associates 2014 €'000**	**Total 2014 €'000**	Joint ventures 2013 €'000	Associates 2013 €'000	Total 2013 €'000
Group's share of:						
Revenue	**274,407**	**187,417**	**461,824**	311,841	225,294	537,135
Operating profit	**5,857**	**3,657**	**9,514**	4,728	3,354	8,082
Financial income/(expense) – net	**(616)**	**188**	**(428)**	(964)	370	(594)
Profit before tax	**5,241**	**3,845**	**9,086**	3,764	3,724	7,488
Income tax expense	**(1,091)**	**(908)**	**(1,999)**	(1,023)	(1,034)	(2,057)
Profit after tax	**4,150**	**2,937**	**7,087**	2,741	2,690	5,431
Non-controlling interests	**(134)**	**(210)**	**(344)**	(195)	(235)	(430)
Attributable to equity shareholders	**4,016**	**2,727**	**6,743**	2,546	2,455	5,001

Profit after tax above includes the following charges/(credits):

	Joint ventures 2014 €'000	**Associates 2014 €'000**	**Total 2014 €'000**	Joint ventures 2013 €'000	Associates 2013 €'000	Total 2013 €'000
Group's share of:						
Exceptional items – fair value losses on investment property	**–**	**–**	**–**	(442)	–	(442)
Deferred tax credit on fair value movement on investment property	**–**	**–**	**–**	183	–	183
Depreciation of property, plant and equipment	**(1,564)**	**(358)**	**(1,922)**	(1,886)	(104)	(1,990)
Amortisation of acquisition related intangible assets	**(849)**	**(607)**	**(1,456)**	(962)	(631)	(1,593)
Deferred tax credit on amortisation of acquisition related intangible assets	**186**	**212**	**398**	217	212	429

4. Financial Income and Financial Expense

	2014 €'000	2013 €'000
Recognised in the income statement:		
Dividend income from financial assets	**–**	74
Interest income	**1,576**	2,049
Financial income	**1,576**	2,123
Interest expense on financial liabilities measured at amortised cost	**(4,916)**	(5,256)
Cash inflow from interest rate swap	**7**	5
Interest expense on finance leases	**(195)**	(387)
Other interest expense	**(1,567)**	(1,663)
Financial expense	**(6,671)**	(7,301)
Net financial expense recognised in the income statement	**(5,095)**	(5,178)
Analysed as follows:		
Amounts relating to items not at fair value through income statement	**(5,095)**	(5,178)
Net financial expense recognised in the income statement	**(5,095)**	(5,178)
Recognised in other comprehensive income:		
Foreign currency translation effects:		
– foreign currency net investments – subsidiaries	**(63)**	(6,302)
– foreign currency net investments – joint ventures and associates	**2,009**	(2,469)
– foreign currency borrowings designated as net investment hedges	**(590)**	3,428
– foreign currency losses reclassified to income statement on disposal of investments in joint ventures and associates	**–**	1,044
Effective portion of changes in fair value of cash flow hedges	**1,778**	691
Fair value of cash flow hedges transferred to the income statement recognised in cost of sales	**(1,452)**	(856)
Net financial income/(expense) recognised in other comprehensive income	**1,682**	(4,464)

5. Group Operating Profit

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

	2014 €'000	2013 €'000
Depreciation of property, plant and equipment within subsidiaries:		
– owned assets	**12,368**	11,826
– held under finance lease	**1,483**	1,344
Share of joint venture and associates depreciation charges	**1,922**	1,990
Amortisation of intangible assets within subsidiaries		
– acquisition related intangible assets	**5,969**	6,369
– developement costs capitalised	**350**	413
– computer software	**569**	261
Share of joint venture and associates intangible asset amortisation	**1,456**	1,593
Impairment losses:		
– property	**1,033**	808
– goodwill and intangible assets	**1,684**	–
Operating lease rentals:		
– plant and equipment	**1,461**	1,560
– other	**11,932**	10,339

Auditors' remuneration

	2014 €'000	2013 €'000
Audit services[1]	**407**	412
Other assurance services[2]	**79**	79
Tax advisory services	**93**	44
Other non-audit services	**102**	33
	681	568

1. Includes €10,000 (2013:€10,000) relating to Group share of joint venture and associate fees.
2. Includes €2,000 (2013:€2,000) relating to Group share of joint venture and associate fees.

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

	2014 €'000	2013 €'000
Audit services[3]	**986**	914
Other assurance services[4]	**121**	115
Tax advisory services	**132**	199
Other non-audit services	**121**	53
	1,360	1,281

3. Includes €23,000 (2013:€21,000) relating to Group share of joint venture and associate fees.
4. Includes €3,000 (2013:€2,000) relating to Group share of joint venture and associate fees.

6. Exceptional Items

In accordance with the Group accounting policy, the following items have been presented as exceptional items for the year ended 31 December 2014.

	2014 €'000	2013 €'000
Credit arising from modification to Group's defined benefit pension arrangements (a)	**2,694**	10,317
Gain on available-for-sale financial asset reclassified from other comprehensive income to income statement (b)	**2,455**	–
Impairment of goodwill and intangible assets (c)	**(1,684)**	–
Impairment of property, plant and equipment (d)	**(1,033)**	(808)
Gain on disposal of joint venture and associate investments (e)	**–**	234
Remeasurement to fair value of pre-existing interest in associate (f)	**–**	702
Fair value movements on investment properties (g)	**–**	(3,694)
Share of joint ventures fair value movement on investment property (h)	**–**	(442)
Total exceptional items (before share of joint ventures and associates tax)	**2,432**	6,309
Share of joint ventures tax on fair value movements on investment property (h)	**–**	183
Exceptional items within operating profit	**2,432**	6,492
Net tax credit on exceptional items (a), (c) & (g)	**(157)**	(324)
Total	**2,275**	6,168

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

Modification to the structure of the Group's defined benefit pension arrangements during 2014 resulted in a credit of €2,694,000 (2013: €10,317,000) to the income statement. The deferred tax charge on this exceptional credit amounts to €337,000 (2013: €1,290,000). Refer to Note 28 for further details.

(b) Gain on available-for-sale financial asset reclassified from other comprehensive income to income statement

In March 2014, the Group reclassified its 10% interest in African Blue Limited ('African Blue') from an available-for-sale financial asset (Note 14) to an associate investment (Note 13). African Blue is a blueberry grower in Morocco. Due to the change in the nature of the Group's involvement in this entity in early 2014, it was deemed that the Group obtained significant influence in accordance with the provisions of IAS 28 I*nvestment in Associates and Joint Ventures (2011)*. In accordance with IFRS, the Group's 10% interest was fair valued in March resulting in a fair value uplift of €2,455,000. This uplift was reclassified to the income statement resulting in an exceptional gain of €2,455,000.

(c) Impairment of goodwill and intangible assets

During the year the Group recognised a charge of €1,684,000 in relation to the impairment of goodwill and intangible assets within the Group's Healthfoods and Consumer Goods distribution business. A deferred tax credit of €39,000 on the impairment of the intangible assets was recognised in the income statement. Refer to Note 12 for further details.

(d) Impairment of property, plant and equipment

On revaluation of the Group's properties in 2014, a property was identified in Scandinavia where the carrying value exceeded the fair value resulting in an impairment charge of €1,033,000. In 2013, 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 in the 2013 income statement. Refer to Note 10 for further details.

(e) Gain on disposal of associate and joint venture investments

As explained further in Note 13, in April 2013, the Group announced the completion of a transaction to sell its 25% shareholding in Capespan Group Limited 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.

(f) Remeasurement to fair value of a pre-existing interest in an associate

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 interest was remeasured at this date to fair value resulting in a remeasurement gain of €702,000 which was recognised in the income statement. Refer to Note 13 for further details.

(g) Fair value movements on investment property

In 2013 fair value losses amounting to €3,694,000 were recognised in the income statement in relation to investment property along with a deferred tax credit of €966,000 as a result of this fair value movement. No fair value losses were identified in 2014 on investment property and a deferred tax credit of €141,000 was recognised due to recognition of capital losses on prior year movements. See Note 11 for further details on investment property.

(h) Share of joint ventures fair value movement on investment property

In 2013, the Group's share of the fair value losses on investment property within joint ventures of €259,000, net of deferred tax, was recognised in the income statement. No fair value movements were identified in 2014.

7. Income Tax Expense

Recognised in the income statement:

	2014 €'000	2013 €'000
Current tax expense		
Ireland		
Tax on profit for the year	**632**	204
Adjustments in respect of prior years	**(339)**	(445)
	293	(241)
Overseas		
Tax on profit for the year	**9,742**	12,789
Adjustments in respect of prior years	**(20)**	(294)
	9,722	12,495
Total current tax	**10,015**	12,254
Deferred tax expense		
Origination and reversal of temporary differences	**(1,737)**	(2,118)
Reduction in rates	**(10)**	(264)
Adjustments in respect of prior years	**122**	168
Total deferred tax	**(1,625)**	(2,214)
Income tax expense	**8,390**	10,040

In the UK, the Finance Act 2012, which was substantially 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. Furthermore, the Finance Act 2013, which was substantively enacted on 17 July 2013, amended the main rate of corporation tax to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015. This will reduce the Group's future current tax charge in respect of its UK operations. Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind. UK deferred tax balances have been calculated based on the rate of 20% substantively enacted at the reporting date.

There were no other material changes in corporation tax rules in other jurisdictions in 2014 or 2013.

Reconciliation of effective tax rate

	%	2014 €'000	%	2013 €'000
Profit before tax		**44,311**		48,235
Taxation based on Irish corporation tax rate	**12.50**	**5,539**	12.50	6,029
Effects of:				
Expenses not deductible for tax purposes	**1.79**	**794**	1.90	917
Tax effect of fair value adjustments	**(0.72)**	**(317)**	(1.14)	(549)
Tax effect on profits of joint ventures and associates	**(1.90)**	**(843)**	(1.30)	(626)
Differences in tax rates	**7.37**	**3,266**	9.82	4,738
Unrecognised deferred tax asset	**0.86**	**384**	0.28	136
Previously unrecognised deferred tax asset	**(0.10)**	**(46)**	(0.13)	(65)
Other items	**(0.34)**	**(150)**	0.06	31
Adjustments in respect of prior years	**(0.53)**	**(237)**	(1.18)	(571)
Total income tax expense in the income statement	**18.93**	**8,390**	20.81	10,040

7. Income Tax Expense continued

Deferred tax recognised directly in other comprehensive income

	2014 €'000	2013 €'000
Deferred tax on revaluation of property, plant and equipment, net	**(519)**	(1,132)
Deferred tax on actuarial gains and losses on employee defined benefit pension schemes, net	**(4,117)**	2,313
Deferred tax on effective portion of cash flow hedges, net	**87**	(41)
Total deferred tax (charge)/credit recognised in other comprehensive income	**(4,549)**	1,140

8. Dividends Paid and Proposed

	2014 €'000	2013 €'000
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for the year ended 31 December 2013: 1.6632 cent (2012: 1.512 cent)	**5,495**	4,988
Interim dividend for the year ended 31 December 2014: 0.64 cent (2013: 0.6095 cent)	**2,120**	2,011
Total: 2.3032 cents per share (2013: 2.1215 cents)	**7,615**	6,999
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 2014: 1.763 cent (2013: 1.6632 cent)	**5,841**	5,487

It is proposed that a final dividend of 1.763 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 IAS 10 *Events After the Reporting Period*. The final dividend is subject to approval by the Group's shareholders at the Annual General Meeting.

The proposed final dividend for the year will be paid on 22 May 2015 to shareholders on the register at 1 May 2015, subject to dividend withholding tax.

9. 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 and held as treasury shares. 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 18.

	2014 €'000	2013 €'000
Profit for the financial year attributable to equity holders of the parent	**29,218**	30,936
	'000	'000
Shares in issue at beginning of year	**351,887**	351,887
New shares issued (weighted average)	**823**	–
Effect of treasury shares held	**(22,000)**	(22,000)
Weighted average number of shares at end of year	**330,710**	329,887
Basic earnings per share – cents	**8.83**	9.38

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

	2014 €'000	2013 €'000
Profit for the financial year attributable to equity holders of the parent	**29,218**	30,936
	'000	'000
Weighted average number of shares at end of year	**330,710**	329,887
Effect of share options with a dilutive effect	**1,778**	460
Weighted average number of shares at end of year (diluted)	**332,488**	330,347
Diluted earnings per share – cents	**8.79**	9.36

The average market value of the Company's share for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

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, remeasurement to fair value of contingent consideration estimates, property revaluations and exceptional items and the related tax on these items.

Adjusted fully diluted earnings per share is calculated by dividing the adjusted profit per share attributable to ordinary shareholder (as calculated below) by the weighted average number of ordinary shares outstanding after adjustment for the effects of all ordinary shares and options with a dilutive effect.

	2014 €'000	Restated* 2013 €'000
Profit attributable to equity holders of the parent	**29,218**	30,936
Adjustments		
Acquisition related intangible asset amortisation in subsidiaries (Note 12)	**5,969**	6,369
Share of joint ventures and associates acquisition related intangible assets amortisation (Note 3)	**1,456**	1,593
Exceptional items – net of tax (Note 6)	**(2,275)**	(6,168)
Acquisition related costs within subsidiaries (Note 2)	**602**	87
Remeasurement to fair value of contingent consideration estimates (Note 2)	**(738)**	901
Tax effect of amortisation charge of intangible assets	**(1,758)**	(2,007)
Non-controlling interests share of the items above	**(1,041)**	(1,836)
Adjusted earnings attributable to equity shareholders of the parent	**31,433**	29,875
	'000	'000
Weighted average number of shares at end of year (diluted)	**332,488**	330,347
Adjusted fully diluted earnings per share – cent	**9.45**	9.04

* The calculation of adjusted earnings per share for 2013 is restated to ensure conformity with current year calculation whereby remeasurement to fair value of contingent consideration estimates are excluded from adjusted earnings. Management believe this presentation more fairly presents the underlying trading performance of the Group.

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 2013	119,243	96,272	15,338	230,853
Additions	1,143	7,860	4,787	13,790
Arising from business combinations (Note 27)	–	194	113	307
Disposals	(43)	(2,365)	(3,129)	(5,537)
Revaluation gains	753	–	–	753
Revaluation losses	(3,724)	–	–	(3,724)
Reclassifications	307	(307)	–	–
Foreign exchange movement	(2,880)	(1,595)	(868)	(5,343)
Balance at 31 December 2013	**114,799**	**100,059**	**16,241**	**231,099**
Additions	**969**	**7,398**	**4,353**	**12,720**
Arising from business combinations (Note 27)	**3,389**	**2,130**	**1,113**	**6,632**
Disposals	**(523)**	**(4,633)**	**(2,821)**	**(7,977)**
Arising from subsidiary becoming a joint venture	**(161)**	**(253)**	**–**	**(414)**
Revaluation gains	**522**	**–**	**–**	**522**
Revaluation losses	**(644)**	**–**	**–**	**(644)**
Reclassifications	**90**	**(90)**	**–**	**–**
Foreign exchange movement	**(626)**	**(438)**	**100**	**(964)**
Balance at 31 December 2014	**117,815**	**104,173**	**18,986**	**240,974**
Depreciation and impairment losses				
Balance at 1 January 2013	19,050	64,322	8,728	92,100
Depreciation charge	2,976	7,423	2,771	13,170
Disposals	(19)	(2,232)	(2,723)	(4,974)
Revaluation gains	(1,341)	–	–	(1,341)
Impairment losses	808	–	–	808
Reclassifications	65	(65)	–	–
Foreign exchange movement	(785)	(1,205)	(622)	(2,612)
Balance at 31 December 2013	**20,754**	**68,243**	**8,154**	**97,151**
Depreciation charge	**2,701**	**7,781**	**3,369**	**13,851**
Disposals	**(432)**	**(4,521)**	**(2,400)**	**(7,353)**
Revaluation gains	**(1,244)**	**–**	**–**	**(1,244)**
Impairment losses	**1,033**	**–**	**–**	**1,033**
Foreign exchange movement	**(346)**	**(114)**	**58**	**(402)**
Balance at 31 December 2014	**22,466**	**71,389**	**9,181**	**103,036**
Carrying amount				
At 31 December 2013	94,045	31,816	8,087	133,948
At 31 December 2014	**95,349**	**32,784**	**9,805**	**137,938**

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 2014 that relate to assets under construction (2013: €Nil).

Measurement of fair value of land and buildings

(i) Fair value hierarchy

Fair value is defined as the price that would be received if the asset were sold in an orderly transaction between market participants based on the asset's highest and best use. 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 the advice of professionally qualified consultants, where it is deemed appropriate.

At 31 December 2014, the Group undertook an exercise to revalue its properties. Properties occupied by the Group included in land and buildings comprise industrial and office buildings and related land 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 eighty five per cent of the value of land and buildings was determined by registered independent appraisers within the past four years. The basis for such valuations is described in further detail below. 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.

The following is a breakdown of the fair value of land and buildings by geographic location and the various measurement techniques utilised;

	Comparable Market Transactions	Comparable Rental Yield	Discounted Cash Flows	Depreciated Historic Cost[1]	Total
	2014 €'000	**2014 €'000**	**2014 €'000**	**2014 €'000**	**2014 €'000**
Europe – Eurozone					
– Eurozone	**28,146**	**10,167**	**–**	**3,632**	**41,945**
Europe – Non-Eurozone					
– Scandinavia	**–**	**–**	**22,444**	**–**	**22,444**
– Eastern Europe	**14,496**	**–**	**–**	**152**	**14,648**
– UK	**8,540**	**7,749**	**–**	**23**	**16,312**
	51,182	**17,916**	**22,444**	**3,807**	**95,349**

	2013 €'000	2013 €'000	2013 €'000	2013 €'000	2013 €'000
Europe – Eurozone					
– Eurozone	29,206	10,231	–	3,116	42,553
Europe – Non-Eurozone					
– Scandinavia	–	–	24,451	–	24,451
– Eastern Europe	11,614	–	–	–	11,614
– UK	7,998	7,384	–	45	15,427
	48,818	17,615	24,451	3,161	94,045

1. Assets valued at depreciated historic cost primarily related to leasehold improvements.

All fair values above have been designated as level 3 in the fair value hierarchy.

(ii) Level 3 fair value for land and buildings

The following table shows reconciliation from the opening balance to the closing balance for level 3 fair values.

	2014 €'000	2013 €'000
Balance at beginning of year	**94,045**	100,193
Arising from business combinations	**3,389**	–
Reclassification from plant and equipment	**90**	242
Additions in year	**969**	1,143
Subsidiary becoming a joint venture	**(161)**	–
Depreciation charge in year	**(2,701)**	(2,976)
Disposals in year	**(91)**	(24)
Foreign exchange movement	**(280)**	(2,095)
Income/(expense) included in other comprehensive income		
– Fair value gains	**1,766**	2,094
– Fair value losses	**(644)**	(3,724)
Expense included in 'other operating expenses' in the income statement (Note 2)		
– Impairment losses	**(1,033)**	(808)
Balance at end of year	**95,349**	94,045

10. Property, Plant and Equipment continued

Measurement of fair value of land and buildings continued

(ii) Level 3 fair value for land and buildings continued

Fair value gains in 2014 amounting to €1,766,000 (2013: €2,094,000) and fair value losses in the same period of €644,000 (2013: €3,724,000) were recognised in the statement of other comprehensive income. Net deferred tax credits of €519,000 (2013: €1,132,000) 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 movements, net of deferred taxes, was a €78,000 gain (2013: €97,000 gain).

In 2014, the Group identified one property in Scandinavia in which the estimated fair value had fallen below cost, resulting in an impairment charge of €1,033,000. In 2013 the Group identified two properties in Ireland and the UK in which the estimated fair value had fallen below cost, resulting in an impairment charge of €808,000. These impairments were recognised within operating expenses (Note 2) in the income statement. Given the materiality these were classified as exceptional items (Note 6). The non-controlling interest's share of such impairment losses was €Nil (2013: €125,000).

The historic cost of land and buildings which were revalued amounted to €73,014,000 (2013: €71,058,000).

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of land and buildings as well as the significant unobservable inputs used.

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Comparable market transactions – price per square metre: This method of valuation is used for land and buildings held for own use. The value is based on comparable market transactions.	*Europe – Eurozone* *Eurozone* Comparable market prices • 2014: €283 to €785 per square metre (weighted average of €585 per square metre) • 2013: €338 to €940 per square metre (weighted average of €613 per square metre) *Europe – Non-Eurozone* *Eastern Europe* Comparable market prices • 2014: €214 to €286 per square metre (weighted average of €227 per square metre) • 2013: €220 per square metre (weighted average of €220 per square metre) *UK* Comparable market prices • 2014: €136 – €570 per square metre (weighted average of €420 per square metre) • 2013: €127 – €552 per square metre (weighted average of €395 per square metre)	The estimated fair value would increase/(decrease) if: • Comparable market prices were higher/(lower)

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Comparable market transactions – rental yield model: This method is used for land and buildings held for own use. The valuation model takes into account annual rent per square metre and a capitalisation yield.	*Europe – Eurozone* *Eurozone* Annual Rent • 2014: Annual rent of €54 – €73 per square metre (weighted average of €66 per square metre) • 2013: Annual rent of €54 – €73 per square metre (weighted average of €66 per square metre) Capitalisation yield • 2014: 8.50% – 9.50% (weighted average of 9.20%) • 2013: 8.50% – 9.50% (weighted average of 9.20%) *Europe – Non-Eurozone* *UK* Annual Rent • 2014: €80 – €83 per square metre (weighted average of €82 per square metre) • 2013: €77 – €78 per square metre (weighted average of €78 per square metre) Capitalisation yield • 2014: 8.00% – 8.40% (weighted average of 8.16%) • 2013: 8.00% – 8.60% (weighted average of 8.23%)	The estimated fair value would increase/(decrease) if: • Expected annual rents were higher/(lower) • Capitalisation yields were (higher)/lower
Discounted cash flows: This valuation model considers the present value of net cash flows to be generated from the property taking into account current rents, expected market rents and lease incentive costs. The expected net cash flows are discounted using a risk adjusted market discount rate.	*Europe – Non-Eurozone* *Scandinavia* Net annual rent • 2014: €22 – €69 per square metre (weighted average of €65 per square metre) • 2013: €35 – €70 per square metre (weighted average of €66 per square metre) Growth in annual rent • 2014: 1.50% – 2.00% (weighed average of 1.92%) • 2013: 1.50% – 2.00% (weighed average of 1.90%) Capitalisation Yield • 2014: 7.00% – 9.00% (weighted average of 7.32%) • 2013: 7.75% – 8.00% (weighted average of 7.80%) Risk adjusted discount rates • 2014: 8.50% – 9.50% (weighted average 9.05%) • 2013: 8.50% – 9.90% (weighted average 9.70%)	The estimated fair value would increase/(decrease) if: • Expected market rental growth were higher/(lower) • Capitalisation yields were lower/(higher) • Risk-adjusted discount rates were lower/(higher)

10. Property, Plant and Equipment continued

Leased property, plant and equipment

The Group leases property, plant and equipment under a number of finance lease agreements. At 31 December 2014, the carrying amount of leased assets included in property, plant and equipment was €5,790,000 (2013: €4,706,000).

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
At 31 December 2013	–	3,301	1,405	4,706
At 31 December 2014	**–**	**3,767**	**2,023**	**5,790**

At 31 December 2014, property, plant and equipment with a carrying value of €6,466,000 (2013: €3,292,000) is charged as security in respect of bank loans and finance leases.

11. Investment Property

	2014 €'000	2013 €'000
Balance at beginning of year	**7,150**	11,067
Expenses included in 'other operating expenses' (Note 2)		
– Changes in fair value – unrealised	**–**	(3,694)
Foreign exchange movement	**264**	(223)
Balance at end of year	**7,414**	7,150

Investment property, comprising land and buildings, is held for capital appreciation and/or rental income 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, Denmark and The Netherlands.

Measurement of fair value

(i) Fair value hierarchy

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 informed market participants at the 'highest and best use'. All of the investment property at 31 December 2014 was valued in accordance with consultation with external experts.

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 in the market being sold and little market activity in some locations. Notwithstanding the level of uncertainty in property markets at present, the Directors are satisfied with the basis upon which these valuations have been prepared.

The fair value measurement for investment property of €7,414,000 (2013: €7,150,000) has been categorised as a Level 3 fair value based on the input to the valuation technique used (see Note 33).

(ii) Level 3 fair value

The table above reflects the reconciliation from opening balance to closing balance for Level 3 fair values.

No fair value movements were identified in 2014 in relation to investment property and a deferred tax credit of €141,000 was recognised due to recognition of capital losses on prior year movements. In 2013 fair value losses of €3,694,000 were recognised in the income statement relating to investment properties held within the Group's subsidiaries, along with deferred tax credits of €966,000. These amounts were reflected in the 2013 income statement within other operating expenses (Note 2) and were classified as exceptional items in accordance with the Group accounting policy (Note 6).

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used. The comparable market transaction method is used for land held for sale or capital appreciation. The discounted cash flow approach is used for buildings that are sublet to third parties.

Analysis of carrying value by valuation technique

	2014 €'000	2013 €'000
Comparable market transactions	**6,314**	6,050
Discounted cashflow	**1,100**	1,100
	7,414	7,150

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Comparable market transactions: This method of valuation is used for land held for sale or capital appreciation. The value is based on comparable market transactions after discussion with independent registered property appraisers.	*Europe – Eurozone* *Eurozone* Comparable market price • 2014: €588,000 per hectare (weighted average €588,000 per hectare) • 2013: €588,000 per hectare (weighted average €588,000 per hectare) *Europe – Non-Eurozone* *UK* *Comparable market price* • 2014: €1,696,000 per hectare (weighted average €1,696,000 per hectare) • 2013: €1,582,000 per hectare (weighted average €1,582,000 per hectare) *Northern Europe* • 2014: €503,000 per hectare (weighted average €503,000 per hectare) • 2013: €503,000 per hectare (weighted average €503,000 per hectare)	The estimated fair value would increase/(decrease) if: • Comparable market prices were higher/(lower)
Discounted cash flows: This valuation model considers the present value of net cash flows to be generated from the property taking into account current rents, expected market rents and lease incentive costs. The expected net cash flows are discounted using a risk adjusted market discount rate.	*Europe – Eurozone* Rental income per annum • 2014: €45 – €100 per square metre (weighted average of €76 per square metre) • 2013: €45 – €100 per square metre (weighted average of €76 per square metre) Rental growth rate per annum • 2014: 1.8% (weighted average 1.8%) • 2013: 1.8% (weighted average 1.8%) Risk adjusted discount rates • 2014: 7.6% to 8.0%. (weighted average 7.8%) • 2013: 7.6% to 8.0%. (weighted average 7.8%)	The estimated fair value would increase/(decrease) if: • Expected market rental growth was higher/(lower) • Risk-adjusted discount rates were lower/(higher)

12. Goodwill and Intangible Assets

	Customer relationships €'000	Other intangible assets €'000	Research & development €'000	Computer software €'000	Goodwill €'000	Total €'000
Cost						
Balance at 1 January 2013	56,336	12,454	3,442	649	130,781	203,662
Arising from business combinations (Note 27)	3,898	3,418	–	–	3,878	11,194
Remeasurement of contingent consideration estimates (Note 24)	–	–	–	–	3,714	3,714
Additions	–	–	–	1,265	–	1,265
Capitalisation of development expenditure	–	–	165	–	–	165
Foreign exchange movement	(1,166)	(141)	(83)	(9)	(3,498)	(4,897)
Balance at 31 December 2013	**59,068**	**15,731**	**3,524**	**1,905**	**134,875**	**215,103**
Arising from business combinations (Note 27)	**3,671**	**4,829**	**–**	**120**	**6,442**	**15,062**
Remeasurement of contingent consideration estimates (Note 24)	**–**	**–**	**–**	**–**	**(1,130)**	**(1,130)**
Additions	**–**	**–**	**–**	**1,269**	**–**	**1,269**
Capitalisation of development expenditure	**–**	**–**	**200**	**–**	**–**	**200**
Subsidiary becoming a joint venture	**–**	**–**	**–**	**(134)**	**–**	**(134)**
Derecognition of pre-existing relationship with acquiree (Note 27)	**–**	**(2,449)**	**–**	**–**	**–**	**(2,449)**
Foreign exchange movement	**(397)**	**875**	**258**	**40**	**(1,823)**	**(1,047)**
Balance at 31 December 2014	**62,342**	**18,986**	**3,982**	**3,200**	**138,364**	**226,874**
Accumulated amortisation and impairments						
Balance at 1 January 2013	43,193	5,139	2,059	25	1,148	51,564
Amortisation of acquisition related intangible assets	4,670	1,699	–	–	–	6,369
Development & software amortisation	–	–	413	261	–	674
Foreign exchange movement	(1,055)	(49)	(42)	2	(3)	(1,147)
Balance at 31 December 2013	**46,808**	**6,789**	**2,430**	**288**	**1,145**	**57,460**
Amortisation of acquisition related intangible assets	**3,950**	**2,019**	**–**	**–**	**–**	**5,969**
Impairment of acquisition related intangible assets	**148**	**193**	**–**	**–**	**–**	**341**
Impairment of goodwill	**–**	**–**	**–**	**–**	**1,343**	**1,343**
Development & software amortisation	**–**	**–**	**350**	**569**	**–**	**919**
Derecognition of pre-existing relationship with acquiree (Note 27)	**–**	**(1,360)**	**–**	**–**	**–**	**(1,360)**
Foreign exchange movement	**(914)**	**366**	**185**	**5**	**9**	**(349)**
Balance at 31 December 2014	**49,992**	**8,007**	**2,965**	**862**	**2,497**	**64,323**
Carrying amount						
Balance at 31 December 2013	12,260	8,942	1,094	1,617	133,730	157,643
Balance at 31 December 2014	**12,350**	**10,979**	**1,017**	**2,338**	**135,867**	**162,551**

Other intangible assets
Other intangible assets include brands of €5,131,000 (2013: €2,251,000) and supplier relationships of €5,848,000 (2013: €6,691,000).

Derecognition of pre-existing supplier relationship with acquiree
During the year the Group acquired a business in which a non-wholly owned subsidiary had a pre-existing supplier relationship. This resulted in the derecognition of the existing supplier relationship as an intangible asset at the date of acquisition with the Group's share of the fair value of this relationship forming part of the goodwill calculation. See Note 27 for further details.

Amortisation and impairment charges
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.

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

Goodwill and intangible assets arising on acquisition

Goodwill and intangible assets arising in connection with acquisitions are set out in Note 27.

Remeasurement of estimates of contingent consideration and therefore goodwill in respect of acquisitions completed prior to 1 January 2010 are set out in Note 24.

Impairment testing and 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 level summary of the goodwill is presented below.

	2014 Number CGUs	2013* Number CGUs	**2014 €'000**	2013* €'000
Europe - Eurozone – Fresh Produce	**7**	6	**31,661**	29,400
Europe - Non-Eurozone – Fresh Produce	**5**	5	**92,617**	94,786
International – Fresh Produce	**1**	1	**3**	4
Healthfoods and Consumer Products Distribution	**4**	4	**11,586**	9,540
	17	16	**135,867**	133,730

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

The recoverable amount of each cash-generating unit (CGU) has been determined based on a value-in-use calculation using cash flows derived from the approved 2015 budget with cash flows thereafter calculated using a terminal value methodology assuming 2% per annum inflation. No other growth is assumed. The pre-tax discount rates applied to cash flow projections of the CGUs range from 12.2% to 12.9% (2013: 12.5% to 13.0%).

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.

The Group's 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, economic and other general conditions in the marketplace. Excess 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.

Applying the techniques above, impairment charges of €1,343,000 (2013: €Nil) relating to goodwill and €341,000 (2013: €Nil) relating to acquisition related intangible assets were recognised in 2014 in the Group income statement within other operating expenses (Note 2) and disclosed as an exceptional item (Note 6). The impairment charges arose in a CGU within the Group's Healthfoods and Consumer Products Distribution business resulting in the carrying amount of goodwill and intangible assets of that CGU being written down. The impairment was triggered by a weak demand in the current year and recovery in profits is forecasted at a slower rate than previously anticipated.

Sensitivity analysis

The value-in-use calculations are sensitive to changes in assumptions, particularly relating to assumptions of 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 a further impairment loss. Similarly if the pre-tax discount rates applied to the cash flows had been 10% higher, no further 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 2013	39,279	22,807	62,086
Share of profit after tax (Note 3)	2,546	2,455	5,001
Share of other comprehensive income, net	–	(45)	(45)
Investment in joint ventures – cash (a)	220	–	220
Loans advanced during the year (a)	210	–	210
Investment in associates – cash (b)	–	11,928	11,928
Investment in associates– contingent consideration (b) (Note 24)	–	2,610	2,610
Disposal of associate (g)	–	(20,399)	(20,399)
Dividends received	(2,327)	(1,729)	(4,056)
Fair value uplift on step acquisition of associate (h)	–	702	702
Associate becoming a subsidiary (h) (Note 27)	–	(953)	(953)
Foreign exchange movement	(357)	(2,112)	(2,469)
Revision to goodwill (i)	(74)	–	(74)
Balance at 31 December 2013	**39,497**	**15,264**	**54,761**
Share of profit after tax (Note 3)	**4,016**	**2,727**	**6,743**
Share of other comprehensive income, net	**–**	**(39)**	**(39)**
Investment in joint ventures – cash (a)	**3,506**	**–**	**3,506**
Loans advanced during the year (a)	**180**	**–**	**180**
Investment in associates – cash (b)	**–**	**75**	**75**
Investment in associates– contingent consideration (b) (Note 24)	**–**	**427**	**427**
Joint ventures arising on acquisition of subsidiary (c) (Note 27)	**871**		**871**
Joint venture becoming a subsidiary (c) (Note 27)	**(3,728)**	**–**	**(3,728)**
Subsidiary becoming a joint venture (d)	**126**	**–**	**126**
Available-for-sale financial asset becoming an associate (e) (Note 14)	**–**	**2,548**	**2,548**
Joint venture becoming an associate (f)	**(1,032)**	**1,032**	**–**
Dividends received	**(2,478)**	**(2,084)**	**(4,562)**
Foreign exchange movement	**43**	**1,966**	**2,009**
Balance at 31 December 2014	**41,001**	**21,916**	**62,917**

Details of the Group's principal joint ventures and associates are set out in Note 36.

(a) Investment in joint ventures*

Investments in 2014

During the year the Group invested €3,686,000 in a number of new and existing joint venture interests in its Fresh Produce Division. The main investment was a 45% interest in Eco Farms Investments Holdings LLC ('Eco Farms'), a Californian based avocado grower, marketer and distributor in August. The Group has options to acquire further shares in Eco Farms in due course to give Total Produce a majority stake.

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.

(b) Investments in associates*

Investments in 2014

The Group invested €75,000 in an existing associate investment in 2014.

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, including costs, of €11,928,000 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. At date of acquisition and at year end, the estimated fair value of this option was considered immaterial. The total consideration payable for the 65% shareholding is estimated not to exceed CAD$40,000,000 (€30,000,000) at completion.

* 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.* An initial provisional fair value was assigned to contingent consideration arising on the acquisition of an associate in 2013. This provisional fair value was finalised in the current period, within twelve months of the acquisition date, as permitted by IFRS 3 *Business Combinations* resulting in a revision upwards of contingent consideration by €427,000. As this adjustment was not material, the 2013 balance sheet comparatives were not restated for this adjustment.

(c) Joint venture becoming a subsidiary

As explained in Note 27 the Group entered an agreement to acquire the second 50% shareholding in the All Seasons Fruit Group ('ASF') in The Netherlands in four stages. An initial 20% shareholding was acquired on completion of the deal on 28 May 2014 with the balance to be acquired in subsequent years. Prior to date of completion of this acquisition, ASF was a 50% joint venture of the Group and following the acquisition of the additional shareholding it becomes a subsidiary of the Group. The carrying value of the original investment at this date of €3,728,000 was determined to be the fair value.

ASF includes two joint venture investments and as part of this acquisition, the Group acquires a further effective interest of €871,000 in these joint ventures.

(d) Subsidiary becoming a joint venture

In 2014, as a result of entering into an agreement with another investor, a subsidiary of the Group became a joint venture investment.

(e) Available-for-sale financial asset becoming an associate

In March 2014, the Group reclassified its 10% interest in African Blue Limited ('African Blue') from an available-for-sale financial asset to an associate investment. African Blue is a blueberry grower in Morocco. Due to the change in the nature of the Group's involvement in this entity in early 2014, it was deemed that the Group obtained significant influence in accordance with the provisions of IAS 28 *Investment in Associates and Joint Ventures (2011)* and therefore the fair value of €2,548,000 was reclassified from available-for-sale financial asset to an associate investment.

(f) Joint venture becoming an associate

In January 2014, as a result of a change in the determination of the level of influence the Group held in relation to an investment in its International Division it reclassified this investment from being a joint venture to an associate.

(g) Disposal of an associate

In April 2013, the Group announced the completion of a transaction to sell its 25.3% shareholding in Capespan Group Limited for a total consideration of €21,677,000. In 2013, 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 6).

(h) Remeasurement of associate investment to fair value

In December 2013 the Group increased its investment in Provenance Partners Limited from a 9% interest to a controlling interest of 50%. Under the provisions of IFRS 3 *Business Combinations* 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 (Note 2) and was disclosed as an exceptional gain (Note 6) in accordance with the Group accounting policy.

(i) Revision to goodwill

In 2013, a revision of €74,000 to contingent consideration due on a joint venture acquired prior to 1 January 2010 was applied against goodwill. Refer to Note 24.

Material joint ventures

The Group has two joint ventures which are material to the Group and which are equity accounted.

The Group owns 50% of Frankort & Koning Beheer Venlo B.V., a Dutch fresh produce company. The registered address of Frankort & Koning Beheer Venlo B.V. is Venrayseweg 126, 5928 RH Venlo, The Netherlands.

The Group owns 50% of Frutas IRU S.A., a Spanish fresh produce company. The registered address of Frutas IRU S.A. is Puestos 326-330, Mercabilbao, 48970 Basauri – Bilbao, Spain.

13. Investments In Joint Ventures and Associates continued

Material joint ventures continued

The following is the summarised financial information for Frankort & Koning Beheer Venlo B.V. and Frutas IRU S.A. ('Investees') based on their consolidated financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Frankort & Koning		Frutas IRU*	
	2014 €'000	2013 €'000	**2014 €'000**	2013 €'000
Revenue	**226,652**	262,944	**63,820**	68,488
Profit after tax (Note a)	**782**	1,638	**1,385**	1,150
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**782**	1,638	**1,385**	1,150
Attributable to non-controlling interests	**268**	398	**–**	–
Attributable to the investees' shareholders	**514**	1,240	**1,385**	1,150
Note (a) Profit after tax includes:				
Depreciation and amortisation	**(1,396)**	(1,464)	**(259)**	(462)
Interest (expense)/income	**(575)**	(622)	**140**	194
Income tax expense	**(438)**	(881)	**(532)**	(341)
Current assets (Note b)	**33,667**	41,009	**19,154**	17,495
Non-current assets	**10,947**	12,052	**818**	841
Current liabilities (Note c)	**(25,730)**	(33,231)	**(6,361)**	(6,110)
Non-current liabilities (Note d)	**(2,466)**	(2,794)	**(25)**	(25)
Net assets	**16,418**	17,036	**13,586**	12,201
Attributable to non-controlling interests	**166**	298	**–**	–
Attributable to the investees' shareholders	**16,252**	16,738	**13,586**	12,201
Group's interest in net assets of investees	**8,126**	8,369	**6,793**	6,100
Goodwill	**5,080**	5,080	**–**	–
Carrying amount of interest in investees at end of year	**13,206**	13,449	**6,793**	6,100
(b) Includes cash and cash equivalents	**3,623**	5,277	**10,029**	9,177
(c) Includes current financial liabilities (excluding trade and other payables and provisions)	**(13,161)**	(17,083)	**–**	–
(d) Includes non-current financial liabilities (excluding trade and other payables and provisions)	**(102)**	(237)	**–**	–

	Frankort & Koning		Frutas IRU*	
	2014 €'000	2013 €'000	**2014 €'000**	2013 €'000
Carrying amount of interest in investees at beginning of year	**13,449**	12,829	**6,100**	6,025
Total comprehensive income attributable to the Group	**257**	620	**693**	575
Dividends received during the year	**(500)**	–	**–**	(500)
Carrying amount of interest in investees at end of year	**13,206**	13,449	**6,793**	6,100

* The results of Frutas IRU S.A. have been equity accounted within the EurobananCanarias S.A. subgroup.

Immaterial joint ventures

The following is summarised financial information for the Group's interest in immaterial joint ventures based on the amounts reported in the Group's consolidated financial statements:

Carrying value	2014 €'000	2013 €'000
Europe – Eurozone Fresh Produce	**11,933**	12,274
Europe – Non-Eurozone Fresh Produce	**6,813**	6,556
International Fresh Produce	**2,256**	1,118
Carrying amount of interests in immaterial joint ventures	**21,002**	19,948

Group's share of profit after tax	2014 €'000	2013 €'000
Europe – Eurozone Fresh Produce	**2,418**	264
Europe – Non-Eurozone Fresh Produce	**778**	726
International Fresh Produce	**(130)**	361
Group's share of profit after tax in immaterial joint ventures	**3,066**	1,351

Material associates

The Group has one associate which is material to the Group and which is equity accounted. The Group owns 35% of Grandview Ventures Limited ('Investee'), a Canadian fresh produce company. The registered address of Grandview Ventures Limited is 2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7.

The following is the summarised financial information for Grandview Ventures Limited based on their consolidated financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2014 €'000	2013 €'000
Revenue	**497,103**	469,000
Profit after tax	**6,184**	5,592
Other comprehensive income	**2,007**	1,588
Total comprehensive income	**8,191**	7,180
Attributable to non-controlling interests	**671**	720
Attributable to the investee's shareholders	**7,520**	6,460
Current assets	**78,483**	60,209
Non-current assets	**25,545**	24,728
Current liabilities	**(76,253)**	(63,890)
Non-current liabilities	**(16,449)**	(12,929)
Net assets	**11,327**	8,118
Attributable to non-controlling interests	**1,199**	902
Attributable to the investee's shareholders	**10,128**	7,216
Group's interest in net assets of investee	**3,545**	2,526
Goodwill	**12,930**	11,525
Carrying amount of interest in investee at end of year	**16,475**	14,051
Carrying amount of interest in investee at beginning of year	**14,051**	–
Group's investment in investee during the year	**75**	11,928
Contingent consideration	**427**	2,610
Total comprehensive income attributable to the Group[1,2]	**2,787**	2,451
Distributions received during the year	**(1,897)**	(1,684)
Foreign exchange movement	**1,032**	(1,254)
Carrying amount of interest in investee at end of year	**16,475**	14,051

1. Includes movements in currency translation reserve of €714,000 (2013: €565,000), which are included within foreign currency translation effects in the Group Statement of Comprehensive Income.
2. Calculated in accordance with the provisions of the shareholder's agreement between the Group and the Investee.

13. Investments In Joint Ventures and Associates continued

Immaterial associates

The following is summarised financial information for the Group's interest in immaterial associates based on the amounts reported in the Group's consolidated financial statements:

Carrying value	2014 €'000	2013 €'000
Europe – Eurozone Fresh Produce	1,258	1,251
Europe – Non-Eurozone Fresh Produce	2,944	–
International Fresh Produce	1,239	(38)
Carrying amount of interests in immaterial associates	**5,441**	1,213
Group's share of profit after tax		
Europe – Eurozone Fresh Produce	2	60
Europe – Non-Eurozone Fresh Produce	497	147
International Fresh Produce	116	332
Group's share of profit after tax in immaterial associates	**615**	539
Group's share of other comprehensive income		
International Fresh Produce	–	(15)
Group's share of other comprehensive income in immaterial associates	**–**	(15)

14. Other Financial Assets

	2014 €'000	2013 €'000
Balance at beginning of year	649	636
Fair value movement through available-for sale reserve(a)	2,455	–
Investments in the year	106	28
Financial asset becoming an associate(a) (Note 13)	(2,548)	–
Foreign exchange movement	36	(15)
Balance at end of year	**698**	649
Available-for-sale financial assets measured at cost less provision for impairment(b)	698	649
Balance at end of year	**698**	649

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) As highlighted in Note 13, during March 2014, as a result of obtaining significant influence, the Group's 10% equity investment in African Blue Limited was reclassified from other financial assets to an investment in associates in accordance with IAS 28 *Investment in Associates and Joint Ventures (2011)*. At this date the Group's 10% equity investment was fair valued to €2,548,000 resulting in a fair value gain of €2,455,000 being recognised in the available-for-sale reserve. This gain of €2,455,000 was then reclassified to the income statement, upon the available-for-sale financial asset becoming an associate, and has been recorded within other operating income (Note 2) and classified as an exceptional item in the financial statements (Note 6).

(b) 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 the Directors believe that fair value is not materially different to book value. Such investments are measured at cost, less provision for impairment where required. The carrying value of such investments amounts to €698,000 (2013: €649,000).

15. Inventories

	2014 €'000	2013 €'000
Goods for resale	45,392	44,922
Consumables	4,072	3,220
Total of lower of cost or net realisable value	**49,464**	48,142

16. Trade and Other Receivables

	2014 €'000	2013 €'000
Non-current		
Non-trade receivables due from joint ventures and associates	**416**	2,736
Other receivables	**2,583**	2,354
	2,999	5,090
Current		
Trade receivables due from third parties	**241,974**	243,451
Trade receivables due from joint ventures and associates	**5,217**	6,514
Other receivables	**24,143**	21,241
Prepayments	**7,745**	7,305
Non-trade receivables due from joint ventures and associates	**3,836**	584
	282,915	279,095
Total	**285,914**	284,185

Details of impairment provisions netted against the carrying value of trade and other receivables above are set out in Note 31.

See Note 31 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 falls 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*.

	2014 €'000	2013 €'000
Bank deposits	**2,000**	4,740

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.

	2014 €'000	2013 €'000
Bank balances	**90,141**	77,799
Call deposits (demand balances)	**23,689**	25,664
Cash and cash equivalents per balance sheet	**113,830**	103,463
Bank overdrafts (Note 20)	**(3,440)**	(2,285)
Cash, cash equivalents and bank overdrafts per cash flow statement	**110,390**	101,178

18. Capital and Reserves

Share capital and share premium

At 31 December 2014, the authorised share capital was €10,000,000 (2013: €10,000,000) divided into 1,000,000,000 ordinary shares of 1 cent each. The issued share capital at that date was 353,311,732 ordinary shares (2013: 351,886,732). During the year, the Group received consideration of €1,005,000 from the issue of 1,425,000 shares that were issued to satisfy the exercise of 1,425,000 share options.

At 31 December 2014, the Company held 22,000,000 treasury shares in the Company (31 December 2013: 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.

	Ordinary shares 2014 '000	**Ordinary shares 2014 €'000**	Ordinary shares 2013 '000	Ordinary shares 2013 €'000
Allotted, called-up and fully paid				
In issue at beginning of year	**351,887**	**3,519**	351,887	3,519
Shares issued during year	**1,425**	**14**	–	–
In issue at end of year	**353,312**	**3,533**	351,887	3,519

Share premium

	2014 €'000	2013 €'000
At beginning of year	**252,574**	252,574
Cash on exercise of share options in excess of cost price of shares	**991**	–
At end of year	**253,565**	252,574

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 2014 was €20,388,000 (2013: a loss of €3,546,000). 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

	2014 €'000	2013 €'000
Currency translation reserve[(a)]	**(4,483)**	(5,273)
Revaluation reserve[(b)]	**21,882**	20,319
De-merger reserve[(c)]	**(122,521)**	(122,521)
Own shares reserve[(d)]	**(8,580)**	(8,580)
Other equity reserves[(e)]	**2,024**	1,959
Total	**(111,678)**	(114,096)

(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 reporting 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 the Group, 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% at 23 November 2010) of its own shares in the market at an aggregate cost of €8,580,000 plus costs of €107,000. At 31 December 2014, the Company held 22,000,000 (31 December 2013: 22,000,000) of the Company's shares as treasury shares.

(e) Other equity reserves

Other equity reserves comprise the share option reserve, the available-for-sale reserve and cash flow hedge reserve.

	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 2013	1,663	–	(36)	1,627
Comprehensive income				
Profit for the year	–	–	–	–
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Effective portion of cash flow hedges, net	–	–	(94)	(94)
Deferred tax on items taken directly to other comprehensive income	–	–	23	23
Total included in other comprehensive income	–	–	(71)	(71)
Total included in comprehensive income	–	–	(71)	(71)
Transactions with equity holders of the parent				
Share-based payment transactions (Note 28)	403	–	–	403
Total transactions with equity holders of the parent	403	–	–	403
At 31 December 2013	**2,066**	**–**	**(107)**	**1,959**
Comprehensive income				
Profit for the year	**–**	**–**	**–**	**–**
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Gain on re-measuring available for sale financial asset	**–**	**2,455**	**–**	**2,455**
Reclassification of fair value gain to income statement on available-for-sale financial asset becoming an associate	**–**	**(2,455)**	**–**	**(2,455)**
Effective portion of cash flow hedges, net	**–**	**–**	**207**	**207**
Deferred tax on items taken directly to other comprehensive income	**–**	**–**	**(55)**	**(55)**
Total included in other comprehensive income	**–**	**–**	**152**	**152**
Total included in comprehensive income	**–**	**–**	**152**	**152**
Transactions with equity holders of the parent				
New shares issued	**(408)**	**–**	**–**	**(408)**
Share-based payment transactions (Note 28)	**321**	**–**	**–**	**321**
Total transactions with equity holders of the parent	**(87)**	**–**	**–**	**(87)**
At 31 December 2014	**1,979**	**–**	**45**	**2,024**

(i) Share option reserve

The share option reserve comprises the amounts expensed in the income statement in connection with share-based payment transactions. When options vest or lapse the fair value of the share options are reclassified to retained earnings.

(ii) Available-for-sale reserve

The available-for-sale reserve includes net changes in the fair value of investments recognised in other comprehensive income.

18. Capital and Reserves continued

(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 58). 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 at this time 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 the Group will seek to renew this authority at the forthcoming AGM in May 2015.

19. Non-Controlling Interests

	2014 €'000	2013 €'000
Balance at beginning of year	**68,524**	64,162
Share of profit after tax	**6,703**	7,259
Share of foreign exchange movement	**566**	(509)
Share of other items recognised in other comprehensive income	**(236)**	171
Share of comprehensive income	**7,033**	6,921
Non-controlling interests arising on acquisition (Note 27)	**–**	3,428
Acquisition of non-controlling interests[a]	**(723)**	(423)
Non-controlling interest disposed on derecognition of pre-existing relationship with acquiree (Note 12, Note 27)[b]	**(327)**	–
Contribution by non-controlling interests	**375**	15
Dividends paid to non-controlling interests	**(6,541)**	(5,579)
Balance at end of year	**68,341**	68,524

(a) Acquisition of non-controlling interests

In 2014, the Group acquired additional shares in subsidiaries for consideration of €2,288,000 (2013: €422,000) including €707,000 (2013: €Nil) contingent on future profit targets being achieved and €600,000 (2013: €Nil) in deferred consideration to be paid at a later date. These changes in the Group's ownership interest in existing subsidiaries were accounted for as equity transactions. The difference of €1,565,000 (2013: €1,000) between the fair value of the consideration of €2,288,000 (2013: €422,000) and the book value of the non-controlling interest acquired of €723,000 (2013: €423,000) was accounted for directly in retained earnings. The translated value of the deterred consideration to be paid at 31 December 2014 was €644,000 (Note 22).

(b) Non-controlling interest disposed on derecognition of pre-existing relationship with acquiree

During the year the Group acquired a business in which one of its non-wholly owned subsidiaries had a pre-existing relationship resulting in the derecognition of this supplier relationship of €1,089,000 (Note 12) and the derecognition of the related non-controlling interests share of this relationship of €327,000. See Note 27 for further details.

Additional disclosures

The Group has one subsidiary with a non-controlling interest which is material to the Group, EurobananCanarias S.A. The Group owns 50% of the EurobananCanarias S.A. subgroup. The registered address of EurobananCanarias S.A. is Avda. de Anaga Nº11, 38001 Santa Cruz de Tenerife, Spain.

The following is the summarised financial information for the EurobananCanarias S.A. subgroup based on their consolidated financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before inter-company eliminations with other companies in the Group.

	2014 €'000	2013 €'000
Total Revenue (including share of joint ventures)	**337,057**	347,997
Group Revenue	**318,020**	313,753
Profit after tax	**6,474**	5,324
Profit after tax attributable to non-controlling interests	**3,918**	3,209
Other comprehensive income	**9**	174
Total comprehensive income	**6,483**	5,498
Total comprehensive income attributable to non-controlling interests	**3,993**	3,327
Current assets	**72,317**	68,620
Non-current assets	**33,034**	32,014
Current liabilities	**(48,930)**	(41,208)
Non-current liabilities	**(2,513)**	(4,086)
Net assets	**53,908**	55,340
Net assets attributable to non-controlling interests	**32,386**	32,963
Net increase in cash and cash equivalents	**6,227**	4,881
Dividends paid to non-controlling interests during the year	**4,664**	1,930

20. Interest-Bearing Loans and Borrowings

	2014 €'000	2013 €'000
Non-current		
Borrowings	**111,196**	110,772
Finance lease liabilities	**3,713**	3,539
	114,909	114,311
Current		
Overdrafts	**3,440**	2,285
Borrowings	**12,347**	1,268
Finance lease liabilities	**1,982**	1,326
	17,769	4,879
Total	**132,678**	119,190

Borrowings are repayable as follows:

	2014 €'000	2013 €'000
Bank borrowings and overdrafts		
Within one year	**15,787**	3,553
After one year but within two years	**54,463**	35,355
After two years but within five years	**50,934**	54,982
After five years	**5,799**	20,435
	126,983	114,325
Finance lease liabilities		
Within one year	**1,982**	1,326
After one but within five years	**3,713**	3,539
	5,695	4,865
Total	**132,678**	119,190

20. Interest-Bearing Loans and Borrowings continued

Further details in relation to the Group's borrowings are set out in Note 31.

Total future minimum lease payments on finance leases amount to €6,275,000 (2013: €5,581,000). Total interest-bearing loans and borrowings include borrowings of €3,819,000 (2013: €845,000) secured on property, plant and equipment.

21. 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 2014 and 31 December 2013 is as follows:

	2014 €'000	2013 €'000
Current assets		
Bank deposits	**2,000**	4,740
Bank balances	**90,141**	77,799
Call deposits (demand balances)	**23,689**	25,664
Current liabilities		
Bank overdrafts	**(3,440)**	(2,285)
Current bank borrowings	**(12,347)**	(1,268)
Current finance leases	**(1,982)**	(1,326)
Non-current liabilities		
Non-current bank borrowings	**(111,196)**	(110,772)
Non-current finance leases	**(3,713)**	(3,539)
Net debt at end of year	**(16,848)**	(10,987)

22. Trade and Other Payables

	2014 €'000	2013 €'000
Non-current		
Other payables	**1,696**	1,775
Current		
Trade payables	**261,711**	262,094
Trade payables due to joint ventures and associates	**3,603**	2,031
Non-trade payables due to joint ventures and associates	**59**	–
Accruals	**39,398**	42,158
Deferred consideration	**644**	806
Other payables	**25,056**	21,066
Irish payroll tax and social welfare	**2,255**	2,226
Irish value added tax	**2,231**	1,850
Other tax	**8,081**	8,175
	343,038	340,406
Total	**344,734**	342,181

For information on the Group's contractual maturity analysis of all liabilities, including trade and other payables, please refer to Note 31.

23. Deferred Government Grants

	2014 €'000	2013 €'000
Balance at beginning of year	**1,681**	1,876
Amortised to income statement (Note 2)	**(321)**	(348)
Grants received	**323**	153
Balance at end of the year	**1,683**	1,681

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

24. Contingent Consideration

Total contingent consideration amounts to €22,859,000 (2013: €23,970,000) 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.

	2014 €'000	2013 €'000
Balance at start of year	**23,970**	17,121
Paid during year	**(5,524)**	(2,296)
Fair value remeasurements (credited)/ charged to income statement* (Note 2)	**(738)**	901
Fair value remeasurements – adjustment to goodwill – subsidiaries* (Note 12)	**(1,130)**	3,714
Fair value remeasurements – adjustment to goodwill – joint ventures* (Note 13)	**–**	(74)
Arising on acquisitions of subsidiaries (Note 27)	**4,688**	2,437
Arising on acquisition of non-controlling interests (Note 19)	**707**	–
Arising on acquisitions of associates** (Note 13)	**427**	2,610
Foreign exchange movements	**459**	(443)
Balance at end of the year	**22,859**	23,970
Non-current	**12,105**	17,535
Current	**10,754**	6,435
Balance at end of year	**22,859**	23,970

* The impact of fair value remeasurements in respect of previous acquisitions of subsidiaries, joint ventures and associates completed prior to 1 January 2010 amounted to an decrease in the estimate of €1,130,000 (2013: increase of €3,640,000). Under IFRS 3 *Business Combinations* the impact of these revisions are adjusted against goodwill. The impact of fair value remeasurements of contingent consideration in respect of previous acquisitions of subsidiaries, joint ventures and associates made post 1 January 2010 amounts to an decrease in the amount payable of €738,000 (2013: increase of €901,000). The impact of these revisions are recognised in the Group income statement within other operating income and expenses (Note 2).

** An initial provisional fair value was assigned to contingent consideration arising on the acquisition of an associate in 2013. The provisional fair value was finalised in the current period, within twelve months of the acquisition date, as permitted by IFRS 3 *Business Combinations*. As this adjustment was not material, the 2013 balance sheet comparatives were not restated for this adjustment.

See Note 31 for contractual cashflows and fair value disclosures on the measurement of contingent consideration at 31 December 2014.

25. 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.

	2014 €'000	2013 €'000
Less than one year	**9,998**	9,559
Between one and five years	**14,710**	10,057
More than five years	**6,430**	5,894
Total	**31,138**	25,510

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 €13,393,000 (2013: €11,899,000) was recognised as an expense in the income statement in respect of operating leases.

25. Operating Leases continued

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.

	2014 €'000	2013 €'000
Less than one year	**886**	852
Between one and five years	**2,026**	206
More than five years	**–**	–
Total	**2,912**	1,058

In 2014 €2,000,000 (2013: €1,526,000) was recognised as rental income in the income statement.

26. Deferred Tax Assets and Liabilities

Recognised deferred tax assets and liabilities are attributable as follows:

	Assets 2014 €'000	**Liabilities 2014 €'000**	**Net 2014 €'000**	Assets 2013 €'000	Liabilities 2013 €'000	Net 2013 €'000
Property, plant and equipment	**1,445**	**(7,782)**	**(6,337)**	1,230	(8,251)	(7,021)
Intangible assets	**–**	**(4,431)**	**(4,431)**	–	(4,189)	(4,189)
Investment property	**–**	**(199)**	**(199)**	–	(343)	(343)
Derivative financial instruments	**35**	**(95)**	**(60)**	155	–	155
Employee benefits	**3,933**	**–**	**3,933**	1,371	(656)	715
Trade and other payables	**1,801**	**(240)**	**1,561**	1,945	(224)	1,721
Other items	**119**	**(223)**	**(104)**	139	(249)	(110)
Tax value of losses carried forward	**3,588**	**–**	**3,588**	2,252	–	2,252
Deferred tax assets/(liabilities)	**10,921**	**(12,970)**	**(2,049)**	7,092	(13,912)	(6,820)
Set-off of deferred tax	**(979)**	**979**	**–**	(291)	291	–
Net deferred tax assets/(liabilities)	**9,942**	**(11,991)**	**(2,049)**	6,801	(13,621)	(6,820)

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

	2014 €'000	2013 €'000
Tax losses	**7,001**	5,775

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 €1,430,000 (2013: €816,000).

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 €5,571,000 (2013: €4,959,000).

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.

	Balance at 1 January 2014 €'000	Recognised in income statement 2014 €'000	Recognised in other comprehensive income 2014 €'000	Foreign exchange adjustment 2014 €'000	Arising on acquisition 2014 €'000	Reclassification 2014 €'000	Balance at 31 December 2014 €'000
Property, plant and equipment	**(7,021)**	**20**	**519**	**141**	**4**	**–**	**(6,337)**
Intangible assets	**(4,189)**	**1,399**	**–**	**(166)**	**(1,475)**	**–**	**(4,431)**
Investment property	**(343)**	**143**	**–**	**1**	**–**	**–**	**(199)**
Derivative financial instruments	**155**	**(158)**	**(87)**	**–**	**30**	**–**	**(60)**
Employee benefits	**715**	**(928)**	**4,117**	**29**	**–**	**–**	**3,933**
Trade and other payables	**1,721**	**(161)**	**–**	**1**	**–**	**–**	**1,561**
Other items	**(110)**	**46**	**–**	**(40)**	**–**	**–**	**(104)**
Tax value of losses carried forward	**2,252**	**1,264**	**–**	**(31)**	**103**	**–**	**3,588**
Deferred tax assets/(liabilities)	**(6,820)**	**1,625**	**4,549**	**(65)**	**(1,338)**	**–**	**(2,049)**

	Balance at 1 January 2013 €'000	Recognised in income statement 2013 €'000	Recognised in other comprehensive income 2013 €'000	Foreign exchange adjustment 2013 €'000	Arising on acquisition 2013 €'000	Reclassification 2013 €'000	Balance at 31 December 2013 €'000
Property, plant and equipment	(8,684)	1,146	1,132	119	–	(734)	(7,021)
Intangible assets	(4,498)	1,575	–	50	(1,316)	–	(4,189)
Investment property	(1,313)	966	–	4	–	–	(343)
Derivative financial instruments	89	20	41	5	–	–	155
Employee benefits	4,578	(1,454)	(2,313)	(96)	–	–	715
Trade and other payables	1,524	224	–	(27)	–	–	1,721
Other items	(762)	(76)	–	(6)	–	734	(110)
Tax value of losses carried forward	2,439	(187)	–	–	–	–	2,252
Deferred tax assets/(liabilities)	(6,627)	2,214	(1,140)	49	(1,316)	–	(6,820)

27. Acquisitions of Subsidiaries

Summary of investments in 2014

During the year, the Group invested €16,187,000 in new subsidiary interests including €4,688,000 contingent consideration payable dependent on the achievement of profit targets in both its Fresh Produce and Healthfoods and Consumer Products Divisions.

In May 2014, the Group completed an agreement to acquire the second 50% shareholding in All Seasons Fruit ('ASF') in The Netherlands in four stages. An initial 20% shareholding was acquired on completion of the deal on 28 May 2014 with the balance to be acquired in subsequent years. ASF specialises in the soft fruit category. Prior to date of completion of this acquisition, ASF was a 50% joint venture of the Group and following the acquisition of the additional shareholding it becomes a subsidiary of the Group.

In December 2014, the Group acquired the trading assets of Gaspari Nutrition ('Gaspari') at auction out of a bankruptcy process. Gaspari is a sports nutrition company based in New Jersey.

In addition, the Group made a number of bolt-on acquisitions across Europe in both its Fresh Produce Division and Healthfoods and Consumer Products Division. These acquisitions will complement existing business interests in these divisions.

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 completion of these transactions and will be finalised within twelve months of the acquisition date, as permitted by IFRS 3 *Business Combinations*.

Summary of investments in 2013

During 2013, the Group invested €7,806,000 including deferred consideration and estimated contingent consideration which is payable dependent 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 and this acquisition expanded the Group's product offering to major retailers and food service and wholesale customers in the UK. Prior to this acquisition, the Group treated its 9% shareholding as an investment in associate as under the provisions of IAS 28 *Investment in Associates and Joint Ventures (2011)*, Total Produce was deemed to have significant influence.

In addition, the Group made a number of bolt-on acquisitions in the Fresh Produce Division across Europe and a small bolt-on acquisition in the Healthfoods and Consumer Products Division. These acquisitions complemented existing business interests in these divisions.

27. Acquisitions of Subsidiaries continued

Summary of investments in 2013 continued

The cash spend in 2013 on acquisitions amounted to €4,581,000 with a further €788,000 in deferred consideration paid in early 2014, and estimated contingent consideration of €2,437,000 payable dependent on the achievement of future profit targets.

Analysis of consideration paid and identifiable assets acquired and liabilities assumed

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 none of the combinations are considered sufficiently material to warrant individual disclosure.

	2014 Total €'000	2013 Total €'000
Consideration paid and payable		
Cash consideration	11,499	4,581
Contingent consideration arising on current year acquisitions (Note 24)	4,688	2,437
Deferred consideration	–	788
Total fair value of consideration	16,187	7,806
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment (Note 10)	6,632	307
Intangible assets:		
– customer relationships (Note 12)	3,671	3,898
– supplier relationships (Note 12)	1,660	3,408
– brands (Note 12)	3,169	10
– software (Note 12)	120	–
Joint venture investments within subsidiaries acquired (Note 13)	871	–
Inventories	3,978	303
Trade and other receivables	23,835	6,754
Cash, cash equivalents and bank overdrafts	(6,746)	2,109
Bank borrowings	(1,618)	–
Finance leases	(1,766)	–
Corporation tax	58	(233)
Trade and other payables	(18,131)	(6,931)
Deferred tax asset (Note 26)	148	–
Deferred tax liabilities (Note 26)	(1,486)	(1,316)
Derivative financial liability	(160)	–
Non-controlling interests acquired (Note 19)	–	(3,428)
Fair value of net identifiable assets and liabilities acquired	14,235	4,881
Goodwill calculation		
Total fair value of consideration	16,187	7,806
Fair value of pre-existing interest in acquiree (Note 13)	3,728	953
Fair value of pre-existing relationship with acquiree (Note 12, Note 19)	762	–
Fair value of net identifiable assets and liabilities acquired	(14,235)	(4,881)
Goodwill arising (Note 12)	6,442	3,878

Cash flows relating to acquisition of subsidiaries:

	2014 €'000	2013 €'000
Cash consideration for acquisition of subsidiary undertakings	(11,499)	(4,581)
Cash, cash equivalents and bank overdrafts acquired	(6,746)	2,109
Cash outflow per statement of cash flows	(18,245)	(2,472)

Cash consideration paid

The cash spend on acquisitions in 2014 was €11,499,000 (2013: €4,581,000). Net of cash, cash equivalents and bank overdrafts acquired the net cash outflow was €18,245,000 (2013: €2,472,000).

Contingent consideration

The Group has agreed to pay selling shareholders additional consideration of €5,453,000 (2013: €2,700,000) in the periods up to 2019 which is payable on achievement of certain profit criteria. The fair value of this contingent consideration at the date of acquisition of €4,688,000 (2013: €2,437,000) was calculated by using the expected present value technique.

Deferred consideration

No deferred consideration arose on 2014 acquisitions. At the date of acquisition in 2013, the Group agreed to pay a vendor €788,000 in January 2014 in respect of a completed acquisition. The translated value of this at 31 December 2013 was €806,000 (Note 22).

Fair value of identifiable assets and liabilities assumed

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. Given the proximity of some of the transactions to year-end, the accounting treatment for some of the acquisitions is provisional. Should any fair values need to be adjusted they will be reflected in the acquisition accounting within one year of the acquisition date in line with the provisions of IFRS 3 *Business Combinations*.

Fair value of pre-existing interest in acquiree

As described earlier, the Group increased its investment in All Seasons Fruit ('ASF') from 50% to 100% in May 2014. The fair value of the existing investment in the acquiree of €3,728,000 is included in the goodwill calculation on acquisition of the additional 50% shareholding. In 2013, the Group increased its investment in Provenance from 9% to 50% on 13 December 2013. The fair value of the existing investment in the acquiree of €953,000 is included in the goodwill calculation on acquisition of the additional 41% shareholding. Refer to Note 13 for further details.

Fair value of pre-existing relationship with acquiree

As described earlier, in December 2014 the Group acquired the trading assets of Gaspari Nutrition ('Gaspari'). A non-wholly owned subsidiary of the Group had a pre-existing supplier relationship with Gaspari. The Group's share of the net book value of this pre-existing relationship of €762,000 is included in the goodwill calculation on the acquisition of Gaspari. The net book value of the supplier relationship was €1,089,000 (Note 12) and the non-controlling interests share of this book value was €327,000 (Note 19). The fair value of the pre-existing relationship was not deemed materially different from the net book value at date of acquisition.

Goodwill arising

The principal factor contributing to the recognition of goodwill of €6,442,000 (2013: €3,878,000) is the realisation of cost savings and synergies expected to be achieved from integrating the acquired entities into the Group's existing businesses, and the value and skills of the assembled workforce in the acquired entities.

Acquisition related costs

The Group incurred acquisition related costs of €602,000 (2013: €87,000) on legal and professional fees and due diligence in respect of the completed acquisitions. These costs have been included within other operating expenses (Note 2).

The post-acquisition revenues and operating profits of all business combinations made in 2014 were €27,088,000 and €899,000 respectively.

If the acquisition date for these business combinations was 1 January 2014, revenue for the year ended 31 December 2014 would have been €3,142,458,000 and operating profit after exceptional items would have been €49,363,000.

28. Employee Benefits

Remuneration

	2014 €'000	2013 €'000
Wages and salaries	**156,499**	146,354
Social security contribution	**24,643**	22,849
Pension costs – defined contribution schemes	**3,655**	3,561
Pension costs – defined benefit schemes	**1,995**	4,053
Past service credit – due to modification to accruing benefits (Note 6)	**(2,694)**	(10,317)
Termination benefits	**712**	1,259
Equity settled share-based compensation expense	**321**	403
Short term incentive payment plan	**746**	1,232
Recognised in the income statement	**185,877**	169,394
Remeasurement losses/(gains) on defined benefit schemes recognised in other comprehensive income	**28,666**	(12,164)
Recognised in the statement of other comprehensive income	**28,666**	(12,164)

Employee numbers – Group

	2014 Number	2013 Number
Production	**575**	412
Sales and distribution	**3,100**	2,916
Administration	**661**	605
	4,336	3,933

A further 999 (2013: 1,104) personnel are employed in the Group's joint ventures and associates.

Defined Post-Employment Benefit Pension Disclosures

The Group operates a number of 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 credit in the income statement for the year in respect of the Group's defined benefit schemes, inclusive of a gain of €2,694,000 on modification to accruing benefits, was €699,000 (2013: credit of €6,264,000 inclusive of a credit of €10,317,000), and a charge of €3,655,000 (2013: €3,561,000) 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 The Netherlands. The previous full actuarial valuations of these schemes, for the purposes of these disclosures, were updated to 31 December 2014. Full actuarial valuations were carried out on both of the Irish schemes at 1 January 2013 and on the two UK schemes at 31 December 2012 and 5 April 2012. The last full actuarial valuation of the scheme in The Netherlands was at 31 December 2014.

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.

Credit on modification to Group's defined benefit pension arrangements

2014

In the second half of 2014, the Group and the Trustees of one of the Irish pension schemes agreed to implement a number of changes to the benefit structure of the scheme. Salaries for defined benefit purposes were capped with effect from 30 June 2014 with any salary increases above the cap pensionable on a defined contribution basis. Members continue to accrue service on a defined benefit basis. The current provision for guaranteed pension increases of 5% (3% for certain members) was removed. Instead, increases to pension in payment of 1% per annum were guaranteed for five years. Thereafter the Company would fund for discretionary pension increases of 50% of CPI (subject to a maximum increase in any year of 2%) and employee contributions would be reduced to 5% of pensionable salary. The scheme was closed to new members in 2009. Arising from these changes a credit of €2,694,000 was recognised within other operating income (Note 2) in the Group's income statement for the year ended 31 December 2014, and disclosed as an exceptional item (Note 6).

2013

In 2013, the Group and the Trustees of one of the Irish pension schemes agreed to implement a number of changes to the benefit structure of the scheme. Salaries for defined benefit purposes were capped with effect from 1 December 2013 with any salary increases above the cap pensionable on a defined contribution basis. Members continue to accrue service on a defined benefit basis. Increases to pension in payment of 1% per annum were guaranteed from the scheme for five years. Thereafter, the Company will fund for discretionary pension increases of 50% of CPI (subject to a maximum increase in any year of 2%). The scheme was also closed to new members. These changes in the benefit structure resulted in a reduction of the Group's net obligations. Arising from these changes a credit of €10,317,000 was recognised within other operating income (Note 2) in the Group's income statement for the year ended 31 December 2013, and disclosed as an exceptional item (Note 6).

Assumptions

The financial assumptions that have the most significant impact on the results of the actuarial valuations are those relating to the rate of increase in salaries and pensions, discount rate used to convert future pension liabilities to current values and assumptions on inflation. 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 2014 and 31 December 2013 are as follows:

	Ireland		UK		Europe	
	2014	2013	**2014**	2013	**2014**	2013
Rate of increase in salaries	**0.00%-2.00%**	0.00%-2.00%	**2.00%**	2.00%	**0.00%-2.00%**	0.00%-2.00%
Rate of increase in pensions	**0.75%-1.50%**	0.93%-1.85%	**2.00%-3.00%**	2.30%-3.30%	**0.00%**	0.00%
Inflation rate	**1.50%**	1.85%	**3.00%**	3.30%	**1.50%**	1.85%
Discount rate	**2.20%**	3.90%	**3.80%**	4.60%	**2.20%**	3.90%

Future life expectancy assumptions

The Group uses certain mortality rate assumptions when determining the net present value of scheme liabilities under IAS 19 *Employee Benefits (2011)*. These assumptions conform to best practice and based on these assumptions the assumed life expectancies were as follows:

Life expectancy of current pensioner aged 65:

	Ireland		UK		Europe	
	2014	2013	**2014**	2013	**2014**	2013
Male	**22.1**	22.7	**20.9**	20.9	**22.1**	22.1
Female	**23.3**	24.0	**24.3**	24.3	**23.3**	24.8

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

	Ireland		UK		Europe	
	2014	2013	**2014**	2013	**2014**	2013
Male	**24.4**	25.1	**22.7**	22.7	**24.4**	23.7
Female	**25.3**	26.1	**26.2**	26.2	**25.3**	25.7

28. Employee Benefits continued

Analysis of net liability

	Ireland 2014 €'000	UK 2014 €'000	Europe 2014 €'000	Total 2014 €'000
Equities	**46,575**	**33,420**	**–**	**79,995**
Bonds	**22,143**	**34,879**	**–**	**57,022**
Property	**9,042**	**3,265**	**–**	**12,307**
Other	**7,952**	**3,757**	**9,101**	**20,810**
Fair value of scheme assets	**85,712**	**75,321**	**9,101**	**170,134**
Present value of scheme obligations	**(107,314)**	**(80,223)**	**(10,111)**	**(197,648)**
Net employee benefits liabilities	**(21,602)**	**(4,902)**	**(1,010)**	**(27,514)**
Analysed as follows				
Employee benefit assets	**–**	**–**	**–**	**–**
Employee benefit liabilities	**(21,602)**	**(4,902)**	**(1,010)**	**(27,514)**
Net employee benefits liabilities	**(21,602)**	**(4,902)**	**(1,010)**	**(27,514)**

	Ireland 2013 €'000	UK 2013 €'000	Europe 2013 €'000	Total 2013 €'000
Equities	43,814	34,903	–	78,717
Bonds	23,694	23,319	–	47,013
Property	5,860	1,599	–	7,459
Other	6,178	29	5,708	11,915
Fair value of scheme assets	79,546	59,850	5,708	145,104
Present value of scheme obligations	(83,336)	(59,365)	(7,061)	(149,762)
Net employee benefits (liabilities)/assets	(3,790)	485	(1,353)	(4,658)
Analysed as follows				
Employee benefit assets	–	3,282	–	3,282
Employee benefit liabilities	(3,790)	(2,797)	(1,353)	(7,940)
Net employee benefits (liabilities)/assets	(3,790)	485	(1,353)	(4,658)

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 2013	71,802	55,635	4,985	132,422
Interest income on scheme assets	2,985	2,297	218	5,500
Remeasurement gain/(loss) on scheme assets	4,952	2,349	(26)	7,275
Administration expenses paid from scheme	–	–	(28)	(28)
Employer contributions	2,753	1,495	571	4,819
Employee contributions	319	363	78	760
Benefit payments	(3,265)	(1,018)	(90)	(4,373)
Foreign exchange movements	–	(1,271)	–	(1,271)
Fair value of assets at 31 December 2013	**79,546**	**59,850**	**5,708**	**145,104**
Interest income on scheme assets	**3,119**	**2,866**	**233**	**6,218**
Remeasurement gain on scheme assets	**4,698**	**7,339**	**2,628**	**14,665**
Administration expenses paid from scheme	**–**	**–**	**(66)**	**(66)**
Employer contributions	**2,810**	**1,851**	**596**	**5,257**
Employee contributions	**276**	**353**	**64**	**693**
Benefit payments	**(4,737)**	**(1,622)**	**(62)**	**(6,421)**
Foreign exchange movements	**–**	**4,684**	**–**	**4,684**
Fair value of assets at 31 December 2014	**85,712**	**75,321**	**9,101**	**170,134**

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 2013	(90,436)	(64,307)	(6,003)	(160,746)
Current service cost	(1,642)	(1,045)	(396)	(3,083)
Past service cost	–	–	121	121
Interest expense on scheme obligations	(3,711)	(2,613)	(247)	(6,571)
Employee contributions	(319)	(363)	(78)	(760)
Benefit payments	3,265	1,018	90	4,373
Past service credit – gain on modification to accruing benefits	10,317	–	–	10,317
Remeasurements				
– effect of changes in demographic assumptions	1,632	–	8	1,640
– effect of changes in financial assumptions	(3,615)	6,255	(392)	2,248
– effect of experience adjustments	1,173	–	(164)	1,009
Foreign exchange movements	–	1,690	–	1,690
Present value of obligations at 31 December 2013	**(83,336)**	**(59,365)**	**(7,061)**	**(149,762)**
Current service cost	**(1,374)**	**(775)**	**(372)**	**(2,521)**
Past service credit	**–**	**–**	**662**	**662**
Interest expense on scheme obligations	**(3,221)**	**(2,793)**	**(274)**	**(6,288)**
Employee contributions	**(276)**	**(353)**	**(64)**	**(693)**
Benefit payments	**4,737**	**1,622**	**62**	**6,421**
Past service credit – gain on modification to accruing benefits	**2,694**	**–**	**–**	**2,694**
Remeasurements				
– effect of changes in demographic assumptions	**2,036**	**(398)**	**–**	**1,638**
– effect of changes in financial assumptions	**(29,015)**	**(9,862)**	**(3,657)**	**(42,534)**
– effect of experience adjustments	**441**	**(3,469)**	**593**	**(2,435)**
Foreign exchange movements	**–**	**(4,830)**	**–**	**(4,830)**
Present value of obligations at 31 December 2014	**(107,314)**	**(80,223)**	**(10,111)**	**(197,648)**

Movements in the net (liability)/asset recognised in the balance sheet

	Ireland €'000	UK €'000	Europe €'000	Total €'000
Net liabilities in schemes at 1 January 2013	(18,634)	(8,672)	(1,018)	(28,324)
Employer contributions	2,753	1,495	571	4,819
Expense recognised in the income statement	7,949	(1,361)	(324)	6,264
Remeasurement loss recognised in other comprehensive income	4,142	8,604	(582)	12,164
Foreign exchange movement	–	419	–	419
Net (liabilities)/assets in schemes at 31 December 2013	**(3,790)**	**485**	**(1,353)**	**(4,658)**
Employer contributions	**2,810**	**1,851**	**596**	**5,257**
Income recognised in the income statement	**1,218**	**(702)**	**183**	**699**
Remeasurement loss recognised in other comprehensive income	**(21,840)**	**(6,390)**	**(436)**	**(28,666)**
Foreign exchange movement	**–**	**(146)**	**–**	**(146)**
Net liabilities in schemes at 31 December 2014	**(21,602)**	**(4,902)**	**(1,010)**	**(27,514)**

28. Employee Benefits continued

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

	Ireland 2014 €'000	UK 2014 €'000	Europe 2014 €'000	Total 2014 €'000
Current service cost	**(1,374)**	**(775)**	**(372)**	**(2,521)**
Past service credit	**–**	**–**	**662**	**662**
Interest on scheme obligations	**(3,221)**	**(2,793)**	**(274)**	**(6,288)**
Interest on scheme assets	**3,119**	**2,866**	**233**	**6,218**
Administration expenses paid from plan	**–**	**–**	**(66)**	**(66)**
Recognised within distribution and administration expenses	**(1,476)**	**(702)**	**183**	**(1,995)**
Recognised as exceptional item – past service credit – due to modification of accruing benefits	**2,694**	**–**	**–**	**2,694**
Defined benefit pension income/(expense) recognised in the income statement	**1,218**	**(702)**	**183**	**699**

	Ireland 2013 €'000	UK 2013 €'000	Europe 2013 €'000	Total 2013 €'000
Current service cost	(1,642)	(1,045)	(396)	(3,083)
Past service cost	–	–	121	121
Interest on scheme obligations	(3,711)	(2,613)	(247)	(6,571)
Interest on scheme assets	2,985	2,297	218	5,500
Administration expenses paid from plan	–	–	(20)	(20)
Recognised within distribution and administration expenses	(2,368)	(1,361)	(324)	(4,053)
Recognised as exceptional item – past service credit – due to modification of accruing benefits	10,317	–	–	10,317
Defined benefit pension income/(expense) recognised in the income statement	7,949	(1,361)	(324)	6,264

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

	Ireland 2014 €'000	UK 2014 €'000	Europe 2014 €'000	Total 2014 €'000
Remeasurement gain on scheme assets	**4,698**	**7,339**	**2,628**	**14,665**
Remeasurement gain/(loss) on scheme liabilities				
– effect of changes in demographic assumptions	**2,036**	**(398)**	**–**	**1,638**
– effect of changes in financial assumptions	**(29,015)**	**(9,862)**	**(3,657)**	**(42,534)**
– effect of experience adjustments	**441**	**(3,469)**	**593**	**(2,435)**
Defined benefit pension expense recognised in other comprehensive income	**(21,840)**	**(6,390)**	**(436)**	**(28,666)**

	Ireland 2013 €'000	UK 2013 €'000	Europe 2013 €'000	Total 2013 €'000
Remeasurement gain on scheme assets	4,952	2,349	(26)	7,275
Plan administration expenses higher than expected	–	–	(8)	(8)
Remeasurement gain/(loss) on scheme liabilities				
– effect of changes in demographic assumptions	1,632	–	8	1,640
– effect of changes in financial assumptions	(3,615)	6,255	(392)	2,248
– effect of experience adjustments	1,173	–	(164)	1,009
Defined benefit pension income/(expense) recognised in other comprehensive income	4,142	8,604	(582)	12,164

Actual return on scheme assets

	Ireland 2014 €'000	UK 2014 €'000	Europe 2014 €'000	Total 2014 €'000
Total return on assets	**7,817**	**10,205**	**2,861**	**20,883**
	2013 €'000	2013 €'000	2013 €'000	2013 €'000
Total return on assets	7,937	4,646	192	12,775

The cumulative remeasurement loss before deferred tax recognised in the statement of other comprehensive income and expense is €62,333,000 (2013: €33,667,000).

The expected level of employer contributions for the year ended 31 December 2015 is €5,301,000.

The weighted average duration of the defined benefit obligation was 21.6 years at 31 December 2014 (31 December 2013:20.8 years).

Sensitivity of Pension Liability to Judgmental assumptions

Actuarial assumptions have a significant impact on the reported net pension obligation. Analysed below is the impact of certain movements in key assumptions.

	Ireland €'000	UK €'000	Europe €'000	Total €'000
Discount rates				
– 0.25% increase in discount rate (reduces obligation)	5,046	4,358	625	10,029
– 0.25% decrease in discount rate (increases obligation)	(5,413)	(4,686)	(678)	(10,777)
Inflation rate				
– 0.50% increase in inflation rate (increase obligation)	(3,190)	(8,205)	(36)	(11,431)
– 0.50% decrease in inflation rate (reduces obligation)	2,730	7,276	35	10,041
Pensionable salary increase				
– additional 1.00% increase in pensionable salary (increase obligation)	(2,723)	(4,726)	(445)	(7,894)
– decrease of 1.00% in pensionable salary (reduces obligation)	3,329	4,193	421	7,943
Pension increase				
– additional 1.00% increase in pension (increase obligation)	(12,645)	(8,758)	–	(21,403)
– decrease of 1.00% in pension (reduces obligation)	8,110	9,010	–	17,120
Life expectation				
– additional 1 year life expectancy (increase obligation)	(3,304)	(2,094)	(265)	(5,663)
– decrease of 1 year in life expectancy (reduces obligation)	3,311	2,091	268	5,670

Although the analysis above does not take full account of the distribution of cashflows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Share based payment

Income statement charge

	2014 €'000	2013 €'000
Employee share option charge	**321**	403

The Group established a share option scheme in December 2006 which entitles certain employees to purchase shares in Total Produce plc. The options awarded under this scheme are detailed overleaf. 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.

28. Employee Benefits continued

Share based payment continued

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:

Date of Grant	Date of expiry	Number of options	Weighted grant price €	Average fair value €
9 May 2007	9 May 2017	3,975,000	0.815	0.3236
20 September 2007	20 September 2017	1,110,000	0.65	0.2604
5 March 2008	5 March 2018	2,400,000	0.60	0.2039
26 March 2013	25 March 2023	4,050,000	0.669	0.2040

As explained above, the date at which employees may exercise their options is based on a non-market-related performance condition.

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 ten 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 assumptions used in the binominal model for calculating the fair value of share options granted in 2007, 2008 and 2013 were as follows:

Assumptions used	Options granted in 2013	Options granted in 2008	Options granted in 2007
Weighted average exercise price	0.669	0.60	0.779
Expected volatility	40%	40%	35%
Option life	9.65 years	9.65 years	9.94 years
Expected dividend yield	3.25%	3.50%	2.00%
Risk-free interest rate	1.43%	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.

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:

	2014 Number of options	**2014 Weighted average exercise price €**	2013 Number of options	2013 Weighted average exercise price €
Outstanding options at beginning of year	**11,110,000**	**0.7003**	7,060,000	0.7183
Options granted during year	**–**	**–**	4,050,000	0.6690
Exercised during the year	**(1,425,000)**	**(0.7054)**[1]	–	–
Forfeited during year	**–**	**–**	–	–
Options outstanding at end of year	**9,685,000**	**0.6996**	11,110,000	0.7003

1. The weighted average share price at the date of exercise of these options was €1.05 (no options exercised in 2013).

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

Date of grant	Date of expiry	**2014 Number of options**	**2014 Exercise price €**	2013 Number of options	2013 Exercise price €
9 May 2007	9 May 2017	**2,950,000**	**0.815**	3,625,000	0.815
20 September 2007	20 September 2017	**1,010,000**	**0.65**	1,110,000	0.65
5 March 2008	5 March 2018	**1,675,000**	**0.60**	2,325,000	0.60
26 March 2013	25 March 2023	**4,050,000**	**0.669**	4,050,000	0.669
		9,685,000		11,110,000	

The options outstanding at 31 December 2014 have an exercise price in the range of €0.60 to €0.815 (2013: €0.60 to €0.815) and have a weighted average contractual life of 5.0 years (2013: 5.7 years).

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

Date of grant	Date of expiry	**2014 Number of options**	**2014 Exercise price €**	2013 Number of options	2013 Exercise price €
9 May 2007	9 May 2017	**2,950,000**	**0.815**	3,625,000	0.815
20 September 2007	20 September 2017	**1,010,000**	**0.65**	1,110,000	0.65
5 March 2008	5 March 2018	**1,675,000**	**0.60**	2,325,000	0.60
		5,635,000		7,060,000	

The market price of the Company's shares at 31 December 2014 was €1.07 and the range during 2014 was €0.82 to €1.17.

29. Capital Commitments and Contingencies

Capital commitments

The Directors have authorised capital expenditure of €17,958,000 (2013: €14,584,000) at the balance sheet date. Capital expenditure contracted for at 31 December 2014 amounted to €259,000 (2013: €Nil).

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:

Bolanpass Limited
Hugh McNulty (Wholesale) Limited
Iverk Produce Limited
Total Produce C Holdings Limited
Total Produce International Limited
Total Produce International Holdings Limited
Total Produce Ireland Limited
Total Produce Management Services Limited
Uniplumo (Ireland) Limited
Waddell 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 contract 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 2014 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 €118,979,000 (2013: €109,267,000).
(ii) The Company has guaranteed its share of the interest shortfall on bank borrowings of a joint venture company subject to a maximum of €376,000 (2013: €483,000).
(iii) The Company has guaranteed bank borrowings of €1,309,000 (2013: €937,000) within an associate company.

29. Capital Commitments and Contingencies continued

Guarantees continued

Group

In addition to the Company guarantees above, certain Group subsidiaries have given guarantees totalling €7,704,000 (2013: €8,285,000) in respect of other trading obligations arising in the ordinary course of business. A subsidiary company has given a guarantee of €Nil (2013: €907,000) 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.

30. 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

	2014 €'000	2013 €'000
Short term benefits (salary, bonus, incentives)	5,733	5,476
Post-employment benefits	604	570
Share based payment expense	79	182
Remuneration	**6,416**	6,228
Short term incentive plan (a)	746	1,232
Total	**7,162**	7,460

(a) The Compensation Committee made an award of €746,000 (2013: €1,232,000) to the Executive Directors under the short term incentive plan. See page 48 for details.

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:

	2014 Revenue €'000	2014 Purchases €'000	2013 Revenue €'000	2013 Purchases €'000
Joint ventures	51,556	39,526	40,988	23,363
Associates	1,103	5,964	1,798	3,268
	52,659	**45,490**	42,786	26,631

The amounts due from and to joint ventures and associates at the year-end are disclosed, in aggregate, in Notes 16 and 22 respectively. The Group's significant joint ventures and associates are set out on page 127.

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 S.A., the other 50% being owned by the Group. During the financial year, EurobananCanarias S.A. 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 2014, the net amount due to Coplaca by EurobananCanarias S.A. was €9,884,000 (2013: €6,113,000).

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.

	2014 €'000	2013 €'000
Expenses (mainly rental expenses)	**(1,551)**	(1,551)
Income	**225**	237

Income relates to expenses recharged by the Group to Balmoral and relate 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 €65,000 (2013: €Nil) and the amount owed to Balmoral was €1,000 (2013: €Nil).

The Group has an investment in a 50:50 joint venture company with Balmoral which owns 127 acres of land in Dublin. Total Produce's investment in this joint venture company in 2014 was €180,000 (2013: €210,000). The Group's share of operating losses of this joint venture in 2014 was €180,000 (2013: €210,000).The carrying value of the investment in this joint venture at 31 December 2014 was €Nil (2013: €Nil).

The Group has guaranteed its share of any interest shortfall on the joint venture's bank borrowings, subject to a maximum of €376,000 (2013: €483,000).

31. Financial Instruments and Financial Risk

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy.

	Cash flow hedges 2014 €'000	Fair value through profit or loss 2014 €'000	Loans and receivables 2014 €'000	Available-for-sale 2014 €'000	Liabilities at amortised cost 2014 €'000	Total carrying amount 2014 €'000	Fair value 2014 €'000
Other financial assets[1] (Note 14)	–	–	–	698	–	698	698
Trade and other receivables – current[1]* (Note 16)	–	–	275,170	–	–	275,170	n/a
Trade and other receivables – non-current[1]* (Note 16)	–	–	2,999	–	–	2,999	2,999
Bank deposits[1] (Note 17)	–	–	2,000	–	–	2,000	n/a
Derivative financial assets (Note 31)	93	332	–	–	–	425	425
Cash and cash equivalents[1] (Note 17)	–	–	113,830	–	–	113,830	n/a
	93	332	393,999	698	–	395,122	
Trade and other payables – current[1] (Note 22)	–	–	–	–	(343,038)	(343,038)	n/a
Trade and other payables – non-current[1] (Note 22)	–	–	–	–	(1,696)	(1,696)	(1,696)
Bank overdrafts[1] (Note 20)	–	–	–	–	(3,440)	(3,440)	n/a
Bank borrowings[1] (Note 20)	–	–	–	–	(123,543)	(123,543)	(124,702)
Finance lease liabilities[1] (Note 20)	–	–	–	–	(5,695)	(5,695)	(6,146)
Derivative financial liabilities (Note 31)	–	(180)	–	–	–	(180)	(180)
Contingent consideration (Note 24)	–	(22,859)	–	–	–	(22,859)	(22,859)
	–	(23,039)	–	–	(477,412)	(500,451)	

	Cash flow hedges 2013 €'000	Fair value through profit or loss 2013 €'000	Loans and receivables 2013 €'000	Available-for-sale 2013 €'000	Liabilities at amortised cost 2013 €'000	Total carrying amount 2013 €'000	Fair value 2013 €'000
Other financial assets[1] (Note 14)	–	–	–	649	–	649	649
Trade and other receivables – current[1]* (Note 16)	–	–	271,790	–	–	271,790	n/a
Trade and other receivables – non-current[1]* (Note 16)	–	–	5,090	–	–	5,090	5,090
Bank deposits[1] (Note 17)	–	–	4,740	–	–	4,740	n/a
Derivative financial assets (Note 31)	–	20	–	–	–	20	20
Cash and cash equivalents[1] (Note 17)	–	–	103,463	–	–	103,463	n/a
	–	20	385,083	649	–	385,752	
Trade and other payables – current[1] (Note 22)	–	–	–	–	(340,406)	(340,406)	n/a
Trade and other payables – non-current[1] (Note 22)	–	–	–	–	(1,775)	(1,775)	(1,775)
Bank overdrafts[1] (Note 20)	–	–	–	–	(2,285)	(2,285)	n/a
Bank borrowings[1] (Note 20)	–	–	–	–	(112,040)	(112,040)	(111,751)
Finance lease liabilities[1] (Note 20)	–	–	–	–	(4,865)	(4,865)	(5,206)
Derivative financial liabilities[1] (Note 31)	(213)	(432)	–	–	–	(645)	(645)
Contingent consideration[1] (Note 24)	–	(23,970)	–	–	–	(23,970)	(23,970)
	(213)	(24,402)	–	–	(461,371)	(485,986)	

1. The Group has availed of the exemption under IFRS 7 *Financial Instruments*: *Disclosure* for additional disclosures where fair value closely approximates carrying value.

* For the purposes of this analysis prepayments have not been included within other receivables. Carrying value of other financial assets, trade receivables and other receivables are stated net of impairment provision where appropriate and consequently fair value is considered to approximate to carrying value.

A number of put and call options arising from acquisitions have immaterial fair value.

Measurement 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.

Other financial assets

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.

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 prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2014 and 31 December 2013, the Group recognised and measured the following financial instruments at fair value:

	2014 Total €'000	2014 Level 1 €'000	2014 Level 2 €'000	2014 Level 3 €'000
Assets measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	**332**	–	**332**	–
Options to acquires additional shares in subsidiaries, joint ventures and associates	–	–	–	–
Designated as hedging instruments				
Foreign exchange contracts	**93**	–	**93**	–
Liabilities measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	**(21)**	–	**(21)**	–
Interest rate swap	**(159)**	–	**(159)**	–
Contingent consideration	**(22,859)**	–	–	**(22,859)**

31. Financial Instruments and Financial Risk continued

Fair value hierarchy continued

	2013 Total €'000	2013 Level 1 €'000	2013 Level 2 €'000	2013 Level 3 €'000
Assets measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	20	–	20	–
Options to acquires additional shares in subsidiaries, joint ventures and associates	–	–	–	–
Liabilities measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	(432)	–	(432)	–
Contingent consideration	(23,970)	–	–	(23,970)
Designated as hedging instruments				
Foreign exchange contracts	(213)	–	(213)	–

Level 2 and 3 fair values

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Contingent consideration	*Discounted cash flows:* This valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by forecasting the acquiree's EBITA over the applicable period.	• Forecast annual growth in EBITA in range of 0% to 8% (weighted average 2.5%) (2013:0% to 17% (weighted average 4.3%)) • Risk adjusted discount rates of 4% to 5% (2013: 4% to 5%)	The estimated fair value would increase/(decrease) if: • EBITA growth was higher/(lower) • Risk adjusted discount rate was (lower)/higher
Forward exchange contracts and interest rate swaps	*Market comparison techniques:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

Additional disclosures for Level 3 fair value measurements

	2014 €'000	2013 €'000
Balance at start of year	**23,970**	17,121
Paid during year	**(5,524)**	(2,296)
Fair value remeasurements – adjustment to goodwill – subsidiaries (Note 12)	**(1,130)**	3,714
Fair value remeasurements – adjustment to goodwill – joint ventures (Note 13)	**–**	(74)
Arising on acquisitions of subsidiaries (Note 27)	**4,688**	2,437
Arising on acquisition of non-controlling interests (Note 19)	**707**	–
Arising on acquisitions of associates (Note 13)	**427**	2,610
Included in the income statement		
Fair value remeasurements (credited)/charged to income statement (Note 2)	**(738)**	901
Foreign exchange movements	**459**	(443)
Balance at end of the year	**22,859**	23,970

The fair value of contingent consideration represents provision for the net present value of amounts expected to be payable in respect of acquisitions which are subject to earn-out arrangements.

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 ('ERC'), which is responsible for developing and monitoring the Group's risk management policies. The members of the ERC include the Chief Executive, the Group Finance Director, a Group Executive 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 ERC 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 Committee and the ERC have 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, customers' 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 which 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 2014 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.

31. Financial Instruments and Financial Risk continued

Credit Risk continued

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.

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 2014 €'000	Carrying amount 2013 €'000
Other financial assets (Note 14)	**698**	649
Bank deposits (Note 17)	**2,000**	4,740
Cash and cash equivalents (Note 17)	**113,830**	103,463
Trade and other receivables* (Note 16)	**278,169**	276,880
Derivative financial instruments (Note 31)	**425**	20
Total	**395,122**	385,752

* 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 2014 €'000	Carrying amount 2013* €'000
Fresh Produce		
– Europe – Eurozone	**106,901**	114,276
– Europe – Non-Eurozone	**124,095**	122,603
– International	**–**	–
Healthfoods and Consumer Products Distribution	**16,195**	13,086
Total	**247,191**	249,965

* 2013 comparatives have been re-stated to ensure conformity with current year presentation.

The Group also manages credit risk through the use of a number of sales or receivables arrangements. Under the terms of these agreements the Group has transferred substantially all of the credit risk which are subject to these agreements. Accordingly €31,304,000 (2013: €25,102,000) has been derecognised at year-end.

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 2014 €'000	Impairment 2014 €'000	Net 2014 €'000	Gross 2013 €'000	Impairment 2013 €'000	Net 2013 €'000
Not past due	**213,803**	**(2,861)**	**210,942**	203,251	(2,305)	200,946
Past due 0 – 30 days	**29,133**	**(434)**	**28,699**	38,389	(370)	38,019
Past due 31 – 90 days	**7,168**	**(623)**	**6,545**	9,154	(508)	8,646
Past due 91 – 180 days	**1,165**	**(382)**	**783**	2,013	(876)	1,137
Past due more than 180 days	**3,056**	**(2,834)**	**222**	4,942	(3,725)	1,217
Total	**254,325**	**(7,134)**	**247,191**	257,749	(7,784)	249,965

Other receivables

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

	Gross 2014 €'000	Impairment 2014 €'000	Net 2014 €'000	Gross 2013 €'000	Impairment 2013 €'000	Net 2013 €'000
Not past due	**27,203**	**(477)**	**26,726**	24,938	(1,413)	23,525
Past due 0 – 30 days	**553**	**(553)**	**–**	70	–	70
Past due 31 – 90 days	**11**	**(11)**	**–**	22	(22)	–
Past due 91 – 180 days	**644**	**(644)**	**–**	42	(42)	–
Past due more than 180 days	**561**	**(561)**	**–**	1,419	(1,419)	–
Total	**28,972**	**(2,246)**	**26,726**	26,491	(2,896)	23,595

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 €4,252,000 (2013: €3,320,000), net of an impairment provision of €Nil (2013: €1,275,000).

Analysis of movement in impairment provisions

Trade receivables – impairment provision

	2014 €'000	2013 €'000
Balance at beginning of year	**(7,784)**	(8,192)
Arising on acquisition	**(715)**	(117)
Utilised on write-off	**2,545**	2,870
Charge to income statement	**(1,099)**	(2,445)
Foreign exchange movement	**(81)**	100
Balance at end of year	**(7,134)**	(7,784)

Other receivables – impairment provision

	2014 €'000	2013 €'000
Balance at beginning of year	**(2,896)**	(2,451)
Utilised on write-off	**1,099**	176
Charge to income statement	**(435)**	(629)
Foreign exchange movement	**(14)**	8
Balance at end of year	**(2,246)**	(2,896)

31. Financial Instruments and Financial Risk continued

Liquidity Risk

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

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

It is the policy of the Group to have adequate committed undrawn facilities available at all times to cover unanticipated financing requirements. The Group has approval of term borrowings of up to €397 million (2013: €287 million) in addition to approved overdrafts of €117 million (2013: €94 million). The Directors believe that, as a result, the Group is well placed to refinance or repay all borrowings due for repayment as they fall due.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Carrying amount 2014 €'000	Contractual cash flows 2014 €'000	6 months or less 2014 €'000	6-12 months 2014 €'000	1-2 years 2014 €'000	2-5 years 2014 €'000	More than 5 years 2014 €'000
Non-derivative financial liabilities							
Bank borrowings	**(123,543)**	**(133,869)**	**(10,562)**	**(5,556)**	**(57,979)**	**(53,537)**	**(6,235)**
Bank overdraft	**(3,440)**	**(3,440)**	**(3,440)**	**–**	**–**	**–**	**–**
Finance lease liabilities	**(5,695)**	**(6,275)**	**(1,112)**	**(1,109)**	**(3,090)**	**(964)**	**–**
Trade and other payables	**(344,734)**	**(344,734)**	**(342,755)**	**(283)**	**(132)**	**(276)**	**(1,288)**
Contingent consideration	**(22,859)**	**(24,171)**	**(10,239)**	**(581)**	**(7,252)**	**(3,719)**	**(2,380)**
Derivative financial instruments							
Forward exchange contracts:							
– inflows	**–**	**1,670**	**1,670**	**–**	**–**	**–**	**–**
– outflows	**(21)**	**(1,691)**	**(1,691)**	**–**	**–**	**–**	**–**
Interest rate swaps	**(159)**	**(159)**	**(159)**	**–**	**–**	**–**	**–**
	(500,451)	**(512,669)**	**(368,288)**	**(7,529)**	**(68,453)**	**(58,496)**	**(9,903)**

	Carrying amount 2013 €'000	Contractual cash flows 2013 €'000	6 months or less 2013 €'000	6-12 months 2013 €'000	1-2 years 2013 €'000	2-5 years 2013 €'000	More than 5 years 2013 €'000
Non-derivative financial liabilities							
Bank borrowings	(112,040)	(124,889)	(2,529)	(2,490)	(38,884)	(59,729)	(21,257)
Bank overdraft	(2,285)	(2,285)	(2,285)	–	–	–	–
Finance lease liabilities	(4,865)	(5,581)	(758)	(757)	(1,562)	(2,504)	–
Trade and other payables	(342,181)	(343,580)	(341,805)	(39)	(281)	(353)	(1,102)
Contingent consideration	(23,970)	(25,925)	(6,183)	(366)	(8,006)	(9,890)	(1,480)
Derivative financial instruments							
Forward exchange contracts:							
– inflows	–	39,081	36,394	2,687	–	–	–
– outflows	(645)	(41,770)	(38,974)	(2,796)	–	–	–
	(485,986)	(504,949)	(356,140)	(3,761)	(48,733)	(72,476)	(23,839)

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, Canada and the USA. As a result, the Group is exposed to structural currency fluctuations including, in particular, Sterling, Swedish Krona and US Dollar. 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 where appropriate. The vast majority of transactions entered into by the Group's entities in the Eurozone are denominated in their functional Euro currency.

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 2014 and 31 December 2013, would have increased/(decreased) other comprehensive income and profit or 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 2014				
Sterling	**(175)**	**1,319**	**194**	**(1,458)**
Swedish Krona	**(505)**	**1,531**	**683**	**(1,692)**
Czech Koruna	**(134)**	**393**	**154**	**(435)**
US Dollar	**21**	**775**	**(23)**	**(856)**
31 December 2013				
Sterling	(130)	1,230	193	(1,361)
Swedish Krona	(391)	1,639	(158)	(1,811)
Czech Koruna	(248)	398	274	(440)
US Dollar	(368)	507	431	(560)

The effect on equity of a movement between the Euro and the currencies listed above would be partially offset by a translation of the net assets of the subsidiaries against which the foreign currency borrowings are hedging. The above calculations do not include the variability in Group profitability which arises on the translation of foreign currency subsidiaries' income statements and balance sheets to Euro, the Group's presentation currency.

31. 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 an appropriate balance between fixed and floating interest rates on its cash, short term bank deposits and interest-bearing borrowings. At 31 December 2014, 46.7% (2013: 48.8%) 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 2014 €'000	Carrying amount 2013 €'000
Fixed rate instruments		
Bank borrowings	**(57,707)**	(55,844)
Finance lease liabilities	**(1,517)**	–
	(59,224)	(55,844)
Variable rate instruments		
Bank deposits	**2,000**	4,740
Cash and cash equivalents	**113,830**	103,463
Bank overdrafts	**(3,440)**	(2,285)
Bank borrowings	**(65,836)**	(56,196)
Finance lease liabilities	**(4,178)**	(4,865)
	42,376	44,857
Net debt	**(16,848)**	(10,987)

Cash flow sensitivity analysis for variable rate instruments

At 31 December 2014, the average interest rate being earned on the Group's cash and cash equivalents was 0.60 % (2013: 1.07%). At 31 December 2014, the average interest rate being paid on the Group's borrowings was 3.10% (2013: 3.35%). 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 2014				
Variable rate instruments	**212**	**–**	**(212)**	**–**
31 December 2013				
Variable rate instruments	224	–	(224)	–

Equity Price Risk

Equity price risk arises from the available-for-sale financial assets which are held for strategic reasons. 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 *Financial Instruments: Recognition and Measurement*. 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 2014 €'000	**Liabilities 2014 €'000**	Assets 2013 €'000	Liabilities 2013 €'000
Forward currency contracts	**425**	**(21)**	20	(645)
Interest rate swaps	**–**	**(159)**	–	–

Derivatives at the end of year are classified as follows:

	2014 €'000	2013 €'000
Cash flow hedges – assets	**93**	–
Cash flow hedges – liabilities	**–**	(213)
Fair value through income statement – assets	**332**	20
Fair value through income statement – liabilities	**(180)**	(432)
	245	(625)

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

	2014 €'000	2013 €'000
Effective portion of changes in fair value of cash flow hedges	**1,778**	691
Fair value of cash flow hedges transferred to income statement	**(1,452)**	(856)
	326	(165)

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 €85,980,000 (2013: €79,267,000). 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.

32. Cash Generated from Operations

	Notes	2014 €'000	2013 €'000
Operating activities			
Profit for the year		**35,921**	38,195
Non-cash adjustments to reconcile profit to net cash flows:			
Income tax expense	7	**8,390**	10,040
Income tax paid		**(13,610)**	(10,829)
Depreciation of property, plant and equipment	10	**13,851**	13,170
Fair value movement on investment property	11	**–**	3,694
Impairment of property, plant and equipment	10	**1,033**	808
Remeasurement to fair value of contingent consideration estimates	24	**(738)**	901
Remeasurement to fair value of pre-existing interest in associate	6	**–**	(702)
Gain reclassified to the income statement on available-for-sale financial asset becoming an associate	6	**(2,455)**	–
Amortisation of intangible assets – acquisition related	12	**5,969**	6,369
Amortisation of intangible assets – development costs capitalised	12	**350**	413
Amortisation of intangible assets – computer software	12	**569**	261
Impairment of goodwill and intangible assets	12	**1,684**	–
Amortisation of government grants	23	**(321)**	(348)
Defined benefit pension scheme expense	28	**1,995**	4,053
Defined benefit pension scheme – gain on modification to accruing benefits	28	**(2,694)**	(10,317)
Contributions to defined benefit pension schemes	28	**(5,257)**	(4,819)
Share based payment expense	28	**321**	403
Net gain on disposal of property, plant and equipment		**(328)**	(299)
Financial income	4	**(1,576)**	(2,123)
Financial expense	4	**6,671**	7,301
Financial income received		**1,620**	2,191
Financial expense paid		**(6,579)**	(7,530)
Gain on non-hedging derivative financial instruments	2	**(358)**	(566)
Gain on disposal of joint ventures and associates	6	**–**	(234)
Share of profit of joint ventures	13	**(4,016)**	(2,546)
Share of profit of associates	13	**(2,727)**	(2,455)
Net cash flows from operating activities before working capital movements		**37,715**	45,031
Movements in working capital:			
Movements in inventories		**3,142**	(2,733)
Movements in receivables		**22,027**	3,581
Movements in payables		**(13,480)**	13,596
Total movements in working capital		**11,689**	14,444
Net cash flows from operating activities		**49,404**	59,475

33. Accounting Estimates and Judgments

The preparation of consolidated 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. 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 as follows:

- Note 28 – measurement of defined benefit pension obligations require the use of actuaries and determination of appropriate assumptions such as discount rates and mortality rates.
- Note 12 – impairment testing of goodwill requires assumptions in calculating underlying recoverable amounts including cash flows generated by operating units and discount rates used to discount future cash flows.
- Note 26 – recognition of deferred tax assets requires assessment of availability of future taxable profit against which carry forward tax losses can be used.

Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group measures transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 10 – Property, Plant and Equipment
Note 11 – Investment Property
Note 24 – Contingent Consideration
Note 28 – Employee Benefits

34. 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 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 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 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		
	2014	2013	% change	**2014**	2013	% change
Canadian Dollar	**1.4674**	1.3685	(7.2%)	**1.4015**	1.4641	4.3%
Czech Koruna	**27.5046**	26.3221	(4.5%)	**27.7147**	27.3718	(1.3%)
Danish Kroner	**7.4551**	7.4580	0.0%	**7.4463**	7.4601	0.2%
Indian Rupee	**80.8676**	77.2560	(4.7%)	**76.3804**	85.2304	10.4%
Polish Zloty	**4.1775**	4.1875	0.2%	**4.2981**	4.1578	(3.4%)
Pound Sterling	**0.8028**	0.8510	5.7%	**0.7760**	0.8319	6.7%
South African Rand	**14.4120**	12.8226	(12.4%)	**13.9986**	14.4319	3.0%
Swedish Krona	**9.1075**	8.6418	(5.4%)	**9.4725**	8.8498	(7.0%)
US Dollar	**1.3295**	1.3285	(0.1%)	**1.2101**	1.3780	12.2%

35. Post Balance Sheet Events

Post year-end, the Group completed an agreement to acquire a 50% interest in the Gambles Group, a North American fresh produce company based in Toronto, Canada. Other than this acquisition there have been no other material events subsequent to 31 December 2014 which would require disclosure or adjustment in the financial statements.

36. Principal Subsidiaries, Joint Ventures and Associates

The list of 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 products distribution	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 8HY
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
Provenance Partners Limited	Fresh produce company	50	United Kingdom	c/o Shelly Stock Hunter LLP, 1st Floor, 7-10 Chandos Street, London W1G 9DQ
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
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 198, 5928 RH Venlo
Total Produce Direct B.V.	Fresh produce company	100	Netherlands	Handelsweg 150, 2988 DC Ridderkerk
ASF Holding B.V.	Fresh produce company	100	Netherlands	Venrayseweg 126, 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
Allegro Nutrition Inc	Sports Nutrition Distributor	100	USA	2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808

* 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.

Joint ventures and associates	Principal activity	Group share %	Country of incorporation	Registered office
Grandview Ventures Limited	Fresh produce company	35	Canada	2800 Park Place, 666 Burrard Street, Vancouver, V6C 2Z7
Frankort & Koning Beheer Venlo B.V.	Fresh produce company	50	Netherlands	Venrayseweg 126, 5928 RH Venlo
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
African Blue Limited	Fresh produce company	10	Morocco	Boite Postale No 1, Moula Bousselham, Kenitra

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

Company Balance Sheet
as at 31 December 2014

	Notes	2014 €'000	2013 €'000
Assets			
Non-current			
Intangible assets	37	**12**	–
Investments in subsidiaries and joint ventures and associates	38	**249,309**	249,004
Total non-current assets		**249,321**	249,004
Current			
Trade and other receivables	39	**43,262**	33,333
Cash and cash equivalents	40	**133**	107
Total current assets		**43,395**	33,440
Total assets		**292,716**	282,444
Equity			
Share capital		**3,533**	3,519
Share premium		**253,565**	252,574
Other reserves		**(6,601)**	(6,514)
Retained earnings		**32,279**	19,098
Total equity		**282,776**	268,677
Liabilities			
Current			
Trade and other payables	41	**9,940**	13,767
Total current liabilities		**9,940**	13,767
Total liabilities		**9,940**	13,767
Total liabilities and equity		**292,716**	282,444

On behalf of the Board

C P McCann
Chairman

F J Davis
Finance Director

Company Statement of Changes in Equity
for the year ended 31 December 2014

	Share capital €'000	Share premium €'000	Own shares reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000
As at 1 January 2013	3,519	252,574	(8,580)	1,663	29,643	278,819
Comprehensive income						
Loss for the year	–	–	–	–	(3,546)	(3,546)
Other comprehensive income:						
Total other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	(3,546)	(3,546)
Transactions with equity holders						
Dividends	–	–	–	–	(6,999)	(6,999)
Share-based payment transactions	–	–	–	403	–	403
Total transactions with equity holders	–	–	–	403	(6,999)	(6,596)
As at 31 December 2013	3,519	252,574	(8,580)	2,066	19,098	268,677
Comprehensive income						
Profit for the year	**–**	**–**	**–**	**–**	**20,388**	**20,388**
Other comprehensive income:						
Total other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**20,388**	**20,388**
Transactions with equity holders						
New shares issued	**14**	**991**	**–**	**(408)**	**408**	**1,005**
Dividends	**–**	**–**	**–**	**–**	**(7,615)**	**(7,615)**
Share-based payment transactions	**–**	**–**	**–**	**321**	**–**	**321**
Total transactions with equity holders	**14**	**991**	**–**	**(87)**	**(7,207)**	**(6,289)**
As at 31 December 2014	**3,533**	**253,565**	**(8,580)**	**1,979**	**32,279**	**282,776**

Company Statement of Cash Flows
for the year ended 31 December 2014

	Notes	2014 €'000	2013 €'000
Operating activities			
Profit/(loss) for the year		**20,388**	(3,546)
Non-cash adjustments to reconcile profit to net cash flows:			
Share-based payment expense		**16**	47
Movement in trade and other receivables		**(9,929)**	(31)
Movement in trade and other payables		**(3,827)**	10,613
Net cash flows from operating activities		**6,648**	7,083
Investing activities			
Expenditure on computer software	37	**(12)**	–
Net cash flows from investing activities		**(12)**	–
Financing activities			
New shares issued		**1,005**	–
Dividends paid to equity holders		**(7,615)**	(6,999)
Net cash flows from financing activities		**(6,610)**	(6,999)
Net increase in cash, cash equivalents and bank overdrafts		**26**	84
Cash, cash equivalents and bank overdrafts at 1 January		**107**	23
Cash, cash equivalents and bank overdrafts at 31 December	40	**133**	107

37. Intangible Assets

	Computer software €'000	Total €'000
Balance at 1 January 2014	–	–
Additions	**12**	**12**
Balance at 31 December 2014	**12**	**12**

38. Investments

	Investments in subsidiaries €'000	Investments in joint ventures and associates €'000	Total €'000
Balance at 1 January 2013	247,798	850	248,648
Investment in subsidiaries	356	–	356
Balance at 31 December 2013	**248,154**	**850**	**249,004**
Investment in subsidiaries	**305**	**–**	**305**
Balance at 31 December 2014	**248,459**	**850**	**249,309**

The principal subsidiaries and joint ventures and associates are set out on pages 126 and 127.

39. Trade and Other Receivables

	2014 €'000	2013 €'000
Current		
Amounts due from subsidiaries	**43,262**	33,333

The €43,262,000 (2013: €33,333,000) 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

	2014 €'000	2013 €'000
Cash	**133**	107

41. Trade and Other Payables

	2014 €'000	2013 €'000
Amounts due to group undertakings	**9,387**	13,260
Accruals and deferred income	**553**	507
	9,940	13,767

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 47 to 52.

	2014 €'000	2013 €'000
Dividends received from group undertakings	**22,068**	250

43. Employee Benefits
The aggregate employee costs for the Company were as follows:

	2014 €'000	2013 €'000
Wages and salaries	**1,092**	2,317
Social security contributions	**81**	172
Pension costs – defined benefit schemes	**74**	112
Share-based payment transactions	**16**	47
	1,263	2,648

The average number of employees of the Company in 2014 was 6 (2013: 9).

44. Capital Commitments and Contingencies
The company has no capital commitments at 31 December 2014 (2013: €Nil).

Details in relation to contingencies and guarantees, including section 17 guarantees, are outlined in Note 29 of the Group Financial Statements on pages 111 to 112.

45. Statutory and Other Information
Auditors' remuneration

	2014 €'000	2013 €'000
Audit services	**200**	186
Other non-audit services	**64**	30

46. Financial Instruments and Financial Risk

	Loans and receivables 2014 €'000	Liabilities at amortised cost 2014 €'000	Total 2014 €'000	Fair value 2014 €'000
Trade and other receivables[1]	**43,262**	**–**	**43,262**	**n/a**
Cash and cash equivalents[1]	**133**	**–**	**133**	**n/a**
	43,395	**–**	**43,395**	
Trade and other payables[1]	**–**	**9,940**	**9,940**	**n/a**
	–	**9,940**	**9,940**	

	Loans and receivables 2013 €'000	Liabilities at amortised cost 2013 €'000	Total 2013 €'000	Fair value 2013 €'000
Trade and other receivables[1]	33,333	–	33,333	n/a
Cash and cash equivalents[1]	107	–	107	n/a
	33,440	–	33,440	–
Trade and other payables[1]	–	13,767	13,767	n/a
	–	13,767	13,767	–

1. The company has availed of the exemption under IFRS 7 *Financial Instruments: Disclosure* for additional disclosures where fair value closely approximates carrying value.

The Company has the same risk exposures as those of the Group as outlined in Note 31.

Credit risk

The €43,262,000 (2013: €33,333,000) 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 €133,000 (2013: €107,000) of cash and cash equivalents is managed in accordance with the overall Group credit risk policy as outlined in Note 31.

Liquidity risk

The €9,940,000 (2013: €13,767,000) 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.

48. Approval of Financial Statements

The Directors approved these financial statements on 2 March 2015.

Notice of the Annual General Meeting of Total Produce plc

for the year ended 31 December 2014

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Total Produce plc (the "**Company**") will be held at 10.30am on Wednesday 20th May 2015 in the Radisson Blu Hotel, Golden Lane, Dublin 8 for the following purposes:

1. To receive and consider Statements of Account for the year ended 31 December 2014 and the reports of the Directors and auditor thereon.
2. To confirm the interim dividends and declare a final dividend of 1.763 cent per share on the ordinary shares for the year ended 31 December 2014.
3. By separate resolutions to re-elect as Directors the following, who retire in accordance with the Articles of Association and/or the UK Corporate Governance Code and, being eligible, offer themselves for re-election:
   (A) Rory Byrne; and
   (B) Jerome Kennedy.
4. To authorise the directors to fix the remuneration of the auditor for the year ending 31 December 2015.

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

5. As an Ordinary Resolution:

"That the Directors of Total Produce plc 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 €1,179,205.77 (117,920,577 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 20 August 2016 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.

With the commencement of the Companies Act 2014, the authority conferred by this resolution shall be applied as if the reference to Section 20 of the Companies (Amendment) Act, 1983 in this resolution is deemed to refer to Section 1021 of the Companies Act 2014."

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 of Total Produce plc 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 €176,880.86 (17,688,086 shares) representing 5% of the nominal value of the issued share capital.

With the commencement of the Companies Act 2014, the authority conferred by this resolution shall be applied as if the references to Sections 20, 23 and 24 of the Companies (Amendment) Act, 1983 in Article 8(d) and in this resolution are deemed to refer to their equivalent provisions in Sections 1021, 1022 and 1023 of the Companies Act 2014."

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 35,376,173 (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 20 August 2016, 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.

With the commencement of the Companies Act 2014, the authority conferred by this resolution shall be applied as if the references to Section 155 of the Companies Act, 1963 and Sections 212 and 215 of the Companies Act 1990 in this resolution are deemed to refer to Sections 7, 1072 and 1074 of the Companies Act 2014 respectively".

8. As a Special Resolution:

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

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

(b) the minimum price at which a treasury share may be re-issued off-market shall be the nominal value of the share where such a share is required to satisfy an obligation under an employee share scheme (as defined in the Listing Rules of The Irish Stock Exchange Limited) 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 20 August 2016, whichever is the earlier, unless previously varied or renewed in accordance with the provisions of Section 209 of the Companies Act, 1990.

With the commencement of the Companies Act 2014, the authority conferred by this resolution shall be applied as if the references to Section 209 of the Companies Act, 1990 in this resolution are deemed to refer to Section 1078 of the Companies Act 2014".

9. As a Special Resolution:

"That with effect from the commencement of any part of the Companies Act 2014, the memorandum of association, in the form produced to the meeting and initialled by the Chairman for the purposes of identification, be adopted in substitution for, and to the exclusion of, the existing memorandum of association of the Company."

10. As a Special Resolution:

"That with effect from the commencement of any part of the Companies Act 2014, the articles of association, in the form produced to the meeting and initialled by the Chairman for the purposes of identification, be adopted in substitution for, and to the exclusion of, the existing articles of association of the Company."

M Reid
Secretary
Charles McCann Building,
Rampart Road, Dundalk, Co Louth, Ireland
20 March 2015

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting at the meeting should the member subsequently wish to do so. Shareholders may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. Should a shareholder wish to appoint more than one proxy, please read carefully the explanatory notes accompanying the Form of Proxy.
2. Members have several ways to exercise their right to vote:
   (a) By attending the Annual General Meeting in person;
   (b) By appointing (either electronically or by returning a completed Form of Proxy) the Chairman or another person as a proxy to vote on behalf of the member;
   (c) By appointing a proxy via the CREST System if the member's share are held in CREST.

   In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members.
3. A member may appoint the Chairman of the Company or another individual as his or her proxy. Members may appoint a proxy by completing the enclosed Form of Proxy, making sure to sign and date the form at the bottom and return it to the Company's Registrars, Computershare Services (Ireland) Limited. If a member is appointing someone other than the Chairman as his or her proxy, then the member must fill in the contact details of his or her representative at the meeting on the Form of Proxy. If a member appoints the Chairman or another person as a proxy to vote on his or her behalf, the member should make sure to indicate how he or she wishes his or her votes to be cast by ticking the relevant boxes on the Form of Proxy.

   Alternatively, a member may appoint a proxy or proxies electronically by logging on to the website of the registrars, Computershare Services (Ireland) Limited at www.computershare.ie. Shareholders will be asked to enter their Shareholder Reference Number and PIN Number as printed on their Form of Proxy and agree to certain conditions.
4. 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 10.30am on 18th May 2015.
5. The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (as amended), specifies that only those shareholders registered in the register of members of the Company as at close of business on 18th May 2015 (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.
6. 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 10.30am on 18th May 2015. 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 Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (as amended).

7. As of 20 March 2015 (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 9,235,000 new ordinary shares if such share options were to be exercised. Further the issue of all of these shares would represent approximately 2.54% of the enlarged equity or 2.82%, if the Company were to exercise in full the proposed authority being sought in resolution 7 above to purchase its own shares.
8. Biographical details for the Directors standing for re-election at the AGM are set out in the accompanying Annual Report. Each of the Directors has been subject to the evaluation process recommended by the UK Corporate Governance Code. On this basis, the Chairman and Board are pleased to recommend the re-election of those Directors.
9. Copies of all documentation tabled before the AGM are available on the Company's website. Should any member not receive a Form of Proxy, or should a member wish to be sent copies of these documents, the member may request this by telephoning the Company's registrar (on +353 1 216 3100) or by writing to the Company Secretary at the address set out above.

Appendix
Resolutions 9 and 10
Explanation of Proposed Amendments to the Memorandum and Articles of Association

1. Introduction

The Companies Act 2014 is expected to become effective on 1 June 2015. When it does, many provisions in the existing companies legislation in Ireland will be altered. The purpose of Special Resolutions 9 and 10 is to make certain amendments to the Memorandum and Articles of Association in order to ensure that these changes to Irish company law will not have an unintended effect on the Memorandum and Articles of Association by altering how the provisions in the Memorandum and Articles of Association are to be applied.

As all of the changes described below are intended to preserve the status quo, it is therefore not considered necessary to vote separately on each amendment to the Memorandum and Articles of Association.

2. Special Resolution 9

This special resolution is being proposed in order to make minor amendments to Paragraphs 2 and 3 (i) and (y) of the Memorandum of Association so as to update the statutory references in this paragraph in order to be consistent with the new Companies Act 2014.

3. Special Resolution 10

Under this resolution, it is proposed to make the following amendments to the Articles of Association:-

(a) Articles 1, 7, 8, 35, 68, 121 and 131 contain references to sections in the existing companies legislation. This resolution will amend these statutory references in order to ensure that they are consistent with the corresponding provisions in the Companies Act 2014.

(b) The Companies Act 2014 adopts a new approach in regard to the articles of association of all companies. Instead of making provisions for a model set of articles of association as was done with Table A in the Companies Act 1963, the Companies Act 2014 now contains specific sections which apply to all companies unless the articles of association specifically exclude them. As these provisions deal with matters which are already specified in the Articles of Association of the Company, it is necessary to include a new provision in the opening clause of the Articles in order to dis-apply these optional sections of the Companies Act 2014. As Table A is no longer relevant, it is no longer necessary to continue with its disapplication in Article 1. A summary of each of the provisions which are therefore being specifically excluded by the new Article 1 is set out below:

- (i) Sections 77 to 81 deal with the making of calls in respect of unpaid amounts due on shares issued by the Company. These sections are being disapplied as the matter is already covered by Articles 18 to 30;
- (ii) Section 95(1)(a) is being disapplied as the Directors discretion to decline a transfer of shares is dealt with more restrictively in Article 36;
- (iii) Section 95(2)(a) is being disapplied as otherwise it would allow the directors to charge a fee when registering the transfer of a share;
- (iv) Section 96 deals with the transmission of shares in the Company. This section is being disapplied as the matter is already covered by Articles 42 to 44;
- (v) Section 124 deals with the declaration and payment of dividends by the Company. This section is being disapplied as the matter is already covered by Articles 110 to 119;
- (vi) Section 125(3) deals with the use of cheques, negotiable instruments and bank transfers for the payment of dividends by the Company. This section is being disapplied as the matter is already covered by Article 115;
- (vii) Sections 144(3) and 144(4) deal with the appointment of directors. These sections are being disapplied as the matter is already covered by Articles 89 to 94;
- (viii) Section 148(2) deals with how the office of a director may be vacated early. This section is being disapplied as the matter is already covered by Articles 93 and 94;
- (ix) Section 158(3) deal with the borrowing powers of the directors. This section is being disapplied as the matter is already covered by Article 87;
- (x) Sections 159 to 165 deal with the appointment of a managing director, the establishment of board committees, matters relating to board procedure and the appointment of alternate directors. These sections are being disapplied as these matters are already covered by Articles 82 and 83 to 86 and 95;
- (xi) Section 181(1) deals with the notice period required to convene a meeting of the Company. This section is being disapplied as the matter is already covered by Article 55;
- (xii) Sections 182(2) and (5) deal with the quorum required for a meeting of the Company. These sections are being disapplied as the matter is already covered by Article 56;
- (xiii) Section 183(3) is being disapplied as otherwise it would prohibit the appointment of multiple proxies which is already permitted by Article 72;
- (xiv) Section 187 deals with the conduct of the meetings of the Company. This section is being disapplied as the matter is already covered by Articles 56 to 63;
- (xv) Section 188 deals with voting at the meetings of the Company. This section is being disapplied as the matter is already covered by Articles 64 to 76A;

(xvi) Section 218(5) deals with timing of a deemed receipt of a notice. This section is being disapplied as the matter is already covered by Articles 125 to 129;
xvii) Section 229, 230 and 1113 deal with the interests of directors. These sections are being disapplied as the matter is already covered by Article 96 to 98;
(xviii) Sections 338(5) and 338(6) deal with the delivery of the financial statements via the website of the Company. This sections is being disapplied as the matter is already covered by Article 120;
(xix) Section 618(1)(b) deals with the distribution of property on a winding up of the Company. This section is being disapplied as the matter is already covered by Article 130;
(xx) Section 1090 deals with the rotation of directors. This section is being disapplied as the matter is already covered by Articles 89 to 92; and
(xxi) Section 1092 deals with the remuneration of the directors. This section is being disapplied as the matter is already covered by Articles 79 and 81.

(c) In various places in the articles of association, the expression "undenominated capital" is being inserted as this expression is now used in the Companies Act 2014 to refer to that part of a company's issued share capital which is not represented by the nominal value paid up on the issued shares.
(d) Article 57 is being amended in order to ensure that it will be consistent with Section 186 which specifies what constitutes the ordinary business of the Company's annual general meeting.
(e) The reference to an ordinary resolution in Article 83 is being deleted and replaced by the requirement for a special resolution in order to reflect Section 158(1)(c).
(f) Section 228(1)(d) is an entirely new restriction regarding the use of company property by directors. A new Article 81B is therefore being adopted in order to ensure that directors can continue to use company property in accordance with the Company's fair usage policies and their terms and conditions of employment.
(g) Sections 228(1)(e) and 228(2) are entirely new. It is proposed therefore to include a new Article 97(d) in order to make it clear that Section 228(1)(e) will not restrict anything which may be done by any director in accordance with the prior authorisation of the board or a board committee. In addition, the new article prohibits any individual director entering into any commitment which might otherwise be permitted by Section 228(2) without the prior approval of the board or a committee of the board.
(h) Article 120 has been amended in order to take account of the new requirements regarding the maintenance of accounting records set out in Chapter 2 of Part 6 of the Companies Act 2014. In Article 120 the directors may use the power provided for in the Companies Act 2014 to send shareholders summary financial statements in lieu of the full statutory financial statements of the Company. However, where the directors elect to do so, any shareholder may request a full copy of the financial statements of the company to be sent to him or her.

Directors and Other Information

Total Produce plc

Directors
C P McCann, Chairman
R P Byrne, Chief Executive
F J Davis
J F Gernon
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 Investor Services (Ireland) Limited
P.O. Box 954
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18

Solicitor

Arthur Cox
Arthur Cox Building
Earlsfort Terrace
Dublin 2

Stockbrokers 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

Shareholder 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 2014 final dividend	1 May 2015
Annual General Meeting	20 May 2015
Payment date for 2014 final dividend	22 May 2015
2015 interim results announcement	September 2015
Interim dividend payment	October 2015
Financial year end	31 December 2015
2015 preliminary results announcement	March 2016

Share Price (Euro cent)

Year	High	Low	31 December
2014	1.17	0.82	1.07

Investor relations

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 Investor Services (Ireland) Limited
P.O. Box 954, Heron House, Corrig Road,
Sandyford Industrial Estate,
Dublin 18, Ireland
Telephone: +353 1 216 3100
Fax: +353 1 216 3151
Email: webqueries@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 Blu Hotel, Golden Lane, Dublin 8 on 20th May 2015 at 10.30 a.m. Notice of this meeting is set out in pages 134 to 139 and a personalised proxy form is included in the mailing to the 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 normally paid in Euro; however, for the convenience of shareholders with addresses in the United Kingdom, dividends are paid in Sterling unless requested otherwise.

Notes

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