Let's Grow Together

# Growing Together

Total Produce plc
Annual Report and Accounts 2015

**Total Produce** is today, at the very forefront of the global fresh produce industry. Operating primarily across Europe, North America and South America, Total Produce is involved in the growing, sourcing, importing, packaging, marketing and distribution of an extensive selection of fresh fruits, vegetables and flowers – ranging from the more familiar to the truly exotic.

Local at heart, Global by nature, Total Produce offers partners and customers, the best of both worlds. Being adaptable, flexible and resourceful, we embrace change; refining our operations and evolving our services. We progress because we invest in our supply chain, foster innovation, enable integration and operate responsibly.

## Financial Highlights for the Year

**Revenue**[1]
**€3,454m**
+10.4% on prior year

**Adjusted EBITDA**[1]
**€82.8m**
+13.4% on prior year

**Adjusted EBITA**[1]
**€64.1m**
+13.1% on prior year

**Adjusted EPS**[1]
**10.58 cent**
+12.0% on prior year

**Shareholders' Equity**
**€238.8m**
+10.0% on prior year

**Dividend per Share (Total)**
**2.763 cent**
+15.0% on prior year

1. Key performance indicators are defined on page 4.

**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.

In Total Produce, we are committed to bringing ever greater resources, core competencies and flexibility into our operations across the globe to ensure that we are always best positioned to serve our customers and identify commercial opportunities that arise.


Total Produce operates in a vibrant, dynamic, ever changing marketplace. Retaining a competitive advantage requires not only the expertise and experience required to anticipate change but the resources and commitment to invest in the infrastructure needed to meet the future needs of our customer base. A central tenet of Total Produce's strategic vision is a commitment to investment in our group; in extending our reach, upgrading our facilities and technologies, embracing innovation and refining our products and services.

More information on **page 10**


In Total Produce we believe innovation has a pivotal role to play, both operationally, in terms of refining our route to market but also in terms of framing perceptions of fresh produce, inspiring consumers about all things fresh and driving the underlying consumption of our products.

More information on **page 14**


"Local at heart, Global by nature" – a promise to deliver the collective resources of the wider Total Produce group to local customers, is at the very heart of our offering to our customers. Integration across our family of companies is crucial in making this a reality. We strive to embrace diversity, share core competencies, diffuse expertise across our operations and identify and leverage synergies to deliver on our commitment to provide ever better products and services on the ground.

More information on **page 18**


In Total Produce, we believe that commercial imperatives and corporate responsibility need not be conflicting aspirations. We believe that the benefits of fresh produce marketing can be collective and that a balanced supply chain can deliver equitable dividends to all stakeholders. It is a philosophy enshrined in our corporate tagline "Let's Grow Together", a very visible expression of our intent to conduct our business in an inclusive manner and more importantly one ingrained in our day to day trading practices and operations.

More information on **page 22**

# Inside this report

## Overview



## Our Business



## Operating and Financial Review



## Financial Statements

# *Extending our reach, focused on local*

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.

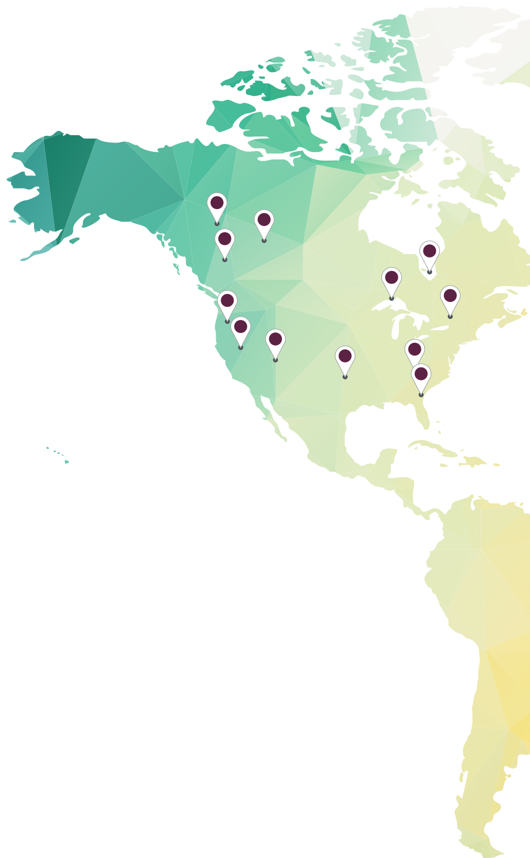
2015 has seen Total Produce's global infrastructure extend still further. Our physical presence across Europe, North America and South America differentiates Total Produce, positioning our operations at the very heart of the markets in which we trade and in the world's primary production centres.

**People**
4,800+

**Countries**
23

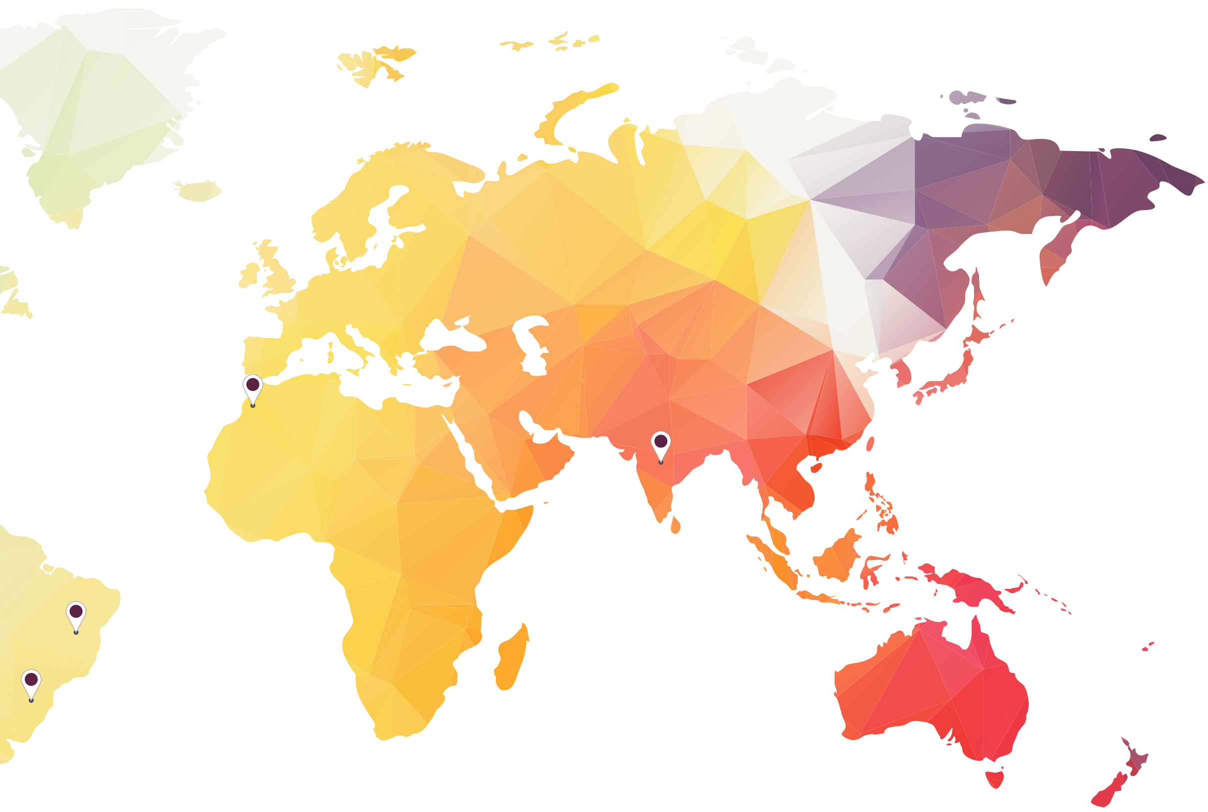
**Operating facilities**
120+

**Cartons sold annually**
325m+



* The map above is a representative depiction only.

Distributing over 325 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, suppliers, infrastructure and our relationships – into value for our customers; delivering a superior service to them, and to the consumer produce which exceeds expectations.



# 5 Year Financial Summary

# *Sustained growth over the years*

The Group has recorded solid returns in the five year period ending 2015 with an 8.1% compounded growth rate in revenue and a 9.8% compounded growth rate in adjusted earnings per share.

| | 2015 € | 2014 € | 2013 € | 2012 € | 2011 € |
|---|---|---|---|---|---|
| Total Revenue[1] | **3,454m** | 3,129m | 3,175m | 2,811m | 2,527m |
| Group Revenue | **2,875m** | 2,667m | 2,638m | 2,432m | 2,284m |
| Adjusted EBITDA[1] | **82.8m** | 73.0m | 74.1m | 69.5m | 59.7m |
| Adjusted EBITA[1] | **64.1m** | 56.7m | 58.7m | 53.7m | 45.0m |
| Adjusted profit before tax[1] | **58.0m** | 51.2m | 52.9m | 47.0m | 39.8m |
| Profit before tax | **46.8m** | 44.3m | 48.2m | 36.4m | 34.4m |
| Adjusted fully diluted earnings per share[1] (cent) | **10.58** | 9.45 | 9.04 | 8.08 | 7.28 |
| Basic earnings per share (cent) | **9.07** | 8.83 | 9.38 | 6.40 | 7.11 |

**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.

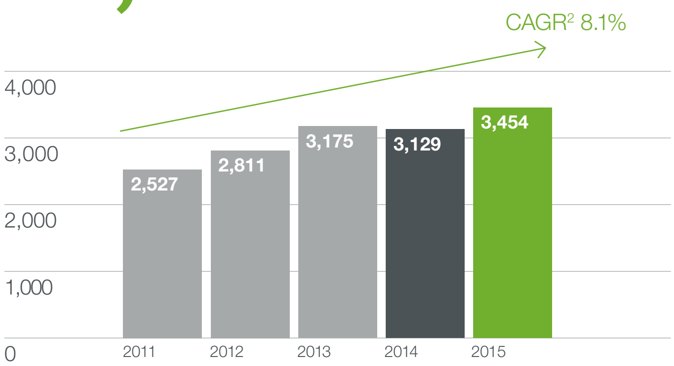
**Adjusted EBITA** is earnings before interest, tax, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration and exceptional items. It also excludes the Group's share of these items within joint ventures and associates.

**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.

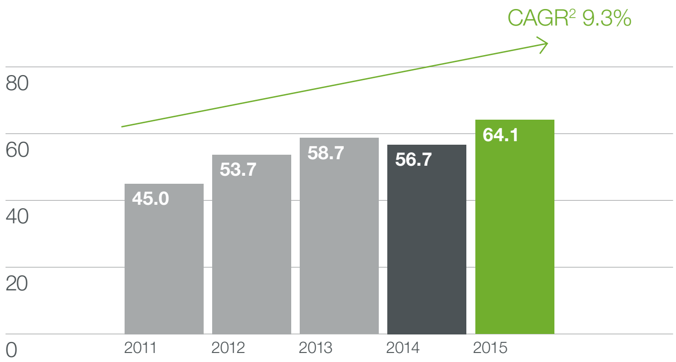
### Revenue (€'m)

# €3,454m



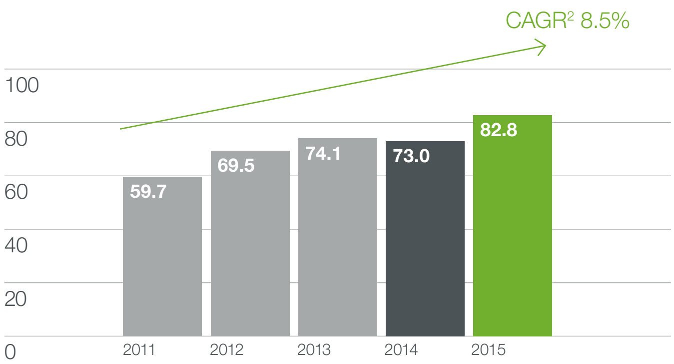

### Adjusted EBITA (€'m)

# €64.1m



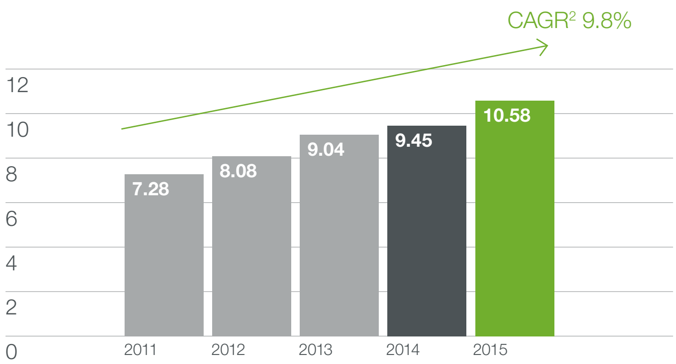

### Adjusted EBITDA (€'m)

# €82.8m



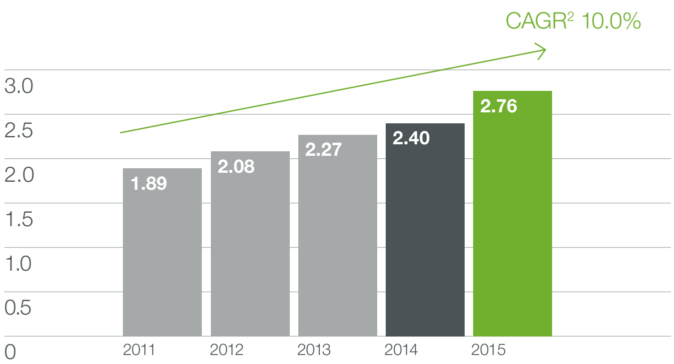

### Adjusted EPS (€ cent)

# 10.58 cent




### Total dividend (€ cent)

# 2.76 cent




2. Compounded annual growth rate

## Chairman's Statement

# *Delivering growth and building scale in North America*

Total Produce has delivered a very strong performance in 2015. Total revenue has grown 10.4% to €3.45 billion with a 12.0% increase in adjusted earnings per share to 10.58 cent.

The fresh produce business is a significant global industry and is the largest grocery category. The Group is ambitious to continue its growth and deliver long term shareholder value through organic growth, innovation, operational efficiencies and through continued acquisitions and partnerships.

During 2015, the Group has committed investments of up to €36m including deferred consideration and contingent consideration payable on the achievement of future profit targets. In February 2015, the Group acquired a 50% shareholding in the Gambles Group, the fresh produce company based in Toronto. Gambles is one of Eastern Canada's premier fresh produce companies with reported revenue of CAD$170m and employing over 280 people, serving the retail, wholesale and food-service sectors. Also during the year the Group made a number of other acquisitions and bolt-ons primarily in the UK and Brazil.

On 2 February 2016, the Group completed the acquisition of a 65% interest in Progressive Produce LLC, headquartered in Los Angeles, California. Progressive Produce is a grower, packer and distributor of fresh produce, including organic to the retail, wholesale and foodservice sectors in the US and Canada. Progressive Produce was founded in 1967 and today is one of California's premier produce companies with 2015 revenue in excess of US$200m, gross assets of c. US$36m at 31 December 2015 and employing 214 people. This acquisition represents the Group's fourth acquisition in

**Adjusted earnings per share**

**10.58 cent**

+12.0%

the North American fresh produce industry as the Group continues to build a business of scale in North America. The Group continues to actively pursue further investment opportunities in both new and existing markets.

During 2015, the Group has delivered on its strategy of increasing shareholder value. The Group announced a €20m share buy-back programme on 8 October 2015. The programme commenced on 9 October 2015 and in the period to 31 December 2015, the Group acquired 9,943,398 of its own ordinary shares at an aggregate cost of €14.4m including costs. The share buy-back programme is earnings accretive and was completed on 27 January 2016 with a combined total of 14,017,270 ordinary shares repurchased and cancelled at a total cost of €20.4m including expenses. The Group will continue to exercise this authority should the appropriate opportunity arise and will seek to renew this authority at the forthcoming AGM in May 2016.

The Board is recommending an increase of 15.0% in the final dividend to 2.027 cent per share. This together with the interim dividend of 0.736 cent per share brings the total 2015 dividend to 2.763 cent per share, an increase of 15.0% on 2014. This represents a distribution of 26.1% of adjusted earnings per share.

Trading conditions to date in 2016 have been satisfactory and we are targeting 2016 adjusted earnings in the range of 10.5 to 11.5 cent per share. The Group is in a very strong financial position with capacity to pursue further acquisitions in Europe, North America and further afield.

The Group now employs c. 4,800 people in 23 countries worldwide. The Group's growth and success is testament to the commitment and dedication of all its people. On behalf of the Board, I would like to thank them for their valued contribution to Total Produce in 2015.

**C P McCann**
Chairman
2 March 2016

> The acquisition of a 65% interest in Progressive Produce represents the Group's fourth investment in the North American fresh produce industry as the Group continues to build a business of scale in North America.

# *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.

## Our 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.

**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

# *Investing*

Total Produce operates in a vibrant, dynamic, ever changing marketplace. Retaining a competitive advantage requires not only the expertise and experience required to anticipate change but the resources and commitment to invest in the infrastructure needed to meet the future needs of our customer base. A central tenet of Total Produce's strategic vision is a commitment to investment in our group; in extending our reach, upgrading our facilities and technologies, embracing innovation and refining our products and services.

**Growing our Group**
Total Produce has an established track record at investing in, partnering with and integrating new world class fresh produce businesses into our Group. Generating economies of scale, extending our global reach, broadening market penetration, deepening our international supply base and introducing new core competencies, the growth of Total Produce brings new people, new skill sets and fresh ideas to our operations internationally.

**Existing Operations**
Through ever evolving operational excellence, we earn the right to grow; building not just a bigger company, a better company. Investment across our global operations; in infrastructure, processes and systems, information technologies and in logistics and facilities, delivers synergies and efficiencies, differentiating both our products and the services we provide and positioning Total Produce at the very forefront of our industry.

Case study:

## Ireland: Total Produce FoodService opens in Dublin

Total Produce FoodService (Ireland) officially opened its new facility in Balbriggan, Co. Dublin in November 2015. A new specialist unit dedicated exclusively to providing bespoke solutions for the foodservice sector across Ireland, this 3,250 square metre facility includes packing facilities and banana holding rooms alongside refrigerated and ambient storage areas.

Working in unison with regional depots situated across the island of Ireland, Total Produce FoodService distributes the cream of the local Irish and international crop, delivering a customised service to this unique market sector across our unrivalled national infrastructure.



Case study:

## The Netherlands: Frankort & Koning opens new central distribution centre

In February 2016, Frankort & Koning in Venlo, The Netherlands received the fingerscan-key to its new Central Distribution Facility. The new 17,000 square metre, three-storey-high warehouse operates using a state-of-the-art cooling system, notable for its low energy consumption. This new facility will enable Frankort & Koning to refine processes and practices and serve its broad customer base in accordance with the highest international standards. Located at Fresh Park Venlo, one of Europe's leading fresh consolidation centers, Frankort & Koning's new distribution hub is perfectly positioned to act as a platform for distribution across the wider Central European marketplace.

Scan the QR code to link to a video charting the construction of this new facility.


Case study:

# North America: Gambles welcomed into the Total Produce Group

In February 2015, Total Produce acquired a 50% shareholding in the Gambles Group, a fresh produce company based in Toronto, Canada. Gambles was founded in 1989 and is today one of Eastern Canada's premier produce companies, employing over 280 staff. Gambles offers a wide range of fresh, local and imported produce that is delivered daily throughout Ontario to the retail, wholesale and foodservice sectors. The business is operated out of the Ontario Food Terminal and a 6,000 square metre distribution facility in Toronto. Total Produce's North American footprint was extended still further in February 2016 with the acquisition of a 65% share in Progressive Produce, based in California.


# Innovating

In Total Produce we believe innovation has a pivotal role to play, both operationally, in terms of refining our route to market but also in terms of framing perceptions of fresh produce, enthusing consumers about all things fresh and driving the underlying consumption of our products.

**New Product Development**
In Total Produce we are privileged to market products, the health affirming properties of which have been definitively established. The challenge is to engage and inspire an increasingly discerning consumer, with an ever more diverse palate, in new and innovative ways. New product development is of critical importance in this regard. Across our operations, we work constructively with our growers to develop and market new varieties, the properties of which, in terms of taste and convenience, meet and exceed the expectations and the emerging preferences of the modern consumer.

**Packaging**
Packaging has long been a primary vehicle for differentiating fresh produce. In Total Produce, we adhere to best category management practices in packaging, adopting new innovative packaging solutions to confound traditional perceptions of fresh produce, convey the superior quality of the produce inside, respond to consumer needs in terms of convenience and shelf-life and, importantly, match the sophistication of substitute goods across competing FMCG categories on the retail shelf.

Case study:

# New packaging solutions introduced as Oppy gets *"Outrageously Fresh"* in North America

Along with leading greenhouse growers SunSelect and Divemex, Oppy, Total Produce's North American operating company introduced the *"Outrageously Fresh"* product line—featuring its signature 'mason jar' style bags in October 2015.

*"Outrageously Fresh"* unites premium greenhouse products grown on more than 900 acres in the U.S., Canada and Mexico under a single label, giving the line greater capacity under glass than any other privately owned North American greenhouse brand. All items appear in bold new packaging, including top-sealed clamshells, with mini cucumbers, mini peppers, grape tomatoes and tomato medley appearing in the exclusive jar bags.

These jar bags imaginatively present these colourful snacks to replicate a cookie or snack jar that might sit on the kitchen counter. The design encourages families to reach for a healthier treat between meals. At retail, the bags are unique and colourful to stand out beautifully on the shelf.

Case study:

# Seedless mini-watermelons in Total Produce Rotterdam

Fostering innovation and differentiating products is always a priority in Total Produce. The objective is to pre-empt and to cater for emerging trends and demographics, most notably; smaller households, health consciousness, taste preferences, sustainability and waste sensitivities and preferences for convenience. In response, Total Produce B.V. in Rotterdam, in conjunction with our Brazilian Melon grower has developed an exclusive seedless mini-watermelon. In doing so, the challenge was to find the right balance between shelf-life, size, colouration, taste and texture.

After a five year development process and intensive collaboration with our producer, 2015 saw production reach commercial scale, delivering sustainable year round production.

The Total Produce B.V. mini watermelon is an untypically small watermelon with a specific format and weight of 800 to 2,000 grams per piece. The mini-watermelon is exclusively sold via retail channels with availability limited to one retailer per region. Our mini-watermelons are now available in The Netherlands, Sweden, Finland, Denmark, Austria, Germany, Norway and Latvia.

# Integrating

"Local at heart, Global by nature" – a promise to deliver the collective resources of the wider Total Produce Group to local customers, is at the very heart of our offering to our customers. Integration across our family of companies is crucial in making this a reality. We strive to embrace diversity, share core competencies, diffuse expertise across our operations and identify and leverage synergies to deliver on our commitment to provide ever improved products and services on the ground.

**Internal Communications**
In a fast moving industry, information technology and instant communications offer the potential to speed up operations, identify opportunities and manage contingencies in real time. Modern technologies play an increasingly important role in integrating our Group, very often placing the combined experience of Total Produce people across the globe into the palm of the hand of each of our local experts. In harnessing these technologies, we strive to bring our collective resources to bear ever more effectively, efficiently and creatively where it matters most, locally.

**Operational Integration**
In delivering the most efficient route to market, Total Produce operations globally often face comparable challenges and obstacles. In identifying the appropriate strategy, cooperation across Group operating companies can often yield the optimal solution. Adopting approaches, processes and technologies tried and tested in other Total Produce operations can return dividends in terms of extracting costs, harmonising operations and in many instances improving the service we can offer our customers.

# Integrating

Case study:

## Total Produce develops *"Total Talk"* in-house social media platform

Dedicated to promoting cooperation, pooling expertise and sharing core competencies, Total Produce developed *"Total Talk"*, an in-house Social Media platform for use across the Group in 2015. Combining the best features of the most popular social media channels, "*Total Talk*" was designed to enable content sharing; be that messages, photo's, videos or documents across technical teams, buying departments and commercial divisions throughout Total Produce, facilitating seamless, instant mobile communications between colleagues, irrespective of the division, company or country in which they operate.


Case study:

## New responsive corporate website developed

Designed to bring transparency to the Total Produce Group and make it easier to navigate our operational structure across the world, Total Produce is currently completing the development of our corporate website, totalproduce.com. The design of the new website, due for launch in mid-2016 reflects our "Local at Heart, Global by Nature" philosophy, integrating responsive technologies to afford local users the opportunity to explore local operations and overview our global infrastructure by identifying the country in which they are based and customising content accordingly to suit specific needs.

Case study:

## North America: Oppy introduces Optimo at Eco Farms

In what was the single largest Information Systems project ever undertaken by Oppenheimer, our Vancouver-based North American partner, Oppy's proprietary enterprise system, Optimo, went live at Eco Farms, our California-based citrus and avocado grower/marketer in November 2015. Following an initial assessment, the Oppy IT team spent about nine months adapting Optimo's applicable functions while also writing new software specific to Eco Farms' structure, resulting in a customised Eco Farms version of the system with Oppy's patented software integrated within it.

Everyone in Oppy's IT department touched the project one way or another and significant contributions were also made by members of the supply chain and sales teams. Optimo manages every aspect of a produce transaction from grower to end customer. This pooling of expertise and sharing of core competencies between separate Total Produce operating companies offers a tangible example of the capacity of the broader group to add value to services provided by individual operating companies at a local level.

Oppy

GAMBLES

ecofarms

PROGRESSIVE PRODUCE

# Responsible

In Total Produce, we believe that commercial imperatives and corporate responsibility need not be conflicting aspirations. We believe that the benefits of fresh produce marketing can be collective and that a balanced supply chain can deliver equitable dividends to all stakeholders. It is a philosophy enshrined in our corporate tagline "Let's Grow Together", a very visible expression of our intent to conduct our business in an inclusive manner and more importantly one ingrained in our day to day trading practices and operations.

**Responsible at Source**
From farm to fork, the fresh produce supply chain is one populated by a particularly complicated set of stakeholders. In Total Produce, we recognise our responsibilities to the emerging and developing nations from which we source, and more specifically to our partners in production – the local and global growers who supply us. This responsibility extends beyond the growers and their people to the environment in which they operate. We work in constructive partnerships with our grower base to ensure equitable returns are shared and best agricultural practices are adhered to.

**Responsible Processes, Protocols and Practices**
A customer orientated organisation, the delivery of premium quality, safe, traceable produce to the consumer and value to our partners in trade is our priority in Total Produce. Across our Group strict protocols and practices are in place governing Food Safety, the Environment and Ethical production practices. We enforce these protocols, secure in the conviction that a commercially responsible Total Produce will continue to be a commercially successful Total Produce, forging a reputation of which employees and shareholders can be proud and as importantly, on which customers can rely.

# Responsible

Case study:

## Honduras: Working with our growers to improve soil quality

The UN Food and Agriculture Organisation declared 2015 to be the 'International Year of Soils'. A variety of activities took place worldwide to highlight this important topic. As part of these global efforts, Total Produce B.V. in conjunction with local growers, launched a pilot project and viability study in Honduras aimed at developing and using compost and compost tea (liquid compost) to improve soil diversity.

Compost and compost tea contribute to increased micro-organism activity and the accumulation of humus ensures better retention of water and nutrients in the soil. Waste materials from the fields and immediate surroundings can also be used as natural fertilisers. Not only does this approach cut costs, but it also achieves a better soil balance, reduces the use of chemical pesticides, and significantly reduces the carbon footprint.

During a four-day programme, Total Produce B.V. collaborated with the Agropecuaria Montelibano employees on the ground in Honduras to work on the topics of compost and compost tea. The technical staff received training in how to use compost and compost tea, including their advantages as soil improvers. The training course also answered questions about how to start making compost, what materials can be used, and how processes can be scaled up. After covering the theory, the employees put what they had just learned into practice, taking a hands-on approach. A compost pile was created in collaboration with the employees and the first steps were taken to produce compost tea.

Processes, protocols and practices

## Committed to responsible production

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 about food safety, environmental protection and worker welfare and to promote safe and sustainable agriculture. 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 Responsibilty matters and to actively participate in industry forums on social, ethical, environmental and health and safety issues.

fair for life

GLOBALG.A.P.

Empowering responsible supply chains

Sedex

Case study:

## North America: Oppy partner with growers to ensure worker welfare

In a further expression of its ongoing commitment to providing socially responsible fresh produce, Oppy, Total Produce's North American partner has earned Fair for Life-Social & Fair Trade certification, an accreditation facilitated by the Institute for Marketecology in Weinfelden, Switzerland.

Fair for Life examines the entire supply chain, assuring that certified products are handled exclusively by companies that demonstrate ethical working conditions from farm to final delivery. Achieving the accreditation recognises Oppy's dedication to supporting producers and service providers who share Oppy's values while offering our customers and consumers a meaningful point of differentiation. Oppy plans to deliver Fair for Life grapes from Peru next autumn, and is actively seeking to grow its Fair for Life program via new partnerships.

# Operating Review

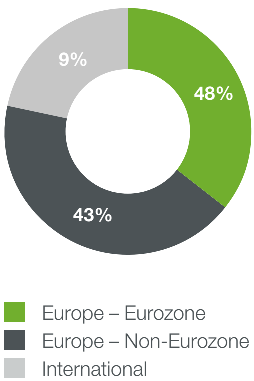
# A strong performance in 2015

Total Produce has delivered a very strong performance in 2015 with the benefit of a stronger operational performance, acquisitions and currency translation.

Total revenue increased 10.4% to €3.45 billion (2014: €3.13 billion) with adjusted EBITA up 13.1% to €64.1m (2014: €56.7m). The results benefited from a stronger operational performance and more normalised trading conditions in Europe with average prices increasing on 2014 levels. Average prices in 2014 were affected by strong European domestic production which led to excess supply of product and the Russian ban on EU produce. Acquisitions completed in 2014 and 2015 positively contributed to growth in the year. There was a net positive impact on translation of the results of foreign currency denominated operations to Euro primarily due to the strength of Sterling and the US Dollar. On a like-for-like basis, excluding the effect of acquisitions, divestments and currency translation, revenue was almost 5% higher on the back of higher average prices with volumes in line with prior year.

The table below details a segmental breakdown of the Group's revenue and adjusted EBITA for the year ended 31 December 2015. Each of the operating segments is primarily involved in the procurement, marketing and distribution of hundreds of lines of fresh produce. Each segment also includes businesses involved in the marketing and distribution of healthfoods and consumer products. Segment performance is evaluated based on revenue and adjusted EBITA.

**2015 Third Party Revenue by Division**



The information for 2014 has been reclassified to conform with the current year's presentation. The Group previously reported the results of a number of businesses involved in the marketing and distribution of healthfoods and consumer products as a separate operating segment. The combined results of these businesses, with revenue in 2015 of €147m, are not considered to be material, individually or in aggregate. In order to align with current management reporting, the relevant businesses are now presented within the Eurozone, Non-Eurozone and International operating segments as appropriate.

Operating profit which is the Group's adjusted EBITA less exceptional items, acquisition related costs, fair value movements on contingent consideration and the Group's share of its joint ventures and associates tax, interest and amortisation charges increased by 6.5% to €52.6m (2014: €49.4m).

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.

**EUROPE – EUROZONE**
This segment includes the Group's businesses in France, Ireland, Italy, the Netherlands and Spain. Revenue increased by 5.5% to €1,653m (2014: €1,567m) with a 10.1% increase in adjusted EBITA to €22.1m (2014: €20.1m). The increase was due to price recovery in some markets, incremental impact of acquisitions and a strong operational performance. In 2014, higher domestic production in Continental Europe resulted in oversupply and downward pressure on prices. There was a return to more normalised trading conditions in 2015. Excluding the effect of acquisitions, revenue on a like-for-like basis was up over 4% on prior year due to average price increases.

**EUROPE – NON-EUROZONE**
This segment includes the Group's businesses in the Czech Republic, Poland, Scandinavia and the UK. Revenue increased by 7.6% to €1,538m (2014: €1,430m) with adjusted EBITA increasing by 14.4% to €38.6m (2014: €33.8m). Trading conditions in this segment were good with average price increases and a strong operational performance. There was a net positive benefit on the translation of the results of foreign currency denominated operations to Euro primarily due to the strengthening of Sterling. On a like-for-like basis excluding acquisitions, divestments and currency translation, revenue was c.5% ahead of the prior year due to average price increases.

**INTERNATIONAL**
This division includes the Group's businesses in North America and India. Revenue increased by 68.0% to €321m (2014: €191m) with adjusted EBITA increasing 19.7% to €3.4m (2014: €2.8m). The acquisition of the Gambles Group positively contributed to earnings and the results on translation to Euro benefitted from the strengthening of the US Dollar and the Canadian Dollar in the year on translation to Euro. This was offset in part by costs of a new management structure put in place to support the ongoing expansion of this Division.

**ACQUISITIONS AND DEVELOPMENTS**
During 2015, the Group has committed investments of up to €36m including deferred consideration and contingent consideration payable on the achievement of future profit targets. In February, the Group completed the acquisition of the Gambles Group, a North American fresh produce company based in Toronto, Canada. In addition, the Group completed a number of other acquisitions and bolt-ons in 2015 primarily in the UK and Brazil.

The post year end acquisition of a 65% interest in Progressive Produce LLC represents the Group's fourth investment in a fresh produce company in North America. As noted above, we added to our management structure to support our efforts in continuing to build a business of scale in North America.

The Group continues to actively pursue acquisition opportunities in both new and existing markets. The Group has a strong balance sheet with available credit facilities to support continued growth.

**R P Byrne**
Chief Executive
2 March 2016

| | **Year ended 31 December 2015** | | Year ended 31 December 2014* | |
|---|---|---|---|---|
| | **Segmental revenue €'000** | **Adjusted EBITA €'000** | Segmental revenue €'000 | Adjusted EBITA €'000 |
| Europe – Eurozone | **1,653,035** | **22,170** | 1,567,459 | 20,131 |
| Europe – Non-Eurozone | **1,537,842** | **38,603** | 1,429,641 | 33,750 |
| International | **320,808** | **3,362** | 190,983 | 2,809 |
| Inter-segment revenue | **(57,920)** | **–** | (59,245) | – |
| **Third party revenue and adjusted EBITA** | **3,453,765** | **64,135** | 3,128,838 | 56,690 |

* 2014 segment information has been reclassified to conform with the current year presentation.

# Financial Review

## *Earnings per share growth of 12% with a 15% increase in the full year dividend*

The Group continued to generate strong earnings and cash flows in 2015 and is in a strong position to fund future growth.

**SUMMARY OF RESULTS**
Total Revenue, adjusted EBITA and adjusted fully diluted EPS grew by 10.4%, 13.1% and 12.0% respectively in 2015. The Group continues to generate strong cash flows with free cash flow of €48.4m generated in 2015.

## Summary of Income Statement

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

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Revenue including share of joint ventures and associates** | **3,453,765** | 3,128,838 |
| **Adjusted EBITDA**[1] | **82,822** | 73,032 |
| Depreciation charge[2] | **(18,687)** | (16,342) |
| **Adjusted EBITA**[1] | **64,135** | 56,690 |
| Acquisition related intangible asset amortisation charges (includes the Group's share within joint ventures and associates) | **(7,617)** | (7,425) |
| Remeasurement to fair value of contingent consideration estimates | **(1,384)** | 738 |
| Acquisition related costs | **(672)** | (602) |
| Share of joint ventures and associates net financial expense | **(330)** | (428) |
| Share of joint ventures and associates income tax (before tax credit on exceptional items) | **(3,562)** | (1,999) |
| **Operating profit before exceptional items** | **50,570** | 46,974 |
| Exceptional items | **2,028** | 2,432 |
| **Operating profit after exceptional items** | **52,598** | 49,406 |
| Net financial expense | **(5,815)** | (5,095) |
| **Profit before tax** | **46,783** | 44,311 |
| Income tax expense | **(9,281)** | (8,390) |
| **Profit after tax** | **37,502** | 35,921 |
| **Attributable to:** | | |
| Equity holders of the parent | **30,027** | 29,218 |
| Non-controlling interests | **7,475** | 6,703 |
| | **37,502** | 35,921 |

| | 2015 cent | 2014 cent |
|---|---|---|
| **Adjusted fully diluted earnings per share**[1] | **10.58** | 9.45 |
| **Basic earnings per share** | **9.07** | 8.83 |
| **Fully diluted earnings per share** | **8.97** | 8.79 |

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

## Key Performance Indicators

| | 2015 |
|---|---|
| Revenue growth | 10.4% |
| Adjusted fully diluted EPS growth | 12.0% |
| Adjusted EBITDA growth | 13.4% |
| Adjusted EBITA growth | 13.1% |
| Adjusted EBITA margin | 1.9% |
| Interest cover (adjusted EBITA: net financial expense) | 11.0 times |
| Net debt/adjusted EBITDA | 0.2 times |
| Operating cash flow | €60.8m |
| Free cash flow | €48.4m |

# Financial Review (continued)

### 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 27.

### Translation of Foreign Currencies

The reporting currency of the Group is the Euro. Results and cash flows of foreign currency denominated operations have been translated into Euro at the date of transaction or at the average exchange rate for the year. 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 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 | | |
|---|---|---|---|---|---|---|
| | **2015** | 2014 | % change | **2015** | 2014 | % change |
| Canadian Dollar | **1.4184** | 1.4674 | 3.3% | **1.5129** | 1.4015 | (7.9%) |
| Czech Koruna | **27.2862** | 27.5046 | 0.8% | **27.0217** | 27.7147 | 2.5% |
| Danish Kroner | **7.4584** | 7.4551 | 0.0% | **7.4623** | 7.4463 | (0.2%) |
| Indian Rupee | **71.1987** | 80.8676 | 12.0% | **72.2024** | 76.3804 | 5.5% |
| Polish Zloty | **4.1769** | 4.1775 | 0.0% | **4.2628** | 4.2981 | 0.8% |
| Pound Sterling | **0.7223** | 0.8028 | 10.0% | **0.7368** | 0.7760 | 5.1% |
| Swedish Krona | **9.3489** | 9.1075 | (2.6%) | **9.1858** | 9.4725 | 3.0% |
| US Dollar | **1.1106** | 1.3295 | 16.5% | **1.0907** | 1.2101 | 9.9% |

In 2015 there were movements in some of the major currencies in the Group against the Euro, the Group's reporting currency. In particular the average Pound Sterling and US Dollar rates strengthened by 10.0% and 16.5% respectively with the average Swedish Krona weakening by 2.6%. These various movements in currency led to a positive impact of on retranslation of 2015 revenues and earnings of the foreign currency denominated operations into Euro, with the gain on the stronger Pound Sterling and US Dollar partly offset by the weaker Swedish Krona rate.

At 31 December 2015, the closing exchange rates for Pound Sterling, US Dollar and Swedish Krona rates had strengthened by 5.1%, 9.9% and 3.0% respectively against the Euro. This was partly offset by the weakening of the Canadian Dollar by 7.9% when compared to the exchange rates that prevailed at 31 December 2014. 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 increased to €5.8m (2014: €5.1m) due to higher average debt in the year from the funding of acquisitions, contingent consideration payments and from lower interest income received. The Group's share of the net financial expense in its joint ventures and associates was €0.3m (2014: €0.4m). Net interest cover for the year was 11.0 times based on adjusted EBITA.

### Amortisation of Acquisition Related Intangible Assets

The Group's intangible assets mainly represent the value of customer and supplier relationships 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 increased to €7.6m (2014: €7.4m) with amortisation charges on intangible assets arising on recent acquisitions completed offset by the effect of certain intangible assets being fully amortised.

### Exceptional Items

Exceptional items in the year amounted to a net credit of €2.0m (2014: net credit of €2.4m). The exceptional items in 2015 relate to profits on disposal of property and leasehold interests. The exceptional credits in 2014 primarily relate 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 and were offset in part 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 increased to €46.8m (2014: €44.3m) with higher trading profits offset in part by lower exceptional credits in the 2015 and fair value movements on contingent consideration estimates. Excluding exceptional items, acquisition related amortisation charges and costs, and fair value movements on contingent consideration, adjusted profit before tax increased by 13.3% to €58.0m (2014: €51.2m).

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Profit before tax per the income statement** | **46,783** | 44,311 |
| *Adjustments* | | |
| Exceptional items (Note 6) | **(2,028)** | (2,432) |
| Share of joint ventures and associates income tax | **3,562** | 1,999 |
| Acquisition related intangible asset amortisation in subsidiaries | **5,183** | 5,969 |
| Share of joint ventures and associates acquisition related intangible assets amortisation | **2,434** | 1,456 |
| Remeasurement to fair value of contingent consideration estimates | **1,384** | (738) |
| Acquisition related costs within subsidiaries | **672** | 602 |
| **Adjusted profit before tax** | **57,990** | 51,167 |

## Taxation

The total tax charge for the year as presented in the table below amounted to €12.8m (2014: €10.4m), including the Group's share of the tax charge of its joint ventures and associates of €3.6m (2014: €2.0m), 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 €14.2m (2014: €12.0m), equivalent to an underlying rate of 24.4% (2014: 23.4%) when applied to the Group's adjusted profit before tax. The higher tax rates reflects the geographical blend of profits offset in part by reduced corporation tax rates in some jurisdictions.

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Income tax expense | **9,281** | 8,390 |
| Group share of the tax charge of its joint ventures and associates netted in profit before tax | **3,562** | 1,999 |
| **Total tax charge** | **12,843** | 10,389 |
| *Adjustments* | | |
| Deferred tax credit on amortisation of intangible assets – subsidiaries | **1,080** | 1,360 |
| Deferred tax credit on amortisation of intangible assets – Group share of joint ventures and associates | **593** | 398 |
| Net deferred tax on fair value movement on investment properties – subsidiaries | **(135)** | 141 |
| Tax impact of other exceptional items | **(216)** | (298) |
| **Tax charge on the underlying activities** | **14,165** | 11,990 |

## Non-Controlling Interests Share of Profit after Tax

The non-controlling interests' share of after tax profits in the year was €7.5m (2014: €6.7m). Included in the charge was the non-controlling interests' share of, exceptional items, amortisation charges and acquisition related costs of €0.9m (2014: €1.0m). Excluding these non-trading items, the non-controlling interests' share of after tax profits increased by €0.7m. The increase in the year was due to the higher share of after tax profits in a number of the Group's non-wholly owned subsidiaries in Continental Europe.

## Earnings per Share

Adjusted earnings per share increased 12.0% to 10.58 cent per share (2014: 9.45 cent) in the year. Management believe that adjusted earnings per share, which excludes 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 9.07 cent per share (2014: 8.83 cent) and 8.97 cent per share (2014: 8.79 cent) respectively.

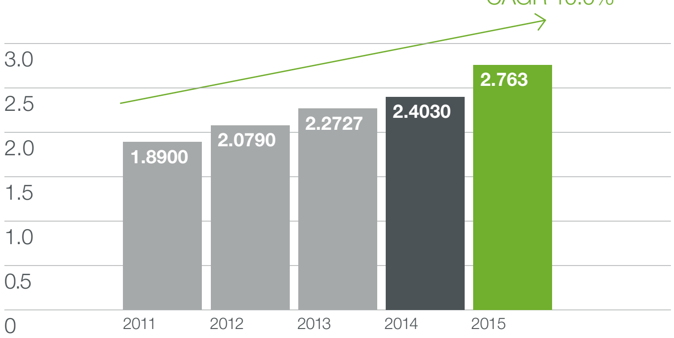
Note 9 of the accompanying financial statements provides details on the calculation of the respective earnings per share amounts.

# Financial Review (continued)

## Dividend

The Board is proposing a 15.0% increase in the final dividend to 2.027 (2014: 1.763) cent per share subject to the approval of shareholders at the forthcoming AGM. If approved, this dividend will be paid on 26 May 2016 to shareholders on the register at 6 May 2016 subject to dividend withholding tax. The total dividend for 2015 will amount to 2.763 (2014: 2.403) cent per share and represents an increase of 15.0% on 2014. The total dividend represents a pay-out of 26.1% of adjusted earnings per share.

**Dividend per Share**




## Summary Balance Sheet

| | 2015 €'m | 2014 €'m |
|---|---|---|
| Tangible fixed assets | **151.7** | 145.3 |
| Goodwill and intangible assets | **190.5** | 162.6 |
| Investments (mainly joint ventures and associates) | **76.9** | 63.6 |
| Working capital and other | **(21.8)** | (10.2) |
| Contingent and deferred consideration | **(36.2)** | (23.5) |
| Employee benefit liabilities (net of deferred tax) | **(14.5)** | (23.6) |
| Taxation (excluding deferred tax on employee benefit liabilities) | **(14.7)** | (12.0) |
| Net debt | **(18.1)** | (16.8) |
| **Net assets** | **313.8** | 285.4 |
| Shareholders' equity | **238.8** | 217.1 |
| Non-controlling interests | **75.0** | 68.3 |
| **Shareholders' equity and non-controlling interests** | **313.8** | 285.4 |

The balance sheet has strengthened in 2015, with net assets increasing by 10.0% in the year to €313.8m (2014: €285.4m) and shareholders' equity increasing by 10.0% to €238.8m (2014: €217.1m).

## Shareholders' Equity

Shareholders' equity has increased by €21.7m after the share buy-back to €238.8m at 31 December 2015. Profit after tax of €30.0m attributable to equity shareholders, remeasurement gains of €8.5m (net of deferred tax) on employee defined benefit pension schemes and a €4.6m gain on the retranslation of the net assets of foreign currency denominated operations were offset by the payment of dividends of €8.3m to equity shareholders of the Company and the share buy-back of €14.4m.

| | 2015 €'m | 2014 €'m |
|---|---|---|
| **Total shareholders' equity at the beginning of the year** | **217.1** | 217.4 |
| **Profit for the year attributable to equity shareholders** | **30.0** | 29.2 |
| *Other comprehensive income attributable to equity shareholders* | | |
| Remeasurement gains/(losses) on post-employment defined benefit pension schemes (net of deferred tax) | **8.5** | (24.1) |
| Net revaluation gains on property, plant and equipment (net of deferred tax) | **0.3** | 1.6 |
| Net gains on the translation of net assets of foreign currency denominated operations | **4.6** | 0.8 |
| Other | **(0.7)** | – |
| **Total other comprehensive income directly attributable to equity shareholders** | **12.7** | (21.7) |
| **Total comprehensive income for the year, net of tax** | **42.7** | 7.5 |
| Buy-back of own shares | **(14.4)** | – |
| New shares issued | **1.0** | 1.0 |
| Share based payment expense | **0.4** | 0.3 |
| Dividends paid to equity shareholders | **(8.3)** | (7.6) |
| Acquisition of non-controlling interests recognised directly in equity | **0.3** | (1.5) |
| **Total transactions with equity holders of the parent** | **(21.0)** | (7.8) |
| **Total shareholders' equity at the end of the year** | **238.8** | 217.1 |

As set out above, the €12.7m gains (2014: €21.7m losses) recognised directly in reserves through the statement of other comprehensive income includes remeasurement gains on post-employment benefit pension schemes, revaluation gains on own use property, plant and equipment and currency gains on the translation of the net assets of foreign currency denominated operations.

The share of remeasurement gains on post-employment defined benefit pension schemes, net of deferred tax, attributable to equity shareholders recognised directly in reserves through the statement of other comprehensive incomes in the year was €8.5m (2014: loss of €24.1m). 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 €0.3m (2014: gain of €1.6m). 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 reporting currency) at 31 December 2015 resulting in a net foreign currency gain of €4.6m (2014: gain of €0.8m) attributable to equity shareholders 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.

As noted earlier, the Group spent €14.4m in 2015 (2014: €Nil) in a share buy-back programme. During the year the Group paid €8.3m (2014: €7.6m) in dividends to equity shareholders consisting of the 2014 final dividend payment and the 2015 interim dividend. In 2015, the Group received €1.0m (2014: €1.0m) 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 €0.3m (2014: excess of €1.5m) between the fair value of the consideration paid and the book value of non-controlling interests acquired was recognised directly within equity.

# Financial Review (continued)

## Post-employment Defined Benefit Pension Schemes

| | 2015 €'m | 2014 €'m |
|---|---|---|
| Net liability at the beginning of the year | **(27.5)** | (4.6) |
| Net interest expense and current service cost recognised in the income statement | **(4.7)** | (2.0) |
| Past service credit arising on modification to Group's defined benefit arrangements recognised in the income statement | **–** | 2.7 |
| Employer contributions to the schemes | **5.4** | 5.3 |
| Remeasurement gains/(losses) recognised in other comprehensive income | **9.9** | (28.7) |
| Foreign exchange movement | **(0.3)** | (0.2) |
| **Net pension liability at the end of the year** | **(17.2)** | (27.5) |
| Net related deferred tax asset | **2.7** | 3.9 |
| **Net pension liability at the end of the year after deferred tax** | **(14.5)** | (23.6) |

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 in accordance with IAS 19 Employee Benefits (2011).

The Group's balance sheet at 31 December 2015 reflects pension liabilities of €17.2m (2014: €27.5m) in respect of schemes in deficit, resulting in a net deficit of €14.5m (2014: €23.6m) after deferred tax. Pension scheme assets increased by 5.3% to €179.1m (2014: €170.1m) while pension scheme obligations decreased by 0.7% to €196.3m (2014: €197.6m).

The current and past service costs and the net finance expense on the net scheme liabilities are charged to the income statement. Remeasurement gains and losses are recognised in other comprehensive income.

In determining the valuation of pension obligations, consultation with independent actuaries is required. The estimation of employee benefit obligations requires the determination of appropriate assumptions such as discount rates, inflation rates and mortality rates.

The decrease in the net liability in the year was primarily due to the increase in discount rates which results in a decrease in the net present value of the obligations of these pension schemes, and positive returns on the pension scheme assets. The discount rate in Ireland and the Eurozone increased to 2.6% (2014: 2.2%) and in the UK increased to 4.1% (2014: 3.8%).

Modification to the structure of the Group's defined benefit pension arrangements during the second half of 2014 resulted in a credit of €2,694,000 which was recognised as an exceptional item in the income statement in the year ended 31 December 2014. Further details are outlined in the Group's 2014 Annual Report. There were no such items in the current year.

## Funds Flow

Net debt at 31 December 2015 was €18.1m compared to €16.8m at 31 December 2014. The Group generated €45.9m (2014: €37.7m) in operating cash flows in 2015 before working capital movements due to higher profits. There were €14.9m (2014: €11.7m) of working capital inflows in the year assisted by an incremental €9.2m (2014: €5.8m) inflows from trade receivables financing bringing the total amount of trade receivables financing to €40.5m (2014: €31.3m). Cash outflows on routine capital expenditure, net of disposals, were €18.1m (2014: €12.0m). Dividends received from joint ventures and associates in the year increased to €8.1m (2014: €4.6m) which is a function of the Group's increased investments in the past number of years while dividends paid to non-controlling interests decreased to €2.4m (2014: €6.5m).

Cash outflows on acquisitions amounted to €11.3m (2014: €16.4m) with debt of €0.7m (2014: €10.1m) assumed on acquisition. Contingent and deferred consideration payments relating to prior year acquisitions of €12.7m (2014: €6.3m) were made in the year. Non-routine expenditure on property amounted to €4.2m (2014: €Nil). The Group distributed €8.3m (2014: €7.6m) in dividends to equity shareholders in the year and made payments of €14.4m (2014: €Nil) acquiring its own shares. The exceptional cash inflows of €3.1m (2014: €Nil) relates to proceeds from the sale of property and leasehold interests in the year. There was an adverse movement of €2.1m (2014: €1.3m) on the translation of foreign currency debt into Euro at 31 December 2015 due primarily to the stronger Sterling, Swedish Krona and US Dollar exchange rates at year end compared to those prevailing at 31 December 2014.

| | 2015 €'m | 2014 €'m |
|---|---|---|
| **Adjusted EBITDA** | **82.8** | 73.0 |
| Deduct adjusted EBITDA of joint ventures and associates | **(18.6)** | (12.5) |
| Net interest and tax paid | **(16.8)** | (18.6) |
| Other | **(1.5)** | (4.2) |
| **Operating cash flows before working capital movements** | **45.9** | 37.7 |
| Working capital and other movements | **14.9** | 11.7 |
| **Operating cash flows** | **60.8** | 49.4 |
| Routine capital expenditure net of disposal proceeds | **(18.1)** | (12.0) |
| Dividends received from joint ventures and associates | **8.1** | 4.6 |
| Dividends paid to non-controlling interests | **(2.4)** | (6.5) |
| **Free cash flow** | **48.4** | 35.5 |
| Acquisition expenditure[1] | **(11.3)** | (16.4) |
| Net debt assumed on acquisition of subsidiaries | **(0.7)** | (10.1) |
| Contingent and deferred consideration payments | **(12.7)** | (6.3) |
| Property additions | **(4.2)** | – |
| Dividends paid to equity shareholders | **(8.3)** | (7.6) |
| Buy-back of own shares | **(14.4)** | – |
| Cashflows from exceptional items | **3.1** | – |
| Proceeds from shares issued on the exercise of employee share options | **1.0** | 1.0 |
| Other | **(0.1)** | (0.6) |
| **Movement in net debt in the year** | **0.8** | (4.5) |
| Net debt at beginning of year | **(16.8)** | (11.0) |
| Foreign currency translation | **(2.1)** | (1.3) |
| **Net debt at end of year** | **(18.1)** | (16.8) |

1. Includes payments in year on subsidiaries, non-controlling interests, joint ventures and associates and is net of contributions from non-controlling interests and proceeds on disposal of a joint venture.

## Net Debt and Group Financing

As outlined above, net debt during the year increased from €16.8m to €18.1m. At 31 December 2015, the Group had available cash balances including bank deposits of €132.2m and interest-bearing borrowings (including overdrafts) of €150.3. Net debt to adjusted EBITDA was 0.2 times and interest was covered 11.0 times by adjusted EBITA, both comfortably within existing bank covenants. The Group has adequate facilities to finance future expansion.

## Summary

The Group in 2015 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 2016

# Board of Directors and Secretary

## 1. Carl McCann (62)

**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.

## 2. Rory Byrne (55)

**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.

## 3. Frank Davis (56)

**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.

## 4. Frank Gernon (62)

**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.

## 5. Rose Hynes (58)

**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 Origin Enterprises plc and Chairman of Shannon Group plc. She is also Director of a number of other companies. Rose previously held senior executive positions with GPA Group plc.

## 6. Jerome Kennedy (67)

**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.

## 7. Seamus Taaffe (65)

**Non-Executive, B Comm, FCA**

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

## 8. Kevin Toland (50)

**Non-Executive, FCMA**

Kevin Toland was appointed to the Board as a non-executive director with effect from 1 July 2015. Kevin is currently the CEO of daa plc which is responsible for the operation of Dublin and Cork airports and Aer Rianta International and daa International, the international airport group. Kevin is also an IBEC board member. Kevin has previously held senior executive positions with a number of multinational companies.

## 9. Marie Reid (43)

**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.

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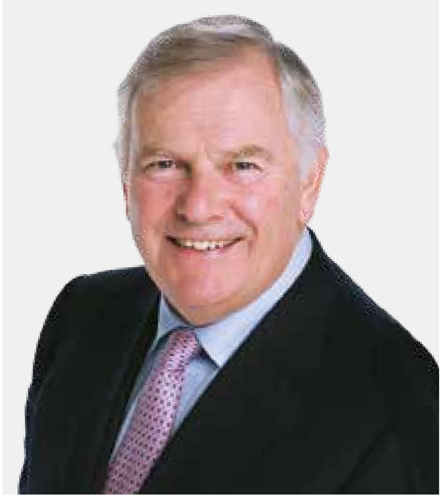

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# Directors' Report

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 2015.

## 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 and 27 and in the Financial Review on pages 28 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 2015 on page 55.

## DIVIDEND

An interim dividend of 0.736 cent (2014: 0.64 cent) per share was paid on 16 October 2015. The Directors have proposed, subject to shareholder approval at the Annual General Meeting (AGM), the payment of a final dividend for 2015 of 2.027 cent (2014: 1.763 cent) per share. This total dividend of 2.763 cent per share is an increase of 15.0% on the total dividend of 2.403 cent per share for 2014.

## FUTURE DEVELOPMENTS

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

## DIRECTORS AND COMPANY SECRETARY

K E Toland was appointed a Non-Executive Director on 1 July 2015. In accordance with the Articles of Association of the Company, K E Toland will retire at the 2015 AGM and, being eligible, offers himself for election. There were no other changes to Directors and Company Secretary during the year.

In accordance with the Articles of Association of the Company F J Davis, R B Hynes and S J Taaffe retire from the Board by rotation and, being eligible, offer themselves for re-election at the 2015 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 46 to 50.

## SUBSTANTIAL HOLDINGS

The issued share capital of Total Produce plc at 31 December 2015 consisted of 344,608,634 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 2016:

| | Number of ordinary shares | % |
|---|---:|---:|
| Balkan Investment Company and related parties *(including Arnsberg Investment Company)* | 37,238,334 | 11.27% |
| GMT Capital Corp | 29,935,682 | 9.03% |
| BNP Paribas Investment Managers S.A. | 18,669,623 | 5.85% |
| Farringdon Capital Management (Switzerland) S.A. | 16,938,836 | 5.32% |
| FMR LLC | 16,750,000 | 5.06% |
| State Street Global Advisors Ireland Limited | 13,963,702 | 4.23% |
| Sparinvest A/S | 13,041,642 | 3.95% |
| 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 2015, the total number of treasury shares amounted to 22,000,000 ordinary 1 cent shares at a cost of €8,580,000 (2014: 22,000,000 1 cent shares at a cost of €8,580,000). These shares represent 6.38% (2014: 6.23%) of the ordinary shares in issue at 31 December 2015. 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. Further details on the Group's internal controls and risk management are outlined on page 43.

## 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 Sections 281-285 of the Companies Act, 2014, with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records 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

As set out in Note 18, the Group announced a €20,000,000 share buy-back program on 8 October 2015. The programme commenced on 9 October 2015 and in the period to 31 December 2015, the Group acquired 9,943,398 of its own ordinary shares at an aggregate cost of €14,388,000 including associated costs. The repurchased ordinary shares were cancelled. The share buy-back program is earnings accretive and was completed on 27 January 2016 with a combined total of 14,017,270 ordinary shares repurchased and cancelled at a total cost of €20,350,000 including associated costs.

On 2 February 2016, the Group completed the acquisition of a 65% interest in Progressive Produce LLC, headquartered in Los Angeles, California. Progressive Produce is a grower, packer and distributor of conventional and organic produce to the retail, wholesale and foodservice sectors in the US and Canada. Progressive Produce was founded in 1967 and today is one of California's premier produce companies with reported sales in excess of US$200m, gross assets of c. US$36m at 31 December 2015 and employing 214 people.

## AUDITOR

The auditor, KPMG, Chartered Accountants, will continue in office in accordance with Section 383(2) of the Companies Act, 2014.

# Directors' Report (continued)

## 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 AGM will be held at 10.30am on Wednesday 25 May 2016 in the Marker Hotel, Grand Canal Square, Docklands, Dublin 2. The Notice to the AGM will be circulated to shareholders in April 2016.

On behalf of the Board

**C P McCann**
Chairman
2 March 2016

**F J Davis**
Finance Director
2 March 2016

# 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. The Board recognises the importance of maintaining the highest standards of corporate governance and that it is accountable to its shareholders in this regard. Companies whose shares are traded on the AIM and ESM markets are not subject to mandatory compliance with corporate governance codes. However the Company provides the following voluntary disclosures and has undertaken to design appropriate corporate governance arrangements having regard to the Company's size and the markets on which its shares are traded. This Corporate Governance Report, together with the Audit and Compensation Committees' reports on pages 45 to 50, 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 | |
| K E Toland | |

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 (refer to 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.

R B Hynes and J J Kennedy were first elected to the Board in May 2007. The Board has concluded that notwithstanding their tenure on the Board, that they each are independent of management and that they discharge their duties in an independent manner.

The Board considers that the four 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.

# Corporate Governance Report (continued)

### 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** | **4** | **2** |
| C P McCann | 6 | – | – | 2 |
| R P Byrne | 6 | – | – | 2 |
| F J Davis | 6 | 4* | – | – |
| J F Gernon | 6 | 3* | 2* | – |
| R B Hynes | 6 | 4 | 4 | 2 |
| J J Kennedy | 6 | 4 | 4 | 2 |
| S J Taaffe | 6 | 4 | – | – |
| K E Toland[1] | 3 | – | – | – |

1. K E Toland was appointed a Non-Executive Director on 1 July 2015.
* 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 2015, 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 composition of the Board, the Directors and its Committees was appropriate and they were effective in the performance of their duties.

## 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 45.

### 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 46 to 50.

### 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. 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. Following a review K E Toland was appointed an independent Non-Executive Director effective 1 July 2015. The Committee and the Board have concluded that no further 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.

# Corporate Governance Report (continued)

### 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 2016 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 51. 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 45, 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 the 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.

# Compensation Committee Report

## COMPOSITION AND TERMS OF REFERENCE OF COMPENSATION COMMITTEE

The members of the Compensation Committee ('the Committee'), both of whom are independent Non-Executive Directors, are R B Hynes (Chairman) and J J Kennedy. 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 Executive 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 23 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 2015 based on achievement of separately agreed performance measures for the Group for the year ending 31 December 2015. A short term incentive plan is in place for the year ending 31 December 2016.

| 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 |

The Committee awarded €1,047,000 in payments for the year ended 31 December 2015 (2014: €746,000), of which €801,000 (2014: €614,000) 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 €246,000 (2014: €132,000) shall be payable in cash. On 4 March 2015, 548,346 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 2014 award of €614,000.

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 2014 or 2015.

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 2015 are detailed in Note 2 on page 48.

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 2015, options had been granted but not yet exercised or lapsed over 8,444,700 (2014: 9,685,000) ordinary shares at prices ranging from €0.60 to €0.815 or 2.45% (2014: 2.74%) of the issued ordinary share capital. These included 1,840,000 (2014: 1,840,000) options granted to Executive Directors and 225,000 (2014: 225,000) options granted to the Company Secretary, further details of which are included in the Directors' interests in share options disclosed on page 50. No new options were granted to Executive Directors in 2015 or 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 2015, 34,921 and 5,155 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 2015.

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 49.

**SERVICE CONTRACTS**

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

**DIRECTORS' INTERESTS IN CONTRACTS**

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

# Compensation Committee Report (continued)

## DIRECTORS' REMUNERATION

The Directors' remuneration for the year was as follows:

| | Executive Directors | | Non-Executive Directors | | Total | |
|---|---|---|---|---|---|---|
| | **2015 €'000** | 2014 €'000 | **2015 €'000** | 2014 €'000 | **2015 €'000** | 2014 €'000 |
| Basic salaries and director fees | **1,365** | 1,354 | **243** | 213 | **1,608** | 1,567 |
| Annual bonus awards | **715** | 707 | **–** | – | **715** | 707 |
| Other benefits | **38** | 38 | **–** | – | **38** | 38 |
| Pension contributions/related payments | **246** | 243 | **–** | – | **246** | 243 |
| **Remuneration** | **2,364** | 2,342 | **243** | 213 | **2,607** | 2,555 |
| Short Term Incentive Plan | | | | | **1,047** | 746 |
| **Total** | | | | | **3,654** | 3,301 |
| ***Number of Directors (average)*** | **4** | 4 | **4** | 3 | **8** | 7 |

Under the short term incentive plan a €1,047,000 (2014: €746,000) award was made to Executive Directors. Of this award, €801,000 (2014: €614,000) 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 €246,000 (2014: €132,000) shall be payable in cash. See pages 46 and 47 for further details.

In accordance with IFRS 2 Share-based Payments, an expense of €Nil (2014: €Nil) 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 benefit[3] €'000** | **Pension contributions or related payment €'000** | **Total 2015 €'000** | Total 2014 €'000 |
|---|---|---|---|---|---|---|
| ***Executives*** | | | | | | |
| C P McCann[1,2] | **504** | **202** | **19** | **–** | **725** | 719 |
| R P Byrne[2] | **439** | **320** | **–** | **154** | **913** | 905 |
| F J Davis[2] | **292** | **171** | **19** | **92** | **574** | 568 |
| J F Gernon[2] | **130** | **22** | **–** | **–** | **152** | 150 |
| | **1,365** | **715** | **38** | **246** | **2,364** | 2,342 |
| ***Non-Executives*** | | | | | | |
| R B Hynes | **74** | **–** | **–** | **–** | **74** | 73 |
| J J Kennedy | **74** | **–** | **–** | **–** | **74** | 73 |
| S J Taaffe | **68** | **–** | **–** | **–** | **68** | 67 |
| K E Toland | **27** | **–** | **–** | **–** | **27** | – |
| | **243** | **–** | **–** | **–** | **243** | 213 |
| **Remuneration** | | | | | **2,607** | 2,555 |
| Short Term Incentive Plan | | | | | **1,047** | 746 |
| **Total** | | | | | **3,654** | 3,301 |

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 2014 or 2015 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 47. As a result, the Compensation Committee approved cash payments or contributions to a defined contribution pension of €154,000, and €92,000 (2014: €152,000 and €91,000) 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 paid to K E Toland is in respect of the period from his appointment as Non-Executive Director on 1 July 2015.

## SHORT TERM INCENTIVE PLAN

As explained on pages 46 and 47, the Committee awarded €1,047,000 in payments to Executive Directors for the year ended 31 December 2015, of which €801,000 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 €246,000 shall be payable in cash. The awards to individual Executive Directors were as follows: C P McCann (€427,000), R P Byrne (€372,000), and F J Davis (€248,000).

The Committee awarded €746,000 in payments to Executive Directors for the year ended 31 December 2014, of which €614,000 were paid in shares on 4 March 2015. On this date the trustees of the Total Produce plc short term incentive plan purchased a total number of 548,346 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 (272,321 shares), R P Byrne (165,844 shares) and F J Davis (110,181 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:

| Executive Directors | **Increase in accrued pension during 2015 (a) €'000** | **Transfer value of increase during 2015 (b) €'000** | **Total accrued pension at 31 Dec 2015 (c) €'000** | 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 |
|---|---|---|---|---|---|---|
| R P Byrne | **–** | **10** | **143** | – | 4 | 143 |
| F J Davis | **–** | **6** | **116** | – | 2 | 116 |
| | **–** | **16** | **259** | – | 6 | 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 2015 together with their interests at 31 December 2014 are shown below:

| | **Number of Ordinary shares at 31 December 2015** | Number of Ordinary shares at 31 December 2014 |
|---|---|---|
| ***Directors*** | | |
| C P McCann | **3,689,911** | 3,409,123 |
| R P Byrne | **2,083,206** | 1,908,997 |
| J F Gernon | **1,351,101** | 1,342,249 |
| F J Davis | **1,448,286** | 1,329,253 |
| R B Hynes | **50,000** | 50,000 |
| J J Kennedy | **50,000** | 50,000 |
| S J Taaffe | **50,000** | 50,000 |
| K E Toland | **–** | – |
| ***Company Secretary*** | | |
| M T Reid | **162,016** | 156,861 |

All of the above interests were beneficially owned.

# Compensation Committee Report (continued)

## DIRECTORS' AND COMPANY SECRETARY'S INTERESTS IN SHARE OPTIONS

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

| | Options held at 31/12/14 | Granted | Exercised | **Options held at 31/12/15** | Exercise price | Earliest date from which exercisable (if vested) | Expiry date |
|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | |
| C P McCann | 275,000 | – | – | **275,000**[1] | 0.65 | 20/09/2010 | 19/09/2017 |
| | 300,000 | – | – | **300,000**[1] | 0.60 | 05/03/2011 | 04/03/2018 |
| R P Byrne* | 275,000 | – | – | **275,000**[1] | 0.65 | 20/09/2010 | 19/09/2017 |
| | 300,000 | – | – | **300,000**[1] | 0.60 | 05/03/2011 | 04/03/2018 |
| J F Gernon | 200,000 | – | – | **200,000**[1] | 0.65 | 20/09/2010 | 19/09/2017 |
| | 190,000 | – | – | **190,000**[1] | 0.60 | 05/03/2011 | 04/03/2018 |
| F J Davis | 160,000 | – | – | **160,000**[1] | 0.65 | 20/09/2010 | 19/09/2017 |
| | 140,000 | – | – | **140,000**[1] | 0.60 | 05/03/2011 | 04/03/2018 |
| **Company Secretary** | | | | | | | |
| M T Reid | 100,000 | – | – | **100,000**[1] | 0.815 | 09/05/2010 | 08/05/2017 |
| | 125,000 | – | – | **125,000**[2] | 0.669 | 26/03/2016 | 25/03/2023 |

1. These options were vested as at 31 December 2013. Please see Note 28 for further details.
2. The performance condition for these options issued at 26 March 2013 has been satisfied at 31 December 2015. These options cannot be exercised until 26 March 2016 when the three year holding period condition has been satisfied.

* By virtue of Chapter 5 of Part 5 of the Companies Acts, 2014, R P Byrne is deemed to have a non-beneficial interest in options granted over 125,000 shares with an exercise price of €0.669 per share.

The market price of the Company's shares at 31 December 2015 was €1.47 and the range during 2015 was €0.965 to €1.492. 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 2016. 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 Act 2014.

Under company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year.

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 Financial 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 adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act 2014. They have general responsibility 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, the directors are also responsible for preparing a Directors' Report that complies with the Companies Act 2014. 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 the Republic of 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 2015 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 Act, 2014.

### 1. OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2015 and of its profit for the year then ended;
- the Company balance sheet gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2015;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Acts 2014.

### 2. OUR CONCLUSIONS ON OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACT 2014 ARE SET OUT BELOW

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

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

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.

### 3. WE HAVE NOTHING TO REPORT IN RESPECT OF MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ISAs (UK and Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

### Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 51 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. 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.

An audit undertaken in accordance with ISAs (UK & Ireland) 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 Group and Company's 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.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

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

2 March 2016

# Financial Statements

# Group Income Statement
## for the year ended 31 December 2015

| | Notes | Before exceptional items 2015 €'000 | Exceptional items (Note 6) 2015 €'000 | Total 2015 €'000 | Before exceptional items 2014 €'000 | Exceptional items (Note 6) 2014 €'000 | Total 2014 €'000 |
|---|---|---|---|---|---|---|---|
| Revenue, including Group share of joint ventures and associates | 1 | **3,453,765** | **–** | **3,453,765** | 3,128,838 | – | 3,128,838 |
| **Group revenue** | | **2,875,388** | **–** | **2,875,388** | 2,667,014 | – | 2,667,014 |
| Cost of sales | | **(2,479,072)** | **–** | **(2,479,072)** | (2,302,369) | – | (2,302,369) |
| **Gross profit** | | **396,316** | **–** | **396,316** | 364,645 | – | 364,645 |
| Operating expenses (net) | 2 | **(355,845)** | **2,028** | **(353,817)** | (324,414) | 2,432 | (321,982) |
| Share of profit of joint ventures | 3 | **7,706** | **–** | **7,706** | 4,016 | – | 4,016 |
| Share of profit of associates | 3 | **2,393** | **–** | **2,393** | 2,727 | – | 2,727 |
| **Operating profit** | | **50,570** | **2,028** | **52,598** | 46,974 | 2,432 | 49,406 |
| Financial income | 4 | **1,017** | **–** | **1,017** | 1,576 | – | 1,576 |
| Financial expense | 4 | **(6,832)** | **–** | **(6,832)** | (6,671) | – | (6,671) |
| **Profit before tax** | | **44,755** | **2,028** | **46,783** | 41,879 | 2,432 | 44,311 |
| Income tax expense | 7 | **(8,930)** | **(351)** | **(9,281)** | (8,233) | (157) | (8,390) |
| **Profit for the year** | | **35,825** | **1,677** | **37,502** | 33,646 | 2,275 | 35,921 |
| *Attributable to:* | | | | | | | |
| Equity holders of the parent | | | | **30,027** | | | 29,218 |
| Non-controlling interests | | | | **7,475** | | | 6,703 |
| | | | | **37,502** | | | 35,921 |
| *Earnings per ordinary share:* | | | | | | | |
| Basic | 9 | | | **9.07 cent** | | | 8.83 cent |
| Fully diluted | 9 | | | **8.97 cent** | | | 8.79 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 2015

| | Notes | 2015 €'000 | 2014 €'000 |
|---|---|---|---|
| **Profit for the year** | | **37,502** | 35,921 |
| **Other comprehensive income:** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Foreign currency translation effects: | | | |
| – foreign currency net investments – subsidiaries | | **8,471** | (63) |
| – foreign currency net investments – joint ventures and associates | 13 | **704** | 2,009 |
| – foreign currency borrowings designated as net investment hedges | | **(4,015)** | (590) |
| 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 changes in fair value of cash flow hedges | 4 | **(386)** | 1,778 |
| Fair value of cash flow hedges transferred to the income statement and recognised in cost of sales | 4 | **395** | (1,452) |
| Deferred tax on items taken directly to other comprehensive income | 7 | **(1)** | (87) |
| | | **5,168** | 1,595 |
| *Items that will not be reclassified to profit or loss:* | | | |
| Remeasurement gains/(losses) on post-employment defined benefit schemes | 28 | **9,870** | (28,666) |
| Revaluation gains on property, plant and equipment | 10 | **2,261** | 1,766 |
| Revaluation losses on property, plant and equipment | 10 | **(2,233)** | (644) |
| Deferred tax on items taken directly to other comprehensive income | 7 | **(782)** | 4,636 |
| Share of joint ventures and associates remeasurement losses on post-employment defined benefit schemes | 13 | **(563)** | (52) |
| Share of joint ventures and associates deferred tax on items taken directly to other comprehensive income | 13 | **(1)** | 13 |
| | | **8,552** | (22,947) |
| **Other comprehensive income for the year, net of tax** | | **13,720** | (21,352) |
| **Total comprehensive income for the year, net of tax** | | **51,222** | 14,569 |
| *Attributable to:* | | | |
| Equity holders of the parent | | **42,764** | 7,536 |
| Non-controlling interests | 19 | **8,458** | 7,033 |
| | | **51,222** | 14,569 |

# Group Balance Sheet
## as at 31 December 2015

| | Notes | 2015 €'000 | 2014 €'000 |
|---|---|---|---|
| ***Assets*** | | | |
| **Non-current** | | | |
| Property, plant and equipment | 10 | **141,994** | 137,938 |
| Investment property | 11 | **9,698** | 7,414 |
| Goodwill and intangible assets | 12 | **190,518** | 162,551 |
| Investments in joint ventures and associates | 13 | **76,115** | 62,917 |
| Other financial assets | 14 | **732** | 698 |
| Other receivables | 16 | **5,781** | 2,999 |
| Deferred tax assets | 26 | **9,071** | 9,942 |
| **Total non-current assets** | | **433,909** | 384,459 |
| **Current** | | | |
| Inventories | 15 | **63,429** | 49,464 |
| Trade and other receivables | 16 | **279,223** | 282,915 |
| Corporation tax receivables | | **3,875** | 1,802 |
| Derivative financial instruments | 31 | **196** | 425 |
| Bank deposits | 17 | **2,500** | 2,000 |
| Cash and cash equivalents | 17 | **129,738** | 113,830 |
| **Total current assets** | | **478,961** | 450,436 |
| **Total assets** | | **912,870** | 834,895 |
| ***Equity*** | | | |
| Share capital | 18 | **3,446** | 3,533 |
| Share premium | 18 | **254,512** | 253,565 |
| Other reserves | 18 | **(106,727)** | (111,678) |
| Retained earnings | | **87,589** | 71,628 |
| **Total equity attributable to equity holders of the parent** | | **238,820** | 217,048 |
| Non-controlling interests | 19 | **74,959** | 68,341 |
| **Total equity** | | **313,779** | 285,389 |
| ***Liabilities*** | | | |
| **Non-current** | | | |
| Interest-bearing loans and borrowings | 20 | **131,885** | 114,909 |
| Deferred government grants | 23 | **1,800** | 1,683 |
| Other payables | 22 | **1,411** | 1,696 |
| Contingent consideration | 24 | **28,363** | 12,105 |
| Corporation tax payable | | **6,319** | 6,794 |
| Deferred tax liabilities | 26 | **17,397** | 11,991 |
| Employee benefits | 28 | **17,174** | 27,514 |
| **Total non-current liabilities** | | **204,349** | 176,692 |
| **Current** | | | |
| Interest-bearing loans and borrowings | 20 | **18,408** | 17,769 |
| Trade and other payables | 22 | **369,457** | 343,038 |
| Contingent consideration | 24 | **5,149** | 10,754 |
| Derivative financial instruments | 31 | **407** | 180 |
| Corporation tax payable | | **1,321** | 1,073 |
| **Total current liabilities** | | **394,742** | 372,814 |
| **Total liabilities** | | **599,091** | 549,506 |
| **Total liabilities and equity** | | **912,870** | 834,895 |

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 2015

| | Share capital €'000 | Share premium €'000 | Currency translation reserve €'000 | Revaluation reserve €'000 | De-merger reserve €'000 | Own shares reserve €'00 | Undenominated Capital €'000 | Other equity reserves (Note 18) €'000 | Retained earnings €'000 | Total €'000 | Non-controlling interests €'000 | Total equity €'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the parent | | | | | | | | | | | |
| **As at 1 January 2015** | 3,533 | 253,565 | (4,483) | 21,882 | (122,521) | (8,580) | – | 2,024 | 71,628 | 217,048 | 68,341 | 285,389 |
| **Comprehensive income** | | | | | | | | | | | | |
| Profit for the year | – | – | – | – | – | – | – | – | 30,027 | 30,027 | 7,475 | 37,502 |
| **Other comprehensive income:** | | | | | | | | | | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | | | | | | | | |
| Foreign currency translation effects, net | – | – | 4,553 | – | – | – | – | – | – | 4,553 | 607 | 5,160 |
| Effective portion of cash flow hedges, net | – | – | – | – | – | – | – | (11) | – | (11) | 20 | 9 |
| Deferred tax on items taken directly to other comprehensive income | – | – | – | – | – | – | – | 6 | – | 6 | (7) | (1) |
| *Items that will not be reclassified subsequently to profit or loss:* | | | | | | | | | | | | |
| Revaluation gains/(losses) on property, plant and equipment, net | – | – | – | 105 | – | – | – | – | – | 105 | (77) | 28 |
| Remeasurement gains on post-employment defined benefit schemes | – | – | – | – | – | – | – | – | 9,638 | 9,638 | 232 | 9,870 |
| Deferred tax on items taken directly to other comprehensive income | – | – | – | 191 | – | – | – | – | (1,181) | (990) | 208 | (782) |
| Share of joint ventures and associates remeasurement losses on post-employment defined benefit schemes | – | – | – | – | – | – | – | – | (563) | (563) | – | (563) |
| Share of joint ventures and associates deferred tax on items taken directly to other comprehensive income | – | – | – | – | – | – | – | – | (1) | (1) | – | (1) |
| Total other comprehensive income | – | – | 4,553 | 296 | – | – | – | (5) | 7,893 | 12,737 | 983 | 13,720 |
| **Total comprehensive income** | – | – | 4,553 | 296 | – | – | – | (5) | 37,920 | 42,764 | 8,458 | 51,222 |
| **Transactions with equity holders of the parent** | | | | | | | | | | | | |
| New shares issued (Note 18) | 12 | 947 | – | – | – | – | – | (373) | 373 | 959 | – | 959 |
| Own shares acquired (Note 18) | (99) | – | – | – | – | – | 99 | – | (14,388) | (14,388) | – | (14,388) |
| Non-controlling interests arising on acquisition (Note 19) | – | – | – | – | – | – | – | – | – | – | 4,132 | 4,132 |
| Acquisition of non-controlling interests (Note 19) | – | – | – | – | – | – | – | – | 351 | 351 | (4,265) | (3,914) |
| Disposal of shareholding to NCI (Note 19) | – | – | – | – | – | – | – | – | – | – | 599 | 599 |
| Contribution by non-controlling interest (Note 19) | – | – | – | – | – | – | – | – | – | – | 36 | 36 |
| Dividends paid (Notes 8 and 19) | – | – | – | – | – | – | – | – | (8,295) | (8,295) | (2,342) | (10,637) |
| Share-based payment transactions (Note 28) | – | – | – | – | – | – | – | 381 | – | 381 | – | 381 |
| **Total transactions with equity holders of the parent** | (87) | 947 | – | – | – | – | 99 | 8 | (21,959) | (20,992) | (1,840) | (22,832) |
| **As at 31 December 2015** | 3,446 | 254,512 | 70 | 22,178 | (122,521) | (8,580) | 99 | 2,027 | 87,589 | 238,820 | 74,959 | 313,779 |

| | 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 (Note 18) €'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 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 post-employment defined benefit 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 post-employment 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 interest (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 Cash Flows
## for the year ended 31 December 2015

| | Notes | 2015 €'000 | 2014 €'000 |
|---|---|---|---|
| **Net cash flows from operating activities before working capital movements** | 32 | **45,856** | 37,715 |
| Movements in working capital | 32 | **14,955** | 11,689 |
| **Net cash flows from operating activities** | | **60,811** | 49,404 |
| **Investing activities** | | | |
| Acquisition of subsidiaries | 27 | **(4,312)** | (11,499) |
| Cash/(bank overdrafts), assumed on acquisition of subsidiaries, net | 27 | **2,235** | (6,746) |
| Acquisition of, and investment in joint ventures and associates | 13 | **(7,338)** | (3,581) |
| Loans advanced to joint ventures and associates | 13 | **–** | (180) |
| Cash derecognised on subsidiary becoming a joint venture | | **–** | (97) |
| Payments of contingent consideration | 24 | **(11,964)** | (5,524) |
| Payments of deferred consideration | | **(692)** | (806) |
| Proceeds from disposal of joint ventures and associates | 13 | **670** | – |
| Disposal of investment in subsidiary to non-controlling interests | 19 | **599** | – |
| Acquisition of property, plant and equipment | | **(16,506)** | (11,473) |
| Acquisition of investment property | 11 | **(4,176)** | – |
| Expenditure on computer software | 12 | **(2,448)** | (1,269) |
| Development expenditure capitalised | 12 | **(251)** | (200) |
| Proceeds from disposal of property, plant and equipment | | **3,944** | 744 |
| Dividends received from joint ventures and associates | 13 | **8,070** | 4,562 |
| Acquisition of other financial assets | 14 | **–** | (106) |
| Government grants received | 23 | **449** | 323 |
| **Net cash flows from investing activities** | | **(31,720)** | (35,852) |
| **Financing activities** | | | |
| Drawdown of borrowings | | **95,673** | 26,001 |
| Repayment of borrowings | | **(86,488)** | (16,706) |
| (Increase)/decrease in bank deposits | | **(500)** | 2,740 |
| Proceeds from the issue of shares | 18 | **959** | 1,005 |
| Buyback of own shares | | **(14,388)** | – |
| Capital element of finance lease repayments | | **(1,898)** | (1,615) |
| Acquisition of non-controlling interests | 19 | **(1,000)** | (981) |
| Capital contribution by non-controlling interests | 19 | **36** | 375 |
| Dividends paid to non-controlling interests | 19 | **(2,342)** | (6,541) |
| Dividends paid to equity holders of the parent | 8 | **(8,295)** | (7,615) |
| **Net cash flows from financing activities** | | **(18,243)** | (3,337) |
| Net increase in cash, cash equivalents and bank overdrafts | | **10,848** | 10,215 |
| Net foreign exchange difference | | **1,967** | (1,003) |
| Cash, cash equivalents and bank overdrafts at 1 January | | **110,390** | 101,178 |
| **Cash, cash equivalents and bank overdrafts at 31 December** | 17 | **123,205** | 110,390 |

# Group Reconciliation of Net Debt
## for the year ended 31 December 2015

| | Notes | 2015 €'000 | 2014 €'000 |
|---|---|---|---|
| Net increase in cash, cash equivalents and bank overdrafts | | **10,848** | 10,215 |
| Drawdown of borrowings | | **(95,673)** | (26,001) |
| Repayment of borrowings | | **86,488** | 16,706 |
| Increase/(decrease) in bank deposits | | **500** | (2,740) |
| Interest-bearing loans and borrowings arising on acquisition | 27 | **(2,901)** | (1,618) |
| Capital element of finance lease repayments | | **1,898** | 1,615 |
| Other movements on finance leases | | **(242)** | (961) |
| Finance lease arising on acquisition | 27 | **–** | (1,766) |
| Foreign exchange movement | | **(2,125)** | (1,311) |
| **Movement in net debt** | | **(1,207)** | (5,861) |
| **Net debt at 1 January** | | **(16,848)** | (10,987) |
| **Net debt at 31 December** | 21 | **(18,055)** | (16,848) |

# Significant Accounting Policies
## for the year ended 31 December 2015

### 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 2015 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 2016.

The accounting policies for the year ended 31 December 2015 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 Act 2014 which permits a company that publishes its Company and Group financial statements together to take advantage of the exemption in Section 304(2) of the Companies Act, 2014, 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 2015.

### 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.

- Annual Improvements to IFRSs 2011 – 2013 Cycle

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 2015.

### 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 Company, 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.

# Significant Accounting Policies (continued)
## for the year ended 31 December 2015

### 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. 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 the amount originally recognised 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.

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 unless they reverse a previous revaluation gain. 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.

# Significant Accounting Policies (continued)
## for the year ended 31 December 2015

### 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 the 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 the Company or a Group company purchases the Company's equity capital and holds the shares as treasury shares, the consideration paid, including directly attributable incremental costs (net of taxes) is recognised as a deduction from equity and are presented in the own share reserve until the shares are sold, reissued or cancelled.

Where the Company or a Group company purchases the Company's equity share capital and cancels the shares, the nominal value of the shares cancelled is credited to undenominated capital. The total consideration paid, including directly attributable incremental costs (net of taxes) is recognised as a reduction in retained earnings.

# Significant Accounting Policies (continued)
## for the year ended 31 December 2015

### 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. 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 February 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)* – defined benefit plans: Employee Contributions[1] | 1 February 2015 |
| Annual improvements to IFRSs 2010 – 2012 Cycle | 1 February 2015 |
| Amendments to IFRS 11 *Joint Arrangements* – Accounting for acquisition of interests in joint arrangements[1] | 1 January 2016 |
| Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38: *Intangible Assets* – Clarification of acceptable methods of depreciation and amortisation[1] | 1 January 2016 |
| Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* – Bearer Plants[1] | 1 January 2016 |
| Amendments to IAS 27 *Separate Financial Statements* – Equity Method in Separate Financial Statements[1] | 1 January 2016 |
| Amendments to IAS 1 *Presentation of Financial Statements* – Disclosure Initiative | 1 January 2016 |
| Annual Improvements to IFRSs 2012-2014 Cycle | 1 January 2016 |
| IFRS 14 *Regulatory Deferral Accounts*[2] | Not yet endorsed by the EU |
| Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* – Sale or contribution of assets between an investor and its associate or joint venture (September 2014)[1] | Endorsement postponed, awaiting IASB developments |
| Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* – Applying the consolidation exemption (December 2014)[1] | Not yet endorsed by the EU |
| IFRS 15 *Revenue from contracts with customers* (May 2014) including Amendments to IFRS 15: Effective date of IFRS 15 (September 2015)[2] | Not yet endorsed by the EU |
| IFRS 9 *Financial Instruments* (July 2014)[2] | Not yet endorsed by the EU |
| IFRS 16 *Leases*[2] | Not yet endorsed by the EU |

1. These standards are not expected to have a material impact on the Group Financial Statements.
2. The Group is still assessing the impact that these standards may have on the Group Financial Statements.

# Notes to the Group Financial Statements
## for the year ended 31 December 2015

### 1. REVENUE AND SEGMENTAL ANALYSIS
#### Revenue

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| Group Revenue | **2,875,388** | 2,667,014 |
| *Plus:* | | |
| Share of revenue of joint ventures | **355,620** | 274,407 |
| Share of revenue of associates | **222,757** | 187,417 |
| Total share of revenue of joint ventures and associates | **578,377** | 461,824 |
| **Total Revenue** | **3,453,765** | 3,128,838 |

#### 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. The information for the year ended 31 December 2014 has been reclassified to conform to the current year presentation. The Group previously reported the results of a number of businesses involved in the marketing and distribution of healthfoods and consumer products as a separate operating segment. The combined results of these businesses with revenue in 2015 of €147 million are not considered to be material, individually or in aggregate. In order to align with current management reporting, the relevant businesses are now presented within the Eurozone, Non-Eurozone and International operating segments as appropriate.

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:* This reportable segment is an aggregation of twelve operating segments in France, Ireland, Italy, the Netherlands and Spain primarily involved in the procurement, marketing and distribution of fresh produce and some healthfoods and consumer goods products. These operating segments have been aggregated because they have similar economic characteristics.
- *Europe – Non-Eurozone:* This operating segment is an aggregation of six operating segments in Scandinavia, the United Kingdom, Poland and the Czech Republic primarily involved in the procurement, marketing and distribution of fresh produce and some healthfoods and consumer goods products. These operating segments have been aggregated because they have similar economic characteristics.
- *International:* This segment is an aggregation of five operating segments in North America and India primarily involved in the procurement, marketing and distribution of fresh produce and some healthfoods products.

Segmental performance is evaluated based on revenue and adjusted EBITA. Management believe that adjusted EBITA, while not defined term 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 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.

| | **2015** | | | 2014* | | |
|---|---|---|---|---|---|---|
| | **Segmental revenue €'000** | **Third party revenue €'000** | **Adjusted EBITA €'000** | Segmental revenue €'000 | Third party revenue €'000 | Adjusted EBITA €'000 |
| Fresh Produce | | | | | | |
| – Europe – Eurozone | **1,653,035** | **1,636,479** | **22,170** | 1,567,459 | 1,550,654 | 20,131 |
| – Europe – Non-Eurozone | **1,537,842** | **1,496,478** | **38,603** | 1,429,641 | 1,387,201 | 33,750 |
| – International | **320,808** | **320,808** | **3,362** | 190,983 | 190,983 | 2,809 |
| Inter-segment revenue | **(57,920)** | **–** | **–** | (59,245) | – | – |
| **Third party revenue and adjusted EBITA** | **3,453,765** | **3,453,765** | **64,135** | 3,128,838 | 3,128,838 | 56,690 |

* 2014 segment information has been reclassified to conform to the current year presentation.
All inter-segment revenue transactions are at arm's length.

## Reconciliation of segmental profits to operating profit

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

| | Notes | 2015 €'000 | 2014 €'000 |
|---|---|---|---|
| **Adjusted EBITA per management reporting** | | **64,135** | 56,690 |
| Acquisition related intangible asset amortisation in subsidiaries | (i) | **(5,183)** | (5,969) |
| Share of joint ventures and associates acquisition related intangible asset amortisation | (i) | **(2,434)** | (1,456) |
| Remeasurement to fair value of contingent consideration estimates | (ii) | **(1,384)** | 738 |
| Acquisition related costs within subsidiaries | (iii) | **(672)** | (602) |
| Share of joint ventures and associates net financial expense | (iv) | **(330)** | (428) |
| Share of joint ventures and associates income tax (before tax on exceptional items) | (iv) | **(3,562)** | (1,999) |
| **Operating profit before exceptional items** | | **50,570** | 46,974 |
| Exceptional items (Note 6) | (v) | **2,028** | 2,432 |
| **Operating profit per the Group income statement** | | **52,598** | 49,406 |
| Net financial expense | (vi) | **(5,815)** | (5,095) |
| **Profit before tax** | | **46,783** | 44,311 |

(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 2015 €'000 | Investment in joint ventures and associates 2015 €'000 | Total assets 2015 €'000 | Total liabilities 2015 €'000 |
|---|---|---|---|---|
| Europe – Eurozone | **273,358** | **32,401** | **305,759** | **173,800** |
| Europe – Non-Eurozone | **367,207** | **11,554** | **378,761** | **189,621** |
| International | **40,576** | **32,160** | **72,736** | **9,655** |
| **Total** | **681,141** | **76,115** | **757,256** | **373,076** |
| Unallocated assets and liabilities** | | | **155,614** | **226,015** |
| **Total assets/liabilities** | | | **912,870** | **599,091** |

| | Segment assets 2014* €'000 | Investment in joint ventures and associates 2014* €'000 | Total assets 2014* €'000 | Total liabilities 2014* €'000 |
|---|---|---|---|---|
| Europe – Eurozone | 279,067 | 33,164 | 312,231 | 173,357 |
| Europe – Non-Eurozone | 346,852 | 9,757 | 356,609 | 172,640 |
| International | 10,373 | 19,996 | 30,369 | 600 |
| **Total** | 636,292 | 62,917 | 699,209 | 346,597 |
| Unallocated assets and liabilities** | | | 135,686 | 202,909 |
| **Total assets/liabilities** | | | 834,895 | 549,506 |

* Comparative balances have been reclassified 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.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 1. REVENUE AND SEGMENTAL ANALYSIS (continued)
#### Other segmental disclosures

| | Share of joint ventures and associates adjusted EBITA (i) 2015 €'000 | Acquisition of property, plant and equipment 2015 €'000 | Depreciation of property, plant and equipment (ii) 2015 €'000 | Amortisation of intangible assets (iii) 2015 €'000 |
|---|---|---|---|---|
| Europe – Eurozone | **6,032** | **8,901** | **7,860** | **2,728** |
| Europe – Non-Eurozone | **4,435** | **8,167** | **9,018** | **3,171** |
| International | **5,958** | **21** | **821** | **1,718** |
| **Total** | **16,425** | **17,089** | **17,699** | **7,617** |

| | 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 asset (iii) 2014* €'000 |
|---|---|---|---|---|
| Europe – Eurozone | 5,357 | 6,521 | 7,516 | 3,151 |
| Europe – Non-Eurozone | 1,704 | 6,174 | 8,016 | 3,669 |
| International | 3,565 | 25 | 241 | 605 |
| **Total** | 10,626 | 12,720 | 15,773 | 7,425 |

* Comparative balances have been reclassified to ensure conformity with the current year's presentation.
(i) Share of joint ventures and associates EBITA is after deduction of 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 €395,680,000 (2014: €360,621,000), UK €615,350,000 (2014: €567,972,000), Rest of Europe €2,121,927,000 (2014: €2,009,199,000) and Rest of World €320,808,000 (2014: €191,046,000).

Non-current assets, excluding employee benefit assets and deferred tax assets, are held in Republic of Ireland €21,582,000 (2014: €20,096,000), UK €87,603,000 (2014: €72,629,000), Rest of Europe €251,442,000 (2014: €251,827,000) and Rest of World €64,211,000 (2014: €29,965,000).

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

## 2. OPERATING EXPENSES, NET

| | Before exceptional items 2015 €'000 | Exceptional items (Note 6) 2015 €'000 | Total 2015 €'000 | Before exceptional items 2014 €'000 | Exceptional items (Note 6) 2014 €'000 | Total 2014 €'000 |
|---|---|---|---|---|---|---|
| Distribution expenses | **(307,147)** | **–** | **(307,147)** | (282,326) | – | (282,326) |
| Administrative expenses | **(49,914)** | **–** | **(49,914)** | (45,189) | – | (45,189) |
| Other operating expenses | **(3,806)** | **–** | **(3,806)** | (1,497) | (2,717) | (4,214) |
| Other operating income | **5,022** | **2,028** | **7,050** | 4,598 | 5,149 | 9,747 |
| **Total** | **(355,845)** | **2,028** | **(353,817)** | (324,414) | 2,432 | (321,982) |

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

### Other operating expenses

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Foreign exchange losses | **(985)** | (881) |
| Loss on disposal of property, plant and equipment | **(22)** | (14) |
| Acquisition related costs in subsidiaries[a] | **(672)** | (602) |
| Impairment of plant and equipment | **(743)** | – |
| Fair value changes to contingent consideration (Note 24) | **(1,384)** | – |
| | **(3,806)** | (1,497) |
| *Exceptional items in other operating expenses (Note 6)* | | |
| Impairment of property | **–** | (1,033) |
| Impairment of goodwill and intangible assets | **–** | (1,684) |
| **Total** | **(3,806)** | (4,214) |

(a) Acquisition related costs include transaction costs directly related to the acquisitions of subsidiaries. These costs include legal fees and other professional service fees.

### Other operating income

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Rental income | **2,097** | 2,000 |
| Amortisation of government grants (Note 23) | **332** | 321 |
| Grant income credited directly to income statement | **43** | 13 |
| Gain on disposal of property, plant and equipment | **537** | 342 |
| Foreign exchange gains | **1,247** | 826 |
| Gain on derivative financial instruments at fair value through the income statement | **23** | 358 |
| Insurance claims | **743** | – |
| Fair value changes to contingent consideration (Note 24) | **–** | 738 |
| | **5,022** | 4,598 |
| *Exceptional items in other operating income (Note 6)* | | |
| Gain on disposal of property and leasehold interests | **2,028** | – |
| Credit arising from modification to Group's defined benefit pension arrangements (Note 28) | **–** | 2,694 |
| Gain on available-for-sale financial asset reclassified from other comprehensive income to income statement (Note 14) | **–** | 2,455 |
| | **2,028** | 5,149 |
| **Total** | **7,050** | 9,747 |

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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 2015 €'000 | Associates 2015 €'000 | Total 2015 €'000 | Joint ventures 2014 €'000 | Associates 2014 €'000 | Total 2014 €'000 |
|---|---|---|---|---|---|---|
| *Group's share of:* | | | | | | |
| **Revenue** | **355,620** | **222,757** | **578,377** | 274,407 | 187,417 | 461,824 |
| Operating profit | **10,603** | **3,930** | **14,533** | 5,857 | 3,657 | 9,514 |
| Financial income/(expense) – net | **(525)** | **195** | **(330)** | (616) | 188 | (428) |
| **Profit before tax** | **10,078** | **4,125** | **14,203** | 5,241 | 3,845 | 9,086 |
| Income tax expense | **(2,144)** | **(1,418)** | **(3,562)** | (1,091) | (908) | (1,999) |
| **Profit after tax** | **7,934** | **2,707** | **10,641** | 4,150 | 2,937 | 7,087 |
| Non-controlling interests | **(228)** | **(314)** | **(542)** | (134) | (210) | (344) |
| **Attributable to equity shareholders** | **7,706** | **2,393** | **10,099** | 4,016 | 2,727 | 6,743 |

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

| | Joint ventures 2015 €'000 | Associates 2015 €'000 | Total 2015 €'000 | Joint ventures 2014 €'000 | Associates 2014 €'000 | Total 2014 €'000 |
|---|---|---|---|---|---|---|
| *Group's share of:* | | | | | | |
| Depreciation of property, plant and equipment | **(1,668)** | **(504)** | **(2,172)** | (1,564) | (358) | (1,922) |
| Amortisation of acquisition related intangible assets | **(1,427)** | **(1,007)** | **(2,434)** | (849) | (607) | (1,456) |
| Deferred tax credit on amortisation of acquisition related intangible assets | **340** | **253** | **593** | 186 | 212 | 398 |

### 4. FINANCIAL INCOME AND FINANCIAL EXPENSE

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| *Recognised in the income statement:* | | |
| Interest income | **1,017** | 1,576 |
| **Financial income** | **1,017** | 1,576 |
| Interest expense on financial liabilities measured at amortised cost | **(5,105)** | (4,916) |
| Cash inflow from interest rate swap | **6** | 7 |
| Interest expense on finance leases | **(155)** | (195) |
| Other interest expense | **(1,578)** | (1,567) |
| **Financial expense** | **(6,832)** | (6,671) |
| **Net financial expense recognised in the income statement** | **(5,815)** | (5,095) |
| *Analysed as follows:* | | |
| Amounts relating to items not at fair value through income statement | **(5,815)** | (5,095) |
| **Net financial expense recognised in the income statement** | **(5,815)** | (5,095) |
| *Recognised in other comprehensive income:* | | |
| Foreign currency translation effects: | | |
| – foreign currency net investments – subsidiaries | **8,471** | (63) |
| – foreign currency net investments – joint ventures and associates | **704** | 2,009 |
| – foreign currency borrowings designated as net investment hedges | **(4,015)** | (590) |
| Effective portion of changes in fair value of cash flow hedges | **(386)** | 1,778 |
| Fair value of cash flow hedges transferred to the income statement and recognised in cost of sales | **395** | (1,452) |
| **Net financial income recognised in other comprehensive income** | **5,169** | 1,682 |

## 5. GROUP OPERATING PROFIT

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

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Depreciation of property, plant and equipment within subsidiaries: | | |
| – owned assets | **13,917** | 12,368 |
| – held under finance lease | **1,610** | 1,483 |
| Share of joint venture and associates depreciation charges | **2,172** | 1,922 |
| Amortisation of intangible assets within subsidiaries | | |
| – acquisition related intangible assets | **5,183** | 5,969 |
| – development costs | **249** | 350 |
| – computer software | **988** | 569 |
| Share of joint venture and associates intangible asset amortisation | **2,434** | 1,456 |
| Impairment losses: | | |
| – property, plant and equipment | **743** | 1,033 |
| – goodwill and intangible assets | **–** | 1,684 |
| Operating lease rentals: | | |
| – land and buildings | **9,746** | 9,921 |
| – plant and equipment | **1,654** | 1,461 |
| – motor vehicles | **2,643** | 2,011 |

### Auditors' remuneration

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Audit services[1] | **409** | 407 |
| Other assurance services[2] | **79** | 79 |
| Tax advisory services | **110** | 93 |
| Other non-audit services | **105** | 102 |
| | **703** | 681 |

1. Includes €8,000 (2014: €10,000) relating to Group share of joint venture and associate fees.
2. Includes €1,000 (2014: €2,000) relating to Group share of joint venture and associate fees.

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

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Audit services[3] | **1,055** | 986 |
| Other assurance services[4] | **130** | 121 |
| Tax advisory services | **80** | 132 |
| Other non-audit services | **168** | 121 |
| | **1,433** | 1,360 |

3. Includes €51,000 (2014: €23,000) relating to Group share of joint venture and associate fees.
4. Includes €6,000 (2014: €3,000) relating to Group share of joint venture and associate fees.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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 2015:

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Profit on disposal of property and leasehold interests (a) | **2,028** | – |
| Credit arising from modification to Group's defined benefit pension arrangements (b) | **–** | 2,694 |
| Gain on available-for-sale financial asset reclassified from other comprehensive income to income statement (c) | **–** | 2,455 |
| Impairment of goodwill and intangible assets (d) | **–** | (1,684) |
| Impairment of property (e) | **–** | (1,033) |
| **Exceptional items within operating profit** | **2,028** | 2,432 |
| Net tax credit on exceptional items (f) | **(351)** | (157) |
| **Total** | **1,677** | 2,275 |
| *Attributable as follows:* | | |
| Equity shareholders of the parent | **1,349** | 2,207 |
| Non-controlling interests | **328** | 68 |
| | **1,677** | 2,275 |

**(a) Profit on disposal of property, plant and equipment and leasehold interests**
During the year the Group realised a net profit of €2,028,000 after associated costs on the disposal of property, plant and equipment and leasehold interests in Europe.

**(b) 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 to the income statement for the year ended 31 December 2014. The deferred tax charge on this exceptional credit amounted to €337,000. Refer to Note 28 for further details.

**(c) 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 *Investment 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 for the year ended 31 December 2014.

**(d) Impairment of goodwill and intangible assets**
In 2014 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. No such impairments were identified in 2015. Refer to Note 12 for further details.

**(e) Impairment of property**
On revaluation of the Group's properties at 31 December 2014, a property was identified in Scandinavia where the carrying value exceeded the fair value, resulting in an impairment charge of €1,033,000 to the income statement. No such impairments were identified in 2015.

**(f) Tax charge on exceptional items**
**Year ended 31 December 2015**
The net tax charge on exceptional items in 2015 was €216,000. In addition to this a deferred tax charge of €135,000 was recognised on prior year revaluation movements on investment property.

**Year ended 31 December 2014**
In addition to the exceptional tax charge of €337,000 and the tax credit of €39,000 outlined in Notes (b) and (d) above, a deferred tax credit of €141,000 was recognised due to the recognition of capital losses on prior year revaluation movements on investment property.

## 7. INCOME TAX EXPENSE

### Recognised in the income statement:

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Current tax expense** | | |
| *Ireland* | | |
| Tax on profit for the year | **108** | 632 |
| Adjustments in respect of prior years | **(494)** | (339) |
| | **(386)** | 293 |
| *Overseas* | | |
| Tax on profit for the year | **9,197** | 9,742 |
| Adjustments in respect of prior years | **(45)** | (20) |
| | **9,152** | 9,722 |
| **Total current tax** | **8,766** | 10,015 |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | **423** | (1,737) |
| Reduction in rates | **74** | (10) |
| Adjustments in respect of prior years | **18** | 122 |
| **Total deferred tax charge/(credit)** | **515** | (1,625) |
| **Income tax expense** | **9,281** | 8,390 |

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 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 19% substantively enacted at the reporting date.

A reduction in the Spanish tax rate from 28% to 25% (effective from 1 January 2016) was substantively enacted on 28 November 2014. Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind. Spanish deferred tax balances have been calculated based on the rate of 25% substantively enacted at the reporting date.

There were no other material changes in corporation tax rules in other jurisdictions in 2015 or 2014.

### Reconciliation of effective tax rate

| | % | 2015 €'000 | % | 2014 €'000 |
|---|---|---|---|---|
| **Profit before tax** | | **46,783** | | 44,311 |
| Taxation based on Irish corporation tax rate | **12.50** | **5,848** | 12.50 | 5,539 |
| *Effects of:* | | | | |
| Expenses not deductible for tax purposes | **2.35** | **1,100** | 1.79 | 794 |
| Tax effect of fair value adjustments | **0.73** | **341** | (0.72) | (317) |
| Tax effect on profits of joint ventures and associates | **(2.70)** | **(1,262)** | (1.90) | (843) |
| Differences in tax rates | **8.25** | **3,859** | 7.37 | 3,266 |
| Unrecognised deferred tax asset | **0.48** | **224** | 0.86 | 384 |
| Previously unrecognised deferred tax asset | **(0.74)** | **(344)** | (0.10) | (46) |
| Other items | **0.05** | **22** | (0.34) | (150) |
| Adjustments in respect of prior years | **(1.08)** | **(507)** | (0.53) | (237) |
| **Total income tax expense in the income statement** | **19.84** | **9,281** | 18.93 | 8,390 |

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 7. INCOME TAX EXPENSE (continued)
**Deferred tax recognised directly in other comprehensive income**

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Deferred tax on revaluation of property, plant and equipment, net | **(428)** | (519) |
| Deferred tax on remeasurement gains and losses on post-employment defined benefit schemes, net | **1,210** | (4,117) |
| Deferred tax on effective portion of cash flow hedges, net | **1** | 87 |
| **Total deferred tax charge/(credit) recognised in other comprehensive income** | **783** | (4,549) |

### 8. DIVIDENDS PAID AND PROPOSED

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| *Declared and paid during the year* | | |
| Equity dividends on ordinary shares: | | |
| Final dividend for the year ended 31 December 2014: 1.763 cent (2013: 1.6632 cent) | **5,850** | 5,495 |
| Interim dividend for the year ended 31 December 2015: 0.736 cent (2014: 0.64 cent) | **2,445** | 2,120 |
| **Total: 2.499 cents per share (2014 2.3032 cents)** | **8,295** | 7,615 |
| *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 2015: 2.027 cent (2014: 1.763 cent) | **6,460** | 5,841 |

It is proposed that a final dividend of 2.027 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 26 May 2016 to shareholders on the register at 6 May 2016, 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.

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Profit for the financial year attributable to equity holders of the parent | **30,027** | 29,218 |
| | **'000** | '000 |
| Shares in issue at beginning of year | **353,312** | 351,887 |
| New shares issued (weighted average) | **655** | 823 |
| Share repurchased by Company (weighted average) | **(962)** | – |
| Effect of treasury shares held | **(22,000)** | (22,000) |
| Weighted average number of shares at end of year | **331,005** | 330,710 |
| **Basic earnings per share – cents** | **9.07** | 8.83 |

### 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.

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Profit for the financial year attributable to equity holders of the parent | **30,027** | 29,218 |
| | **'000** | '000 |
| Weighted average number of shares at end of year | **331,005** | 330,710 |
| Effect of share options with a dilutive effect | **3,850** | 1,778 |
| Weighted average number of shares at end of year (diluted) | **334,855** | 332,488 |
| **Diluted earnings per share – cents** | **8.97** | 8.79 |

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 effect 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 shareholders (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.

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Profit attributable to equity holders of the parent | **30,027** | 29,218 |
| *Adjustments* | | |
| Acquisition related intangible asset amortisation in subsidiaries (Note 12) | **5,183** | 5,969 |
| Share of joint ventures and associates acquisition related intangible assets amortisation (Note 3) | **2,434** | 1,456 |
| Exceptional items – net of tax (Note 6) | **(1,677)** | (2,275) |
| Acquisition related costs within subsidiaries (Note 2) | **672** | 602 |
| Remeasurement to fair value of contingent consideration estimates (Note 2) | **1,384** | (738) |
| Tax effect of amortisation charge of intangible assets | **(1,673)** | (1,758) |
| Non-controlling interests share of the items above | **(910)** | (1,041) |
| **Adjusted earnings attributable to equity shareholders of the parent** | **35,440** | 31,433 |
| | **'000** | '000 |
| Weighted average number of shares at end of year (diluted) | **334,855** | 332,488 |
| **Adjusted fully diluted earnings per share – cent** | **10.58** | 9.45 |

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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 2014 | 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** |
| Additions | **3,629** | **9,250** | **4,210** | **17,089** |
| Arising from business combinations (Note 27) | **614** | **224** | **344** | **1,182** |
| Disposals | **(2,707)** | **(3,686)** | **(3,768)** | **(10,161)** |
| Revaluation gains | **1,166** | **–** | **–** | **1,166** |
| Revaluation losses | **(2,233)** | **–** | **–** | **(2,233)** |
| Reclassifications | **(146)** | **174** | **(28)** | **–** |
| Transfer from investment property (Note 11) | **2,011** | **–** | **–** | **2,011** |
| Foreign exchange movement | **2,423** | **1,440** | **596** | **4,459** |
| **Balance at 31 December 2015** | **122,572** | **111,575** | **20,340** | **254,487** |
| **Depreciation and impairment losses** | | | | |
| Balance at 1 January 2014 | 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** |
| Depreciation charge | **2,912** | **8,790** | **3,825** | **15,527** |
| Disposals | **(850)** | **(3,596)** | **(3,283)** | **(7,729)** |
| Revaluation gains | **(1,095)** | **–** | **–** | **(1,095)** |
| Reclassifications | **(67)** | **86** | **(19)** | **–** |
| Impairment losses | **–** | **743** | **–** | **743** |
| Foreign exchange movement | **582** | **1,103** | **326** | **2,011** |
| **Balance at 31 December 2015** | **23,948** | **78,515** | **10,030** | **112,493** |
| **Carrying amount** | | | | |
| At 31 December 2014 | 95,349 | 32,784 | 9,805 | 137,938 |
| **At 31 December 2015** | **98,624** | **33,060** | **10,310** | **141,994** |

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 2015 that relate to assets under construction (2014: €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 the Directors, having due regard to the advice of professionally qualified consultants, where it is deemed appropriate.

At 31 December 2015, 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 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 for Land & Buildings 2015 €'000 | Comparable Market Transactions For Land 2015 €'000 | Comparable Rental Yield 2015 €'000 | Discounted Cash Flows 2015 €'000 | Depreciated Historic Cost[1] 2015 €'000 | Total 2015 €'000 |
|---|---|---|---|---|---|---|
| *Europe – Eurozone* | **27,150** | **–** | **10,102** | **–** | **4,394** | **41,646** |
| *Europe – Non-Eurozone* | | | | | | |
| – Scandinavia | **–** | **2,010** | **–** | **22,086** | **–** | **24,096** |
| – Eastern Europe | **15,643** | **–** | **–** | **–** | **136** | **15,779** |
| – UK | **8,016** | **–** | **8,477** | **–** | **–** | **16,493** |
| *International* | **–** | **–** | **–** | **–** | **610** | **610** |
| | **50,809** | **2,010** | **18,579** | **22,086** | **5,140** | **98,624** |

| | 2014 €'000 | 2014 €'000 | 2014 €'000 | 2014 €'000 | 2014 €'000 | 2014 €'000 |
|---|---|---|---|---|---|---|
| *Europe – 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 |
| *International* | – | – | – | – | – | – |
| | 51,182 | – | 17,916 | 22,444 | 3,807 | 95,349 |

1. Assets valued at depreciated historic cost include 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.

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Balance at beginning of year | **95,349** | 94,045 |
| Arising from business combinations | **614** | 3,389 |
| Reclassification to/from plant and equipment | **(79)** | 90 |
| Additions in year | **3,629** | 969 |
| Transfer from investment property | **2,011** | – |
| Subsidiary becoming a joint venture | **–** | (161) |
| Depreciation charge in year | **(2,912)** | (2,701) |
| Disposals in year | **(1,857)** | (91) |
| Foreign exchange movement | **1,841** | (280) |
| Income/(expense) included in other comprehensive income | | |
| – Fair value gains | **2,261** | 1,766 |
| – Fair value losses | **(2,233)** | (644) |
| Expense included in 'other operating expenses' in the income statement (Note 2) | | |
| – Impairment losses | **–** | (1,033) |
| **Balance at end of year** | **98,624** | 95,349 |

**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 2015 amounting to €2,261,000 (2014: €1,766,000) and fair value losses in the same period of €2,233,000 (2014: €644,000) were recognised in the statement of other comprehensive income. Net deferred tax credits of €428,000 (2014: credit of €519,000) 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 underlying tax rates. The non-controlling interests' share of net revaluation movements, net of deferred taxes, was a credit of €160,000 (2014: credit of €78,000).

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. This impairment was recognised within operating expenses (Note 2) in the income statement. Given the materiality this was classified as an exceptional item (Note 6).

The depreciated historic cost of land and buildings which were revalued amounted to €76,133,000 (2014: €73,014,000).

**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 (for land and buildings) – price per square metre:*<br><br>This method of valuation is used for land and buildings held for own use. The value is based on comparable market transactions. | *Europe – Eurozone*<br>Comparable market prices<br>• 2015: €236 to €785 per square metres (weighted average of €550 per square metre)<br>• 2014: €283 to €785 per square metre (weighted average of €585 per square metre)<br><br>*Europe – Non-Eurozone*<br><br>*Eastern Europe*<br>Comparable market prices<br>• 2015: €236 to €285 per square metre (weighted average of €245 per square metre)<br>• 2014: €214 to €286 per square metre (weighted average of €227 per square metre)<br><br>*UK*<br>Comparable market prices<br>• 2015: €143 to €600 per square metre (weighted average of €468 per square metre)<br>• 2014: €136 to €570 per square metre (weighted average of €420 per square metre) | The estimated fair value would increase/(decrease) if:<br>• Comparable market prices were higher/(lower) |
| *Comparable market transactions (for land) – price per hectare:*<br><br>This method of valuation is used for land held for own use. The value is based on comparable market transactions. | *Europe – Non-Eurozone*<br><br>*Scandinavia*<br>Comparable market prices<br>• 2015: €503,000 per hectare (weighted average of €503,000 per hectare)<br>• 2014: €503,000 per hectare (weighted average of €503,000 per hectare) | The estimated fair value would increase/(decrease) if:<br>• 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:*<br><br>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*<br>Annual Rent<br>• 2015: Annual rent of €54 – €73 per square metre (weighted average of €66 per square metre)<br>• 2014: Annual rent of €54 – €73 per square metre (weighted average of €66 per square metre)<br><br>Capitalisation yield<br>• 2015: 8.50% – 9.50% (weighted average of 9.20%)<br>• 2014: 8.50% – 9.50% (weighted average of 9.20%)<br><br>*Europe – Non-Eurozone*<br><br>*UK*<br>Annual Rent<br>• 2015: €80 – €83 per square metre (weighted average of €82 per square metre)<br>• 2014: €80 – €83 per square metre (weighted average of €82 per square metre)<br><br>Capitalisation yield<br>• 2015: 8.00% – 8.40% (weighted average of 8.16%)<br>• 2014: 8.00% – 8.40% (weighted average of 8.16%) | The estimated fair value would increase/(decrease) if:<br>• Expected annual rents were higher/(lower)<br>• Capitalisation yields were (higher)/lower |
| *Discounted cash flows:*<br><br>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*<br><br>*Scandinavia*<br>Net annual rent<br>• 2015: €53 – €69 per square metre (weighted average of €67 per square metre)<br>• 2014: €22 – €69 per square metre (weighted average of €65 per square metre)<br><br>Growth in annual rent<br>• 2015: 1.50% – 2.00% (weighed average of 1.94%)<br>• 2014: 1.50% – 2.00% (weighed average of 1.92%)<br><br>Capitalisation Yield<br>• 2015: 7.00% – 9.00% (weighted average of 7.24%)<br>• 2014: 7.00% – 9.00% (weighted average of 7.32%)<br><br>Risk adjusted discount rates<br>• 2015: 8.50% – 9.10% (weighted average 9.03%)<br>• 2014: 8.50% – 9.50% (weighted average 9.05%) | The estimated fair value would increase/(decrease) if:<br>• Expected market rental growth were higher/(lower)<br>• Capitalisation yields were lower/(higher)<br>• Risk-adjusted discount rates were lower/(higher) |

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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 2015, the carrying amount of leased assets included in property, plant and equipment was €4,333,000 (2014: €5,790,000).

| | Land and buildings €'000 | Plant and equipment €'000 | Motor vehicles €'000 | Total €'000 |
|---|---|---|---|---|
| At 31 December 2014 | – | 3,767 | 2,023 | 5,790 |
| **At 31 December 2015** | **–** | **2,571** | **1,762** | **4,333** |

At 31 December 2015, property, plant and equipment with a carrying value of €3,283,000 (2014: €6,466,000) is charged as security in respect of bank loans and finance leases.

**Impairment of plant and equipment in 2015**
During the year a fire occurred in one of the Group's fresh produce facilities in Continental Europe. Due to the damage caused by the fire, the Group has written down the carrying value of the plant and equipment in this facility to its estimated fair value resulting in an impairment charge of €743,000 being booked to the income statement for the year ended 31 December 2015.

### 11. INVESTMENT PROPERTY

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| Balance at beginning of year | **7,414** | 7,150 |
| Additions | **4,176** | – |
| Reclassified to Property, Plant and Equipment (Note 10) | **(2,011)** | – |
| Foreign exchange movement | **119** | 264 |
| **Balance at end of year** | **9,698** | 7,414 |

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 at 31 December 2015 are located in the UK, Ireland, 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 2015 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 €9,698,000 (2014: €7,414,000) 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 2015 (2014: Nil) in relation to investment property and a deferred tax charge of €135,000 (2014: credit of €141,000) was recognised due to changes in corporation tax rates and changes in assumptions on the recoverability of capital losses on prior year movements. These deferred tax movements are 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

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Comparable market transactions | **8,598** | 6,314 |
| Discounted cashflow | **1,100** | 1,100 |
| | **9,698** | 7,414 |

| Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|
| *Comparable market transactions:*<br><br>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*<br>Comparable market price<br>• 2015: €588,000 per hectare (weighted average €588,000 per hectare)<br>• 2014: €588,000 per hectare (weighted average €588,000 per hectare)<br><br>*Europe – Non-Eurozone*<br><br>*UK*<br>Comparable market price<br>• 2015: €3,022,000 per hectare (weighted average €3,022,000 per hectare)<br>• 2014: €1,696,000 per hectare (weighted average €1,696,000 per hectare)<br><br>*Scandinavia*<br>• 2015: Land transferred to land and buildings<br>• 2014: €503,000 per hectare (weighted average €503,000 per hectare) | The estimated fair value would increase/(decrease) if:<br>• Comparable market prices were higher/(lower) |
| *Discounted cash flows:*<br><br>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*<br>Rental income per annum<br>• 2015: €45 – €100 per square metre (weighted average of €76 per square metre)<br>• 2014: €45 – €100 per square metre (weighted average of €76 per square metre)<br><br>Rental growth rate per annum<br>• 2015: 1.8% (weighted average 1.8%)<br>• 2014: 1.8% (weighted average 1.8%)<br><br>Risk adjusted discount rates<br>• 2015: 7.6% to 8.0% (weighted average 7.8%)<br>• 2014: 7.6% to 8.0% (weighted average 7.8%) | The estimated fair value would increase/(decrease) if:<br>• Expected market rental growth were higher/(lower)<br>• Risk-adjusted discount rates were lower/(higher) |

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 12. GOODWILL AND INTANGIBLE ASSETS

| | Customer relationships €'000 | Other intangible assets €'000 | Research and development €'000 | Computer software €'000 | Goodwill €'000 | Total €'000 |
|---|---|---|---|---|---|---|
| ***Cost*** | | | | | | |
| Balance at 1 January 2014 | 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** |
| Arising from business combinations (Note 27) | **13,733** | **3,491** | **–** | **–** | **9,522** | **26,746** |
| Remeasurement of contingent consideration estimates (Note 24) | **–** | **–** | **–** | **–** | **192** | **192** |
| Additions | **–** | **–** | **–** | **2,448** | **–** | **2,448** |
| Capitalisation of development expenditure | **–** | **–** | **251** | **–** | **–** | **251** |
| Foreign exchange movement | **1,830** | **902** | **207** | **60** | **3,656** | **6,655** |
| **Balance at 31 December 2015** | **77,905** | **23,379** | **4,440** | **5,708** | **151,734** | **263,166** |
| **Accumulated amortisation and impairments** | | | | | | |
| Balance at 1 January 2014 | 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 and 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** |
| Amortisation of acquisition related intangible assets | **3,458** | **1,725** | **–** | **–** | **–** | **5,183** |
| Development and software amortisation | **–** | **–** | **249** | **988** | **–** | **1,237** |
| Foreign exchange movement | **1,459** | **244** | **153** | **15** | **34** | **1,905** |
| **Balance at 31 December 2015** | **54,909** | **9,976** | **3,367** | **1,865** | **2,531** | **72,648** |
| **Carrying amount** | | | | | | |
| Balance at 31 December 2014 | 12,350 | 10,979 | 1,017 | 2,338 | 135,867 | 162,551 |
| **Balance at 31 December 2015** | **22,996** | **13,403** | **1,073** | **3,843** | **149,203** | **190,518** |

#### Other intangible assets
Other intangible assets include brands of €4,946,000 (2014: €5,131,000) and supplier relationships of €8,457,000 (2014: €5,848,000).

#### Derecognition of pre-existing supplier relationship with acquiree
During the prior 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.

| | **2015 Number CGUs** | 2014* Number CGUs | **2015 €'000** | 2014* €'000 |
|---|---|---|---|---|
| Europe – Eurozone | **8** | 8 | **33,978** | 33,778 |
| Europe – Non-Eurozone | **7** | 7 | **104,179** | 99,533 |
| International | **3** | 2 | **11,046** | 2,556 |
| | **18** | 17 | **149,203** | 135,867 |

* Comparative balances have been reclassified 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 2016 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 12.4% to 13.2% (2014: 12.2% to 12.9%).

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

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

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, no impairments were recognised for the year ended 31 December 2015. For the year ended 31 December 2014, impairment charges of €1,343,000 relating to goodwill and €341,000 relating to acquisition related intangible assets were recognised 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 a consumer products distribution business within the Europe – Eurozone division 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 year and recovery in profits was forecasted at a slower rate than previously anticipated.

### Sensitivity analysis

The value-in-use calculations are sensitive to changes in assumptions, particularly relating to the 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.

Within a CGU in the Group's Europe – Non-Eurozone division, if the project cashflow projections had been 10% lower then an impairment loss of €1,505,000 would have been recognised. Similarly if the pre-tax discount rate had been 10% higher an impairment loss of €1,661,000 would have been recognised.

With the exception of the aforementioned business, a 10% reduction in the cashflow projections would not have given rise to an impairment loss. Similarly if the pre-tax discount rates applied to the cash flows had been 10% higher, no further impairment loss would have arisen.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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 2014** | 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 | – | 75 | 75 |
| Investment in associates– contingent consideration (Note 24) | – | 427 | 427 |
| Joint ventures arising on acquisition of subsidiary(b) (Note 27) | 871 | – | 871 |
| Joint venture becoming a subsidiary (b) (Note 27) | (3,728) | – | (3,728) |
| Subsidiary becoming a joint venture (c) | 126 | – | 126 |
| Available-for-sale financial asset becoming an associate (d) (Note 14) | – | 2,548 | 2,548 |
| Joint venture becoming an associate (e) | (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** |
| Share of profit after tax (Note 3) | **7,706** | **2,393** | **10,099** |
| Share of other comprehensive income, net | **(88)** | **(476)** | **(564)** |
| Investment in joint ventures – cash (a) | **7,308** | **–** | **7,308** |
| Investment in joint ventures –contingent consideration (a) | **4,802** | **–** | **4,802** |
| Disposal of joint ventures (f) | **(685)** | **–** | **(685)** |
| Investment in associates – cash | **–** | **30** | **30** |
| Joint venture becoming a subsidiary (b) (Note 27) | **(426)** | **–** | **(426)** |
| Dividends received | **(5,494)** | **(2,576)** | **(8,070)** |
| Foreign exchange movement | **(321)** | **1,025** | **704** |
| **Balance at 31 December 2015** | **53,803** | **22,312** | **76,115** |

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

#### (a) Investment in joint ventures*
**Investments in 2015**
In 2015 the Group invested €12,110,000 (€7,308,000 in cash and €4,802,000 estimated contingent consideration payable on achievement of certain profit targets). The fair value of the contingent consideration recognised at the date of acquisition of €4,802,000 was calculated using the expected present value technique. The principal acquisition in the year was the acquisition in February 2015 of a 50% shareholding in the Gambles Group, a fresh produce company headquartered in Toronto, Canada.

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

**Investments in 2014**
In 2014 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.

#### (b) Joint venture becoming a subsidiary
**2015**
In 2015, the Group acquired the remaining 50% shareholding in a joint venture investment in the Eurozone. The carrying value of the original 50% shareholding at date of acquisition of €426,000 was deemed to be the fair value.

**2014**
In May 2014 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 became a subsidiary of the Group. The carrying value of the original 50% shareholding at the date of acquisition of €3,728,000 was determined to be the fair value.

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

### (c) 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.

### (d) 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.

### (e) 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.

### (f) Disposal of a joint venture
In June 2015 the Groups disposed of its shareholding in a joint venture in Scandinavia with a carrying value of €685,000 for proceeds of €670,000, net of associated disposal costs.

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

| | **Joint Ventures 2015 €'000** | **Associates 2015 €'000** | **Total 2015 €'000** | Joint Ventures 2014 €'000 | Associates 2014 €'000 | Total 2014 €'000 |
|---|---|---|---|---|---|---|
| Non-current assets | **30,488** | **11,753** | **42,241** | 23,123 | 11,588 | 34,711 |
| Cash and cash equivalents | **16,737** | **4,292** | **21,029** | 13,803 | 2,252 | 16,055 |
| Other current assets | **51,972** | **29,741** | **81,713** | 43,705 | 28,970 | 72,675 |
| Non-current liabilities | **(5,848)** | **(3,020)** | **(8,868)** | (2,641) | (3,319) | (5,960) |
| Employee benefit liabilities | **–** | **(1,973)** | **(1,973)** | – | (1,693) | (1,693) |
| Current liabilities | **(37,735)** | **(25,435)** | **(63,170)** | (30,268) | (21,005) | (51,273) |
| Interest-loans and borrowings | **(14,438)** | **(7,322)** | **(21,760)** | (14,775) | (9,571) | (24,346) |
| Non-controlling interests | **(368)** | **(526)** | **(894)** | (212) | (420) | (632) |
| **Share of net assets** | **40,808** | **7,510** | **48,318** | 32,735 | 6,802 | 39,537 |
| Goodwill | **12,995** | **14,802** | **27,797** | 8,266 | 15,114 | 23,380 |
| **Balance at 31 December** | **53,803** | **22,312** | **76,115** | 41,001 | 21,916 | 62,917 |

**Material Joint Ventures**
The Group has three 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.

The Group owns 50% of 2451487 Ontario Inc and 2451490 Ontario Inc (collectively 'the Gambles Group'), a Canadian fresh produce group. The registered address of the Gambles Group is 302 Dwight Avenue, Toronto, ON, M8V 2W7, Canada.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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., Frutas IRU S.A. and the Gambles Group ('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* | | Gambles Group | |
|---|---|---|---|---|---|---|
| | 2015 €'000 | 2014 €'000 | 2015 €'000 | 2014 €'000 | 2015 €'000 | 2014 €'000 |
| **Revenue** | **243,193** | 226,652 | **65,857** | 63,820 | **127,893** | – |
| Profit after tax (Note a) | **3,475** | 782 | **1,435** | 1,385 | **2,151** | – |
| Other comprehensive income | **–** | – | **–** | – | **(189)** | – |
| Total comprehensive income | **3,475** | 782 | **1,435** | 1,385 | **1,962** | – |
| **Attributable to non-controlling interests** | **310** | 268 | **–** | – | **175** | – |
| **Attributable to the investees' shareholders** | **3,165** | 514 | **1,435** | 1,385 | **1,787** | – |
| *Note (a) Profit after tax includes:* | | | | | | |
| Depreciation and amortisation | **(1,392)** | (1,396) | **(285)** | (259) | **(1,872)** | – |
| Interest (expense)/income | **(367)** | (575) | **46** | 140 | **(90)** | – |
| Income tax expense | **(1,167)** | (438) | **(530)** | (532) | **(978)** | – |
| Current assets (Note b) | **36,588** | 33,667 | **18,087** | 19,154 | **13,696** | – |
| Non-current assets | **10,478** | 10,947 | **954** | 818 | **20,784** | – |
| Current liabilities (Note c) | **(26,729)** | (25,730) | **(5,995)** | (6,361) | **(9,187)** | – |
| Non-current liabilities (Note d) | **(2,167)** | (2,466) | **(25)** | (25) | **(9,268)** | – |
| Net assets | **18,170** | 16,418 | **13,021** | 13,586 | **16,025** | – |
| **Attributable to non-controlling interests** | **254** | 166 | **–** | – | **151** | – |
| **Attributable to the investees' shareholders** | **17,916** | 16,252 | **13,021** | 13,586 | **15,874** | – |
| **Group's interest in net assets of investees** | **8,958** | 8,126 | **6,511** | 6,793 | **7,937** | – |
| **Goodwill** | **5,080** | 5,080 | **–** | – | **4,001** | – |
| **Carrying amount of interest in investees at end of year** | **14,038** | 13,206 | **6,511** | 6,793 | **11,938** | – |
| Note (b) Includes cash and cash equivalents | **2,995** | 3,623 | **9,726** | 10,029 | **4,883** | – |
| Note (c) Includes current financial liabilities (excluding trade, other payables and provisions) | **(13,573)** | (13,161) | **–** | – | **(154)** | – |
| Note (d) Includes non-current financial liabilities (excluding trade, other payables and provisions) | **(89)** | (102) | **–** | – | **(2,029)** | – |

| | Frankort & Koning | | Frutas IRU* | | Gambles Group | |
|---|---|---|---|---|---|---|
| | 2015 €'000 | 2014 €'000 | 2015 €'000 | 2014 €'000 | 2015 €'000 | 2014 €'000 |
| Carrying amount of interest in investee at beginning of year | **13,206** | 13,449 | **6,793** | 6,100 | **–** | – |
| Group's investment in investee during the year including contingent consideration | **–** | – | **–** | – | **11,695** | – |
| Total comprehensive income attributable to the Group | **1,582** | 257 | **718** | 693 | **894** | – |
| Dividends received during the year | **(750)** | (500) | **(1,000)** | – | **(651)** | – |
| **Carrying amount of interest in investee at end of year** | **14,038** | 13,206 | **6,511** | 6,793 | **11,938** | – |

* 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 | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Europe – Eurozone Fresh Produce | **10,594** | 11,933 |
| Europe – Non-Eurozone Fresh Produce | **8,305** | 6,813 |
| International Fresh Produce | **2,417** | 2,256 |
| **Carrying amount of interests in immaterial joint ventures** | **21,316** | 21,002 |

| Group's share of profit after tax | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Europe – Eurozone Fresh Produce | **1,672** | 2,418 |
| Europe – Non-Eurozone Fresh Produce | **2,859** | 778 |
| International Fresh Produce | **(113)** | (130) |
| **Group's share of profit after tax in immaterial joint ventures** | **4,418** | 3,066 |

### 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.

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Revenue** | **514,276** | 497,103 |
| Profit after tax | **6,405** | 6,184 |
| Other comprehensive income | **2,115** | 2,007 |
| Total comprehensive income | **8,520** | 8,191 |
| **Attributable to non-controlling interests** | **1,054** | 671 |
| **Attributable to the investee's shareholders** | **7,466** | 7,520 |
| Current assets | **80,727** | 78,484 |
| Non-current assets | **25,833** | 25,545 |
| Current liabilities | **(78,553)** | (76,253) |
| Non-current liabilities | **(16,183)** | (16,449) |
| Net assets | **11,824** | 11,327 |
| **Attributable to non-controlling interests** | **1,504** | 1,199 |
| **Attributable to the investee's shareholders** | **10,320** | 10,128 |
| **Group's interest in net assets of investee** | **3,612** | 3,545 |
| **Goodwill** | **12,813** | 12,930 |
| **Carrying amount of interest in investee at end of year** | **16,425** | 16,475 |
| Carrying amount of interest in investee at beginning of year | **16,475** | 14,051 |
| Group's investment in investee during the year | **–** | 75 |
| Contingent consideration | **–** | 427 |
| Total comprehensive income attributable to the Group[1,2] | **2,760** | 2,787 |
| Dividends received during the year | **(2,546)** | (1,897) |
| Foreign exchange movement | **(264)** | 1,032 |
| **Carrying amount of interest in investee at end of year** | **16,425** | 16,475 |

1. Includes movements in currency translation reserve of €1,162,000 (2014: €714,000), 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.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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 | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Europe – Eurozone Fresh Produce | **1,256** | 1,258 |
| Europe – Non-Eurozone Fresh Produce | **3,250** | 2,944 |
| International Fresh Produce | **1,381** | 1,239 |
| **Carrying amount of interests in immaterial associates** | **5,887** | 5,441 |
| ***Group's share of profit after tax*** | | |
| Europe – Eurozone Fresh Produce | **1** | 2 |
| Europe – Non-Eurozone Fresh Produce | **287** | 497 |
| International Fresh Produce | **31** | 116 |
| **Group's share of profit after tax in immaterial associates** | **319** | 615 |
| ***Group's share of other comprehensive income*** | | |
| International Fresh Produce | **–** | – |
| **Group's share of other comprehensive income in immaterial associates** | **–** | – |

### 14. OTHER FINANCIAL ASSETS

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Balance at beginning of year | **698** | 649 |
| Fair value movement through available-for sale reserve (a) | **–** | 2,455 |
| Investments in the year | **–** | 106 |
| Financial asset becoming an associate (a) (Note 13) | **–** | (2,548) |
| Foreign exchange movement | **34** | 36 |
| **Balance at end of year** | **732** | 698 |
| Available-for-sale financial assets measured at cost less provision for impairment (b) | **732** | 698 |
| **Balance at end of year** | **732** | 698 |

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 for the year ended 31 December 2014 (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 €732,000 (2014: €698,000).

### 15. INVENTORIES

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Goods for resale | **58,033** | 45,392 |
| Consumables | **5,396** | 4,072 |
| **Total of lower of cost or net realisable value** | **63,429** | 49,464 |

## 16. TRADE AND OTHER RECEIVABLES

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Non-current** | | |
| Non-trade receivables due from joint ventures and associates | **3,702** | 416 |
| Other receivables | **2,079** | 2,583 |
| | **5,781** | 2,999 |
| **Current** | | |
| Trade receivables due from third parties | **237,047** | 241,974 |
| Trade receivables due from joint ventures and associates | **5,689** | 5,217 |
| Other receivables | **24,101** | 24,143 |
| Prepayments | **9,425** | 7,745 |
| Non-trade receivables due from joint ventures and associates | **2,961** | 3,836 |
| | **279,223** | 282,915 |
| **Total** | **285,004** | 285,914 |

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 'amortised cost' in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Bank deposits | **2,500** | 2,000 |

### 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.

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Bank balances | **110,895** | 90,141 |
| Call deposits (demand balances) | **18,843** | 23,689 |
| **Cash and cash equivalents per balance sheet** | **129,738** | 113,830 |
| Bank overdrafts (Note 20) | **(6,533)** | (3,440) |
| **Cash, cash equivalents and bank overdrafts per cash flow statement** | **123,205** | 110,390 |

## 18. CAPITAL AND RESERVES

### Share capital

At 31 December 2015, the authorised share capital was €10,000,000 (2014: €10,000,000) divided into 1,000,000,000 ordinary shares of 1 cent each. The issued share capital at that date was 344,608,634 ordinary shares (2014: 353,311,732).

During 2015, the Group acquired 9,943,398 of its own ordinary shares at an aggregate cost of €14,101,000 plus costs of €287,000. The total cost of €14,388,000 was reflected as a reduction in retained earnings. The repurchased ordinary shares were cancelled with nominal value of the cancelled shares (€99,434) being credited to undenominated capital reserve.

During the year, the Group received consideration of €959,000 (2014: €1,005,000) from the issue of 1,240,300 shares that were issued to satisfy the exercise of 1,240,300 (2014: 1,425,000) share options.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 18. CAPITAL AND RESERVES (continued)

**Share capital** (continued)

At 31 December 2015, the Company held 22,000,000 (2014: 22,000,000) treasury shares in the Company. All rights (including voting and dividend rights) in respect of these treasury shares are suspended until these shares are reissued.

| | Ordinary shares 2015 '000 | Ordinary shares 2015 €'000 | Ordinary shares 2014 '000 | Ordinary shares 2014 €'000 |
|---|---|---|---|---|
| *Allotted, called-up and fully paid* | | | | |
| In issue at beginning of year | **353,312** | **3,533** | 351,887 | 3,519 |
| Shares repurchased by company | **(9,943)** | **(99)** | – | – |
| Shares issued on exercise of share options | **1,240** | **12** | 1,425 | 14 |
| **In issue at end of year** | **344,609** | **3,446** | 353,312 | 3,533 |

**Share premium**

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| At beginning of year | **253,565** | 252,574 |
| Cash received on exercise of share options in excess of cost price of shares | **947** | 991 |
| At end of year | **254,512** | 253,565 |

**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 2015 was €14,836,000 (2014: €20,388,000). As permitted by Section 304 of the Companies Act, 2014, the statement of comprehensive income of the Company has not been separately presented in these financial statements.

**Other reserves**

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Undenominated capital[(a)] | **99** | – |
| Currency translation reserve[(b)] | **70** | (4,483) |
| Revaluation reserve[(c)] | **22,178** | 21,882 |
| De-merger reserve[(d)] | **(122,521)** | (122,521) |
| Own shares reserve[(e)] | **(8,580)** | (8,580) |
| Other equity reserves[(f)] | **2,027** | 2,024 |
| **Total** | **(106,727)** | (111,678) |

**(a) Undenominated capital**

This reserve arises on the cancellation of ordinary shares purchased under the share buy-back programme during the year. The nominal value of the 9,943,398 (2014: Nil) ordinary shares cancelled during the year amounting to €99,434 was credited to undenominated capital.

**(b) 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.

**(c) 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.

**(d) 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.

**(e) Own shares reserve**
The reserve for the Company's own shares comprises the cost of the Company's shares held by the Company. At 31 December 2015, the Company held 22,000,000 (31 December 2014: 22,000,000) of the Company's shares as treasury shares.

**(f) 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 2014** | 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** |
| **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 | **–** | **–** | **(11)** | **(11)** |
| Deferred tax on items taken directly to other comprehensive income | **–** | **–** | **6** | **6** |
| Total included in other comprehensive income | **–** | **–** | **(5)** | **(5)** |
| **Total included in comprehensive income** | **–** | **–** | **(5)** | **(5)** |
| **Transactions with equity holders of the parent** | | | | |
| New shares issued | **(373)** | **–** | **–** | **(373)** |
| Share-based payment transactions (Note 28) | **381** | **–** | **–** | **381** |
| **Total transactions with equity holders of the parent** | **8** | **–** | **–** | **8** |
| **At 31 December 2015** | **1,987** | **–** | **40** | **2,027** |

**(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 is 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.

**(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.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 18. CAPITAL AND RESERVES (continued)
#### 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. On 8 October 2015, the Group announced a €20,000,000 share buy-back programme. The programme commenced on 9 October 2015 and in the period to 31 December 2015, the Group acquired 9,943,398 of its own ordinary shares at an aggregate cost of €14,388,000 including associated costs. The repurchased ordinary shares were cancelled. The share buy-back programme is earnings accretive and completed on 27 January 2016 with a combined total of 14,017,270 ordinary shares repurchased and cancelled at a total cost of €20,350,000 including associated costs.

Previously 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. These shares are held as treasury shares unless reissued or cancelled. 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 on 25 May 2016.

### 19. NON-CONTROLLING INTERESTS

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Balance at beginning of year** | **68,341** | 68,524 |
| Share of profit after tax | **7,475** | 6,703 |
| Share of items recognised in other comprehensive income | **376** | (236) |
| Share of foreign exchange movement | **607** | 566 |
| **Share of comprehensive income** | **8,458** | 7,033 |
| Non-controlling interests arising on acquisition (Note 27) | **4,132** | – |
| Acquisition of non-controlling interests (a) | **(4,265)** | (723) |
| Disposal of shareholding to non-controlling interests (b) | **599** | – |
| Non-controlling interest disposed on derecognition of pre-existing relationship with acquiree (Note 12, Note 27) (c) | **–** | (327) |
| Contribution by non-controlling interests | **36** | 375 |
| Dividends paid to non-controlling interests | **(2,342)** | (6,541) |
| **Balance at end of year** | **74,959** | 68,341 |

**(a) Acquisition of non-controlling interests**
During the year, the Group acquired additional shares in subsidiaries for consideration of €3,914,000 including €1,914,000 contingent on future profit targets being achieved and €1,000,000 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 €351,000 between the fair value of the consideration of €3,914,000 and the book value of the non-controlling interest acquired of €4,265,000 was accounted for directly in retained earnings as a credit.

During 2014, the Group acquired additional shares in subsidiaries for consideration of €2,288,000 including €707,000 contingent on future profit targets being achieved and €600,000 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 between the fair value of the consideration of €2,288,000 and the book value of the non-controlling interest acquired of €723,000 was charged directly retained earnings.

**(b) Disposal of shareholding to non-controlling interests**
During the year, the Group disposed of a shareholding to a non-controlling interest for €599,000. No gain or loss resulted from this disposal.

**(c) Non-controlling interests disposed on derecognition of pre-existing relationship with acquiree**
During 2014 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 No 11, 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.

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| **Total Revenue (including share of joint ventures)** | **349,648** | 337,057 |
| Group Revenue | **330,251** | 318,020 |
| Profit after tax | **6,999** | 6,474 |
| **Profit after tax attributable to non-controlling interests** | **4,237** | 3,918 |
| Other comprehensive income | **516** | 9 |
| Total comprehensive income | **7,515** | 6,483 |
| **Total comprehensive income attributable to non-controlling interests** | **4,560** | 3,993 |
| Current assets | **71,519** | 72,317 |
| Non-current assets | **33,298** | 33,034 |
| Current liabilities | **(41,474)** | (48,930) |
| Non-current liabilities | **(2,021)** | (2,513) |
| Net assets | **61,322** | 53,908 |
| **Net assets attributable to non-controlling interests** | **36,896** | 32,386 |
| **Net increase in cash and cash equivalents** | **936** | 6,227 |
| **Dividends paid to non-controlling interests during the year** | **86** | 4,664 |

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 20. INTEREST-BEARING LOANS AND BORROWINGS

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Non-current** | | |
| Bank borrowings | **129,555** | 111,196 |
| Finance lease liabilities | **2,330** | 3,713 |
| | **131,885** | 114,909 |
| **Current** | | |
| Bank overdrafts | **6,533** | 3,440 |
| Bank borrowings | **10,073** | 12,347 |
| Finance lease liabilities | **1,802** | 1,982 |
| | **18,408** | 17,769 |
| **Total** | **150,293** | 132,678 |

*Borrowings are repayable as follows:*

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Bank borrowings and overdrafts** | | |
| Within one year | **16,606** | 15,787 |
| After one year but within two years | **31,791** | 54,463 |
| After two years but within five years | **93,692** | 50,934 |
| After five years | **4,072** | 5,799 |
| | **146,161** | 126,983 |
| **Finance lease liabilities** | | |
| Within one year | **1,802** | 1,982 |
| After one but within five years | **2,330** | 3,713 |
| | **4,132** | 5,695 |
| **Total** | **150,293** | 132,678 |

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 €4,399,000 (2014: €6,275,000). Total interest-bearing loans and borrowings include borrowings of €3,320,000 (2014: €3,819,000) 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 2015 and 31 December 2014 is as follows:

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| ***Current assets*** | | |
| Bank deposits | **2,500** | 2,000 |
| Bank balances | **110,895** | 90,141 |
| Call deposits (demand balances) | **18,843** | 23,689 |
| ***Current liabilities*** | | |
| Bank overdrafts | **(6,533)** | (3,440) |
| Current bank borrowings | **(10,073)** | (12,347) |
| Current finance leases | **(1,802)** | (1,982) |
| ***Non-current liabilities*** | | |
| Non-current bank borrowings | **(129,555)** | (111,196) |
| Non-current finance leases | **(2,330)** | (3,713) |
| **Net debt at end of year** | **(18,055)** | (16,848) |

Average net debt for the year ended 31 December 2015 was €66,623,000 (2014: €62,273,000).

## 22. TRADE AND OTHER PAYABLES

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Non-current** | | |
| Other payables | **1,411** | 1,696 |
| **Current** | | |
| Trade payables | **282,219** | 261,711 |
| Trade payables due to joint ventures and associates | **3,842** | 3,603 |
| Non-trade payables due to joint ventures and associates | **59** | 59 |
| Accruals | **44,122** | 39,398 |
| Deferred consideration | **2,664** | 644 |
| Other payables | **20,416** | 25,056 |
| Irish payroll tax and social welfare | **2,450** | 2,255 |
| Irish value added tax | **2,163** | 2,231 |
| Other tax | **11,522** | 8,081 |
| | **369,457** | 343,038 |
| **Total** | **370,868** | 344,734 |

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

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Balance at beginning of year | **1,683** | 1,681 |
| Amortised to income statement (Note 2) | **(332)** | (321) |
| Grants received | **449** | 323 |
| **Balance at end of year** | **1,800** | 1,683 |

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 €33,512,000 (2014: €22,859,000) 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.

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Balance at beginning of year** | **22,859** | 23,970 |
| Paid during year | **(11,964)** | (5,524) |
| Fair value remeasurements charged/(credited) to income statement[1] (Note 2) | **1,384** | (738) |
| Fair value remeasurements – adjustment to goodwill – subsidiaries[1] (Note 12) | **192** | (1,130) |
| Arising on acquisitions of subsidiaries (Note 27) | **14,396** | 4,688 |
| Arising on acquisition of non-controlling interests (Note 19) | **1,914** | 707 |
| Arising on acquisitions of joint ventures (Note 13) | **4,802** | – |
| Arising on acquisitions of associates (Note 13) | **–** | 427 |
| Foreign exchange movements | **(71)** | 459 |
| **Balance at end of year** | **33,512** | 22,859 |
| Non-current | **28,363** | 12,105 |
| Current | **5,149** | 10,754 |
| **Balance at end of year** | **33,512** | 22,859 |

1. 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 increase in the estimate of €192,000 (2014: decrease of €1,130,000). 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 increase in the amount payable of €1,384,000 (2014: decrease of €738,000). The impact of these revisions is recognised in the Group income statement within other operating income and expenses (Note 2).

See Note 31 for contractual cashflows and fair value disclosures on the measurement of contingent consideration at 31 December 2015.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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.

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Less than one year | **9,972** | 9,998 |
| Between one and five years | **13,642** | 14,710 |
| More than five years | **2,373** | 6,430 |
| **Total** | **25,987** | 31,138 |

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 €14,043,000 (2014: €13,393,000) was recognised as an expense in the income statement in respect of operating leases.

**Leases as lessor**

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

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Less than one year | **953** | 886 |
| Between one and five years | **1,406** | 2,026 |
| **Total** | **2,359** | 2,912 |

In 2015 €2,097,000 (2014: €2,000,000) 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 2015 €'000 | Liabilities 2015 €'000 | Net 2015 €'000 | Assets 2014 €'000 | Liabilities 2014 €'000 | Net 2014 €'000 |
|---|---|---|---|---|---|---|
| Property, plant and equipment | **1,192** | **(7,286)** | **(6,094)** | 1,445 | (7,782) | (6,337) |
| Intangible assets | **–** | **(8,628)** | **(8,628)** | – | (4,431) | (4,431) |
| Investment property | **–** | **(348)** | **(348)** | – | (199) | (199) |
| Derivative financial instruments | **35** | **(10)** | **25** | 35 | (95) | (60) |
| Employee benefits | **2,643** | **–** | **2,643** | 3,933 | – | 3,933 |
| Trade and other payables | **2,301** | **(942)** | **1,359** | 1,801 | (240) | 1,561 |
| Other items | **144** | **(209)** | **(65)** | 119 | (223) | (104) |
| Tax value of losses carried forward | **2,782** | **–** | **2,782** | 3,588 | – | 3,588 |
| **Deferred tax assets/(liabilities)** | **9,097** | **(17,423)** | **(8,326)** | 10,921 | (12,970) | (2,049) |
| Set-off of deferred tax | **(26)** | **26** | **–** | (979) | 979 | – |
| **Net deferred tax assets/(liabilities)** | **9,071** | **(17,397)** | **(8,326)** | 9,942 | (11,991) | (2,049) |

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

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Tax losses | **7,193** | 7,001 |

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 €1,411,000 (2014: €1,430,000).

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 €5,782,000 (2014: €5,571,000).

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 2015 €'000 | Recognised in income statement 2015 €'000 | Recognised in other comprehensive income 2015 €'000 | Foreign exchange adjustment 2015 €'000 | Arising on acquisition 2015 €'000 | Reclassification 2015 €'000 | Balance at 31 December 2015 €'000 |
|---|---|---|---|---|---|---|---|
| Property, plant and equipment | **(6,337)** | **(211)** | **428** | **26** | **–** | **–** | **(6,094)** |
| Intangible assets | **(4,431)** | **1,080** | **–** | **(157)** | **(5,120)** | **–** | **(8,628)** |
| Investment property | **(199)** | **(133)** | **–** | **(18)** | **–** | **2** | **(348)** |
| Derivative financial instruments | **(60)** | **86** | **(1)** | **–** | **–** | **–** | **25** |
| Employee benefits | **3,933** | **(130)** | **(1,210)** | **50** | **–** | **–** | **2,643** |
| Trade and other payables | **1,561** | **(429)** | **–** | **8** | **221** | **(2)** | **1,359** |
| Other items | **(104)** | **37** | **–** | **2** | **–** | **–** | **(65)** |
| Tax value of losses carried forward | **3,588** | **(815)** | **–** | **9** | **–** | **–** | **2,782** |
| **Net deferred tax assets/ (liabilities)** | **(2,049)** | **(515)** | **(783)** | **(80)** | **(4,899)** | **–** | **(8,326)** |

| | 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 |
| **Net deferred tax assets/ (liabilities)** | (6,820) | 1,625 | 4,549 | (65) | (1,338) | – | (2,049) |

## 27. ACQUISITIONS OF SUBSIDIARIES

### Summary of investments in 2015

Primarily in the final quarter of the year, the Group completed a number of new acquisitions and bolt-ons principally in the UK and Brazil. The total committed investment is up to €20,383,000 including €14,396,000 contingent consideration payable dependent on the achievement of profit targets and €1,675,000 of deferred consideration.

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 2014

During 2014, 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 fresh produce, healthfoods and consumer products businesses.

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 became 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. These acquisitions complemented business interests in these divisions.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 27. ACQUISITIONS OF SUBSIDIARIES (continued)

**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.

| | Total 2015 €'000 | Total 2014 €'000 |
|---|---|---|
| **Consideration paid and payable** | | |
| Cash consideration | **4,312** | 11,499 |
| Contingent consideration arising on current year acquisitions (Note 24) | **14,396** | 4,688 |
| Deferred consideration | **1,675** | – |
| **Total fair value of consideration** | **20,383** | 16,187 |
| **Identifiable assets acquired and liabilities assumed** | | |
| Property, plant and equipment (Note 10) | **1,182** | 6,632 |
| Intangible assets: | | |
| – customer relationships (Note 12) | **13,733** | 3,671 |
| – supplier relationships (Note 12) | **3,491** | 1,660 |
| – brands (Note 12) | **–** | 3,169 |
| – software (Note 12) | **–** | 120 |
| Joint venture investments within subsidiaries acquired (Note 13) | **–** | 871 |
| Inventories | **2,270** | 3,978 |
| Trade and other receivables | **6,654** | 23,835 |
| Cash, cash equivalents and bank overdrafts | **2,235** | (6,746) |
| Bank borrowings | **(2,901)** | (1,618) |
| Finance leases | **–** | (1,766) |
| Corporation tax | **259** | 58 |
| Trade and other payables | **(6,605)** | (18,131) |
| Deferred tax asset (Note 26) | **221** | 148 |
| Deferred tax liabilities (Note 26) | **(5,120)** | (1,486) |
| Derivative financial liability | **–** | (160) |
| Non-controlling interests acquired (Note 19) | **(4,132)** | – |
| **Fair value of net identifiable assets and liabilities acquired** | **11,287** | 14,235 |
| **Goodwill calculation** | | |
| Total fair value of consideration | **20,383** | 16,187 |
| Fair value of pre-existing interest in acquiree (Note 13) | **426** | 3,728 |
| Fair value of pre-existing relationship with acquiree (Note 12, Note 19) | **–** | 762 |
| Fair value of net identifiable assets and liabilities acquired | **(11,287)** | (14,235) |
| **Goodwill arising (Note 12)** | **9,522** | 6,442 |

Cash flows relating to acquisition of subsidiaries:

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Cash consideration for acquisition of subsidiary undertakings | **(4,312)** | (11,499) |
| Cash, cash equivalents and bank overdrafts acquired | **2,235** | (6,746) |
| **Cash outflow per statement of cash flows** | **(2,077)** | (18,245) |

**Cash consideration paid**

The cash spend on acquisitions in 2015 was €4,312,000 (2014: €11,499,000). Net of cash, cash equivalents and bank overdrafts acquired the net cash outflow was €2,077,000 (2014: €18,245,000).

**Contingent consideration**

The Group has agreed to pay selling shareholders additional consideration of €16,126,000 (2014: €5,453,000) in the periods up to 2021 which is payable on achievement of certain profit criteria. The fair value of this contingent consideration at the date of acquisition of €14,396,000 (2014: €4,688,000) was calculated by using the expected present value technique.

**Deferred consideration**
Deferred consideration arising on acquisitions completed in 2015 was €1,675,000 (2014: €Nil).

**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**
In 2014 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 2014 goodwill calculation on acquisition of the additional 50% shareholding. Refer to Note 13 for further details.

**Fair value of pre-existing relationship with acquiree**
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 2014 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 €9,522,000 (2014: €6,442,000) 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 €672,000 (2014: €602,000) 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 acquisitions of subsidiaries in 2015 did not materially contribute to revenue and operating profit in the year ended 31 December 2015 as the principal acquisitions completed in the final quarter of 2015.

If the acquisition date for these business combinations was 1 January 2015, the estimated revenue for the year ended 31 December 2015 would have been €3,503,210,000 and estimated operating profit after exceptional items would have been €55,533,000. These numbers exclude the contributions from any joint ventures and associates completed in the year.

## 28. EMPLOYEE BENEFITS

### Remuneration

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Wages and salaries | **173,892** | 156,499 |
| Social security contributions | **26,813** | 24,643 |
| Pension costs – defined contribution schemes | **4,615** | 3,655 |
| Pension costs – defined benefit schemes | **4,693** | 1,995 |
| Past service credit – due to modification to accruing benefits (Note 6) | **–** | (2,694) |
| Termination benefits | **1,415** | 712 |
| Equity settled share-based compensation expense | **381** | 321 |
| Short term incentive payment plan | **1,047** | 746 |
| **Recognised in the income statement** | **212,856** | 185,877 |
| Remeasurement (gains)/losses on defined benefit schemes recognised in other comprehensive income | **(9,870)** | 28,666 |
| **Recognised in the statement of other comprehensive income** | **(9,870)** | 28,666 |

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 28. EMPLOYEE BENEFITS (continued)
**Employee numbers – Group (Average)**

| | 2015 Number | 2014 Number* |
|---|---|---|
| Production | **562** | 500 |
| Sales and distribution | **3,264** | 3,162 |
| Administration | **540** | 471 |
| | **4,366** | 4,133 |

* 2014 comparatives have been re-classified to ensure conformity with current year presentation.

**Post-employment defined benefit plan 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 charge in the income statement for the year in respect of the Group's defined benefit schemes was €4,693,000 (2014: a credit of €699,000 inclusive of a gain of €2,694,000 on modification to accruing benefits). The charge in the income statement in respect of the Group's defined contribution schemes was €4,615,000 (2014: €3,655,000).

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 2015. 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 2015. 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**

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 previous 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). There were no modifications to the Group's defined benefit pension schemes in 2015.

**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 2015 and 31 December 2014 are as follows:

| | Ireland | | UK | | Europe | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Rate of increase in salaries | **0.00%-2.00%** | 0.00%-2.00% | **3.00%** | 2.00% | **0.00%-2.00%** | 0.00%-2.00% |
| Rate of increase in pensions | **0.75%-1.50%** | 0.75%-1.50% | **2.50%-3.00%** | 2.00%-3.00% | **0.00%** | 0.00% |
| Inflation rate | **1.50%** | 1.50% | **3.00%** | 3.00% | **1.50%** | 1.50% |
| Discount rate | **2.60%** | 2.20% | **4.10%** | 3.80% | **2.60%** | 2.20% |

### 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 | |
|---|---|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| Male | **22.2** | 22.1 | **20.9** | 20.9 | **22.2** | 22.1 |
| Female | **23.4** | 23.3 | **24.3** | 24.3 | **23.4** | 23.3 |

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

| | Ireland | | UK | | Europe | |
|---|---|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| Male | **24.5** | 24.4 | **23.3** | 22.7 | **24.5** | 24.4 |
| Female | **25.4** | 25.3 | **26.8** | 26.2 | **25.4** | 25.3 |

### Analysis of net liability

| | **Ireland 2015 €'000** | **UK 2015 €'000** | **Europe 2015 €'000** | **Total 2015 €'000** |
|---|---|---|---|---|
| Equities | **31,966** | **30,771** | **–** | **62,737** |
| Bonds | **30,300** | **37,832** | **–** | **68,132** |
| Property | **14,636** | **3,872** | **–** | **18,508** |
| Growth portfolio – other | **11,665** | **6,589** | **8,658** | **26,912** |
| Cash and cash equivalents | **2,521** | **248** | **78** | **2,847** |
| Fair value of scheme assets | **91,088** | **79,312** | **8,736** | **179,136** |
| Present value of scheme obligations | **(101,500)** | **(85,124)** | **(9,686)** | **(196,310)** |
| Net employee benefit liabilities | **(10,412)** | **(5,812)** | **(950)** | **(17,174)** |
| *Analysed as follows* | | | | |
| Employee benefit assets | **–** | **–** | **–** | **–** |
| Employee benefit liability | **(10,412)** | **(5,812)** | **(950)** | **(17,174)** |
| Net employee benefit liabilities | **(10,412)** | **(5,812)** | **(950)** | **(17,174)** |

| | Ireland 2014* €'000 | UK 2014* €'000 | Europe 2014* €'000 | Total 2014* €'000 |
|---|---|---|---|---|
| Equities | 46,575 | 31,682 | – | 78,257 |
| Bonds | 22,143 | 36,613 | – | 58,756 |
| Property | 9,042 | 3,269 | – | 12,311 |
| Growth portfolio – other | 4,964 | 3,466 | 8,986 | 17,416 |
| Cash and cash equivalents | 2,988 | 291 | 115 | 3,394 |
| 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 benefit liabilities | (21,602) | (4,902) | (1,010) | (27,514) |
| *Analysed as follows* | | | | |
| Employee benefit assets | – | – | – | – |
| Employee benefit liability | (21,602) | (4,902) | (1,010) | (27,514) |
| Net employee benefit liabilities | (21,602) | (4,902) | (1,010) | (27,514) |

* 2014 comparatives have been re-classified to ensure conformity with current year presentation.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 28. EMPLOYEE BENEFITS (continued)
**Post-employment defined benefit plan disclosures** (continued)
**Movements in the fair value of scheme assets in the balance sheet**

| | Ireland €'000 | UK €'000 | Europe €'000 | Total €'000 |
|---|---|---|---|---|
| Fair value of assets at 1 January 2014 | 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** |
| Interest income on scheme assets | **1,888** | **3,064** | **213** | **5,165** |
| Remeasurement gain on scheme assets | **3,003** | **(2,521)** | **(1,144)** | **(662)** |
| Administration expenses paid from scheme | **–** | **–** | **(70)** | **(70)** |
| Employer contributions | **2,756** | **2,014** | **641** | **5,411** |
| Employee contributions | **237** | **363** | **57** | **657** |
| Benefit payments | **(2,508)** | **(2,936)** | **(62)** | **(5,506)** |
| Foreign exchange movements | **–** | **4,007** | **–** | **4,007** |
| **Fair value of assets at 31 December 2015** | **91,088** | **79,312** | **8,736** | **179,136** |

**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 2014 | (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)** |
| Current service cost | **(2,309)** | **(1,077)** | **(604)** | **(3,990)** |
| Interest expense on scheme obligations | **(2,345)** | **(3,219)** | **(234)** | **(5,798)** |
| Employee contributions | **(237)** | **(363)** | **(57)** | **(657)** |
| Benefit payments | **2,508** | **2,936** | **62** | **5,506** |
| Remeasurements | | | | |
| – effect of changes in demographic assumptions | **–** | **251** | **(125)** | **126** |
| – effect of changes in financial assumptions | **7,988** | **472** | **1,017** | **9,477** |
| – effect of experience adjustments | **209** | **354** | **366** | **929** |
| Foreign exchange movements | **–** | **(4,255)** | **–** | **(4,255)** |
| **Present value of obligations at 31 December 2015** | **(101,500)** | **(85,124)** | **(9,686)** | **(196,310)** |

### Movements in the net liability recognised in the balance sheet

| | Ireland €'000 | UK €'000 | Europe €'000 | Total €'000 |
|---|---|---|---|---|
| Net (liabilities)/assets in schemes at 1 January 2014 | (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)** |
| Employer contributions | **2,756** | **2,014** | **641** | **5,411** |
| Income recognised in the income statement | **(2,766)** | **(1,232)** | **(695)** | **(4,693)** |
| Remeasurement gains/(losses) recognised in other comprehensive income | **11,200** | **(1,444)** | **114** | **9,870** |
| Foreign exchange movement | **–** | **(248)** | **–** | **(248)** |
| **Net liabilities in schemes at 31 December 2015** | **(10,412)** | **(5,812)** | **(950)** | **(17,174)** |

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

| | **Ireland 2015 €'000** | **UK 2015 €'000** | **Europe 2015 €'000** | **Total 2015 €'000** |
|---|---|---|---|---|
| Current service cost | **(2,309)** | **(1,077)** | **(604)** | **(3,990)** |
| Interest on scheme obligations | **(2,345)** | **(3,219)** | **(234)** | **(5,798)** |
| Interest on scheme assets | **1,888** | **3,064** | **213** | **5,165** |
| Administration expenses paid from plan | **–** | **–** | **(70)** | **(70)** |
| Recognised within distribution and administration expenses | **(2,766)** | **(1,232)** | **(695)** | **(4,693)** |
| Recognised as exceptional item – past service credit – due to modification of accruing benefits | **–** | **–** | **–** | **–** |
| **Defined benefit pension expense recognised in the income statement** | **(2,766)** | **(1,232)** | **(695)** | **(4,693)** |

| | 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 credit/(expense) recognised in the income statement** | 1,218 | (702) | 183 | 699 |

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 28. EMPLOYEE BENEFITS (continued)
**Post-employment defined benefit plan disclosures** (continued)

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

| | Ireland 2015 €'000 | UK 2015 €'000 | Europe 2015 €'000 | Total 2015 €'000 |
|---|---|---|---|---|
| Remeasurement gain/(loss) on scheme assets | **3,003** | **(2,521)** | **(1,144)** | **(662)** |
| Remeasurement gain/(loss) on scheme liabilities | | | | |
| – effect of changes in demographic assumptions | **–** | **251** | **(125)** | **126** |
| – effect of changes in financial assumptions | **7,988** | **472** | **1,017** | **9,477** |
| – effect of experience adjustments | **209** | **354** | **366** | **929** |
| **Defined benefit pension credit/(expense) recognised in other comprehensive income** | **11,200** | **(1,444)** | **114** | **9,870** |

| | 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) |

**Actual return on scheme assets**

| | Ireland 2015 €'000 | UK 2015 €'000 | Europe 2015 €'000 | Total 2015 €'000 |
|---|---|---|---|---|
| Total return on assets | **4,891** | **543** | **(931)** | **4,503** |

| | 2014 €'000 | 2014 €'000 | 2014 €'000 | 2014 €'000 |
|---|---|---|---|---|
| Total return on assets | 7,817 | 10,205 | 2,861 | 20,883 |

The cumulative remeasurement loss before deferred tax recognised in the statement of other comprehensive income is €52,463,000 (2014: €62,333,000).

The expected level of employer contributions for the year ended 31 December 2016 is €5,403,000.

The weighted average duration of the defined benefit obligation was 21.0 years at 31 December 2015 (31 December 2014: 21.6 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 at 31 December 2015.

| | Ireland €'000 | UK €'000 | Europe €'000 | Total €'000 |
|---|---|---|---|---|
| ***Discount rates*** | | | | |
| – 0.25% increase in discount rate (reduces obligation) | 4,564 | 4,448 | 574 | 9,586 |
| – 0.25% decrease in discount rate (increases obligation) | (4,885) | (4,775) | (621) | (10,281) |
| ***Inflation rate*** | | | | |
| – 0.50% increase in inflation rate (increases obligation) | (2,882) | (7,507) | (24) | (10,413) |
| – 0.50% decrease in inflation rate (reduces obligation) | 2,759 | 6,858 | 51 | 9,668 |
| ***Pensionable salary increase*** | | | | |
| – additional 1.00% increase in pensionable salary (increases obligation) | (2,320) | (5,451) | (408) | (8,179) |
| – decrease of 1.00% in pensionable salary (reduces obligation) | 2,941 | 4,959 | 387 | 8,287 |
| ***Pension increase*** | | | | |
| – additional 1.00% increase in pension (increases obligation) | (12,536) | (7,641) | – | (20,177) |
| – decrease of 1.00% in pension (reduces obligation) | 10,080 | 9,393 | – | 19,473 |
| ***Life expectancy*** | | | | |
| – additional 1 year life expectancy (increases obligation) | (3,038) | (2,129) | (248) | (5,415) |
| – decrease of 1 year in life expectancy (reduces obligation) | 3,049 | 2,136 | 252 | 5,437 |

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

## Share based payment

### Income statement charge

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| Employee share option charge | **381** | 321 |

The Group established a share option scheme in December 2006 which entitles certain employees to purchase shares in Total Produce plc. In accordance with the terms of the scheme, the options granted are exercisable at the market price prevailing at the date of the grant of the option.

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

Details of options granted under these schemes are as follows:

| 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 | 26 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.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 28. EMPLOYEE BENEFITS (continued)
**Share based payment** (continued)

The fair value of services received in return for share options granted is measured by reference to fair value of the share options at the date of grant. The estimate of the fair value 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:

| | **Number of options 2015** | **Weighted average exercise price 2015 €** | Number of options 2014 | Weighted average exercise price 2014 € |
|---|---|---|---|---|
| Outstanding options at beginning of year | **9,685,000** | **0.6996** | 11,110,000 | 0.7003 |
| Options granted during year | **–** | **–** | – | – |
| Exercised during the year[1] | **(1,240,300)** | **(0.7733)** | (1,425,000) | (0.7054) |
| Forfeited during year | **–** | **–** | – | – |
| Options outstanding at end of year | **8,444,700** | **0.6887** | 9,685,000 | 0.6996 |

1. The weighted average share price at the date of exercise of these options was €1.21 (2014: €1.05).

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

| Date of grant | Date of expiry | **Number of options 2015** | **Exercise price 2015 €** | Number of options 2014 | Exercise price 2014 € |
|---|---|---|---|---|---|
| 9 May 2007 | 9 May 2017 | **1,950,000** | **0.815** | 2,950,000 | 0.815 |
| 20 September 2007 | 20 September 2017 | **1,010,000** | **0.65** | 1,010,000 | 0.65 |
| 5 March 2008 | 5 March 2018 | **1,434,700** | **0.60** | 1,675,000 | 0.60 |
| 26 March 2013 | 26 March 2023 | **4,050,000*** | **0.669** | 4,050,000 | 0.669 |
| Options outstanding at end of year | | **8,444,700** | | 9,685,000 | |

* The performance condition for the 4,050,000 options issued at 26 March 2013 has been satisfied at 31 December 2015. These options cannot be exercised until 26 March 2016 when the three year holding period condition has been satisfied.

The options outstanding at 31 December 2015 have an exercise price in the range of €0.60 to €0.815 (2014: €0.60 to €0.815) and have a weighted average contractual life of 4.4 years (2014: 5.0 years).

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

| Date of grant | Date of expiry | Number of options 2015 | Exercise price 2015 € | Number of options 2014 | Exercise price 2014 € |
|---|---|---|---|---|---|
| 9 May 2007 | 9 May 2017 | **1,950,000** | **0.815** | 2,950,000 | 0.815 |
| 20 September 2007 | 20 September 2017 | **1,010,000** | **0.65** | 1,010,000 | 0.65 |
| 5 March 2008 | 5 March 2018 | **1,434,700** | **0.60** | 1,675,000 | 0.60 |
| | | **4,394,700** | | 5,635,000 | |

The market price of the Company's shares at 31 December 2015 was €1.47 and the range during 2015 was €0.965 to €1.492.

## 29. CAPITAL COMMITMENTS AND CONTINGENCIES

### Capital commitments

The Directors have authorised capital expenditure of €20,979,000 (2014: €17,958,000) at the balance sheet date. Capital expenditure contracted for at 31 December 2015 amounted to €1,474,000 (2014: €259,000).

### Subsidiaries

In order to avail of the exemption under Section 357 of the Companies Act, 2014, 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 Sections 347 and 348 of the Companies Act, 2014:

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 2015 to guarantee the indebtedness of other companies or joint ventures and associates within the Group:

(i) The Company has guaranteed bank borrowings of subsidiaries in the amount of €131,786,000 (2014: €118,979,000).
(ii) The Company has guaranteed its share of the interest shortfall on bank borrowings of a joint venture company subject to a maximum of €Nil (2014: €376,000).
(iii) The Company has guaranteed bank borrowings of €1,385,000 (2014: €1,309,000) within an associate company.

**Group**

In addition to the Company guarantees above, certain Group subsidiaries have given guarantees totalling €7,345,000 (2014: €7,704,000) in respect of other trading obligations arising in the ordinary course of business.

### 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.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| Short term benefits (salary, bonus, incentives) | **6,987** | 5,733 |
| Post-employment benefits | **671** | 604 |
| Share based payment expense | **106** | 79 |
| Remuneration | **7,764** | 6,416 |
| Short term incentive plan (a) | **1,047** | 746 |
| Total | **8,811** | 7,162 |

(a) The Compensation Committee made an award of €1,047,000 (2014: €746,000) to the Executive Directors under the short term incentive plan. See pages 46 and 47 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:

| | **2015 Revenue €'000** | **2015 Purchases €'000** | 2014 Revenue €'000 | 2014 Purchases €'000 |
|---|---|---|---|---|
| Joint ventures | **74,995** | **54,128** | 51,556 | 39,526 |
| Associates | **1,210** | **11,632** | 1,103 | 5,964 |
| | **76,205** | **65,760** | 52,659 | 45,490 |

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

The Group, in its ordinary course of business, trades and enters into agreements to purchase and sell goods and services with a number of non-controlling shareholders of Group companies. During the year the Group entered into the following transactions with non-controlling shareholders in Group companies.

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| Purchases of goods | **119,249** | 114,620 |
| Sales of goods | **2,767** | 2,203 |
| Receipt of services | **2,210** | 2,210 |
| Rental and warehouse agreements | **2,114** | 2,343 |
| Interest income | **44** | – |

All transactions between Group and non-controlling shareholders of Group companies are at arm's length.

The amounts due to and from non-controlling shareholders of Group companies at year end are as follows;

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| Amounts within trade receivables – current | **470** | 535 |
| Amounts within other receivables – current | **13** | – |
| Amounts within trade payables – current | **13,926** | 13,050 |
| Amounts within other payables – current | **5,229** | 94 |

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.

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| Expenses (mainly rental expenses) | **1,614** | 1,551 |
| Income | **222** | 225 |

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 €63,000 (2014: €65,000) and the amount owed to Balmoral was €108,000 (2014: €1,000).

The Group has an investment in a 50:50 joint venture company with Balmoral. Total Produce's investment in this joint venture company in 2015 was €148,000 (2014: €180,000). The Group's share of operating losses of this joint venture in 2015 was €148,000 (2014: €180,000). The carrying value of the investment in this joint venture at 31 December 2015 was €Nil (2014: €Nil).

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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 2015 €'000 | Fair value through profit or loss 2015 €'000 | Loans and receivables 2015 €'000 | Available-for-sale 2015 €'000 | Liabilities at amortised cost 2015 €'000 | Total carrying amount 2015 €'000 | Fair value 2015 €'000 |
|---|---|---|---|---|---|---|---|
| Other financial assets[1] (Note 14) | – | – | – | 732 | – | 732 | 732 |
| Trade and other receivables – current[1*] (Note 16) | – | – | 269,798 | – | – | 269,798 | n/a |
| Trade and other receivables – non-current[1*] (Note 16) | – | – | 5,781 | – | – | 5,781 | 5,781 |
| Bank deposits[1] (Note 17) | – | – | 2,500 | – | – | 2,500 | n/a |
| Derivative financial assets (Note 31) | 196 | – | – | – | – | 196 | 196 |
| Cash and cash equivalents[1] (Note 17) | – | – | 129,738 | – | – | 129,738 | n/a |
| | 196 | – | 407,817 | 732 | – | 408,745 | |
| Trade and other payables – current[1] (Note 22) | – | – | – | – | (369,457) | (369,457) | n/a |
| Trade and other payables – non-current[1] (Note 22) | – | – | – | – | (1,411) | (1,411) | (1,411) |
| Bank overdrafts[1] (Note 20) | – | – | – | – | (6,533) | (6,533) | n/a |
| Bank borrowings[1] (Note 20) | – | – | – | – | (139,628) | (139,628) | (139,749) |
| Finance lease liabilities[1] (Note 20) | – | – | – | – | (4,132) | (4,132) | (4,327) |
| Derivative financial liabilities (Note 31) | (89) | (318) | – | – | – | (407) | (407) |
| Contingent consideration (Note 24) | – | (33,512) | – | – | – | (33,512) | (33,512) |
| | (89) | (33,830) | – | – | (521,161) | (555,080) | |

| | 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[1] (Note 31) | – | (180) | – | – | – | (180) | (180) |
| Contingent consideration[1] (Note 24) | – | (22,859) | – | – | – | (22,859) | (22,859) |
| | – | (23,039) | – | – | (477,412) | (500,451) | |

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).

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

**Fair value hierarchy** (continued)

At 31 December 2015 and 31 December 2014, the Group recognised and measured the following financial instruments at fair value:

| | 2015 Total €'000 | 2015 Level 1 €'000 | 2015 Level 2 €'000 | 2015 Level 3 €'000 |
|---|---|---|---|---|
| **Assets measured at fair value** | | | | |
| *At fair value through profit or loss* | | | | |
| Foreign exchange contracts | **–** | **–** | **–** | **–** |
| Options to acquires additional shares in subsidiaries, joint ventures and associates | **–** | **–** | **–** | **–** |
| *Designated as hedging instruments* | | | | |
| Foreign exchange contracts | **196** | **–** | **196** | **–** |
| **Liabilities measured at fair value** | | | | |
| *At fair value through profit or loss* | | | | |
| Foreign exchange contracts | **(198)** | **–** | **(198)** | **–** |
| Interest rate swap | **(120)** | **–** | **(120)** | **–** |
| Contingent consideration | **(33,512)** | **–** | **–** | **(33,512)** |
| *Designated as hedging instruments* | | | | |
| Foreign exchange contracts | **(75)** | **–** | **(75)** | **–** |
| Interest rate swap | **(14)** | **–** | **(14)** | **–** |

| | 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) |

**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 12% (weighted average 2.2%) (2014: 0% to 8% (weighted average 2.5%))<br>• Risk adjusted discount rates of 4% to 5% (2014: 4% to 5%) | The estimated fair value would increase/(decrease) if:<br>• EBITA growth was higher/(lower)<br>• 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. | Not applicable | Not applicable |

### Additional disclosures for Level 3 fair value measurements

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Balance at beginning of year** | **22,859** | 23,970 |
| Paid during year | **(11,964)** | (5,524) |
| Fair value remeasurements – adjustment to goodwill – subsidiaries (Note 12) | **192** | (1,130) |
| Arising on acquisitions of subsidiaries (Note 27) | **14,396** | 4,688 |
| Arising on acquisition of non-controlling interests (Note 19) | **1,914** | 707 |
| Arising on acquisitions of joint ventures (Note 13) | **4,802** | – |
| Arising on acquisitions of associates (Note 13) | **–** | 427 |
| ***Included in the income statement*** | | |
| – Fair value remeasurements charged/(credited) to income statement (Note 2) | **1,384** | (738) |
| Foreign exchange movements | **(71)** | 459 |
| **Balance at end of year** | **33,512** | 22,859 |

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

### Credit Risk

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

#### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, 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.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)
**Credit Risk** (continued)
**Trade and other receivables** (continued)
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 2015 and throughout the year the majority of cash balances are invested with banks and institutions with a minimum credit rating of 'A'. Limits applied to individual counterparty banks are reviewed regularly along with their individual credit ratings.

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

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

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 2015 €'000 | Carrying amount 2014 €'000 |
|---|---|---|
| Other financial assets (Note 14) | **732** | 698 |
| Bank deposits (Note 17) | **2,500** | 2,000 |
| Cash and cash equivalents (Note 17) | **129,738** | 113,830 |
| Trade and other receivables* (Note 16) | **275,579** | 278,169 |
| Derivative financial instruments (Note 31) | **196** | 425 |
| **Total** | **408,745** | 395,122 |

* 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 2015 €'000 | Carrying amount 2014* €'000 |
|---|---|---|
| Europe – Eurozone | **112,795** | 119,843 |
| Europe – Non-Eurozone | **125,867** | 126,451 |
| International | **4,074** | 897 |
| **Total** | **242,736** | 247,191 |

* 2014 comparatives have been re-classified 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 €40,501,000 (2014: €31,304,000) 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 2015 €'000** | **Impairment 2015 €'000** | **Net 2015 €'000** | Gross 2014 €'000 | Impairment 2014 €'000 | Net 2014 €'000 |
|---|---|---|---|---|---|---|
| Not past due | **207,816** | **(2,873)** | **204,943** | 213,803 | (2,861) | 210,942 |
| Past due 0 – 30 days | **30,558** | **(675)** | **29,883** | 29,133 | (434) | 28,699 |
| Past due 31 – 90 days | **7,102** | **(772)** | **6,330** | 7,168 | (623) | 6,545 |
| Past due 91 – 180 days | **1,972** | **(875)** | **1,097** | 1,165 | (382) | 783 |
| Past due more than 180 days | **2,543** | **(2,060)** | **483** | 3,056 | (2,834) | 222 |
| **Total** | **249,991** | **(7,255)** | **242,736** | 254,325 | (7,134) | 247,191 |

**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 2015 €'000** | **Impairment 2015 €'000** | **Net 2015 €'000** | Gross 2014 €'000 | Impairment 2014 €'000 | Net 2014 €'000 |
|---|---|---|---|---|---|---|
| Not past due | **26,712** | **(532)** | **26,180** | 27,203 | (477) | 26,726 |
| Past due 0 – 30 days | **829** | **(829)** | **–** | 553 | (553) | – |
| Past due 31 – 90 days | **217** | **(217)** | **–** | 11 | (11) | – |
| Past due 91 – 180 days | **100** | **(100)** | **–** | 644 | (644) | – |
| Past due more than 180 days | **1,011** | **(1,011)** | **–** | 561 | (561) | – |
| **Total** | **28,869** | **(2,689)** | **26,180** | 28,972 | (2,246) | 26,726 |

**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 €6,663,000 (2014: €4,252,000).

## Analysis of movement in impairment provisions

**Trade receivables – impairment provision**

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| Balance at beginning of year | **(7,134)** | (7,784) |
| Arising on acquisition | **(105)** | (715) |
| Utilised on write-off | **1,694** | 2,545 |
| Charge to income statement | **(1,564)** | (1,099) |
| Foreign exchange movement | **(146)** | (81) |
| **Balance at end of year** | **(7,255)** | (7,134) |

**Other receivables – impairment provision**

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| Balance at beginning of year | **(2,246)** | (2,896) |
| Utilised on write-off | **–** | 1,099 |
| Charge to income statement | **(427)** | (435) |
| Foreign exchange movement | **(16)** | (14) |
| **Balance at end of year** | **(2,689)** | (2,246) |

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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 €394 million (2014: €397 million) in addition to approved overdrafts of €124 million (2014: €117 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 2015 €'000** | **Contractual cash flows 2015 €'000** | **6 months or less 2015 €'000** | **6–12 months 2015 €'000** | **1–2 years 2015 €'000** | **2–5 years 2015 €'000** | **More than 5 years 2015 €'000** |
|---|---|---|---|---|---|---|---|
| ***Non-derivative financial liabilities*** | | | | | | | |
| Bank borrowings | **(139,628)** | **(150,219)** | **(4,489)** | **(9,351)** | **(34,202)** | **(97,876)** | **(4,301)** |
| Bank overdraft | **(6,533)** | **(6,533)** | **(6,533)** | **–** | **–** | **–** | **–** |
| Finance lease liabilities | **(4,132)** | **(4,399)** | **(981)** | **(970)** | **(1,716)** | **(732)** | **–** |
| Trade and other payables | **(370,868)** | **(370,868)** | **(368,955)** | **(500)** | **(210)** | **(58)** | **(1,145)** |
| Contingent consideration | **(33,512)** | **(36,757)** | **(4,818)** | **(397)** | **(7,246)** | **(22,518)** | **(1,778)** |
| ***Derivative financial instruments*** | | | | | | | |
| Forward exchange contracts: | | | | | | | |
| – inflows | **–** | **37,493** | **34,334** | **3,159** | **–** | **–** | **–** |
| – outflows | **(273)** | **(37,766)** | **(34,695)** | **(3,071)** | **–** | **–** | **–** |
| Interest rate swaps | **(134)** | **(134)** | **(134)** | **–** | **–** | **–** | **–** |
| | **(555,080)** | **(569,183)** | **(386,271)** | **(11,130)** | **(43,374)** | **(121,184)** | **(7,224)** |

| | 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) |

### 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.

The following table analyses the currency of Group's bank borrowings:

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| Euro | **47,040** | 37,563 |
| Swedish Krona | **27,714** | 32,154 |
| Sterling | **30,003** | 27,706 |
| US Dollar | **18,266** | 17,857 |
| Canadian Dollar | **7,120** | – |
| Czech Koruna | **8,474** | 8,263 |
| Other | **1,011** | – |
| | **139,628** | 123,543 |
| *Disclosed as follows:* | | |
| Bank borrowings – current | **10,073** | 12,347 |
| Bank borrowings – non-current | **129,555** | 111,196 |
| | **139,628** | 123,543 |

### 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 2015 and 31 December 2014, 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 2015** | | | | |
| Sterling | **(176)** | **1,422** | **195** | **(1,572)** |
| Swedish Krona | **267** | **1,319** | **(175)** | **(1,458)** |
| Czech Koruna | **(264)** | **403** | **291** | **(446)** |
| US Dollar | **(359)** | **523** | **398** | **(578)** |
| **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) |

The effect on equity of a movement between the Euro and the currencies listed above would be offset by a translation of the net assets of the subsidiaries against which the foreign currency borrowings are designated as hedge. 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.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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 2015, 44.0% (2014: 46.7%) 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 2015 €'000** | Carrying amount 2014 €'000 |
|---|---|---|
| *Fixed rate instruments* | | |
| Bank borrowings | **(61,490)** | (57,707) |
| Finance lease liabilities | **(3,668)** | (1,517) |
| | **(65,158)** | (59,224) |
| *Variable rate instruments* | | |
| Bank deposits | **2,500** | 2,000 |
| Cash and cash equivalents | **129,738** | 113,830 |
| Bank overdrafts | **(6,533)** | (3,440) |
| Bank borrowings | **(78,138)** | (65,836) |
| Finance lease liabilities | **(464)** | (4,178) |
| | **47,103** | 42,376 |
| **Net debt** | **(18,055)** | (16,848) |

#### Cash flow sensitivity analysis for variable rate instruments
At 31 December 2015, the average interest rate being earned on the Group's cash and cash equivalents was 0.15% (2014: 0.60%). At 31 December 2015, the average interest rate being paid on the Group's borrowings was 2.77% (2014: 3.10%). 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 2015*** | | | | |
| **Variable rate instruments** | **236** | **–** | **(236)** | **–** |
| *31 December 2014* | | | | |
| Variable rate instruments | 212 | – | (212) | – |

#### 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 2015 €'000** | **Liabilities 2015 €'000** | Assets 2014 €'000 | Liabilities 2014 €'000 |
|---|---|---|---|---|
| Forward currency contracts | **196** | **(273)** | 425 | (21) |
| Interest rate swaps | **–** | **(134)** | – | (159) |

**Derivatives at the end of year are classified as follows:**

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Cash flow hedges – assets | **196** | 93 |
| Cash flow hedges – liabilities | **(286)** | – |
| Fair value through income statement – assets | **–** | 332 |
| Fair value through income statement – liabilities | **(121)** | (180) |
| | **(211)** | 245 |

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

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Effective portion of changes in fair value of cash flow hedges | **(386)** | 1,778 |
| Fair value of cash flow hedges transferred to income statement | **395** | (1,452) |
| | **9** | 326 |

The Group uses foreign currency borrowings to hedge the net investment in foreign entities. The carrying value of borrowings which are designated as net investment hedges at the year-end amounts to €91,146,000 (2014: €85,980,000). 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.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 32. CASH GENERATED FROM OPERATIONS

| | Notes | 2015 €'000 | 2014 €'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit for the year | | **37,502** | 35,921 |
| *Non-cash adjustments to reconcile profit to net cash flows:* | | | |
| Income tax expense | 7 | **9,281** | 8,390 |
| Income tax paid | | **(10,747)** | (13,610) |
| Depreciation of property, plant and equipment | 10 | **15,527** | 13,851 |
| Impairment of property, plant and equipment | 2 | **743** | 1,033 |
| Insurance income receivable | 2 | **(743)** | – |
| Exceptional gain on disposal of property and leasehold interests | 6 | **(2,028)** | – |
| Remeasurement to fair value of contingent consideration estimates | 24 | **1,384** | (738) |
| 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 | **5,183** | 5,969 |
| Amortisation of intangible assets – development costs capitalised | 12 | **249** | 350 |
| Amortisation of intangible assets – computer software | 12 | **988** | 569 |
| Impairment of goodwill and intangible assets | 12 | **–** | 1,684 |
| Amortisation of government grants | 23 | **(332)** | (321) |
| Defined benefit pension scheme expense | 28 | **4,693** | 1,995 |
| Defined benefit pension scheme – gain on modification due to accruing benefits | 28 | **–** | (2,694) |
| Contributions to defined benefit pension schemes | 28 | **(5,411)** | (5,257) |
| Share based payment expense | 28 | **381** | 321 |
| Net gain on disposal of property, plant and equipment | | **(516)** | (328) |
| Financial income | 4 | **(1,017)** | (1,576) |
| Financial expense | 4 | **6,832** | 6,671 |
| Financial income received | | **1,149** | 1,620 |
| Financial expense paid | | **(7,155)** | (6,579) |
| Gain on non-hedging derivative financial instruments | 2 | **(23)** | (358) |
| Loss on disposal of joint ventures and associates | | **15** | – |
| Share of profit of joint ventures | 13 | **(7,706)** | (4,016) |
| Share of profit of associates | 13 | **(2,393)** | (2,727) |
| **Net cash flows from operating activities before working capital movements** | | **45,856** | 37,715 |
| *Movements in working capital:* | | | |
| Movements in inventories | | **(10,798)** | 3,142 |
| Movements in receivables | | **14,598** | 22,027 |
| Movements in payables | | **11,155** | (13,480) |
| ***Total movements in working capital*** | | **14,955** | 11,689 |
| **Net cash flows from operating activities** | | **60,811** | 49,404 |

### 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 Company. 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 | | |
|---|---|---|---|---|---|---|
| | **2015** | 2014 | % change | **2015** | 2014 | % change |
| Canadian Dollar | **1.4184** | 1.4674 | 3.3% | **1.5129** | 1.4015 | (7.9%) |
| Czech Koruna | **27.2862** | 27.5046 | 0.8% | **27.0217** | 27.7147 | 2.5% |
| Danish Kroner | **7.4584** | 7.4551 | 0.0% | **7.4623** | 7.4463 | (0.2%) |
| Indian Rupee | **71.1987** | 80.8676 | 12.0% | **72.2024** | 76.3804 | 5.5% |
| Polish Zloty | **4.1769** | 4.1775 | 0.0% | **4.2628** | 4.2981 | 0.8% |
| Pound Sterling | **0.7223** | 0.8028 | 10.0% | **0.7368** | 0.7760 | 5.1% |
| Swedish Krona | **9.3489** | 9.1075 | (2.6%) | **9.1858** | 9.4725 | 3.0% |
| US Dollar | **1.1106** | 1.3295 | 16.5% | **1.0907** | 1.2101 | 9.9% |

## 35. POST BALANCE SHEET EVENTS

As referred to in Note 18, the Group announced a €20,000,000 share buy-back programme on 8 October 2015. The programme commenced on 9 October 2015 and in the period to 31 December 2015, the Group acquired 9,943,398 of its own ordinary shares at an aggregate cost of €14,388,000 including associated costs. The repurchased ordinary shares were cancelled. The share buy-back programme is earnings accretive and completed on 27 January 2016 with a combined total of 14,017,270 ordinary shares repurchased and cancelled at a total cost of €20,350,000 including associated costs.

On 2 February 2016, the Group completed the acquisition of a 65% interest in Progressive Produce LLC, headquartered in Los Angeles, California. Progressive Produce is a grower, packer and distributor of conventional and organic produce to the retail, wholesale and foodservice sectors in the US and Canada. Progressive Produce was founded in 1967 and today is one of California's premier produce companies with 2015 sales in excess of US$200 million, gross assets of c. US$36 million at 31 December 2015 and employing 214 people.

# Notes to the Group Financial Statements (continued)
## for the year ended 31 December 2015

### 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 |
| 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 |
| 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 |
| 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 |
| 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 | 49 | USA | 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808 |
| Total Produce USA Holdings Inc | Investment holding company | 100 | USA | c/o National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Kent, Delaware, 19904 |
| TP Canada Holdings Inc | Investment holding company | 100 | Canada | P.O. Box 10424, Pacific Centre, 1300-777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K2 |

* 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 A/S 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,<br>666 Burrard Street<br>Vancouver, BC V6C 2Z7 |
| 2451487 Ontario Inc | Fresh produce company | 50 | Canada | 302 Dwight Avenue, Toronto, ON, M8V 2W7 |
| 2451490 Ontario Inc | Property holding company | 50 | Canada | 302 Dwight Avenue, Toronto, ON, M8V 2W7 |
| 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 |
| Eco Farms Investments Holdings LLC | Fresh produce company | 37.5 | USA | 28790 Las Haciendas Street, Temecula, CA 92590 |

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 2015

| | Notes | 2015 €'000 | 2014 €'000 |
|---|---|---|---|
| *Assets* | | | |
| **Non-current** | | | |
| Intangible assets | 37 | **10** | 12 |
| Investments in subsidiaries and joint ventures and associates | 38 | **248,826** | 249,309 |
| **Total non-current assets** | | **248,836** | 249,321 |
| **Current** | | | |
| Trade and other receivables | 39 | **32,276** | 43,262 |
| Cash and cash equivalents | 40 | **48** | 133 |
| **Total current assets** | | **32,324** | 43,395 |
| **Total assets** | | **281,160** | 292,716 |
| *Equity* | | | |
| Share capital | | **3,446** | 3,533 |
| Share premium | | **254,512** | 253,565 |
| Other reserves | | **(6,494)** | (6,601) |
| Retained earnings | | **24,805** | 32,279 |
| **Total equity** | | **276,269** | 282,776 |
| *Liabilities* | | | |
| **Current** | | | |
| Trade and other payables | 41 | **4,891** | 9,940 |
| **Total current liabilities** | | **4,891** | 9,940 |
| **Total liabilities** | | **4,891** | 9,940 |
| **Total liabilities and equity** | | **281,160** | 292,716 |

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 2015

| | Share capital €'000 | Share premium €'000 | Own shares reserve €'000 | Share option reserve €'000 | Undenominated capital €'000 | Retained earnings €'000 | Total €'000 |
|---|---|---|---|---|---|---|---|
| **As at 1 January 2014** | 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 |
| **Comprehensive income** | | | | | | | |
| Profit for the year | **–** | **–** | **–** | **–** | **–** | **14,836** | **14,836** |
| Other comprehensive income: | | | | | | | |
| Total other comprehensive income | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Total comprehensive income | **–** | **–** | **–** | **–** | **–** | **14,836** | **14,836** |
| **Transactions with equity holders** | | | | | | | |
| New shares issued | **12** | **947** | **–** | **(373)** | **–** | **373** | **959** |
| Dividends | **–** | **–** | **–** | **–** | **–** | **(8,295)** | **(8,295)** |
| Own shares acquired | **(99)** | **–** | **–** | **–** | **99** | **(14,388)** | **(14,388)** |
| Share-based payment transactions | **–** | **–** | **–** | **381** | **–** | **–** | **381** |
| **Total transactions with equity holders** | **(87)** | **947** | **–** | **8** | **99** | **(22,310)** | **(21,343)** |
| **As at 31 December 2015** | **3,446** | **254,512** | **(8,580)** | **1,987** | **99** | **24,805** | **276,269** |

# Company Statement of Cash Flows
## for the year ended 31 December 2015

| | Notes | 2015 €'000 | 2014 €'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit for the year | | **14,836** | 20,388 |
| *Non-cash adjustments to reconcile profit before tax to net cash flows:* | | | |
| Share-based payment expense | | **19** | 16 |
| Amortisation of intangible assets – computer software | | **2** | – |
| Impairment of investment in subsidiaries | | **1,272** | – |
| Movement in trade and other receivables | | **10,986** | (9,929) |
| Movement in trade and other payables | | **(5,048)** | (3,827) |
| **Net cash flows from operating activities** | | **22,067** | 6,648 |
| **Investing activities** | | | |
| Acquisition of subsidiaries | | **(428)** | – |
| Expenditure on computer software | 37 | **–** | (12) |
| **Net cash flows from investing activities** | | **(428)** | (12) |
| **Financing activities** | | | |
| New shares issued | | **959** | 1,005 |
| Buyback of own shares | | **(14,388)** | – |
| Dividends paid to equity holders | | **(8,295)** | (7,615) |
| **Net cash flows from financing activities** | | **(21,724)** | (6,610) |
| Net (decrease)/increase in cash, cash equivalents and bank overdrafts | | **(85)** | 26 |
| Cash, cash equivalents and bank overdrafts at 1 January | | **133** | 107 |
| **Cash, cash equivalents and bank overdrafts at 31 December** | 40 | **48** | 133 |

# Notes to the Company Financial Statements
## for the year ended 31 December 2015

### 37. INTANGIBLE ASSETS

| | Computer software €'000 | Total €'000 |
|---|---|---|
| ***Cost*** | | |
| Balance at 1 January 2015 | 12 | 12 |
| **Balance at 31 December 2015** | **12** | **12** |
| ***Accumulated amortisation*** | | |
| **Balance at 1 January 2015** | – | – |
| Software amortisation | 2 | 2 |
| **Balance at 31 December 2015** | **2** | **2** |
| ***Carrying amount*** | | |
| Balance at 31 December 2014 | 12 | 12 |
| **Balance at 31 December 2015** | **10** | **10** |

### 38. INVESTMENTS

| | Investments in subsidiaries €'000 | Investments in joint ventures and associates €'000 | Total €'000 |
|---|---|---|---|
| Balance at 1 January 2014 | 248,154 | 850 | 249,004 |
| Investment in subsidiaries | 305 | – | 305 |
| **Balance at 31 December 2014** | **248,459** | **850** | **249,309** |
| Investment in subsidiaries | **789** | **–** | **789** |
| Joint venture becoming subsidiary | **850** | **(850)** | **–** |
| Impairment of investment in subsidiary | **(1,272)** | **–** | **(1,272)** |
| **Balance at 31 December 2015** | **248,826** | **–** | **248,826** |

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

### 39. TRADE AND OTHER RECEIVABLES

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| **Current** | | |
| Amounts due from subsidiaries | **32,194** | 43,262 |
| Other receivables | **82** | – |
| | **32,276** | 43,262 |

Amounts due from subsidiary undertakings are repayable on demand and there were no impairment provisions against these balances at year-end.

### 40. CASH AND CASH EQUIVALENTS

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| Cash | **48** | 133 |

# Notes to the Company Financial Statements (continued)
## for the year ended 31 December 2015

### 41. TRADE AND OTHER PAYABLES

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Amounts due to group undertakings | **4,212** | 9,387 |
| Other payables | **52** | – |
| Accruals | **627** | 553 |
| | **4,891** | 9,940 |

### 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 46 to 50.

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Dividends received from group undertakings | **17,839** | 22,068 |

### 43. EMPLOYEE BENEFITS
The aggregate employee costs for the Company were as follows:

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Wages and salaries | **1,257** | 1,092 |
| Social security contributions | **95** | 81 |
| Pension costs – defined benefit schemes | **90** | 74 |
| Share-based payment transactions | **19** | 16 |
| | **1,461** | 1,263 |

The average number of employees of the Company in 2015 was 6 (2014: 6).

### 44. CAPITAL COMMITMENTS AND CONTINGENCIES
The company has no capital commitments at 31 December 2015 (2014: €Nil).

Details in relation to contingencies and guarantees, including guarantees provided to avail of exemptions under Section 357 of the Companies Act, 2014, are outlined in Note 29 of the Group Financial Statements on page 111.

### 45. STATUTORY AND OTHER INFORMATION
**Auditors' remuneration**

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Audit services | **167** | 200 |
| Other non-audit services | **30** | 64 |

## 46. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

### Accounting classifications and fair value

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

| | **Loans and receivables 2015 €'000** | **Liabilities at amortised cost 2015 €'000** | **Total 2015 €'000** | **Fair value 2015 €'000** |
|---|---|---|---|---|
| Trade and other receivables | **32,276** | **–** | **32,276** | **n/a** |
| Cash and cash equivalents | **48** | **–** | **48** | **n/a** |
| | **32,324** | **–** | **32,324** | |
| Trade and other payables | **–** | **(4,891)** | **(4,891)** | **n/a** |
| | **–** | **(4,891)** | **(4,891)** | |

| | Loans and receivables 2014 €'000 | Liabilities at amortised cost 2014 €'000 | Total 2014 €'000 | Fair value 2014 €'000 |
|---|---|---|---|---|
| Trade and other receivables | 43,262 | – | 43,262 | n/a |
| Cash and cash equivalents | 133 | – | 133 | n/a |
| | 43,395 | – | 43,395 | |
| Trade and other payables | – | (9,940) | (9,940) | n/a |
| | – | (9,940) | (9,940) | |

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

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

### Credit risk

Trade and other receivables above includes €32,194,000 (2014: €43,262,000) due from subsidiary undertakings. All are repayable on demand and there were no impairment provisions against these balances at year-end. The €48,000 (2014: €133,000) of cash and cash equivalents is managed in accordance with the overall Group credit risk policy as outlined in Note 31.

### Liquidity risk

The €4,891,000 (2014: €9,940,000) 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

As referred to in Note 18, the Group announced a €20,000,000 share buy-back programme on 8 October 2015. The programme commenced on 9 October 2015 and in the period to 31 December 2015, the Group acquired 9,943,398 of its own ordinary shares at an aggregate cost of €14,388,000 including associated costs. The repurchased ordinary shares were cancelled. The share buy-back programme is earnings accretive and completed on 27 January 2016 with a combined total of 14,017,270 ordinary shares repurchased and cancelled at a total cost of €20,350,000 including associated costs.

## 48. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved these financial statements on 2 March 2016.

# 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
K E Toland

**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 2015 final dividend | 6 May 2016 |
| Annual General Meeting | 25 May 2016 |
| Payment date for 2015 final dividend | 26 May 2016 |
| 2016 interim results announcement | September 2016 |
| Interim dividend payment | October 2016 |
| Financial year end | 31 December 2016 |
| 2016 preliminary results announcement | March 2017 |

## SHARE PRICE (EURO CENT)

| Year | High | Low | 31 December |
|---|---|---|---|
| 2015 | **1.492** | **0.965** | **1.47** |

## 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 Marker Hotel, Grand Canal Square, Docklands, Dublin 2 on 25 May 2016 at 10.30 a.m. Notice of this meeting and a personalised proxy form will be mailed to shareholders in April 2016.

## 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

FSC
www.fsc.org
MIX
From responsible sources
FSC® C013684

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TotalProduce

Let's Grow Together

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