TOTAL PRODUCE PLC

2017 PRELIMINARY RESULTS

TOTAL PRODUCE CONTINUES STRONG GROWTH

- **Total Revenue up 13.9% to €4.29 billion**
- **Adjusted fully diluted EPS up 11.7% to 13.48 cent**
- **Adjusted EBITDA up 10.1% to €104.4m**
- **Adjusted EBITA up 13.3% to €83.5m**
- **Profit before tax up 43.2% to €72.5m**
- **Total dividend up 10.0%**

Key performance indicators are defined overleaf

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

> *"Total Produce has delivered very positive results in 2017. Total revenue has increased by 13.9% to €4.29 billion with an 11.7% increase in adjusted earnings per share to 13.48 cent.*
>
> *The Group announced on 1st February 2018 that it had acquired a 45% stake in Dole Food Company for $300m, subject to regulatory approval. It represents a very significant step in the history of Total Produce and a continuation of its successful acquisition and expansion strategy.*
>
> *Total Produce is targeting continued growth in 2018, on a like-for-like basis.*
>
> *The Group is also pleased to propose a 10% increase in final dividend to 2.4527 cent per share"*

01 March 2018

For further information, please contact:
Brian Bell, Wilson Hartnell PR – Tel: +353-1-669-0030, Mobile: +353-87-243-6130

TOTAL PRODUCE PLC PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 €'million	2016 €'million	% change
Total revenue [1]	**4,286**	3,762	+13.9%
Group revenue	**3,674**	3,105	+18.3%
Adjusted EBITDA [1]	**104.4**	94.8	+10.1%
Adjusted EBITA [1]	**83.5**	73.7	+13.3%
Operating profit after intangible asset amortisation	**78.2**	56.2	+39.3%
Adjusted profit before tax [1]	**76.7**	67.7	+13.3%
Profit before tax	**72.5**	50.6	+43.2%
	Euro cent	**Euro cent**	% change
Adjusted fully diluted earnings per share [1]	**13.48**	12.07	+11.7%
Basic earnings per share	**14.80**	8.91	+66.1%
Diluted basic earnings per share	**14.68**	8.80	+66.8%
Total dividend per share	**3.3433**	3.0393	+10.0%

[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 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.

Forward-looking statement

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

Overview

Total Produce (the 'Group') has delivered a strong performance in 2017. Total revenue, adjusted EBITA and adjusted fully diluted earnings per share grew by 13.9%, 13.3% and 11.7% respectively. The results benefited from the contribution of acquisitions in the year and a circa 4% like-for-like growth in revenue. The Group continues to be cash generative with adjusted operating cashflows of €53.8m (2016: €44.2m) and free cashflows of €34.3m (2016: €30.4m).

The Board is pleased to announce a 10.0% increase in the final dividend to 2.4527 (2016: 2.2297) cent per share subject to the approval of shareholders at the forthcoming AGM. If approved, the total dividend for 2017 will amount to 3.3433 (2016: 3.0393) cent per share which represents an increase of 10.0% on 2016.

Operating review

Total revenue increased 13.9% to €4.29 billion (2016: €3.76 billion) with adjusted EBITA up 13.3% to €83.5m (2016: €73.7m). The results benefited from the contribution of acquisitions completed in the past twelve months offset in part by currency movements on the translation of the results of foreign currency denominated operations to Euro. The deconsolidation of a subsidiary to a joint venture interest at the beginning of the year had a marginal effect on revenue and adjusted EBITA and no effect on adjusted earnings per share.

Trading conditions overall for the twelve months were satisfactory. On a like-for-like basis, excluding acquisitions, divestments and currency translation, revenue was c. 4% higher due to higher average pricing with volumes unchanged on prior year. In the early part of 2017, unusual weather conditions in Southern Europe led to temporary shortages of certain salad and vegetable lines. However given the Group's diversified business this did not have a material impact. Our North American division experienced relatively less favourable trading conditions in some parts of the business. While overall volumes on a like-for-like basis in this division increased, the result was held back by lower pricing due to surplus product in the market and weather conditions that negatively affected quality.

The table below details a segmental breakdown of the Group's revenue and adjusted EBITA for the year ended 31 December 2017. Each of the operating segments is primarily involved in the procurement, marketing and distribution of hundreds of lines of fresh produce. Both European segments also include businesses involved in the marketing and distribution of healthfoods and consumer products. Segment performance is evaluated based on revenue and adjusted EBITA.

	Year ended 31 December 2017		Year ended 31 December 2016	
	Total revenue €'000	**Adjusted EBITA €'000**	Total revenue €'000	Adjusted EBITA €'000
Europe – Eurozone	**1,737,964**	**26,990**	1,753,328	25,953
Europe – Non-Eurozone	**1,542,598**	**41,716**	1,521,936	38,769
International	**1,061,927**	**14,838**	543,713	9,020
Inter-segment revenue	**(56,258)**	–	(56,572)	–
Third party revenue and adjusted EBITA	**4,286,231**	**83,544**	3,762,405	73,742

Europe – Eurozone
This segment includes the Group's businesses in France, Ireland, Italy, the Netherlands and Spain. Revenue decreased by 0.9% to €1,738m (2016: €1,753m) with a 4.0% increase in adjusted EBITA to €27.0m (2016: €26.0m). Overall trading conditions were satisfactory despite some volume shortages as highlighted above in the first half of the year and industry wide issues with South African citrus. This was offset by improved trading in other produce categories. The results were also marginally impacted by the effect of a subsidiary being deconsolidated and treated as a joint venture interest. Excluding the effect of acquisitions, revenue on a like-for-like basis was up c. 2% on prior year due to price increases with a marginal drop in volume.

Europe – Non-Eurozone
This segment includes the Group's businesses in the Czech Republic, Poland, Scandinavia and the UK. Revenue increased by 1.4% to €1,543m (2016: €1,522m) with adjusted EBITA increasing by 7.6% to €41.7m (2016: €38.8m) helped by the contribution of recent bolt-on acquisitions and higher average prices. The reported performance was impacted by the translation of the results of foreign currency denominated operations into Euro particularly the weakening of Sterling and Swedish Krona by 8.1% and 1.9% respectively.

On a like-for-like basis excluding acquisitions, divestments and currency translation, revenue was c.3% ahead of prior year primarily due to average price increases with similar volumes.

International
This division includes the Group's businesses in North America, South America and India. Revenue increased by 95% to €1,062m (2016: €544m) with adjusted EBITA increasing 64.5% to €14.8m (2016: €9.0m). The results benefitted from the incremental contribution of acquisitions. On 1 March 2017, the Group acquired a further 30% of the Oppenheimer Group ('Oppy') taking its interest to 65% and from this date it was fully consolidated as a subsidiary. Previously the original 35% was equity accounted as an associate interest. In addition there were two further acquisitions in North America in 2017. While on a like-for-like basis overall volumes have increased from prior year, the overall result was held back by lower pricing and unusual weather conditions which affected product quality particularly in some parts of our tomatoes, berries and potatoes supply. Oppy also incurred start-up losses in a new soft fruit growing partnership.

Financial Review

Revenue and Adjusted EBITA

An analysis of the factors influencing the changes in revenue and adjusted EBITA are discussed in the operating review above.

Share of profits of joint ventures and associates
Share of after tax profits of joint ventures and associates decreased marginally in 2017 to €12.2m (2016: €12.3m) due to Oppy becoming a subsidiary on 1 March 2017 on the acquisition of a further 30% to take the Group's interest to 65%. Prior to this the original 35% shareholding was equity accounted as an associate interest. This was offset by a subsidiary interest being deconsolidated from January 2017 due to a change in nature of the shareholder arrangements and being accounted for as a joint venture interest from that point forward. Also there was a positive contribution to the results in 2017 from joint venture investments completed at end of 2016 and in 2017. Dividends declared from joint ventures and associates in the year amounted to €12.6m (2016: €8.3m) with €8.2m (2016: €8.3m) received in cash.

Intangible asset amortisation
Acquisition related intangible asset amortisation within subsidiaries increased to €10.5m (2016: €7.7m) due to additional charges relating to recent acquisitions. The share of intangible asset amortisation within joint ventures and associates was €2.5m (2016: €2.6m).

Exceptional Items
Exceptional items in the year amounted to a net credit before tax of €8.6m (2016: a charge of €1.4m). A gain of €12.4m arose on the remeasurement to fair value of the Group's original 35% associate investment in the Oppy Group. A settlement credit of €4.1m was recognised as a result of an enhanced transfer value offer to members of a number of the Irish defined benefit schemes and a gain of €1.2m was recognised on disposal of property. Offsetting these was a €9.1m goodwill impairment charge. The charge in 2016 relates to a €5.2m goodwill impairment in a sports nutrition business offset by a €3.8m gain relating to property and leasehold interests. A full analysis of these exceptional items is set out in Note 5 of the accompanying financial information.

Operating profit

Operating profit before exceptional items increased 21.0% to €69.6m (2016: €57.6m). Operating profit after these items increased 39.3% to €78.2m (2016: €56.2m).

Net Financial Expense

Net financial expense in the year increased to €5.8m (2016: €5.5m) with higher average net debt in the period due to acquisition related expenditure and debt assumed on acquisition partly offset by lower cost of funding. The Group's share of the net interest expense of joint ventures and associates in the year was €1.1m (2016: €0.5m). Net interest cover for the year was 14.5 times based on adjusted EBITA.

Profit Before Tax

Excluding exceptional items, acquisition related intangible asset amortisation charges and costs and fair value movements on contingent consideration, the adjusted profit before tax increased by 13.3% to €76.7m (2016: €67.7m). Statutory profit before tax after these items was up 43.2% to €72.5m (2016: €50.6m).

Taxation

The tax charge for the year, including the Group's share of joint ventures and associates tax and before non-trading items, as set out in Note 6 of the accompanying financial information, was €19.4m (2016: €16.7m) representing an underlying tax rate of 25.3% (2016: 24.7%) when applied to the Group's adjusted profit before tax.

Non-Controlling Interests

The non-controlling interests' share of after tax profits in the year was €13.7m (2016: €10.8m). Included in the charge was the non-controlling interests' share of exceptional items, amortisation charges and acquisition related costs which amounted to a credit of €0.3m in 2017 (2016: charge of €1.1m). Excluding these non-trading items, the non-controlling interests' share of adjusted after tax profits was €13.4m (2016: €11.9m) with the increase due to the non-controlling interests incremental share of profits in recent acquisitions and overall good trading conditions in certain non-wholly owned subsidiaries offset in part by the deconsolidation of a subsidiary in January 2017.

Adjusted and Basic Earnings per Share

Adjusted fully diluted earnings per share increased by 11.7% to 13.48 cent per share (2016: 12.07 cent) in the year assisted by the incremental contribution from acquisitions. Management believes that adjusted fully diluted 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 14.80 cent per share (2016: 8.91 cent) and 14.68 cent per share (2016: 8.80 cent) respectively.

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

Cash Flow and Net Debt

Net debt at 31 December 2017 was €113.1m compared to €48.4m at 31 December 2016. The increase is due to significant acquisitions in the year (including debt assumed). Net debt relative to adjusted EBITDA at 31 December 2017 was 1.1 times and interest is covered 14.5 times by adjusted EBITA. Average net debt for 2017 was €142.1m (2016: €95.9m). In addition, the Group has non-recourse trade receivables financing at 31 December 2017 of €39.1m (2016: €43.0m).

The Group generated €56.1m (2016: €53.7m) in adjusted operating cash flows before working capital outflows of €2.3m (2016: €9.5m). Cash outflows on routine capital expenditure, net of disposals, were €18.9m (2016: €15.3m). Dividends received from joint ventures and associates in the year were €8.2m (2016: €8.3m) while dividends paid to non-controlling interests increased to €8.8m (2016: €6.8m).

Free cashflow generated by the Group increased to €34.3m (2016: €30.4m). Free cashflow is the funds available after outflows relating to routine capital expenditure and dividends to non-controlling interests but before acquisition related expenditure, development capital expenditure and the payment of dividends to equity shareholders.

Cash outflows on acquisitions amounted to €44.7m (2016: €44.2m) and there was €23.9m net debt (2016: €0.8m net cash) assumed on acquisition. Contingent and deferred consideration payments relating to prior period acquisitions were €9.3m (2016: €4.8m). There was a €6.7m (2016: €0.5m) cash effect following the change in accounting of two investees from subsidiary interests to joint venture interests. The Group received cash of €2.1m (2016: €6.4m) primarily from the disposal of a US sports nutrition business in 2016. Payments for non-routine property and plant additions amounted to €22.6m (2016: €7.8m). The Group distributed €10.1m (2016: €9.1m) in dividends to equity shareholders in the year. There was an exchange rate gain of €13.4m (2016: €0.4m) on the translation of foreign currency debt into Euro at 31 December 2017 with the movement due to the weaker US Dollar, Canadian Dollar, Sterling and Swedish Krona exchange rates at year-end compared to those prevailing at 31 December 2016.

	2017 €'million	2016 €'million
Adjusted EBITDA	**104.4**	94.8
Deduct adjusted EBITDA of joint ventures and associates	**(22.6)**	(22.1)
Net financial expense and tax paid	**(22.6)**	(17.3)
Other	**(3.1)**	(1.7)
Adjusted operating cash flows before working capital movements	**56.1**	53.7
Working capital movements	**(2.3)**	(9.5)
Adjusted operating cash flows	**53.8**	44.2
Routine capital expenditure net of routine disposal proceeds	**(18.9)**	(15.3)
Dividends received from joint ventures and associates	**8.2**	8.3
Dividends paid to non-controlling interests	**(8.8)**	(6.8)
Free cash flow	**34.3**	30.4
Cashflows from exceptional items	**0.5**	3.0
Acquisition payments, net [1]	**(44.7)**	(44.2)
Net (debt)/cash assumed on acquisition of subsidiaries	**(23.9)**	0.8
Contingent and deferred consideration payments	**(9.3)**	(4.8)
Subsidiary now a joint venture	**(6.7)**	(0.5)
Disposal of trading assets	**2.1**	6.4
Non-routine capital expenditure / property additions	**(22.6)**	(7.8)
Dividends paid to equity shareholders	**(10.1)**	(9.1)
Buyback of own shares	–	(6.0)
Proceeds from issue of share capital	**2.6**	1.8
Other	**(0.3)**	(0.7)
Total net debt movement in year	**(78.1)**	(30.7)
Net debt at beginning of year	**(48.4)**	(18.1)
Foreign currency translation	**13.4**	0.4
Net debt at end of year	**(113.1)**	(48.4)

[1] Includes payments in year on subsidiaries, non-controlling interests, joint ventures and associates and is net of contributions from non-controlling interests, proceeds on disposal of joint ventures and shares to non-controlling interests and net debt derecognised on disposal of subsidiaries.

Defined Benefit Pension Obligations

The net liability of the Group's defined benefit pension schemes (net of deferred tax) decreased to €13.8m at 31 December 2017 from €31.8m at 31 December 2016. The decrease in the liability is primarily due to the effect of the enhanced transfer value offer made to members of the Irish defined benefit pension schemes and a positive investment return on pension scheme assets. Further details are outlined in Note 8 of the accompanying financial information.

Shareholders' Equity

Shareholders' equity increased by €33.5m at 31 December 2017 to €259.8m (2016: €226.3m). Profit after tax of €47.8m attributable to equity shareholders and remeasurement gains of €4.7m (net of deferred tax) were principally offset by a currency translation loss of €2.7m on the retranslation of the net assets of foreign currency denominated operations to Euro and the payment of dividends of €10.1m to equity shareholders of the Company.

Development Activity

A key part of the Group's strategy is growth by acquisition. In line with this strategy the Group made a number of acquisitions and investments in 2017 with committed investments of €53.4m, including contingent consideration payable of €4.8m on the achievement of future profit targets.

On 1 March 2017, the Group completed the purchase of a further 30% of the Oppenheimer Group ('Oppy') for consideration of €28.2m. Together with the initial 35% acquired in 2013, this brings the Group's shareholding in Oppy to 65% for a total cost of €43.8m. Headquartered in Vancouver, Canada with annual sales of almost CAD$1 billion (€720m), Oppy is a leading provider of fresh produce to its strong base of retail, wholesale and foodservice customers throughout the United States and Canada. In addition to this, long term put and call options are in place for the remaining 35% shareholding, not exercisable before 2020.

In April 2017, Oppy entered strategically-important agreements with New Zealand based T&G Global Limited which will enable both parties to enhance their market positions as co-shareholders in two US produce businesses.

The Group made a number of other investments in 2017 as follows:

- In February 2017, the Group's Los Angeles headquartered fresh produce business, Progressive Produce LLC, acquired the trade and business assets of Keystone Fruit Marketing Inc.
- In October 2017, the Group acquired a 50% interest in the Californian based fresh produce company, The Fresh Connection LLC.
- The Group made a number of other bolt-on investments in Europe all of which complement the Group's existing activities.

Further details on 2017 development activity including details of consideration paid and assets and liabilities acquired are provided in Note 10 of the accompanying financial information.

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

Investment in Dole Food Company and Share Placing

Investment in Dole Food Company ('The Transaction')
On 1 February 2018, the Group announced that it had entered into a binding agreement to acquire a 45% stake in Dole Food Company ('Dole') from Mr. David H. Murdock for a cash consideration of $300 million (the 'First Tranche').

In addition, and at any time after closing of the First Tranche, the Group has the right, but not the obligation, to acquire (in any one or more tranches of 1%) up to an additional 6% of Dole common stock (the "Second Tranche"). The Group has no present intention to exercise its option to acquire the Second Tranche. In the event the Group exercises the right to acquire the additional 6% the total consideration for the 51% stake shall be $312 million.

Following the second anniversary of the First Tranche, the Group has the right, but not the obligation, to acquire the balance of Dole common stock (the 'Third Tranche'), whereby the consideration for the Third Tranche is to be calculated based on 9x the three year average historical Dole Adjusted EBITDA less net debt. However, in no event shall the Third Tranche purchase price be less than $250 million or exceed $450 million (such cap subject to increase after six years). The Third Tranche consideration is payable in cash or, if the parties mutually agree, Total Produce stock.

From the fifth anniversary of completion of the Transaction, in the event the Group has not exercised its right to acquire 100% of Dole, Mr. H. Murdock is permitted to cause a process to market and sell 100% of Dole common stock.

Post-closing of the Transaction, the Group and Mr. David H. Murdock will have balanced governance rights with respect to Dole. The Board of Directors of Dole will comprise six members, three of which are to be appointed by Total Produce and three by Mr. David H. Murdock. Mr. David H. Murdock will remain Chairman of Dole and Carl McCann will be appointed Vice Chairman. Major decisions will require consent of at least one Board Member appointed by each of Total Produce and Mr. David H. Murdock.

The Group has committed acquisition financing in place to secure funding of the Transaction with a balance of equity and bank financing. As detailed below, the Group raised c. $180 million from a Sharing Placing on 1 February 2018 with the balance to be funded through committed bank financing. The conservative funding strategy in relation to the Transaction allows the Group to retain a strong balance sheet post-closing for strategic and financial flexibility going forward.

The investment in Dole and its financial contribution will be treated as a joint venture and accounted for under the equity method in accordance with IFRS in the consolidated Group accounts following completion and until an exercise of the Third Tranche.

The Transaction has been approved by the Board of Directors of Total Produce and is subject to anti-trust review in a limited number of jurisdictions and is expected to close by the middle of 2018. The Transaction is classified as a substantial transaction only in accordance with Rule 12 of the AIM Rules and of the ESM Rules. Accordingly no shareholder approval is required to approve the Transaction.

Share Placing
On 1 February 2018 a total of 63 million new ordinary shares were placed (the 'Placing Shares') in a placing transaction at a price of €2.30 per Placing Share, raising gross proceeds of €145 million or c.$180 million (before expenses). The Placing Shares represented approximately 19% of the Company's issued ordinary share capital (excluding treasury shares) prior to the placing. The Placing Shares were admitted to the Irish Stock Exchange and the London Stock Exchange on the ESM and AIM respectively on 5 February 2018. Following the admission of the Placing Shares, the total number of ordinary shares in issue was 387,829,462 (excluding 22,000,000 treasury shares).

Dividends

The Board is proposing a 10% increase in the final dividend to 2.4527 (2016: 2.2297) cent per share subject to the approval of shareholders at the forthcoming AGM. If approved, this dividend will be paid on 1 June 2018 to shareholders on the register at 4 May 2018 subject to dividend withholding tax. The total dividend for 2017 will amount to 3.3433 (2016: 3.0393) cent per share and represents an increase of 10.0% on 2016. The total dividend represents a pay-out of 24.8% of the adjusted earnings per share.

Post Balance Sheet Events

Other than the Dole transaction and the Share Placing described earlier, there have been no other material events subsequent to 31 December 2017 which would require disclosure in or adjustment to the financial statements.

Summary and Outlook

Total Produce has delivered very positive results in 2017. Total revenue has increased by 13.9% to €4.29 billion with an 11.7% increase in adjusted earnings per share to 13.48 cent.

The Group announced on 1st February 2018 that it had acquired a 45% stake in Dole Food Company for $300m, subject to regulatory approval. It represents a very significant step in the history of Total Produce and a continuation of its successful acquisition and expansion strategy.

Total Produce is targeting continued growth in 2018, on a like-for-like basis.

The Group is also pleased to propose a 10% increase in final dividend to 2.4527 cent per share.

Carl McCann, Chairman
On behalf of the Board
01 March 2018

Total Produce plc

Extract from the Group Income Statement

for the year ended 31 December 2017

	Note	**Before exceptional items 2017 €'000**	**Exceptional items (Note 5) 2017 €'000**	**Total 2017 €'000**	Before exceptional items 2016 €'000	Exceptional items (Note 5) 2016 €'000	Total 2016 €'000
Revenue, including Group share of joint ventures and associates	3	**4,286,231**	–	**4,286,231**	3,762,405	–	3,762,405
Group revenue	3	**3,674,294**	–	**3,674,294**	3,105,475	–	3,105,475
Cost of sales		**(3,182,507)**	–	**(3,182,507)**	(2,672,585)	–	(2,672,585)
Gross profit		**491,787**	–	**491,787**	432,890	–	432,890
Operating expenses (net)		**(423,875)**	**8,610**	**(415,265)**	(379,924)	(1,409)	(381,333)
Share of profit of joint ventures		**11,427**	–	**11,427**	7,258	–	7,258
Share of profit of associates		**782**	–	**782**	5,012	–	5,012
Operating profit before acquisition related intangible asset amortisation		**80,121**	**8,610**	**88,731**	65,236	(1,409)	63,827
Acquisition related intangible asset amortisation		**(10,499)**	–	**(10,499)**	(7,675)	–	(7,675)
Operating profit after acquisition related intangible asset amortisation		**69,622**	**8,610**	**78,232**	57,561	(1,409)	56,152
Financial income		**2,046**	–	**2,046**	1,309	–	1,309
Financial expense		**(7,800)**	–	**(7,800)**	(6,833)	–	(6,833)
Profit before tax		**63,868**	**8,610**	**72,478**	52,037	(1,409)	50,628
Income tax expense	6	**(9,613)**	**(1,358)**	**(10,971)**	(10,638)	(686)	(11,324)
Profit for the year		**54,255**	**7,252**	**61,507**	41,399	(2,095)	39,304
Attributable to:							
Equity holders of the parent				**47,826**			28,536
Non-controlling interests				**13,681**			10,768
				61,507			39,304
Earnings per ordinary share							
Basic	7			**14.80**			8.91
Fully diluted	7			**14.68**			8.80
Adjusted fully diluted	7			**13.48**			12.07

Total Produce plc
Extract from the Group Statement of Comprehensive Income
for the year ended 31 December 2017

	2017	2016
	€'000	€'000
Profit for the year	**61,507**	39,304
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation effects:		
- foreign currency net investments – subsidiaries	**(13,537)**	(12,189)
- foreign currency net investments – joint ventures and associates	**(3,866)**	629
- foreign currency losses recycled to income statement on disposal of joint ventures and associates	**(1,137)**	–
- foreign currency borrowings designated as net investment hedges	**10,892**	3,496
Effective portion of changes in fair value of cash flow hedges	**(492)**	(43)
Deferred tax on items taken directly to other comprehensive income	**124**	11
	(8,016)	(8,096)
Items that will not be reclassified to profit or loss:		
Remeasurement gains/(losses) on post-employment defined benefit schemes	**5,708**	(23,769)
Remeasurement gains on other post-employment defined benefit schemes	**1,604**	–
Revaluation gains on property, plant and equipment, net	**5,356**	1,129
Deferred tax on items taken directly to other comprehensive income	**(3,310)**	4,679
Share of joint ventures and associates remeasurement gains/(losses) on post-employment benefit schemes (net of tax)	**711**	(820)
	10,069	(18,781)
Other comprehensive income for the year	**2,053**	(26,877)
Total comprehensive income for the year	**63,560**	12,427
Attributable to:		
Equity holders of the parent	**54,193**	1,643
Non-controlling interests	**9,367**	10,784
	63,560	12,427

Total Produce plc
Extract from the Group Balance Sheet
as at 31 December 2017

	2017 €'000	2016 €'000
Assets		
Non-current assets		
Property, plant and equipment	**167,397**	145,184
Investment property	**7,203**	8,585
Goodwill and intangible assets	**281,081**	220,490
Investments in joint ventures and associates	**106,421**	92,910
Other financial assets	**719**	649
Other receivables	**11,063**	7,761
Deferred tax assets	**13,759**	15,458
Total non-current assets	**587,643**	491,037
Current assets		
Inventories	**89,665**	61,195
Biological assets	**4,578**	194
Trade and other receivables	**365,334**	317,530
Corporation tax receivable	**4,375**	1,472
Derivative financial instruments	**6**	187
Bank deposits	**–**	2,500
Cash and cash equivalents	**100,247**	127,280
Total current assets	**564,205**	510,358
Total assets	**1,151,848**	1,001,395
Equity		
Share capital	**3,468**	3,429
Share premium	**150,763**	148,204
Other reserves	**(128,054)**	(113,707)
Retained earnings	**233,632**	188,396
Total equity attributable to equity holders of the parent	**259,809**	226,322
Non-controlling interests	**79,774**	72,600
Total equity	**339,583**	298,922
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	**165,649**	130,162
Deferred government grants	**386**	481
Other payables	**568**	2,021
Contingent consideration	**26,128**	36,746
Put option liability	**38,961**	21,215
Corporation tax payable	**6,286**	5,836
Deferred tax liabilities	**29,415**	17,915
Employee benefits	**22,000**	37,777
Total non-current liabilities	**289,393**	252,153
Current liabilities		
Interest-bearing loans and borrowings	**47,724**	47,984
Trade and other payables	**463,605**	389,708
Contingent consideration	**8,337**	9,629
Derivative financial instruments	**719**	569
Corporation tax payable	**2,487**	2,430
Total current liabilities	**522,872**	450,320
Total liabilities	**812,265**	702,473
Total liabilities and equity	**1,151,848**	1,001,395

Total Produce plc
Extract from the Group Statement of Changes in Equity
for the year ended 31 December 2017

	Attributable to equity holders of the parent											
For the year ended 31 December 2017	***Share capital €'000***	***Share premium €'000***	***Undeno minated capital €'000***	***De-merger reserve €'000***	***Own shares reserve €'000***	***Currency translation reserve €'000***	***Reval-uation reserve €'000***	***Other equity reserves* €'000***	***Retained earnings €'000***	***Total €'000***	***Non-controlling interests €'000***	***Total equity €'000***
As at 1 January 2017 as presented in the Balance Sheet	**3,429**	**148,204**	**140**	**(122,521)**	**(8,580)**	**(7,675)**	**24,088**	**841**	**188,396**	**226,322**	**72,600**	**298,922**
Adjust for NCI subject to put option transferred for presentation purposes	–	–	–	–	–	–	–	**(20,259)**	–	**(20,259)**	**20,259**	–
Balance as at 1 January	**3,429**	**148,204**	**140**	**(122,521)**	**(8,580)**	**(7,675)**	**24,088**	**(19,418)**	**188,396**	**206,063**	**92,859**	**298,922**
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	**47,826**	**47,826**	**13,681**	**61,507**
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss:												
Foreign currency translation effects, net	–	–	–	–	–	**(6,493)**	–	**3,800**	–	**(2,693)**	**(4,955)**	**(7,648)**
Effective portion of cash flow hedges, net	–	–	–	–	–	–	–	**(342)**	–	**(342)**	**(150)**	**(492)**
Deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	–	**86**	–	**86**	**38**	**124**
Items that will not be reclassified subsequently to profit or loss:												
Revaluation gains on property, plant and equipment, net	–	–	–	–	–	–	**5,061**	–		**5,061**	**295**	**5,356**
Remeasurement gains on defined benefit schemes	–	–	–	–	–	–	–	–	**5,686**	**5,686**	**22**	**5,708**
Remeasurement gains on other post-employment benefit schemes	–	–	–	–	–	–	–	–	**1,043**	**1,043**	**561**	**1,604**
Deferred tax on revaluation of property, plant and equipment	–	–	–	–	–	–	**(1,114)**	–	–	**(1,114)**	**(105)**	**(1,219)**
Deferred tax on remeasurement gains on defined benefit pension schemes	–	–	–	–	–	–	–	–	**(2,071)**	**(2,071)**	**(20)**	**(2,091)**
Share of joint ventures and associates remeasurement gains on post-employment defined benefit schemes	–	–	–	–	–	–	–	–	**711**	**711**	–	**711**
Total other comprehensive income	–	–	–	–	–	**(6,493)**	**3,947**	**3,544**	**5,369**	**6,367**	**(4,314)**	**2,053**
Total comprehensive income	–	–	–	–	–	**(6,493)**	**3,947**	**3,544**	**53,195**	**54,193**	**9,367**	**63,560**
Transactions with equity holders of the parent												
New shares issued	**39**	**2,559**	–	–	–	–	–	**(924)**	**924**	**2,598**	–	**2,598**
Non-controlling interest arising on acquisition of subsidiaries (Note 10)	–	–	–	–	–	–	–	–	–	–	**10,784**	**10,784**
Recognition of put option liability on acquisition (Note 10)	–	–	–	–	–	–	–	**(25,072)**	–	**(25,072)**		**(25,072)**
Remeasurement of put option liability	–	–	–	–	–	–	–	**3,526**	–	**3,526**	–	**3,526**
Disposal of shareholding to non-controlling interests	–	–	–	–	–	–	–	–	**1,182**	**1,182**	**7,479**	**8,661**
Contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	–	**2,473**	**2,473**
Subsidiaries becoming joint ventures (Note 10)	–	–	–	–	–	–	–	–	–	–	**(6,699)**	**(6,699)**
Dividends paid (Note 9)	–	–	–	–	–	–	–	–	**(10,065)**	**(10,065)**	**(9,701)**	**(19,766)**
Share-based payment transactions	–	–	–	–	–	–	–	**596**	–	**596**	–	**596**
Total transactions with equity holders of the parent	**39**	**2,559**	–	–	–	–	–	**(21,874)**	**(7,959)**	**(27,235)**	**4,336**	**(22,899)**
As at 31 December 2017	**3,468**	**150,763**	**140**	**(122,521)**	**(8,580)**	**(14,168)**	**28,035**	**(37,748)**	**233,632**	**233,021**	**106,562**	**339,583**
Transfer of NCI subject to put option for presentation purposes	–	–	–	–	–	–	–	**26,788**	–	**26,788**	**(26,788)**	–
As at 31 December 2017 as presented in the balance sheet	**3,468**	**150,763**	**140**	**(122,521)**	**(8,580)**	**(14,168)**	**28,035**	**(10,960)**	**233,632**	**259,809**	**79,774**	**339,583**

*Other equity reserves comprise the share option reserve, the cash flow hedge reserve and the put option reserve.

Total Produce plc
Extract from the Group Statement of Changes in Equity

	Attributable to equity holders of the parent											
For the year ended 31 December 2016	***Share capital €'000***	***Share premium €'000***	***Undenominated capital €'000***	***De-merger reserve €'000***	***Own shares reserve €'000***	***Currency translation reserve €'000***	***Revaluation reserve €'000***	***Other equity reserves* €'000***	***Retained earnings €'000***	***Total €'000***	***Non-controlling interests €'000***	***Total equity €'000***
As at 1 January 2016	**3,446**	**254,512**	**99**	**(122,521)**	**(8,580)**	**70**	**22,178**	**2,027**	**87,589**	**238,820**	**74,959**	**313,779**
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	**28,536**	**28,536**	**10,768**	**39,304**
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss:												
Foreign currency translation effects, net	–	–	–	–	–	**(7,745)**	–	**(514)**	–	**(8,259)**	**195**	**(8,064)**
Effective portion of cash flow hedges, net	–	–	–	–	–	–	–	**(19)**	–	**(19)**	**(24)**	**(43)**
Deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	–	**4**	–	**4**	**7**	**11**
Items that will not be reclassified subsequently to profit or loss:												
Revaluation gains/(losses) on property, plant and equipment, net	–	–	–	–	–	–	**1,138**	–	–	**1,138**	**(9)**	**1,129**
Remeasurement losses on post-employment defined benefit schemes	–	–	–	–	–	–	–	–	**(23,584)**	**(23,584)**	**(185)**	**(23,769)**
Deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	**772**	–	**3,875**	**4,647**	**32**	**4,679**
Share of joint ventures and associates remeasurement losses on post-employment defined benefit schemes (net of tax)	–	–	–	–	–	–	–	–	**(820)**	**(820)**	–	**(820)**
Total other comprehensive income	–	–	–	–	–	**(7,745)**	**1,910**	**(529)**	**(20,529)**	**(26,893)**	**16**	**(26,877)**
Total comprehensive income	–	–	–	–	–	**(7,745)**	**1,910**	**(529)**	**8,007**	**1,643**	**10,784**	**12,427**
Transactions with equity holders of the parent												
New shares issued	**24**	**1,763**	–	–	–	–	–	**(651)**	**651**	**1,787**	–	**1,787**
Own shares acquired and cancelled	**(41)**	–	**41**	–	–	–	–	–	**(5,973)**	**(5,973)**	–	**(5,973)**
Capital reduction	–	**(108,071)**	–	–	–	–	–	–	**107,963**	**(108)**	–	**(108)**
Non-controlling interest arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	**15,215**	**15,215**
Recognition of put option liability on acquisition	–	–	–	–	–	–	–	**(17,155)**	–	**(17,155)**	–	**(17,155)**
Put option granted to non-controlling interests	–	–	–	–	–	–	–	**(3,367)**	–	**(3,367)**	–	**(3,367)**
Remeasurement of put option liability	–	–	–	–	–	–	–	**(179)**	–	**(179)**	–	**(179)**
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	**(692)**	**(692)**	**(3,796)**	**(4,488)**
Disposal of shareholding to non-controlling interests	–	–	–	–	–	–	–	–	–	–	**3,993**	**3,993**
Contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	–	**5**	**5**
Share of buyback within associate company	–	–	–	–	–	–	–	–	**(73)**	**(73)**	–	**(73)**
Subsidiary becoming a joint venture	–	–	–	–	–	–	–	–	–	–	**(1,503)**	**(1,503)**
Dividends paid	–	–	–	–	–	–	–	–	**(9,076)**	**(9,076)**	**(6,798)**	**(15,874)**
Share-based payment transactions	–	–	–	–	–	–	–	**436**	–	**436**	–	**436**
Total transactions with equity holders of the parent	**(17)**	**(106,308)**	**41**	–	–	–	–	**(20,916)**	**92,800**	**(34,400)**	**7,116**	**(27,284)**
As at 31 December 2016	**3,429**	**148,204**	**140**	**(122,521)**	**(8,580)**	**(7,675)**	**24,088**	**(19,418)**	**188,396**	**206,063**	**92,859**	**298,922**
Transfer of NCI subject to put option for presentation purposes	–	–	–	–	–	–	–	**20,259**	–	**20,259**	**(20,259)**	–
As at 31 December 2016 as presented in the balance sheet	**3,429**	**148,204**	**140**	**(122,521)**	**(8,580)**	**(7,675)**	**24,088**	**841**	**188,396**	**226,322**	**72,600**	**298,922**

* Other equity reserves comprise the share option reserve, the cash flow hedge reserve and the put option reserve.

Total Produce plc
Extract from the Group Statement of Cash Flows
for the year ended 31 December 2017

	2017	2016
	€’000	€’000
Net cash flows from operating activities (Note 11)	**46,563**	44,148
Investing activities		
Acquisition of subsidiaries	**(36,230)**	(32,887)
Cash assumed on acquisition of subsidiaries, net	**758**	1,940
Acquisition of, and investment in joint ventures and associates	**(21,062)**	(8,620)
Payments of contingent consideration	**(9,269)**	(1,976)
Payments of deferred consideration	**–**	(2,778)
Proceeds from disposal of joint ventures and associates	**400**	–
Proceeds from disposal of trading assets	**2,138**	6,419
Cash derecognised on subsidiary becoming a joint venture	**(6,689)**	(491)
Net debt derecognised on disposal of a subsidiary	**2,304**	–
Disposal of investment in subsidiary to non-controlling interests	**8,661**	273
Acquisition of property, plant and equipment	**(39,496)**	(24,378)
Acquisition of other financial assets	**(98)**	–
Expenditure on computer software	**(2,771)**	(1,344)
Brand additions	**(462)**	–
Development expenditure capitalised	**(204)**	(253)
Proceeds from disposal of property, plant and equipment – routine	**807**	2,651
Proceeds from exceptional items – from disposal of property and leasehold interests	**7,770**	3,030
Dividends received from joint ventures and associates	**8,243**	8,339
Government grants received	**163**	–
Net cash flows from investing activities	**(85,037)**	(50,075)
Financing activities		
Drawdown of borrowings	**251,820**	68,144
Repayment of borrowings	**(226,487)**	(40,671)
Decrease in bank deposits	**2,500**	–
Proceeds from the issue of share capital	**2,598**	1,787
Buyback of own shares	**–**	(5,973)
Costs of capital reduction	**–**	(108)
Capital element of finance lease repayments	**(869)**	(2,175)
Acquisition of non-controlling interests	**–**	(3,044)
Capital contribution by non-controlling interests	**936**	5
Dividends paid to non-controlling interests	**(8,843)**	(6,798)
Dividends paid to equity holders of the parent	**(10,065)**	(9,076)
Net cash flows from financing activities	**11,590**	2,091
Net decrease in cash, cash equivalents and bank overdrafts	**(26,884)**	(3,836)
Net foreign exchange difference	**(1,224)**	(2,282)
Cash, cash equivalents and bank overdrafts at start of year	**117,087**	123,205
Cash, cash equivalents and overdrafts at end of year (Note 12)	**88,979**	117,087

Total Produce plc
Extract from the Summary Group Reconciliation of Net Debt
for the year ended 31 December 2017

	2017 €'000	2016 €'000
Net decrease in cash, cash equivalents and bank overdrafts	**(26,884)**	(3,836)
Drawdown of borrowings	**(251,820)**	(68,144)
Repayment of borrowings	**226,487**	40,671
Decrease in bank deposits	**(2,500)**	–
Interest-bearing loans and borrowings arising on acquisition	**(24,492)**	(474)
Capital element of finance lease repayments	**869**	2,175
Other movements on finance leases	**(45)**	(419)
Finance leases arising on acquisition	**(149)**	(673)
Finance leases derecognised on disposal of subsidiary	**356**	–
Foreign exchange movement	**13,418**	389
Movement in net debt	**(64,760)**	(30,311)
Net debt at beginning of the year	**(48,366)**	(18,055)
Net debt at end of the year (Note 12)	**(113,126)**	(48,366)

Total Produce plc
Selected explanatory notes for the Preliminary Results for the year ended 31 December 2017

1. Basis of preparation

The financial information included in this preliminary results statement has been extracted from the Group's Financial Statements for the year ended 31 December 2017 and is prepared based on the accounting policies set out therein, which are consistent with those applied in the prior year with the exception of the effect of the new accounting standards listed below. As permitted by European Union (EU) law and in accordance with AIM/ESM rules, the Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU.

The financial information prepared in accordance with IFRSs as adopted by the EU included in this report do not comprise "full group accounts" within the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations 1992 of Ireland insofar as such group accounts would have to comply with the disclosure and other requirements of those Regulations.

The information included has been derived from the Group Financial Statements which were approved by the Board of Directors on 28 February 2018. The Financial Statements will be filed with the Irish Registrar of Companies and circulated to shareholders in due course. The financial information is presented in Euro, rounded to the nearest thousand where appropriate.

Changes in accounting policy and disclosures
The accounting policies adopted are consistent with those of the previous year except for the following new and amended IFRS and IFRIC interpretations adopted by the Group and Company in these financial statements.

- Amendments to IAS 7 *Disclosure Initiative*
- Amendments to IAS 12 *Recognition of deferred tax assets for unrealised losses*
- Annual improvements to IFRS 2014-2016 Cycle – Amendments to IFRS 12

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 2017.

New standards and interpretations not applied

IFRS 9 *Financial Instruments*
IFRS 9 *Financial Instruments* is effective from 1 January 2018 and replaces IAS 39 *Financial Instruments: Recognition and Measurement.* The standard includes requirements for the recognition, measurement and derecognition of financial instruments, introduces new hedge accounting rules and a new expected credit loss model for calculating impairment of financial assets.

The Group's evaluation of the effect of the adoption of IFRS 9 is ongoing and the Group's initial findings are as follows:

- The vast majority of the Group's financial assets are held as trade receivables or cash which will continue to be accounted for at amortised cost. On this basis the classification and measurement changes will not have a material impact on the Group's consolidated financial statements.
- IFRS 9 introduces a forward-looking expected credit losses model rather that the current incurred loss model when assessing impairment of financial assets in the scope of IFRS 9. Given historic loss rates and the significant portion of trade and other receivables that are within agreed terms, the change is not expected to have a material impact on the Group's financial statements.
- The new hedging requirements of IFRS 9 will make more hedging relationships eligible for hedge accounting. Current hedging arrangements continue to be appropriate under IFRS with the only difference being a change to the cost of hedging. This change to cost is not material.

Based on analysis to date, the impact of IFRS 9 is not expected to have a material impact on the Group consolidated financial statements. In line with the transition guidance in IFRS 9, the Group will not restate the 2017 prior period on adoption.

IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 *Revenue from Contracts with Customers* is effective from 1 January 2018 and replaces IAS 18 *Revenue,* IAS 11 *Construction Contracts* and associated interpretations. The standard provides a single model to be applied to all contracts with customers.

The Group's evaluation of the effect of the adoption of IFRS 15 is ongoing and the Group's initial findings are as follows:

The Group's assessment of the existing contracts with suppliers and customers under the principal versus agent assessment may result in the Group transitioning from a principal to an agent relationship or vice versa in the case of certain contracts. Based on an initial analysis throughout the Group, no material changes are expected. The impact, if any will be quantified in the 2018 interim results. Any changes would result in a reduction in revenue and cost of sales in lieu of commission received for certain contracts, with no impact expected to profit or earnings per share.

With the exception of the matter above, the Group has not identified any other material issues arising from the transition of the new standard. In line with the transition guidance in IFRS 15, the Group intends to restate the 2017 prior period on adoption if any material changes are identified on transition.

IFRS 16 *Leases*
IFRS 16 *Leases* is effective from 1 January 2019 and replaces IAS 17 *Leases.* It introduces a single lessee accounting model to be adopted and accordingly the majority of all lease agreements will now result in the recognition of a right-of-use asset and a lease liability in the balance sheet. The income statement charge in relation to all leases will now comprise a depreciation element relating to the right-of-use asset and also a financing charge relating to the lease liability.

Details of leases currently classified as operating leases will be provided in the 2017 Annual Report. The fair values of these leases are currently being evaluated. As a result of the transition to IFRS 16 the fair value of these leases representing the present value of the lease payments over the expected lease contract period will be recognised as a right-of-use asset with a corresponding value recognised as a lease liability. This will increase the Group's recognised assets and liabilities.

The Group is currently performing a detailed assessment of the impact of the adoption of IFRS 16 throughout the group and expects to disclose its transition approach and quantitative information before adoption.

2. Translation of foreign currencies

The reporting currency of the Group is Euro. Group results are impacted by fluctuations in exchange rates year-on-year versus the Euro. The rates used in the translation of results and balance sheets into Euro were as follows:

	Average rate			**Closing rate**		
	2017	2016	% change	**2017**	2016	% change
Brazilian Real	**3.7381**	3.6919	(1.3%)	**3.9729**	3.4305	(15.8%)
Canadian Dollar	**1.4577**	1.4674	0.7%	**1.5037**	1.4141	(6.3%)
Czech Koruna	**26.2301**	27.0353	3.0%	**25.5350**	27.0210	5.5%
Danish Kroner	**7.4387**	7.4427	0.1%	**7.4454**	7.4344	(0.1%)
Indian Rupee	**73.5033**	74.2703	1.0%	**76.4059**	71.4680	(6.9%)
Polish Zloty	**4.2570**	4.3621	2.4%	**4.1766**	4.4051	5.2%
Pound Sterling	**0.8756**	0.8102	(8.1%)	**0.8879**	0.8526	(4.1%)
Swedish Krona	**9.6438**	9.4650	(1.9%)	**9.8386**	9.5773	(2.7%)
US Dollar	**1.1359**	1.1081	(2.5%)	**1.1980**	1.0520	(13.9%)

3. Revenue and Segmental Analysis

Revenue

	2017 €'000	2016 €'000
Group Revenue	**3,674,294**	3,105,475
Plus:		
Share of revenue of joint ventures	**576,017**	452,162
Share of revenue of associates	**96,863**	260,473
Total share of revenue of joint ventures and associates	**672,880**	712,635
Less:		
Elimination of proportionate share of transactions between Group subsidiaries and joint ventures and associates [1]	**(60,943)**	(55,705)
Total Revenue	**4,286,231**	3,762,405

[1] *For calculation of Total Revenue which includes Group's share of joint ventures and associates, the Group eliminates the proportionate share of revenue transactions between Group subsidiaries and joint ventures and associates.*

Segmental Analysis

The table below details a segmental breakdown of the Group's total revenue and adjusted EBITA for the years ended 31 December 2017 and 31 December 2016.

In accordance with IFRS 8, the Group's reportable operating segments based on how performance is currently assessed and resources are allocated are as follows:

- *Europe – Eurozone:* This reportable segment is an aggregation of thirteen operating segments principally 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, one in South America and one in India primarily involved in the procurement, marketing and distribution of fresh produce. These operating segments have been aggregated because they have similar customer profiles and primarily transact in US Dollar. The North American sports nutrition business ceased trading in April 2016.

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

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

	Year ended 31 December 2017			Year ended 31 December 2016		
	Segmental revenue €'000	**Third party revenue €'000**	**Adjusted EBITA €'000**	Segmental revenue €'000	Third party revenue €'000	Adjusted EBITA €'000
Europe - Eurozone	**1,737,964**	**1,714,915**	**26,990**	1,753,328	1,731,675	25,953
Europe - Non-Eurozone	**1,542,598**	**1,509,389**	**41,716**	1,521,936	1,487,091	38,769
International	**1,061,927**	**1,061,927**	**14,838**	543,713	543,639	9,020
Inter-segment revenue	**(56,258)**	–	–	(56,572)	–	–
Third party revenue and adjusted EBITA	**4,286,231**	**4,286,231**	**83,544**	3,762,405	3,762,405	73,742

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

Reconciliation of segmental profit to operating profit

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

	Note	**2017 €'000**	2016 €'000
Adjusted EBITA per management reporting		**83,544**	73,742
Acquisition related intangible asset amortisation in subsidiaries	(i)	**(10,499)**	(7,675)
Share of joint ventures and associates acquisition related intangible asset amortisation	(i)	**(2,460)**	(2,557)
Fair value movements on contingent consideration	(ii)	**4,174**	(73)
Acquisition related costs within subsidiaries	(iii)	**(897)**	(922)
Share of joint ventures and associates net financial expense	(iv)	**(1,058)**	(481)
Share of joint ventures and associates income tax	(iv)	**(3,182)**	(4,473)
Operating profit before exceptional items		**69,622**	57,561
Exceptional items (Note 5)	(v)	**8,610**	(1,409)
Operating profit after exceptional items		**78,232**	56,152
Net financial expense	(vi)	**(5,754)**	(5,524)
Profit before tax		**72,478**	50,628

(i) Acquisition related intangible asset amortisation charges are not allocated to operating segments in the Group's management reports.
(ii) Fair value movements on contingent consideration are not allocated to operating segments in the Group's management reports.
(iii) Acquisition related costs are transaction costs directly related to the acquisition of subsidiaries 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 amortisation charges and costs, tax and interest. In the Group's management reports these items are excluded from the adjusted EBITA calculation.
(v) Exceptional items (Note 5) are not allocated to operating segments in the Group's management reports.
(vi) Financial income and expense is primarily managed at Group level and is therefore not allocated to individual operating segments in the Group's management reports.

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

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

	2017	2016
	€'000	€'000
Profit before tax per income statement	**72,478**	50,628
Adjustments		
Exceptional items (Note 5)	**(8,610)**	1,409
Fair value movements on contingent consideration	**(4,174)**	73
Share of joint ventures and associates tax	**3,182**	4,473
Acquisition related intangible asset amortisation within subsidiaries	**10,499**	7,675
Share of joint ventures and associates acquisition related intangible asset amortisation	**2,460**	2,557
Acquisition related costs within subsidiaries	**897**	922
Adjusted profit before tax	**76,732**	67,737
Exclude		
Net financial expense – subsidiaries	**5,754**	5,524
Net financial expense – share of joint ventures and associates	**1,058**	481
Adjusted EBITA	**83,544**	73,742
Exclude		
Amortisation of software costs	**1,443**	1,356
Depreciation – subsidiaries	**15,764**	17,423
Depreciation – share of joint ventures and associates	**3,690**	2,301
Adjusted EBITDA	**104,441**	94,822

5. Exceptional items

	2017	2016
	€'000	€'000
Fair value uplift on associate investment (a)	**12,428**	–
Credit from settlement of defined benefit pension arrangements (b)	**4,097**	–
Gains relating to property, plant and equipment and leasehold interests (c)	**1,160**	3,774
Impairment of goodwill (d)	**(9,075)**	(5,183)
Total	**8,610**	(1,409)
Net tax charge on exceptional items (e)	**(1,358)**	(686)
Total net of tax	**7,252**	(2,095)
Attributable as follows:		
Equity holders of the parent	**7,116**	(2,812)
Non-controlling interests	**136**	717
	7,252	(2,095)

(a) Fair value uplift on associate investment

As outlined in detail in Note 10, on 1 March 2017 the Group acquired a further 30% shareholding in the Oppenheimer Group ('Oppy') to take its total shareholding to 65%. As a result of this increased shareholding, Oppy became a subsidiary from this date and in accordance with IFRS, the Group's previously held 35% associate interest was re-measured to fair value resulting in a fair value gain of €11.3m. This gain, together with the reclassification of €1.1m of currency translation gains from the currency translation reserve, were recognised in the income statement resulting in an exceptional gain of €12.4m.

(b) Credit arising from settlement of the Group's defined benefit pension arrangements

An Enhanced Transfer Value ('ETV') offer was made to members of the Irish defined benefit pension schemes during the year. As a result of members taking up this ETV offer settlement credits net of associated costs resulted in an exceptional accounting credit of €4.1m which is recognised in the income in statement. See Note 8 for further details.

(c) Gains relating to property, plant and equipment and leasehold interests

During the year the Group recorded a profit of €1.2m after associated costs on the disposal of property in Continental Europe. During 2016 the Group received compensation for the exit of a leasehold interest. The compensation of €1.9m net of associated costs was recognised within other operating income. Also during 2016, the Group received compensation for costs arising from a fire in a facility in Europe which caused damage to buildings, plant and machinery, motor vehicles and small amounts of inventory. The facility has been repaired and was fully operational from mid-2016 onwards. The insurance income, net of associated costs and impairment, recognised in 2016 was €1.9m and was disclosed as an exceptional item in the income statement.

(d) Impairment of goodwill

During the year the Group recognised a non-cash impairment charge of €9.1m in relation to a fresh produce business in the Netherlands which had experienced a difficult trading environment resulting in a slower recovery than had been anticipated. In 2016 the Group recognised a non-cash impairment charge of €5.2m in relation to a sports nutrition business in the UK as a result of a reduction in the forecasted profitability due to a more competitive trading environment.

(e) Tax charge on exceptional items

The net tax effect on the above exceptional items and the reassessment of deferred tax on prior year fair value movements on investment property was a net charge of €1.4m (2016: €0.7m).

Effect of exceptional items on cash flow statement

The net effect of the items above was a cash inflow of €0.5m (2016: €3.0m).

6. Income tax

	2017 €'000	2016 €'000
Income tax expense	**10,971**	11,324
Group share of tax charge of joint ventures and associates netted in profit before tax	**3,182**	4,473
Total tax charge	**14,153**	15,797
Adjustments		
Deferred tax credit on amortisation of intangibles - subsidiaries	**7,267**	971
Share of deferred tax credit on amortisation of intangible assets with joint ventures and associates	**997**	636
Deferred tax charge on fair value movements on contingent consideration	**(1,666)**	–
Net deferred tax (charge)/credit on fair value movements on investment properties - subsidiaries	**(512)**	182
Tax impact of other exceptional items	**(846)**	(868)
Tax charge on underlying activities	**19,393**	16,718

The total tax charge for the year amounted to €14.2m (2016: €15.8m), including the Group's share of the tax charge of its joint ventures and associates of €3.2m (2016: €4.5m), which is netted in profit before tax in accordance with IFRS.

Excluding the impact of deferred tax related to the amortisation of intangibles and the fair value movements on contingent consideration and the tax effect of exceptional items, the underlying tax charge for the year was €19.4m (2016: €16.7m), equivalent to a rate of 25.3% (2016: 24.7%) when applied to the Group's adjusted profit before tax.

7. Earnings per share

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

	2017 €'000	2016 €'000
Profit attributable to equity holders of the parent	**47,826**	28,536
	'000	'000
Shares in issue at beginning of year	**343,015**	344,609
New shares issued (weighted average)	**2,148**	1,417
Share repurchased by Company (weighted average)	**–**	(3,891)
Effect of treasury shares held	**(22,000)**	(22,000)
Weighted average number of shares	**323,163**	320,135
Basic earnings per share – cent	**14.80**	8.91

Diluted earnings per share
Diluted 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 after adjustment for the effects of all ordinary shares and options with a dilutive effect.

	2017	2016
	€'000	€'000
Profit attributable to equity holders of the parent	**47,826**	28,536
	'000	'000
Weighted average number of shares	**323,163**	320,135
Effect of share options with a dilutive effect	**2,598**	4,005
Weighted average number of shares (diluted)	**325,761**	324,140
Diluted earnings per share – cent	**14.68**	8.80

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

Adjusted basic earnings per share and adjusted fully diluted earnings per share
Management believes that adjusted profit attributable to equity holders of the parent as set out below provides a fair reflection of the underlying trading performance of the Group after eliminating the impact of acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, property revaluations and exceptional items and the related tax on these items.

Adjusted basic earnings per share is calculated by dividing the adjusted profit attributable to ordinary shareholders by the weighted average number ordinary shares outstanding during the year, excluding shares purchased by the company which are held as treasury shares.

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

	2017	2016
	€'000	€'000
Profit attributable to equity holders of the parent	**47,826**	28,536
Adjustments:		
Exceptional items - net of tax (Note 5)	**(7,252)**	2,095
Acquisition related intangible asset amortisation within subsidiaries	**10,499**	7,675
Share of joint ventures and associates acquisition related intangible asset amortisation	**2,460**	2,557
Acquisition related costs within subsidiaries	**897**	922
Fair value movements on contingent consideration	**(4,174)**	73
Tax effect of amortisation charges of goodwill, intangible assets and fair value movements on contingent consideration	**(6,598)**	(1,607)
Non-controlling interests share of the items above	**265**	(1,128)
Adjusted profit attributable to equity holders of the parent	**43,923**	39,123
	'000	'000
Weighted average number of shares	**323,163**	320,135
Weighted average number of shares (diluted)	**325,761**	324,140
Adjusted basic earnings per share – cent	**13.59**	12.22
Adjusted fully diluted earnings per share – cent	**13.48**	12.07

8. Post-employment obligations

	2017	2016
	€'000	€'000
Employee defined benefit pension schemes obligations	**(16,707)**	(37,777)
Other post-employment obligations	**(5,293)**	–
	(22,000)	(37,777)

Employee defined benefit pension schemes

	2017	2016
	€'000	€'000
Pension assets	**175,343**	189,008
Pension obligations	**(192,050)**	(226,785)
Net liability at end of year	**(16,707)**	(37,777)
Net related deferred tax asset	**2,860**	5,956
Net liability after tax at end of year	**(13,847)**	(31,821)
Analysis of movement in the year		
Net liability at beginning of year	**(37,777)**	(17,174)
Net interest expense and service costs recognised in the income statement	**(2,298)**	(3,237)
Credit in income statement from ETV offer	**6,683**	–
Employer contributions to schemes	**4,290**	5,010
Employer contributions to schemes - ETV	**6,303**	–
Remeasurement gains/(losses) recognised in other comprehensive income	**5,708**	(23,769)
Arising on acquisition	**(252)**	–
Foreign exchange movement	**636**	1,393
Net liability at end of year	**(16,707)**	(37,777)

The table above summarises the movements in the net liability of the Group's various defined benefit pension schemes in Ireland, the UK, Continental Europe and North America in accordance with *IAS 19 Employee Benefits (2011)*.

The Group's balance sheet at 31 December 2017 reflects net pension liabilities of €16.7m (2016: €37.8m) in respect of schemes in deficit, resulting in a net deficit of €13.8m (2016: €31.8m) after deferred tax.

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, inflations rates and mortality rates.

In 2017 the Group initiated an Enhanced Transfer Value ('ETV') program whereby an offer above the minimum statutory transfer value was made to all active and deferred members of the Irish defined benefit pension schemes ("Schemes") to transfer their accumulated accrued benefits from the Schemes, eliminating future accrual of benefits in the Schemes, and receive a transfer value above the statutory minimum amount. The Group transferred €6.3m to the Schemes to fund the ETV and €25.4m was paid from the Schemes assets in a full and final settlement of defined benefit obligations of €32.1m. The ETV program resulted in a net accounting credit of €4.1m in 2017 representing the net settlement of the defined benefit obligations of employees who elected of the ETV option, net of all costs and professional fees incurred. This credit has been disclosed as an exceptional item in the Group's income statement (Note 5).

The decrease in the net liability in 2017 was primarily due to the effects of the ETV settlement, as described above, positive returns of 5% on pension scheme assets in the year and an increase in discount rates in the Eurozone. This was offset in part by a reduction in the discount rate for the UK schemes. The discount rate in Ireland and the Eurozone increased to 2.00% (2016: 1.90%) and in the UK decreased to 2.50% - 2.60% (2016: 2.75% - 2.80%).

Other post-employment obligations

	2017 €'000	2016 €'000
Net liability at beginning of year	**–**	–
Arising on acquisition	**(6,913)**	–
Net expense recognised in the income statement	**(536)**	–
Remeasurement gains recognised in other comprehensive income	**1,604**	–
Employee contributions to schemes	**(24)**	–
Benefits paid	**131**	–
Translation adjustment	**445**	–
Net liability at end of year	**(5,293)**	–

Certain employees in one of the Group's North American subsidiaries hold non-voting shares in the subsidiary. The Company has a contractual arrangement in place to pay holders of these shares an agreed benefit on retirement, based on profit levels in the company, to redeem these shares.

In accordance with *IAS 19 Employee Benefits (2011)*, the net liability of the obligation is measured as the net present value of the amounts that are expected to be paid to employees for the shares at retirement. The interest expense, which represents the unwinding of the net present value of the liabilities, is charged to the income statement. Remeasurement gains and losses, representing all other changes to the estimate of the liability, are recognised in other comprehensive income.

Determining the valuation of the obligations requires the determination of appropriate assumptions such as projected growth in profits, forfeiture rates and retirement dates. The principal assumptions are the budget for the following financial year plus an annual growth rate of 5% discounted to net present value using a discount rate of 8.5%. Based on past experience a forfeiture rate of zero is assumed.

9. Dividends

	2017 €'000	2016 €'000
Dividends paid on Ordinary Euro 1 cent shares		
Final dividend for 2016 of 2.2297 cent per share (2015: 2.027 cent)	**7,177**	6,482
Interim dividend for 2017 of 0.8906 cent per share (2016: 0.8096 cent)	**2,888**	2,594
Total dividend paid in the year	**10,065**	9,076
Total dividend per share paid in the year	**3.1203**	2.8366

The Board is proposing a 10% increase in the final dividend to 2.4527 cent per share (2016: 2.2297 cent), subject to the approval at the forthcoming AGM. If approved, this dividend will be paid on 1 June 2018 to shareholders on the register at 4 May 2018 subject to dividend withholding tax. The total dividend for 2017 will amount to 3.3433 (2016: 3.0393) cent per share and represents an increase of 10% on 2016. In accordance with IFRS, this dividend has not been provided for in the Balance Sheet at 31 December 2017.

10. Businesses acquired and other developments in 2017

A key part of the Group's strategy is growth by acquisition. In line with this strategy the Group made a number of acquisitions and investments in 2017 as explained below.

Investments in subsidiaries
During 2017, the Group made a number of acquisitions in the fresh produce sector in North America and in Europe. On 1 March 2017, the Group completed the purchase of a further 30% of Grandview Ventures Limited (known as the 'Oppenheimer Group' or 'Oppy') for consideration of €28.2m. In addition to the initial 35% acquired in 2013, this brings the Group's shareholding in Oppy to 65% for a total consideration of €43.8m. Headquartered in Vancouver, Canada with annual sales of almost CAD$ 1 billion (€720m), Oppy is a leading provider of fresh produce to its strong base of retail, wholesale and foodservice customers throughout the United States and Canada. In addition to this, long term put and call options are in place for the remaining 35% shareholding, exercisable from early 2020.

In February 2017, the Group's Los Angeles headquartered fresh produce business, Progressive Produce LLC acquired the trade and business assets of Keystone Fruit Marketing Inc. The Group made a number of other bolt-on investments in Europe all of which complement the Group's existing activities.

The table that follows provides details on the total fair value of acquisitions of subsidiaries in 2017. The acquisition of Oppy was deemed to be a substantial transaction and separate disclosure of the fair value of the identifiable assets and liabilities has therefore been made. None of the remaining business combinations completed during the year were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

The initial assignment of fair values to net assets for all investments has been performed on a provisional basis in respect of these acquisitions and can be finalised within twelve months from the acquisition date, as permitted by IFRS 3 (Revised) *Business Combinations*.

	2017 Oppy €'000	2017 Other acquisitions €'000	2017 Total €'000	2016 Total €'000
Consideration paid and payable				
Cash consideration	28,211	8,019	**36,230**	32,887
Contingent consideration	–	2,245	**2,245**	11,598
Deferred consideration	–	–	**–**	275
Settlement of pre-existing relationship with acquiree	4,384	–	**4,384**	–
Contribution by non-controlling interest	–	1,537	**1,537**	–
Total fair value of consideration	**32,595**	**11,801**	**44,396**	44,760
Identifiable assets acquired and liabilities assumed				
Property, plant and equipment	1,614	4,843	**6,457**	4,307
Intangible assets - Customer relationships	37,531	2,450	**39,981**	14,066
Intangible assets – Supplier relationships, brand and other	13,854	1,812	**15,666**	9,214
Investment in joint ventures & associates	1,112	–	**1,112**	–
Biological assets	2,384	–	**2,384**	308
Inventories	20,899	2,825	**23,724**	4,507
Trade and other receivables	69,943	8,109	**78,052**	23,262
Cash, and cash equivalents	–	1,676	**1,676**	2,251
Post-employment benefit obligations	(7,165)	–	**(7,165)**	–
Bank overdrafts	(556)	(362)	**(918)**	(311)
Interest-bearing borrowings	(23,632)	(860)	**(24,492)**	(474)
Finance leases	–	(149)	**(149)**	(673)
Corporation tax	(506)	(252)	**(758)**	(349)
Trade and other payables	(74,393)	(10,069)	**(84,462)**	(23,929)
Deferred tax asset	3,656	–	**3,656**	–
Deferred tax liability	(18,211)	(485)	**(18,696)**	(1,946)
Fair value of net identifiable assets and liabilities acquired	**26,530**	**9,538**	**36,068**	30,233
Non-controlling interests arising on acquisition				
Non-controlling interests measured at fair value	–	–	**–**	15,552
Non-controlling interests measured at share of net assets	10,834	(50)	**10,784**	(337)
Total value of non-controlling interests arising on acquisition	**10,834**	**(50)**	**10,784**	15,215
Goodwill calculation				
Fair value of consideration	32,595	11,801	**44,396**	44,760
Fair value of pre-existing interest in acquiree	24,684	–	**24,684**	324
Fair value of net identifiable assets and liabilities acquired	(26,530)	(9,538)	**(36,068)**	(30,233)
Non-controlling interests arising on acquisition	10,834	(50)	**10,784**	15,215
Goodwill arising	**41,583**	**2,213**	**43,796**	30,066

The principal factor contributing to the recognition of €43.8m of goodwill is the realisation of costs savings and synergies expected to be achieved for integrating the acquired entities, and the value and skills of the assembled workforce in the acquired entities.

Cash flows relating to acquisition of subsidiaries

	2017 €'000	2016 €'000
Cash consideration for acquisition of subsidiary undertakings	**(36,230)**	(32,887)
Cash, cash equivalents and bank overdrafts acquired	**758**	1,940
Cash outflow per statement of cash flows	**(35,472)**	(30,947)

The Group incurred acquisition related costs of €0.9m on legal and professional fees and due diligence in respect of completed acquisitions. These costs have been included within operating expenses in the year.

Investment in joint ventures and associates and disposal of shareholdings to non-controlling interests
During 2017, the Group invested €23.6m (€21.1m in cash and €2.5m in contingent consideration payable on achievement of certain profit targets) in a number of joint ventures and associates in North America and Europe. The fair value of contingent consideration recognised at the date of acquisition was calculated using the expected present value technique. The principal acquisitions in 2017 were investments in Delica North America and The Fresh Connection in North America.

On 6 April 2017, Oppy entered strategically-important agreements with the New Zealand based T&G Global Limited ('T&G') to enable both parties to enhance their market positions as co-shareholders in two US produce businesses.

Oppy acquired from T&G a 50% share of a T&G Californian headquartered US export business known in the market as Delica North America ('Delica NAM') for a cash consideration of €8.1m. Delica NAM is focused on exporting a wide range of fresh produce from the US predominantly to the important Chinese and South East Asian markets. Under the terms of the shareholders agreement, Oppy is considered to have significant influence rather than joint control of this investment and therefore has treated the investment as an associate investment in accordance with IAS 28 *Investments in Associates and Joint Ventures (2011).*

Separately, Oppy sold some shares in its US business to T&G. T&G through its wholly owned subsidiary Enza Fresh, previously held a 15% shareholding in Oppy's largest subsidiary, the US focussed marketer David Oppenheimer & Company LLC ('DOC') and a US transport company David Oppenheimer Transport ('DOT'). On 6 April 2017, Enza Fresh merged with Grandview Brokerage LLC ('GBLLC') and as part of this agreement obtained a 39.4% shareholding in GBLLC with the right thereafter to match the effective share of GBLLC held by Total Produce. As GBLLC owns 100% of DOC and 15% of DOT, the transaction resulted in T&G increasing its shareholding in DOC from 15% to 39.4% and reducing its interest in DOT from 15% to 6%. The net proceeds received by Oppy for the disposal of the shareholding in GBLLC were €8.6m.

In late October 2017, the Group acquired a 50% interest in the Californian based fresh produce company, The Fresh Connection LLC. The Fresh Connection has a network of growers throughout the US, Mexico, South America, South Africa and Australia and exports a wide range of fresh fruits and vegetables (mainly citrus, apples, pears, berries and stone fruits) to customers in more than 35 countries.

The initial assignment of fair values to net assets for all investments has been performed on a provisional basis in respect of these acquisitions and can be finalised within twelve months from the acquisition date, as permitted by IFRS 3 (Revised) *Business Combinations*.

Put option liability
Within certain transactions in 2017, non-controlling shareholders have an option to put their shareholding to Total Produce. Up to the point of exercise of these put options, the non-controlling shareholder continues to have a right to dividends and voting rights on the shareholdings that are subject to the put option. Where the holder of the put option retains a present ownership interest in the shares, the Group applies the partial recognition of non-controlling interest method for put options. The non-controlling interest is therefore recognised in the traditional manner but is transferred against the put liability reserve for presentation purposes in the balance sheet.

The estimated fair value at date of acquisition for the consideration on exercise of the put options was €25.1m. This put option liability has been recognised in a put option reserve attributable to the equity holders of the parent. The valuation method applied for the purposes of this fair value assessment was the option price formula in the share purchase agreement with the inputs based on the budget plan for 2017 and an application of a steady growth rate, discounted to a net present value with the assumption that the put option would be exercised at the earliest possible date. In accordance with the Group accounting policy for put options (partial recognition of NCI method), and for presentation purposes in the balance sheet, the carrying value of NCI subject to the put option at period end has been transferred to the put option reserve.

Payment of contingent and deferred consideration
In 2017, the Group paid €9.3m contingent consideration relating to prior period acquisitions.

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

Subsidiary becoming a joint venture
In 2017 and 2016, as a result of changes in the nature of shareholder relationships it was determined that the Group no longer held a controlling influence in two investees and that the Group jointly controlled these investees. The following is a summary of the assets and liabilities derecognised in both years:

	2017	2016
	€'000	€'000
Identifiable assets and liabilities derecognised		
Intangible assets	**98**	–
Property, plant and equipment	**7,155**	3,640
Trade investments	**3**	–
Inventories	**1,469**	267
Trade and other receivables	**12,743**	643
Cash and cash equivalents	**6,689**	491
Deferred government grants	**(177)**	(717)
Trade and other liabilities	**(14,147)**	(1,081)
Corporation tax liabilities	**(323)**	(13)
Deferred tax liabilities	**(404)**	(223)
Net assets derecognised	**13,106**	3,007
Non-controlling interest	**(6,699)**	(1,503)
Net assets derecognised	**6,407**	1,504
Investment in joint venture	**6,407**	1,504

The carrying value of the net assets derecognised in relation to these subsidiaries closely approximates to fair value.

11. Cash Generated From Operations

	2017 €'000	2016 €'000
Operating activities		
Profit for the year	**61,507**	39,304
Non-cash adjustments to reconcile profit to net cash flows:		
Income tax expense	**10,971**	11,324
Income tax paid	**(16,471)**	(11,531)
Depreciation of property, plant and equipment	**15,764**	17,423
Reversal of impairment of property, plant and equipment	**(362)**	–
Exceptional items (Note 5)	**(8,610)**	1,409
Exceptional cash flow relating to ETV contributions and costs	**(7,254)**	–
Fair value movements on contingent consideration	**(4,174)**	73
Amortisation of intangible assets - acquisition related	**10,499**	7,675
Amortisation of intangible assets – capitalised development costs	**299**	407
Amortisation of intangible assets - computer software	**1,443**	1,356
Amortisation of government grants	**(81)**	(602)
Defined benefit pension scheme expense	**2,298**	3,237
Contributions to defined benefit pension schemes	**(4,290)**	(5,010)
Other employee benefit scheme expense	**536**	–
Net payments for other employee benefit scheme	**(107)**	–
Share based payment expense	**596**	436
Net gain on disposal of property, plant and equipment	**(432)**	(416)
Financial income	**(2,046)**	(1,309)
Financial expense	**7,800**	6,833
Financial income received	**1,327**	1,349
Financial expense paid	**(7,464)**	(7,093)
(Gain)/loss on non-hedging derivative financial instruments	**(434)**	31
Loss on disposal of trading assets	**39**	943
Gain on disposal of joint ventures	**(5)**	–
Fair value movements in biological assets	**(289)**	128
Share of profit of joint ventures	**(11,427)**	(7,258)
Share of profit of associates	**(782)**	(5,012)
Net cash flows from operating activities before working capital movements	**48,851**	53,697
Movements in working capital:		
Movements in inventories	**(10,409)**	1,695
Movements in biological assets	**(2,127)**	–
Movements in receivables	**(4,253)**	(24,537)
Movements in payables	**14,501**	13,293
Total movements in working capital	**(2,288)**	(9,549)
Net cash flows from operating activities	**46,563**	44,148

12. Analysis of Net Debt and Cash and Cash Equivalents

Net debt is a non-IFRS measure which comprises bank deposits, cash and cash equivalents and current and non-current interest-bearing loans and borrowings. The calculation of net debt at 31 December 2017 and 31 December 2016 is as follows:

	2017	2016
	€'000	€'000
Current assets		
Bank deposits	**–**	2,500
Cash and cash equivalents	**89,929**	111,261
Call deposits (demand balances)	**10,318**	16,019
Current liabilities		
Bank overdrafts	**(11,268)**	(10,193)
Current bank borrowings	**(35,861)**	(36,276)
Current finance leases	**(595)**	(1,515)
Non-current liabilities		
Non-current bank borrowing	**(164,374)**	(128,729)
Non-current finance leases	**(1,275)**	(1,433)
Net debt at end of year	**(113,126)**	(48,366)

Average net debt

Average net debt for 2017 was €142.1m (2016: €95.9m).

Trade receivables financing

The Group has a number of sales of receivables arrangements. Under the terms of these agreements, the Group has transferred substantially all of the credit risk of these trade receivables which are subject to these agreements. Accordingly €39.1m (2016: €43.0m) has been derecognised at 31 December 2017.

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

	2017	2016
	€'000	€'000
Cash and cash equivalents per balance sheet	**100,247**	127,280
Bank overdrafts	**(11,268)**	(10,193)
Cash, cash equivalents and bank overdrafts per cash flow statement	**88,979**	117,087

13. Post balance sheet events

As referred to in detail earlier in this announcement, on 1 February 2018, the Group announced that it had entered into a binding agreement to acquire a 45% stake in Dole Food Company ('Dole') from Mr. David H. Murdock for a cash consideration of $300 million.

Also on 1 February 2018 a total of 63 million new ordinary shares were placed (the 'Placing Shares') in a placing transaction at a price of €2.30 per Placing Share, raising gross proceeds of €145 million or $180 million (before expenses). The Placing Shares represented approximately 19% of the Company's issued ordinary share capital (excluding treasury shares) prior to the placing. The Placing Shares were admitted to the Irish Stock Exchange and the London Stock Exchange on the ESM and AIM respectively on 5 February 2018. Following the admission of the Placing Shares, the total number of ordinary shares in issue was 387,829,462 (excluding 22,000,000 treasury shares).

There have been no other material events subsequent to 31 December 2017 which would require disclosure or adjustment in the financial statements.

14. Related party transactions

There have been no related party transactions or changes to related party transactions other than those described in the 2016 Annual Report that materially affect the financial position or the performance of the Group for the year ended 31 December 2017.

15. Board approval

This announcement was approved by the Board of Directors of Total Produce plc on 28 February 2018.