TOTAL PRODUCE PLC

RESULTS TO 30 JUNE 2018

TOTAL PRODUCE PLC DELIVERS CONTINUED GROWTH IN 2018

- **Revenue up 1.8% to €2.2 billion**
- **Adjusted EBITDA up 7.4% to €56.7m**
- **Adjusted EBITA up 7.3% to €45.6m**
- **Adjusted profit before tax up 7.0% to €41.8m**
- **Adjusted fully diluted EPS (excluding impact of share placing) up 2.3%**
- **Adjusted fully diluted EPS (including impact of share placing) down 11.4%**
- **Interim dividend increased by 2.5% to 0.9129 cent per share**

Key performance indicators are defined overleaf

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

"Total Produce has delivered continued first-half growth in 2018. The Group's first-half adjusted EBITDA increased by 7.4%, and its adjusted EBITA increased by 7.3%. The Group continues to target full year growth excluding the impact of the Dole transaction and the related share placing.

As announced on 1 February 2018, the Group entered into an agreement to acquire a 45% stake in Dole Food Company, one of the largest fresh produce companies in the world, for $300m along with options to further increase the Group's stake. The transaction completed on 31 July 2018 having received regulatory approvals.

On 1 February 2018, 63 million ordinary shares were issued raising $180m to finance the Dole transaction. The 2019 financial year will be the first full year reflecting the scale of this transformative transaction. The conclusion of the Dole transaction represents a very significant development in the Group's successful expansion strategy.

An interim dividend of 0.9129 cent per share will be paid on 12 October 2018 representing a 2.5% increase on last year."

30 August 2018

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TOTAL PRODUCE PLC INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

	2018 €'million	2017 €'million	% change
Total revenue [(1)]	**2,187**	2,147	+1.8%
Group revenue	**1,857**	1,823	+1.8%
Adjusted EBITDA [(1)]	**56.7**	52.8	+7.4%
Adjusted EBITA [(1)]	**45.6**	42.5	+7.3%
Operating profit (before exceptional credits)	**38.5**	33.4	+15.1%
Adjusted profit before tax [(1)]	**41.8**	39.0	+7.0%
Profit before tax	**42.3**	35.4	+19.4%
	Euro cent	Euro cent	% change
Adjusted fully diluted earnings per share [(1)] Pro-forma excluding impact of share placing	**6.94**	6.78	+2.3%
Adjusted fully diluted earnings per share [(1)]	**6.01**	6.78	(11.4%)
Basic earnings per share	**7.23**	6.95	+4.0%
Diluted earnings per share	**7.20**	6.88	+4.7%
Interim dividend per share	**0.9129**	0.8906	+2.5%

[(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, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings 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, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings 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, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings 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, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings, 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 good performance in the first half of 2018 with total revenue and adjusted EBITA growing by 1.8% and 7.3% respectively. Adjusted fully diluted earnings per share (excluding the effect of the share placing to finance the Dole acquisition) increased by 2.3%. The results benefited from the incremental contribution of acquisitions in the past eighteen months offset in part by the negative impact on the translation to Euro of the results of foreign currency denominated operations. The Group continues to be cash generative with operating cashflows of €37.8m (2017: €33.3m) before normal seasonal working capital outflows.

The Board is pleased to announce an increase of 2.5% in the interim dividend to 0.9129 (2017: 0.8906) cent per share.

Operating review

Total revenue increased 1.8% to €2.19 billion (2017: €2.15 billion) with adjusted EBITA increasing by 7.3% to €45.6m (2017: €42.5m). EBITA margin in the period increased to 2.09% (2017: 1.98%). The results benefited from the contribution of recent acquisitions offset in part by a negative impact on the translation to Euro of the results of foreign currency denominated operations, principally due to the weaker US Dollar and Swedish Krona. On a constant currency basis revenue and adjusted EBITA increased by 5.6% and 11.7% respectively.

Unusual weather patterns in Europe had an impact on supply and demand dynamics in the early months of the period which affected production and trading. On a like-for-like basis, excluding acquisitions, divestments and currency translation, revenue was in line with prior year with a marginal increase in volume offset by a small decrease in average prices. Volume increases in the North America business compensated for a marginal decrease in volumes in the European business.

The table below details a segmental breakdown of the Group's revenue and adjusted EBITA for the six months ended 30 June 2018. Each of the operating segments is primarily involved in the procurement, marketing and distribution of hundreds of lines of fresh produce. Both European divisions include businesses involved in the marketing and distribution of healthfoods and consumer products. Segment performance is evaluated based on revenue and adjusted EBITA.

	(Unaudited) **6 months to 30 June 2018**		*(Unaudited)* 6 months to 30 June 2017	
	Total revenue €'000	**Adjusted EBITA €'000**	Total revenue €'000	Adjusted EBITA €'000
Europe – Eurozone	**874,218**	**14,906**	903,194	13,772
Europe – Non-Eurozone	**781,229**	**21,378**	800,051	22,100
International	**556,430**	**9,320**	471,362	6,619
Inter-segment revenue	**(25,377)**	–	(27,722)	–
Total revenue and adjusted EBITA	**2,186,500**	**45,604**	2,146,885	42,491

Europe – Eurozone
This segment includes the Group's businesses in France, Ireland, Italy, the Netherlands and Spain. Revenue decreased by 3.2% to €874m (2017: €903m) with an 8.2% increase in adjusted EBITA to €14.9m (2017: €13.8m). Overall trading conditions were challenging in certain countries due to unusual weather patterns as highlighted earlier which had an impact on supply and demand. This was offset by good performance in Southern Europe. Excluding the effect of acquisitions and divestments, revenue on a like-for-like basis was circa 2% behind prior year due primarily to volume offset by a marginal price increase.

Europe – Non-Eurozone
This segment includes the Group's businesses in the Czech Republic, Poland, Scandinavia and the UK. Revenue decreased by 2.4% to €781m (2017: €800m) with adjusted EBITA decreasing by 3.3% to €21.4m (2017: €22.1m). This was due in particular to the adverse impact of the translation of the results of foreign currency denominated

operations into Euro due to the weakening of the Swedish Krona by 5.9% and Sterling by 2.0% and the impact of the unusual weather patterns as highlighted earlier. This was offset in part by the contribution of bolt-on acquisitions in the past twelve months.

On a like-for-like basis excluding acquisitions, divestments and currency translation, revenue was circa 2% behind prior year with a slight decrease in volume and average prices.

International
This division includes the Group's businesses in North America and India. Revenue increased by 18.0% to €556m (2017: €471m) with adjusted EBITA increasing 40.8% to €9.3m (2017: €6.6m). The results benefited 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% shareholding was equity accounted for as an associate interest. In addition there was the incremental benefit from The Fresh Connection acquisition in October 2017. This was offset in part by the weakening of the US Dollar and Canadian Dollar in the period by 11.5% and 7.0% respectively which negatively impacted the results on translation to Euro. On a like-for like basis revenue increased by circa 6% due primarily to volume increases offset by a marginal price decrease. Volumes in certain lines like potatoes and asparagus increased due to greater supply with corresponding price decreases. Berry and soft fruit volumes decreased in the period compensated by increased pricing. In the prior period, the berry and soft fruit market was impacted by weather conditions that led to surplus volumes and lower pricing. Oppy also incurred start-up losses in a new soft fruit growing partnership in the prior period.

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
The share of after tax profits of joint ventures and associates increased in the period to €4.8m (2017: €4.4m) primarily due to incremental effect of acquisitions in second half of 2017. Cash dividends received from joint ventures and associates in the period amounted to €5.9m (2017: €6.5m).

Intangible asset amortisation
Acquisition related intangible asset amortisation in subsidiaries increased to €5.3m (2017: €5.0m) due to additional charges relating to recent acquisitions. The share of intangible asset amortisation within joint ventures and associates was €1.3m (2017: €1.3m).

Exceptional items
Exceptional items in the period amounted to a net credit of €7.0m (2017: net credit €5.1m) before tax, which relate to exceptional foreign currency gains and net costs associated with the Dole transaction (including interest income on the proceeds from the share placing). A full analysis of these exceptional items is set out in Note 5 of the accompanying financial information and has been excluded from the calculation of the adjusted numbers.

Operating Profit

Operating profit before exceptional items increased by 15.1% in the period to €38.5m (2017: €33.4m). Operating profit after these items amounted to €44.9m (2017: €38.5m).

Net Financial Expense

Net financial expense (before exceptional items) in the period increased to €3.2m (2017: €3.1m) with higher average net debt in the period (excluding the proceeds from the share placing) due to acquisition expenditure and debt assumed on acquisition partly offset by lower cost of funding. Including exceptional items, net financial expense was €2.6m (2017: €3.1m). The Group's share of the net interest expense of joint ventures and associates in the period was €0.6m (2017: €0.4m). Net interest cover for the period was 14.2 times based on adjusted EBITA.

Profit Before Tax

Excluding acquisition related intangible asset amortisation charges and costs and fair value movements on contingent consideration, the adjusted profit before tax increased by 7.0% in the period to €41.8m (2017: €39.0m). Statutory profit before tax after these items was €42.3m (2017: €35.4m).

Non-Controlling Interests

The non-controlling interests' share of after tax profits in the period was €7.8m (2017: €5.9m). Included in this was the non-controlling interests' share of acquisition related intangible asset amortisation charges and costs with related tax impact of €1.6m (2017: €1.3m). Excluding these non-trading items, the non-controlling interests' share of after tax profits increased by €2.2m to €9.4m (2017: €7.2m). The increase in the period was due to the non-controlling interests' incremental share of profits in recent acquisitions and overall good trading conditions in certain non-wholly owned companies.

Adjusted and Basic Earnings per Share

Excluding the impact of the share placing in February 2018 adjusted fully diluted earnings per share increased by 2.3% to 6.94 cent per share. Including the impact of the share placing adjusted fully diluted earnings per share decreased 11.4% in the six month period to 6.01 cent per share (2017: 6.78 cent). Management believes that adjusted earnings per share, which excludes acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings, exceptional items and the 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 7.23 cent per share (2017: 6.95 cent) and 7.20 cent per share (2017: 6.88 cent) respectively.

Note 6 of the accompanying financial information provide details of the calculation of the respective earnings per share amounts.

Cash Flow and Net Debt

Net debt at 30 June 2018 was €23.5m. Excluding restricted cash of €150.2m, net debt was €173.7m compared to €153.3m at 30 June 2017 and €113.1m at 31 December 2017. The increase compared to 31 December 2017 is due to normal seasonal working capital outflows. Net debt relative to annualised EBITDA is 1.6 times and interest is covered 14.2 times by adjusted EBITA. Average net debt for the six months ended June 2018 was €169.2m excluding the proceeds from the share placing compared to €139.6m for the six months ended 30 June 2017 and €142.1m for the twelve months ended 31 December 2017. In addition, the Group has trade receivables financing at 30 June 2018 of €48.1m (30 June 2017: €48.4m and 31 December 2017: €39.1m).

The Group generated €37.8m (2017: €33.3m) in operating cash flows in the period before seasonal working capital outflows of €61.4m (2017: €45.9m). Cash outflows on routine capital expenditure, net of disposals, were €11.0m (2017: €10.4m). Dividends received from joint ventures and associates in the period were €5.9m (2017: €6.5m) while dividends paid to non-controlling interests were €7.6m (2017: €8.5m).

Cash outflows on acquisitions amounted to €1.7m (2017: €32.2m) and there was €2.3m net cash (2017: €25.2m net debt) assumed on acquisition. In addition to this, there were cash payments of €2.3m (2017: €Nil) in respect of Dole acquisition costs. Contingent and deferred consideration payments relating to prior period acquisitions were €6.2m (2017: €8.8m). In the period there were cash outflows of €5.0m (2017: €8.9m) on non-routine capital expenditure. The Group distributed €9.5m (2017: €7.2m) in dividends to equity shareholders in the period representing the payment of the final 2017 dividend. Net proceeds of €141.0m were received from the share placing in February 2018. There was a positive movement of €6.5m (2017: €8.6m) on the translation of foreign currency denominated debt/cash into Euro at 30 June 2018. This is primarily due to the translation gain on the €141m proceeds from the share placing (net of associated costs) in early February that were used to purchase dollars and placed on deposit in order to hedge the investment in Dole. The strengthening of the US Dollar from early February 2018 to the period end 30 June 2018 resulted in a foreign exchange gain of €7.9m on the translation of the US Dollar deposit to Euro.

The restricted cash of €150.2m relates to the proceeds of €141m from the share placing (net of associated costs) that were used to purchase dollars. The €150.2m is the retranslated amount of the US Dollar deposit including accrued interest income. This deposit was held in escrow at 30 June 2018 pending completion of the Dole transaction.

	(Unaudited) **6 months to 30 June 2018 €'m**	*(Unaudited)* **6 months to 30 June 2017 €'m**	*(Audited)* **Year-ended 31 Dec 2017 €'m**
Adjusted EBITDA	**56.7**	52.8	104.4
Deduct adjusted EBITDA of joint ventures and associates	**(10.1)**	(9.2)	(22.6)
Net financial expense and tax paid	**(8.8)**	(10.2)	(22.6)
Other	**0.0**	(0.1)	(3.1)
Operating cash flows before working capital movements	**37.8**	33.3	56.1
Working capital movements	**(61.4)**	(45.9)	(2.3)
Operating cash flows	**(23.6)**	(12.6)	53.8
Routine capital expenditure net of routine disposal proceeds	**(11.0)**	(10.4)	(18.9)
Dividends received from joint ventures and associates	**5.9**	6.5	8.2
Dividends paid to non-controlling interests	**(7.6)**	(8.5)	(8.8)
Free cash flow	**(36.3)**	(25.0)	34.3
Cashflow from exceptional items	**0.8**	(1.7)	0.5
Acquisition payments, net [1]	**(1.7)**	(32.2)	(44.7)
Dole acquisition costs	**(2.3)**	–	–
Net cash/(debt) assumed on acquisition of subsidiaries	**2.3**	(25.2)	(23.9)
Subsidiary now a joint venture	**–**	(6.7)	(6.7)
Contingent and deferred consideration payments	**(6.2)**	(8.8)	(9.3)
Disposal of trading assets	**–**	–	2.1
Non-routine capital expenditure/property additions	**(5.0)**	(8.9)	(22.6)
Dividends paid to equity shareholders	**(9.5)**	(7.2)	(10.1)
Proceeds from issue of share capital - share placing	**141.0**	–	–
Proceeds from issue of share capital - other	**0.2**	2.1	2.6
Other	**(0.2)**	0.1	(0.3)
Total net debt movement in period	**83.1**	(113.5)	(78.1)
Net debt at beginning of period	**(113.1)**	(48.4)	(48.4)
Foreign currency translation	**6.5**	8.6	13.4
Net debt at end of period	**(23.5)**	(153.3)	(113.1)
Less restricted cash	**(150.2)**	–	–
Net debt at end of period, excluding restricted cash	**(173.7)**	(153.3)	(113.1)

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

Defined Benefit Pension Obligations

The net liability of the Group's defined benefit pension schemes (net of deferred tax) decreased to €7.4m at 30 June 2018 (31 December 2017: €13.8m). The decrease in the net liability during the period was primarily due to the increase in discount rates for the Irish and UK schemes which results in a decrease in the net present value of the schemes' obligations. Other post-employment benefit obligations decreased to €4.8m at 30 June 2018 (31 December 2017: €5.3m). Further details are outlined in Note 7 of the accompanying financial information.

Shareholders' Equity

Shareholders' equity has increased by €162.8m in the six month period to €422.6m at 30 June 2018 primarily due to the €141.0m increase from the share placing (less associated costs). Profit after tax of €27.1m attributable to equity shareholders and remeasurement gains of €6.5m (net of deferred tax) on post-employment benefit schemes, were offset by a currency translation loss of €4.5m on the retranslation of the net assets of foreign currency denominated operations to Euro and the payment of €9.5m in dividends to equity shareholders of the Company.

Development Activity

The Group made a number of bolt-on acquisitions during the six months ended 30 June 2018 with committed investment of €2.8m including €0.8m of deferred and contingent consideration payable on the achievement of future profit targets.

In January 2018, the Group completed investments in two new state-of –the-art facilities. The development of the Danish central distribution facility south of Copenhagen was completed with 6 different temperature zones, 26 banana ripening rooms, 4 stone fruit ripening rooms and a dedicated packing area to prepare product to meet the specifications required by our customers. Also, in January 2018 the Group's Exotic business in the Netherlands specialising in ripening of avocados and other stone fruit moved into a new facility. This ongoing investment demonstrates the Group's commitment to investing in facilities to deliver bespoke services and products to meet our customers' needs, adding value and leveraging on our collective strengths to generate efficiencies.

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'). The acquisition of the First Tranche was approved by the Board of Directors of Total Produce and was initially subject to anti-trust review in a limited number of jurisdictions.

On 30 July 2018 the European Commission (the 'EC') approved the acquisition of the First Tranche. The EC approval was conditional on the divestment of Saba Fresh Cut AB (the Swedish bagged salad business owned by Dole). This limited disposal has no material impact on the strategic rationale or the commercial value of the transaction. As all other transaction conditions precedent were satisfied at this date, the acquisition of the First Tranche completed on 31 July 2018.

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 closing 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 9 times 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 acquisition of the First Tranche, in the event the Group has not exercised its right to acquire 100% of Dole, Mr. David H. Murdock is permitted to cause a process to market and sell 100% of Dole common stock.

On completion of the acquisition of the First Tranche on 31 July 2018, the Group and Mr. David H. Murdock have balanced governance rights with respect to Dole. The Board of Directors of Dole will comprise six members, three of which are 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 secured funding for the acquisition of the First Tranche with a balance of equity and bank financing. As detailed below, the Group raised c.$180 million (c.$175m net of costs) from a share placing on 1 February 2018 with the balance funded through committed bank financing. The conservative funding strategy in relation to the acquisition of the First Tranche allows the Group to retain a strong balance sheet post-closing for strategic and financial flexibility going forward.

Update on Dole Post Completion of Acquisition of The First Tranche
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 of the acquisition of the First Tranche on 31 July 2018 and until an exercise of the Third Tranche.

Total Produce will therefore equity account for its 45% share of the results of Dole with effect from 1 August 2018. The overall business is seasonal with the greater share of EBITDA in the first half of the financial year. The 2019 financial year will therefore be the first full year reflecting this 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.$180 million (before expenses) to finance the Dole transaction. Net of expenses the proceeds were €141 million (c. US$ 175 million). The Placing Shares represented approximately 19% of the Company's issued ordinary share capital (excluding treasury shares) prior to the placing. The new issued 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 new shares, the total number of ordinary shares in issue was 387,829,462 (excluding 22,000,000 treasury shares).

Dividends

The Board has declared an interim dividend of 0.9129 (2017: 0.8906) cent per share, which represents a 2.5% increase on the comparative period. The dividend will be paid on 12 October 2018 to shareholders on the register at 14 September 2018 subject to dividend withholding tax. In accordance with company law and IFRS, this dividend has not been provided for in the balance sheet at 30 June 2018.

Post Balance Sheet Events

As noted in detail above, the acquisition of the 45% interest in Dole Food Company ('Dole') from Mr. David H. Murdock for a cash consideration of $300 million completed on 31 July 2018.

In July 2018 a subsidiary of the Group disposed of an interest in a farming entity for consideration which will be realised over a period of three years and may vary depending on certain circumstances. The exceptional gain, estimated in excess of €15m before tax was recorded post period end.

Going Concern

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

Summary and Outlook

Total Produce has delivered continued first-half growth in 2018. The Group's first-half adjusted EBITDA increased by 7.4%, and its adjusted EBITA increased by 7.3%. The Group continues to target full year growth excluding the impact of the Dole transaction and the related share placing.

As announced on 1 February 2018, the Group entered into an agreement to acquire a 45% stake in Dole Food Company, one of the largest fresh produce companies in the world, for $300m along with options to further increase the Group's stake. The transaction completed on 31 July 2018 having received regulatory approvals.

On 1 February 2018, 63 million ordinary shares were issued raising $180m to finance the Dole transaction. The 2019 financial year will be the first full year reflecting the scale of this transformative transaction. The conclusion of the Dole transaction represents a very significant development in the Group's successful expansion strategy.

An interim dividend of 0.9129 cent per share will be paid on 12 October 2018 representing a 2.5% increase on last year.

Carl McCann, Chairman
On behalf of the Board
30 August 2018

Total Produce plc
Condensed Group Income Statement
for the half-year ended 30 June 2018

	(Unaudited) **6 months to 30 June 2018 Pre-Exceptional**	***(Unaudited)*** **6 months to 30 June 2018 Exceptional items (Note 5)**	***(Unaudited)*** **6 months to 30 June 2018 Total**	*(Unaudited)* 6 months to 30 June 2017 Pre-Exceptional	*(Unaudited)* 6 months to 30 June 2017 Exceptional items (Note 5)	*(Unaudited)* 6 months to 30 June 2017 Total	*(Audited)* Year ended 31 Dec 2017 Pre-Exceptional	*(Audited)* Year ended 31 Dec 2017 Exceptional items (Note 5)	*(Audited)* Year ended 31 Dec 2017 Total
	€'000	**€'000**	**€'000**	€'000	€'000	€'000	€'000	€'000	€'000
Revenue, including Group share of joint ventures and associates	**2,186,500**	**–**	**2,186,500**	2,146,885	–	2,146,885	4,286,231	–	4,286,231
								–	
Group revenue	**1,857,024**	**–**	**1,857,024**	1,823,461	–	1,823,461	3,674,294	–	3,674,294
Cost of sales	**(1,606,397)**	**–**	**(1,606,397)**	(1,578,359)	–	(1,578,359)	(3,182,507)	–	(3,182,507)
Gross profit	**250,627**	**–**	**250,627**	245,102	–	245,102	491,787	–	491,787
Operating expenses	**(211,659)**	**6,386**	**(205,273)**	(211,061)	5,063	(205,998)	(423,875)	8,610	(415,265)
Share of profit of joint ventures and associates	**4,782**	**–**	**4,782**	4,405	–	4,405	12,209	–	12,209
Operating profit before acquisition related intangible asset amortisation	**43,750**	**6,386**	**50,136**	38,446	5,063	43,509	80,121	8,610	88,731
Acquisition related intangible asset amortisation	**(5,251)**	**–**	**(5,251)**	(4,998)	–	(4,998)	(10,499)	–	(10,499)
Operating profit after acquisition related intangible asset amortisation	**38,499**	**6,386**	**44,885**	33,448	5,063	38,511	69,622	8,610	78,232
Net financial expense	**(3,202)**	**623**	**(2,579)**	(3,066)	–	(3,066)	(5,754)	–	(5,754)
Profit before tax	**35,297**	**7,009**	**42,306**	30,382	5,063	35,445	63,868	8,610	72,478
Income tax expense	**(7,350)**	**(18)**	**(7,368)**	(6,957)	(214)	(7,171)	(9,613)	(1,358)	(10,971)
Profit for the period	**27,947**	**6,991**	**34,938**	23,425	4,849	28,274	54,255	7,252	61,507
Attributable to:									
Equity holders of the parent			**27,142**			22,382			47,826
Non-controlling interests			**7,796**			5,892			13,681
			34,938			28,274			61,507
Earnings per ordinary share									
Basic			**7.23**			6.95			14.80
Fully diluted			**7.20**			6.88			14.68
Adjusted fully diluted			**6.01**			6.78			13.48

Total Produce plc
Condensed Group Statement of Comprehensive Income
for the half-year ended 30 June 2018

	(Unaudited) **6 months to 30 June 2018 €'000**	*(Unaudited)* 6 months to 30 June 2017 €'000	*(Audited)* Year ended 31 Dec 2017 €'000
Profit for the period	**34,938**	28,274	61,507
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation effects:			
- foreign currency net investments – subsidiaries	**(3,921)**	(7,366)	(13,537)
- foreign currency net investments – joint ventures and associates	**(139)**	(2,201)	(3,866)
- foreign currency borrowings designated as net investment hedges	**53**	6,521	10,892
- foreign currency recycled to income statement on associate becoming a subsidiary	**–**	(1,137)	(1,137)
Effective portion of changes in fair value of cash flow hedges, net	**336**	(119)	(492)
Changes in fair value of cost of hedging, net	**26**	–	–
Deferred tax on items above	**(86)**	39	124
	(3,731)	(4,263)	(8,016)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement gains on post-employment defined benefit schemes	**7,411**	8,381	5,708
Remeasurement gains on other post-employment benefit schemes	**561**	563	1,604
Revaluation gains on property, plant and equipment, net	**–**	–	5,356
Deferred tax on items above	**(1,217)**	(1,662)	(3,310)
Share of joint ventures and associates remeasurement gains on post-employment benefit schemes	**–**	709	711
	6,755	7,991	10,069
Other comprehensive income for the period	**3,024**	3,728	2,053
Total comprehensive income for the period	**37,962**	32,002	63,560
Attributable to:			
Equity holders of the parent	**29,392**	28,781	54,193
Non-controlling interests	**8,570**	3,221	9,367
	37,962	32,002	63,560

Total Produce plc
Condensed Group Balance Sheet
as at 30 June 2018

	***(Unaudited)* 30 June 2018 €'000**	*(Unaudited)* 30 June 2017 €'000	*(Audited)* 31 Dec 2017 €'000
Assets			
Non-current assets			
Property, plant and equipment	**169,836**	151,939	167,397
Investment property	**7,228**	8,375	7,203
Goodwill and intangible assets	**276,275**	292,028	281,081
Investments in joint ventures and associates	**104,342**	87,155	106,421
Other financial assets	**712**	625	719
Other receivables	**11,660**	9,508	11,063
Employee benefit assets	**–**	124	–
Deferred tax assets	**11,965**	16,813	13,759
Total non-current assets	**582,018**	566,567	587,643
Current assets			
Inventories	**102,569**	103,638	89,665
Biological assets	**3,036**	4,540	4,578
Trade and other receivables	**493,614**	468,157	365,334
Corporation tax receivable	**3,702**	1,634	4,375
Derivative financial instruments	**423**	173	6
Bank deposits	**–**	3,700	–
Cash and cash equivalents	**231,617**	93,660	100,247
Total current assets	**834,961**	675,502	564,205
Total assets	**1,416,979**	1,242,069	1,151,848
Equity			
Share capital	**4,101**	3,460	3,468
Share premium	**295,240**	150,247	150,763
Other reserves	**(130,674)**	(132,431)	(128,054)
Retained earnings	**253,974**	213,244	233,632
Total equity attributable to equity holders of the parent	**422,641**	234,520	259,809
Non-controlling interests	**81,136**	74,391	79,774
Total equity	**503,777**	308,911	339,583
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	**162,498**	200,236	165,649
Deferred government grants	**360**	274	386
Other payables	**816**	1,397	568
Contingent consideration	**13,545**	26,791	26,128
Put option liability	**38,604**	41,958	38,961
Corporation tax payable	**6,286**	5,836	6,286
Deferred tax liabilities	**27,645**	33,398	29,415
Employee benefit liabilities	**13,842**	31,757	22,000
Total non-current liabilities	**263,596**	341,647	289,393
Current liabilities			
Interest-bearing loans and borrowings	**92,665**	50,449	47,724
Trade and other payables	**538,697**	526,398	463,605
Contingent consideration	**13,543**	9,902	8,337
Derivative financial instruments	**229**	617	719
Corporation tax payable	**4,472**	4,145	2,487
Total current liabilities	**649,606**	591,511	522,872
Total liabilities	**913,202**	933,158	812,265
Total liabilities and equity	**1,416,979**	1,242,069	1,151,848

Total Produce plc
Condensed Group Statement of Changes in Equity
for the half-year ended 30 June 2018

	Attributable to equity holders of the parent											
For the half-year ended 30 June 2018 (*Unaudited*)	***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 2018 as presented in 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**
Adjust for NCI subject to put option transferred for presentation purposes	–	–	–	–	–	–	–	**(26,788)**	–-	**(26,788)**	**26,788**	–
As at 1 January 2018	**3,468**	**150,763**	**140**	**(122,521)**	**(8,580)**	**(14,168)**	**28,035**	**(37,748)**	**233,632**	**233,021**	**106,562**	**339,583**
Comprehensive income												
Profit for the period	–	–	–	–	–	–	–	–	**27,142**	**27,142**	**7,796**	**34,938**
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss:												
Foreign currency translation effects, net	–	–	–	–	–	**(4,551)**	–	**60**	–	**(4,491)**	**484**	**(4,007)**
Effective portion of cash flow hedges, net	–	–	–	–	–	–	–	**250**	–	**250**	**86**	**336**
Changes in fair value of cost of hedging, net	–	–	–	–	–	–	–	**31**	–	**31**	**(5)**	**26**
Deferred tax on items above	–	–	–	–	–	–	–	**(78)**	–	**(78)**	**(8)**	**(86)**
Items that will not be subsequently reclassified to profit or loss:												
Remeasurement gains defined benefit pension schemes	–	–	–	–	–	–	–	–	**7,387**	**7,387**	**24**	**7,411**
Remeasurement gains on other post-employment benefits	–	–	–	–	–	–	–	–	**365**	**365**	**196**	**561**
Deferred tax on items above	–	–	–	–	–	–	–	–	**(1,214)**	**(1,214)**	**(3)**	**(1,217)**
Total other comprehensive income	–	–	–	–	–	**(4,551)**	–	**263**	**6,538**	**2,250**	**774**	**3,024**
Total comprehensive income	–	–	–	–	–	**(4,551)**	–	**263**	**33,680**	**29,392**	**8,570**	**37,962**
Transactions with equity holders of the parent												
New shares issued	**633**	**144,477**	–	–	–	–	–	**(66)**	**(3,821)**	**141,223**	–	**141,223**
Non controlling interest arising on acquisition of subsidiary	–	–	–	–	–	–	–	–	–	–	**758**	**758**
Fair value movements on put option liability	–	–	–	–	–	–	–	**297**	–	**297**	–	**297**
Joint venture becoming a subsidiary	–	–	–	–	–	–	–	–	–	–	**157**	**157**
Termination of subsidiary with NCI	–	–	–	–	–	–	–	–	–	–	**(57)**	**(57)**
Contribution by non-controlling interest	–	–	–	–	–	–	–	–	–	–	**300**	**300**
Dividends paid	–	–	–	–	–	–	–	–	**(9,517)**	**(9,517)**	**(7,217)**	**(16,734)**
Share-based payment transactions	–	–	–	–	–	–	–	**288**	–	**288**	–	**288**
Total transactions with equity holders of the parent	**633**	**144,477**	–	–	–	–	–	**519**	**(13,338)**	**132,291**	**(6,059)**	**126,232**
Balance as at 30 June 2018	**4,101**	**295,240**	**140**	**(122,521)**	**(8,580)**	**(18,719)**	**28,035**	**(36,966)**	**253,974**	**394,704**	**109,073**	**503,777**
Transfer of NCI subject to put option for presentation purposes	–	–	–	–	–	–	–	**27,937**	–	**27,937**	**(27,937)**	–
Balance as at 30 June 2018	**4,101**	**295,240**	**140**	**(122,521)**	**(8,580)**	**(18,719)**	**28,035**	**(9,029)**	**253,974**	**422,641**	**81,136**	**503,777**

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

Total Produce plc
Condensed Group Statement of Changes in Equity
for the half-year ended 30 June 2018 (Continued)

For the half-year ended 30 June 2017 (Unaudited)	*Attributable to equity holders of the parent*											
	Share capital €'000	*Share premium €'000*	*Unde-nominated 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 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	–
As at 1 January 2017	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 period	–	–	–	–	–	–	–	–	22,382	22,382	5,892	28,274
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss:												
Foreign currency translation effects, net	–	–	–	–	–	(4,038)	–	2,738	–	(1,300)	(2,883)	(4,183)
Effective portion of cash flow hedges, net	–	–	–	–	–	–	–	(53)	–	(53)	(66)	(119)
Deferred tax on items above	–	–	–	–	–	–	–	18	–	18	21	39
Items that will not be reclassified subsequently to profit or loss:												
Remeasurement gains on defined benefit pension schemes	–	–	–	–	–	–	–	–	8,312	8,312	69	8,381
Remeasurement gains on other post-employment benefits	–	–	–	–	–	–	–	–	366	366	197	563
Deferred tax on items above	–	–	–	–	–	–	–	–	(1,653)	(1,653)	(9)	(1,662)
Share of joint ventures and associates remeasurement gains on defined benefit pension schemes	–	–	–	–	–	–	–	–	709	709	–	709
Total other comprehensive income	–	–	–	–	–	(4,038)	–	2,703	7,734	6,399	(2,671)	3,728
Total comprehensive income	–	–	–	–	–	(4,038)	–	2,703	30,116	28,781	3,221	32,002
Transactions with equity holders of the parent												
New shares issued	31	2,043	–	–	–	–	–	(773)	773	2,074	–	2,074
Non-controlling interest arising on acquisition of subsidiary	–	–	–	–	–	–	–	–	–	–	10,783	10,783
Recognition of put option liability on acquisition	–	–	–	–	–	–	–	(25,072)	–	(25,072)	–	(25,072)
Fair value movements on put option liability	–	–	–	–	–	–	–	1,591	–	1,591	–	1,591
Subsidiary becoming a joint venture	–	–	–	–	–	–	–	–	–	–	(6,668)	(6,668)
Disposal of shareholding by NCI	–	–	–	–	–	–	–	–	1,136	1,136	7,495	8,631
Capital contribution of NCI	–	–	–	–	–	–	–	–	–	–	1,996	1,996
Dividends	–	–	–	–	–	–	–	–	(7,177)	(7,177)	(8,447)	(15,624)
Share-based payment transactions	–	–	–	–	–	–	–	276	–	276	–	276
Total transactions with equity holders	31	2,043		–	–	–	–	(23,978)	(5,268)	(27,172)	5,159	(22,013)
Balance as at 30 June 2017	3,460	150,247	140	(122,521)	(8,580)	(11,713)	24,088	(40,693)	213,244	207,672	101,239	308,911
Transfer of NCI subject to put option for presentation purposes	–	–	–	–	–	–	–	26,848	–	26,848	(26,848)	–
Balance as at 30 June 2017	3,460	150,247	140	(122,521)	(8,580)	(11,713)	24,088	(13,845)	213,244	234,520	74,391	308,911

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

Total Produce plc
Condensed Group Statement of Changes in Equity
for the half-year ended 30 June 2018 (Continued)

	Attributable to equity holders of the parent											
	Share capital €'000	***Share premium €'000***	***Un-denom inated capital €'000***	***De-merger reserve €'000***	***Own shares reserve €'00***	***Currency translation reserve €'000***	***Reval-uation reserve €'000***	***Other equity Reserves* €'000***	***Retained earnings €'000***	***Total €'000***	***Non-controlling interests €'000***	***Total equity €'000***
Balance 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	–
As at 1 January 2017	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 above	–	–	–	–	–	–	–	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 pension schemes	–	–	–	–	–	–	–	–	5,686	5,686	22	5,708
Remeasurement gains on other post-employment benefits	–	–	–	–	–	–	–	–	1,043	1,043	561	1,604
Deferred tax on item above	–	–	–	–	–	–	(1,114)	–	(2,071)	(3,185)	(125)	(3,310)
Share of joint ventures and associates remeasurement gains on post-employment 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												
New shares issued	39	2,559	–	–	–	–	–	(924)	924	2,598	–	2,598
Non controlling interest arising on acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	10,784	10,784
Recognition of put option liability on acquisition	–	–	–	–	–	–	–	(25,072)	–	(25,072)	–	(25,072)
Fair value movements on put option liability	–	–	–	–	–	–	–	3,526	–	3,526	–	3,526
Disposal of shareholding to NCI	–	–	–	–	–	–	–	–	1,182	1,182	7,479	8,661
Contribution by NCI	–	–	–	–	–	–	–	–	–	–	2,473	2,473
Subsidiary becoming a joint venture	–	–	–	–	–	–	–	–	–	–	(6,699)	(6,699)
Dividends paid	–	–	–	–	–	–	–	–	(10,065)	(10,065)	(9,701)	(19,766)
Share-based payment transactions	–	–	–	–	–	–	–	596	–	596	–	596
Total transactions with equity holders	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 for presentation purposes	–	–	–	–	–	–	–	26,788	–	26,788	(26,788)	–
Balance as at 31 December 2017	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 cash flow hedge reserve, the share option reserve and the put option reserve.

Total Produce plc
Condensed Group Statement of Cash Flows
for the half-year ended 30 June 2018

	(Unaudited) **6 months to 30 June 2018 €'000**	*(Unaudited)* 6 months to 30 June 2017 €'000	*(Audited)* Year ended 31 Dec 2017 €'000
Net cash flows from operating activities (Note 11)	**(23,623)**	(14,300)	46,563
Investing activities			
Acquisition of subsidiaries	**(1,899)**	(33,117)	(36,230)
Cash/(overdrafts) assumed on acquisition of subsidiaries, net	**2,334**	(556)	758
Acquisition of, and investment in, joint ventures and associates	**(77)**	(8,133)	(21,062)
Dole acquisition costs	**(2,294)**	–	–
Payments of contingent consideration	**(6,234)**	(8,830)	(9,269)
Acquisition of other financial assets	**(5)**	–	(98)
Proceeds from disposal of joint ventures and associates	**22**	–	400
Proceeds from disposal of trading assets	**–**	–	2,138
Cash derecognised on subsidiary becoming a joint venture	**–**	(6,660)	(6,689)
Net debt derecognised on disposal of a subsidiary	**–**	–	2,304
Disposal of investment in subsidiary to non-controlling interests	**–**	8,631	8,661
Acquisition of property, plant and equipment	**(14,179)**	(18,538)	(39,496)
Acquisition of intangible assets – computer software	**(2,000)**	(834)	(2,771)
Acquisition of intangible assets – brands	**(20)**	(481)	(462)
Development expenditure capitalised	**(93)**	(158)	(204)
Proceeds from disposal of property, plant and equipment - routine	**229**	61	807
Proceeds from exceptional items	**849**	–	7,770
Dividends received from joint ventures and associates	**5,903**	6,452	8,243
Government grants received	**–**	–	163
Net cash flows from investing activities	**(17,464)**	(62,163)	(85,037)
Financing activities			
Drawdown of borrowings	**84,090**	152,825	251,820
Repayment of borrowings	**(71,036)**	(128,937)	(226,487)
(Increase)/decrease in bank deposits	**–**	(1,200)	2,500
Proceeds from the issue of share placing	**141,013**	–	–
Proceeds from the issue of share capital	**210**	2,074	2,598
Capital element of finance lease repayments	**(331)**	(488)	(869)
Capital contribution by non-controlling interests	**300**	936	936
Dividends paid to non-controlling interests	**(7,585)**	(8,447)	(8,843)
Dividends paid to equity holders of the parent	**(9,517)**	(7,177)	(10,065)
Net cash flows from financing activities	**137,144**	9,586	11,590
Net increase/(decrease) in cash, cash equivalents and overdrafts	**96,057**	(66,877)	(26,884)
Cash, cash equivalents and overdrafts at start of period	**88,979**	117,087	117,087
Net foreign exchange difference	**5,978**	(438)	(1,224)
Cash, cash equivalents and overdrafts at end of the period (Note 12)	**191,014**	49,772	88,979
Less restricted cash *	**(150,185)**	–	–
Cash, cash equivalents and overdrafts, excluding restricted cash (Note 12)	**40,829**	49,772	88,979

Condensed Summary Group Reconciliation of Net Debt
for the half-year ended 30 June 2018

	(Unaudited) **6 months to 30 June 2018 €'000**	*(Unaudited)* 6 months to 30 June 2017 €'000	*(Audited)* Year ended 31 Dec 2017 €'000
Net increase/(decrease) in cash, cash equivalents and overdrafts	**96,057**	(66,877)	(26,884)
Drawdown of borrowings	**(84,090)**	(152,825)	(251,820)
Repayment of borrowings	**71,036**	128,937	226,487
Increase/(decrease) in bank deposits	**–**	1,200	(2,500)
Interest-bearing loans and borrowings arising on acquisition	**–**	(24,478)	(24,492)
Capital element of finance lease repayments	**331**	488	869
Finance leases arising on acquisition	**–**	(149)	(149)
Other movements on finance leases	**(253)**	161	(45)
Finance leases derecognised on disposal of subsidiary	**–**	–	356
Foreign exchange movement	**6,499**	8,584	13,418
Movement in net debt	**89,580**	(104,959)	(64,760)
Net debt at beginning of the period	**(113,126)**	(48,366)	(48,366)
Net debt at end of the period (Note 12)	**(23,546)**	(153,325)	(113,126)
Less restricted cash *	**(150,185)**	–	–
Net debt at end of the period, excluding restricted cash (Note 12)	**(173,731)**	(153,325)	(113,126)`

*The restricted cash of €150.2m relating to the proceeds of €141m from the share placing (net of associated costs) that were used to purchase dollars. The €150.2m is the retranslated amount of the US Dollar deposit including accrued interest income. This deposit was held in escrow at 30 June 2018 pending completion of the Dole transaction.

Total Produce plc
Notes to the Interim Results for the half-year ended 30 June 2018

1. Basis of preparation

The condensed consolidated interim financial statements of Total Produce plc as at, and for the six months ended 30 June 2018, have been prepared in accordance with IAS 34 *Interim Financial Reporting,* as adopted by the EU. The accounting policies and methods of computation adopted in the preparation of the financial information are consistent with those set out in the Group's consolidated financial statements for the year ended 31 December 2017, with the exception of those disclosed below, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The interim financial information for both the six months ended 30 June 2018 and the comparative six months ended 30 June 2017 is unaudited. The financial information for the year ended 31 December 2017 represents an abbreviated version of the Group's statutory financial statements for that year. Those statutory financial statements contained an unqualified audit report and have been filed with the Registrar of Companies.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2017.

Changes in accounting policy
Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at 31 December 2017.

The changes in accounting policy are also expected to be reflected in the Group's consolidated financial statements as at 31 December 2018.

The Group has initially adopted the following standards with effect from 1 January 2018:

- IFRS 15 *Revenue from Contracts with Customers; and*
- IFRS 9 *Financial Instruments*

A number of new standards are also effective from 1 January 2018 but they have not had a material impact on the Group's consolidated financial statements.

<u>IFRS 15 *Revenue from Contracts with Customers*</u>

IFRS 15 *Revenue from Contracts with Customers* replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts* and associated interpretations. The standard applies a single control model to be applied to all contracts with customers. Under IFRS 15 revenue is recognised when control of the goods has been transferred to the buyer at an amount that reflects the consideration that the Group expects to receive for the transfer of those goods.

The Group has considered the impact on its consolidated financial statements resulting from the application of IFRS 15. The Group recognises revenue at a point in time when control of the goods has transferred to the customer, which can either be on shipping or delivery depending on the terms of trade with the customer. The Group measures revenue recognised as the consideration that it expects to receive from its customers for the sale of these goods. The Group assessed all of its material contracts with suppliers and customers under the revised IFRS 15 principal versus agent considerations and concluded that the accounting for all material arrangements continued to be appropriate. Following our review it was concluded that the impact of adopting IFRS 15 on the consolidated financial statements was not material for Total Produce.

The Group has adopted the modified retrospective approach on transition to IFRS 15, there has been no adjustment to retained earnings at 1 January 2018 and 2017 comparatives have not been restated.

IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* 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 findings following the evaluation of the effect of the adoption of IFRS 9 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 costs. The Group's other financial assets, which were previously accounted for as Available For Sale (AFS), will be measured at Fair Value through Profit or Loss (FVPL) under IFRS 9. Accordingly, the classification and measurement changes of IFRS 9 have not had a material impact on the Group's consolidated financial statements.
- The new hedging requirements of IFRS 9 have aligned hedge accounting more closely to the Group's risk management policies and made more hedging relationships eligible for hedge accounting. All of the Group's hedging relationships continued to be appropriate under IFRS 9. The only change is the cost of hedging which can now be accounted for through other comprehensive income and is only recognised in the income statement at the same time as the hedged item affects profit or loss. Accounting for the costs of hedging, which is not material, has been applied prospectively, without restating comparatives.
- IFRS 9 introduces a forward-looking expected credit losses model rather than the incurred loss model of IAS 39. Given historic loss rates and the significant portion of trade and other receivables that are within terms, this change did not have a material impact on the Group consolidated financial statements.

The impact of applying IFRS 9 was not material for Total Produce and there was no adjustment to retained earnings on application at 1 January 2018. In line with the transition guidance in IFRS 9 Total Produce has not restated the 2017 comparatives.

New standards not yet effective

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 on 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 an interest expense relating to the lease liability.

The Group has performed an initial assessment of the impact of the adoption of IFRS 16 throughout the Group. The Group plans to apply the modified retrospective approach to IFRS 16 and to avail of exemptions with regards to low value and short term leases. Details of the non-cancellable operating leases held by the Group at 31 December 2017 have been included in Note 28 of the 2017 Annual Report.

Whilst the Group has performed an initial assessment of the impact of applying IFRS 16, the actual impact is dependent on a number of future conditions such as the Group's lease portfolio, discount rates and expectations of lease term at the date of initial application on 1 January 2019. The Group is continuing to assess the impact of applying IFRS 16.

2. Translation of foreign currencies

The reporting currency of the Group is Euro. The exchange rates used for the translation of the results and balance sheets into Euro are as follows:

	Average rate 6 months to			Closing rate		
	30 June 2018	30 June 2017	% change	**30 June 2018**	31 Dec 2017	% change
Brazilian Real	**4.2036**	3.4393	(22.2%)	**4.4876**	3.9729	(13.0%)
Canadian Dollar	**1.5450**	1.4444	(7.0%)	**1.5347**	1.5037	(2.1%)
Czech Koruna	**25.5830**	26.6938	4.2%	**26.0200**	25.5350	(1.9%)
Danish Kroner	**7.4480**	7.4372	(0.1%)	**7.4508**	7.4454	(0.1%)
Indian Rupee	**79.4801**	74.0575	(7.3%)	**79.9474**	76.4059	(4.6%)
Polish Zloty	**4.2195**	4.3057	2.0%	**4.3712**	4.1766	(4.7%)
Pound Sterling	**0.8787**	0.8611	(2.0%)	**0.8846**	0.8879	0.4%
Swedish Krona	**10.1669**	9.6027	(5.9%)	**10.4522**	9.8386	(6.2%)
US Dollar	**1.2100**	1.0853	(11.5%)	**1.1684**	1.1980	2.5%

3. Segmental Analysis

The table below details a segmental breakdown of the Group’s total revenue and adjusted EBITA for the six months ended 30 June 2018, the six months ended 30 June 2017 and the full year ended 31 December 2017.

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, 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.

Segment performance is evaluated based on revenue and adjusted EBITA. Management believe that adjusted EBITA, while not a 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 asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings 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 purpose of the information presented to the Chief Operating Decision Maker (‘CODM’) and are accordingly omitted from the detailed segmental analysis that follows.

	(Unaudited) **6 months to 30 June 2018**		*(Unaudited)* 6 months to 30 June 2017		*(Audited)* Year ended 31 Dec 2017	
	Total revenue €'000	**Adjusted EBITA €'000**	Total revenue €'000	Adjusted EBITA €'000	Total revenue €'000	Adjusted EBITA €'000
Europe - Eurozone	**874,218**	**14,906**	903,194	13,772	1,737,964	26,990
Europe - Non-Eurozone	**781,229**	**21,378**	800,051	22,100	1,542,598	41,716
International	**556,430**	**9,320**	471,362	6,619	1,061,927	14,838
Inter-segment revenue	**(25,377)**	**–**	(27,722)	–	(56,258)	–
Total revenue and adjusted EBITA	**2,186,500**	**45,604**	2,146,885	42,491	4,286,231	83,544

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	***(Unaudited)*** **6 months to 30 June 2018 €'000**	*(Unaudited)* 6 months to 30 June 2017 €'000	*(Audited)* Year ended 31 Dec 2017 €'000
Adjusted EBITA per management reporting		**45,604**	42,491	83,544
Acquisition related intangible asset amortisation within subsidiaries	(i)	**(5,251)**	(4,998)	(10,499)
Share of joint ventures and associates acquisition related intangible asset amortisation	(i)	**(1,323)**	(1,282)	(2,460)
Fair value movements on contingent consideration	(ii)	**1,581**	(172)	4,174
Acquisition related costs within subsidiaries	(iii)	**(101)**	(715)	(897)
Share of joint ventures and associates net financial expense	(iv)	**(610)**	(382)	(1,058)
Share of joint ventures and associates tax	(iv)	**(1,401)**	(1,494)	(3,182)
Operating profit before exceptional items		**38,499**	33,448	69,622
Net financial expense before exceptional items	(v)	**(3,202)**	(3,066)	(5,754)
Profit before tax before exceptional items		**35,297**	30,382	63,868
Exceptional items (Note 5)	(vi)	**7,009**	5,063	8,610
Profit before tax after exceptional items		**42,306**	35,445	72,478

(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) 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.

(vi) Exceptional items (Note 5) are not allocated to operating segments in the Group's management reports.

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

For the purpose of assessing the Group's performance, Total Produce management believe that adjusted EBITDA, adjusted EBITA, adjusted profit before tax and adjusted earnings per share (Note 6) are the most appropriate measures of the underlying performance of the Group.

	(Unaudited) **6 months to 30 June 2018 €'000**	*(Unaudited)* 6 months to 30 June 2017 €'000	*(Audited)* Year ended 31 Dec 2017 €'000
Profit before tax per income statement	**42,306**	35,445	72,478
Adjustments			
Exceptional items (Note 5)	**(7,009)**	(5,063)	(8,610)
Fair value movements on contingent consideration	**(1,581)**	172	(4,174)
Share of joint ventures and associates tax	**1,401**	1,494	3,182
Acquisition related intangible asset amortisation within subsidiaries	**5,251**	4,998	10,499
Share of joint ventures and associates acquisition related intangible asset amortisation	**1,323**	1,282	2,460
Acquisition related costs within subsidiaries	**101**	715	897
Adjusted profit before tax	**41,792**	39,043	76,732
Exclude			
Net financial expense – subsidiaries before exceptional items	**3,202**	3,066	5,754
Net financial expense – share of joint ventures and associates	**610**	382	1,058
Adjusted EBITA	**45,604**	42,491	83,544
Exclude			
Amortisation of software costs	**771**	692	1,443
Depreciation – subsidiaries	**8,366**	7,953	15,764
Depreciation – share of joint ventures and associates	**1,947**	1,665	3,690
Adjusted EBITDA	**56,688**	52,801	104,441

5. Exceptional items

	(Unaudited) **6 months to 30 June 2018 €'000**	*(Unaudited)* 6 months to 30 June 2017 €'000	*(Audited)* Year ended 31 Dec 2017 €'000
Foreign currency gain on proceeds from share placing (a)	**7,909**	–	–
Costs associated with the Dole transactions, net (b)	**(900)**	–	–
Fair value uplift on associate investment (c)	**–**	12,428	12,428
Credit from settlement of defined benefit pension arrangements (d)	**–**	1,710	4,097
Impairment of goodwill (e)	**–**	(9,075)	(9,075)
Gains related to property, plant and equipment and leasehold interests (f)	**–**	–	1,160
Total exceptional items *	**7,009**	5,063	8,610
Net tax charge on exceptional items (g)	**(18)**	(214)	(1,358)
Total	**6,991**	4,849	7,252

*Of the €7.0m in exceptional items, €6.4m has been recognised as exceptional operating income and €0.6m recognised as exceptional financial income.

(a) Foreign currency gains on proceeds from share placing
In February 2018 the Group issued 63 million new ordinary shares, raising proceeds of €141m (net of associated costs) to finance the Dole transaction. The net proceeds from this share placing were used to purchase US Dollars in February. The strengthening of the US Dollar from the date of purchase to period end resulted in a foreign currency gain of €7.9m on translation of the US Dollar deposit to Euro.

(b) Costs associated with the Dole transactions, net
Costs associated with the committed financing and other transaction costs associated with Dole net of interest income on the proceeds of share placing have been disclosed as a net exceptional cost of €0.9m in the period.

(c) Fair value uplift on associate investment
In 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 remeasured 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, was reclassified to the income statement resulting in an exceptional gain of €12.4m.

(d) Credit from settlement of defined benefit pension arrangements
In 2017, an Enhanced Transfer Value ('ETV') offer was made to members of the Irish defined benefit pension schemes. As a result of members taking up this ETV offer settlement credits net of associated costs resulted in an accounting credit of €4.1m which was recognised in the income statement for full year 2017 (with €1.7m being recognised in the income statement in the period to 30 June 2017).

(e) Impairment of goodwill
In 2017 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.

(f) Profit on disposal of property and leasehold interests
During 2017 the Group recorded a profit of €1.2m after associated costs on the disposal of property in Continental Europe.

(g) Tax charge on exceptional items
The net tax effect on the exceptional items above was €Nil (Full year 2017: a charge of €1.4m and a charge of €0.2m for the 6 months ended 30 June 2017).

Effect on exceptional items on cashflow statements

The net effect of the items above was a cash outflow of €0.8m for the six month period to 30 June 2018 (2017: outflow €1.7m). The net effect of exceptional items for the year ended 31 December 2017 was a cash inflow of €0.5m.

6. Earnings per share

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

	(Unaudited) **6 months to 30 June 2018 €'000**	*(Unaudited)* 6 months to 30 June 2017 €'000	*(Audited)* Year ended 31 Dec 2017 €'000
Profit attributable to equity holders of the parent	**27,142**	22,382	47,826
	'000	'000	'000
Shares in issue at beginning of period	**346,829**	343,015	343,015
New shares issued from exercise of share options(weighted average)	**130**	838	2,148
New shares issued from share placing (weighted average)	**50,470**	–	–
Effect of treasury shares held	**(22,000)**	(22,000)	(22,000)
Weighted average number of shares at end of period	**375,429**	321,853	323,163
Basic earnings per share – cent	**7.23**	6.95	14.80

Diluted earnings per share
Diluted earnings per share is calculated by dividing the profit for the period 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.

	(Unaudited) **6 months to 30 June 2018 €'000**	*(Unaudited)* 6 months to 30 June 2017 €'000	*(Audited)* Year ended 31 Dec 2017 €'000
Profit attributable to equity holders of the parent	**27,142**	22,382	47,826
	'000	'000	'000
Weighted average number of shares at end of period	**375,429**	321,853	323,163
Effect of share options with a dilutive effect	**1,409**	3,357	2,598
Weighted average number of shares at end of period (diluted)	**376,838**	325,210	325,761
Diluted earnings per share – cent	**7.20**	6.88	14.68

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 believe that adjusted fully diluted earnings per share as set out below provides a fairer reflection of the underlying trading performance of the Group after eliminating the effect of acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings 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 equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, 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 equity holders of the parent (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.

	(Unaudited) **6 months to 30 June 2018 €'000**	*(Unaudited)* 6 months to 30 June 2017 €'000	*(Audited)* Year ended 31 Dec 2017 €'000
Profit attributable to equity holders of the parent	**27,142**	22,382	47,826
Adjustments:			
Exceptional items – net of tax (Note 5)	**(6,991)**	(4,849)	(7,252)
Acquisition related intangible asset amortisation within subsidiaries	**5,251**	4,998	10,499
Share of joint ventures and associates acquisition related intangible asset amortisation	**1,323**	1,282	2,460
Acquisition related costs within subsidiaries	**101**	715	897
Fair value movements on contingent consideration	**(1,581)**	172	(4,174)
Tax effect of amortisation of goodwill, intangible assets and fair value movements on contingent consideration	**(1,029)**	(1,335)	(6,598)
Non-controlling interests share of items above	**(1,572)**	(1,309)	265
Adjusted profit attributable to equity holders of the parent	**22,644**	22,056	43,923
	'000	'000	'000
Weighted average number of shares	**375,429**	321,853	323,163
Weighted average number of shares (diluted)	**376,838**	325,210	325,761
Weighted average number of shares (diluted, excluding the effect of the share placing)	**326,368**	325,210	325,761
Adjusted basic earnings per share – cent	**6.03**	6.85	13.59
Adjusted fully diluted earnings per share – cent	**6.01**	6.78	13.48
Adjusted fully diluted earnings per share – cent (excluding the effect of share placing) *	**6.94**	6.78	13.48

*The calculation presented here is the adjusted fully diluted earnings per share calculated excluding the impact of the 63 million share placing in early February 2018.

7. Post-employment benefit obligation

Employee defined benefit pension scheme

	(Unaudited) **6 months to 30 June 2018 €'000**	*(Unaudited)* 6 months to 30 June 2017 €'000	*(Audited)* Year ended 31 Dec 2017 €'000
Pension assets	**173,316**	184,467	175,343
Pension obligations	**(182,345)**	(209,909)	(192,050)
Net liability	**(9,029)**	(25,442)	(16,707)
Net related deferred tax asset	**1,619**	4,053	2,860
Net liability after tax	**(7,410)**	(21,389)	(13,847)
Movement in period			
Net liability at beginning of period	**(16,707)**	(37,777)	(37,777)
Net interest expense and current service cost recognised in the income statement	**(1,005)**	(1,776)	(2,298)
Settlement credit recognised in the income statement	**–**	1,839	6,683
Employer contributions to schemes – normal	**1,355**	1,985	4,290
Employer contributions to schemes – exceptional	**–**	1,672	6,303
Remeasurement gains recognised in other comprehensive income	**7,411**	8,381	5,708
Arising on acquisition	**–**	(252)	(252)
Translation adjustment	**(83)**	486	636
Net liability at end of period before deferred tax	**(9,029)**	(25,442)	(16,707)

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 30 June 2018 reflects net pension liabilities of €9.0m in respect of schemes in deficit, resulting in a net deficit of €9.0m and a net deficit of €7.4m after deferred tax.

The current and past service costs, settlement credits 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 during the period was primarily due to the increase in discount rates for the Irish and UK schemes which results in a decrease in the net present value of the schemes' obligations. The discount rate in Ireland and the Eurozone increased to 2.10% (31 December 2017: 2.00% and 30 June 2017: 2.20%) and in the UK increased to 2.90% (31 December 2017: (2.50% – 2.60% and 30 June 2017: 2.60%).

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. Further details on the program are outlined in the Group's 2017 Annual Report. The program has reduced the volatility of the Schemes going forward.

Other post-employment benefit schemes

	(Unaudited) **6 months to 30 June 2018 €'000**	*(Unaudited)* 6 months to 30 June 2017 €'000	*(Audited)* Year ended 31 Dec 2017 €'000
Net liability at beginning of period	**(5,293)**	–	–
Arising on acquisition	**–**	(6,913)	(6,913)
Net expense recognised in the income statement	**(218)**	(221)	(536)
Remeasurement gains recognised in other comprehensive income	**561**	563	1,604
Employee contributions to schemes	**(12)**	(25)	(24)
Benefits paid	**41**	33	131
Translation adjustment	**108**	372	445
Net liability at end of period	**(4,813)**	(6,191)	(5,293)

The table above summarises the movements in the net liability of the Group's other post-employment benefit schemes. 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.

8. Dividends

The Board has declared an interim dividend of 0.9129 (2017: 0.8906) cent per share, which represents a 2.5% increase on the comparative period. The dividend will be paid on 12 October 2018 to shareholders on the register at 14 September 2018 subject to dividend withholding tax. In accordance with company law and IFRS, this dividend has not been provided for in the balance sheet at 30 June 2018. The final dividend for 2017 of €9,517,000 was paid in June 2018.

During the period, the Group declared dividends of €7,217,000 to non-controlling shareholders in certain of the Group's non wholly-owned subsidiaries. In the same period cash dividends of €7,585,000 were paid.

9. Businesses acquired and other developments

A key part of the Group's strategy is to grow by acquisition. During the six month period, the Group made a number of acquisitions and investments with committed investment of €2.8m including €0.8m of deferred and contingent consideration payable on the achievement of future profit targets.

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

Payment of contingent and deferred consideration in the period
During the period, the Group paid €6,234,000 of contingent consideration relating to prior period acquisitions.

10. Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the Condensed Group Balance Sheet at 30 June 2018, 30 June 2017 and 31 December 2017 are as follows:

	(Unaudited) **30 June 2018**		*(Unaudited)* 30 June 2017		*(Audited)* 31 Dec 2017	
	Carrying value €'000	**Fair value €'000**	Carrying value €'000	Fair value €'000	Carrying value €'000	Fair value €'000
Other financial assets[1]	**712**	**n/a**	625	n/a	719	n/a
Trade and other receivables – current[1]*	**476,011**	**n/a**	448,928	n/a	356,269	n/a
Trade and other receivables – non- current[1]*	**11,660**	**n/a**	9,508	n/a	11,063	n/a
Bank deposits[1]	**–**	**n/a**	3,700	n/a	–	n/a
Cash and cash equivalents[1]	**231,617**	**n/a**	93,660	n/a	100,247	n/a
Derivative financial assets	**423**	**423**	173	173	6	6
	720,423		556,594		468,304	
Trade and other payables – current[1]	**(538,697)**	**n/a**	(526,398)	n/a	(463,605)	n/a
Trade and other payables – non-current[1]	**(816)**	**n/a**	(1,397)	n/a	(568)	n/a
Bank overdrafts[1]	**(40,603)**	**n/a**	(43,888)	n/a	(11,268)	n/a
Bank borrowings	**(212,854)**	**(212,324)**	(204,364)	(205,386)	(200,235)	(200,491)
Finance lease liabilities[1]	**(1,706)**	**(1,786)**	(2,433)	(2,666)	(1,870)	(1,941)
Derivative financial liabilities	**(229)**	**(229)**	(617)	(617)	(719)	(719)
Contingent consideration	**(27,088)**	**(27,088)**	(36,693)	(36,693)	(34,465)	(34,465)
Put option liability	**(38,604)**	**(38,604)**	(41,958)	(41,958)	(38,961)	(38,961)
	(860,597)		(857,748)		(751,691)	

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 provisions where appropriate and consequently fair value is considered to approximate to carrying value.

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

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

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

At 30 June 2018, 30 June 2017 and 31 December 2017 the Group recognised and measured the following instruments at fair value:

	(Unaudited)		*(Unaudited)*		*(Audited)*	
	30 June 2018 Level 2 €'000	**30 June 2018 Level 3 €'000**	30 June 2017 Level 2 €'000	30 June 2017 Level 3 €'000	31 Dec 2017 Level 2 €'000	31 Dec 2017 Level 3 €'000
Assets measured at fair value						
At fair value through profit or loss						
Foreign exchange contracts	**–**	**–**	73	–	–	–
Designated as hedging instruments						
Foreign exchange contracts	**423**	**–**	100	–	6	–
Liabilities measured at fair value						
At fair value through profit or loss						
Foreign exchange contracts	**(23)**	**–**	(49)	–	(48)	–
Interest rate swaps	**(27)**	**–**	(86)	–	(61)	–
Contingent consideration	**–**	**(27,088)**	–	(36,693)		(34,465)
Designated as hedging instruments						
Foreign exchange contracts	**(177)**	**–**	(399)	–	(606)	–
Interest rate swaps	**(2)**	**–**	(83)	–	(4)	–
At fair value through equity						
Put option liability	**–**	**(38,604)**	–	(41,958)	–	(38,961)

Additional disclosures for Level 3 fair value measurements

Contingent consideration and put option liability

	***(Unaudited)* Contingent consideration €'000**	***(Unaudited)* Put option liability €'000**
At 1 January 2018	**(34,465)**	**(38,961)**
Paid during the period	**6,234**	**–**
Arising on acquisition of subsidiaries	**(716)**	**–**
Fair value movement on put option recognised directly within equity	**–**	**297**
Foreign exchange movements	**278**	**60**
Included in the income statement		
- Fair value movements	**1,581**	**–**
At 30 June 2018	**(27,088)**	**(38,604)**
Presented on Balance Sheet as follows:		
Current liability	**(13,543)**	**–**
Non-current liability	**(13,545)**	**(38,604)**
	(27,088)	**(38,604)**

Contingent consideration

Contingent consideration represents the provision for the net present value of the amounts expected to be payable in respect of acquisitions which are subject to earn-out arrangements. Contingent consideration for each individual transaction is valued internally by the Group Finance team in consultation with Senior Management and updated as required at each reporting period.

Put option liability
The Group has a number of contractual put options and forward commitments in place in relation to non-controlling interest (‘NCI’) shares in subsidiaries whereby the NCI shareholder can require the Group, or the Group has agreed to acquire (’forward commitment’) the shares in these subsidiaries at various future dates. The value of the put option or forward commitment liability recognised represents management’s best estimate of the fair value of the amounts which may be payable discounted to net present value. The put option or forward commitment for each individual transaction is valued internally by the Group Finance team in consultation with Senior Management and updated as required at each reporting period.

11. Cash flows generated from operations

	(Unaudited) **6 months to 30 June 2018 €’000**	*(Unaudited)* 6 months to 30 June 2017 €’000	*(Audited)* Year ended 31 Dec 2017 €’000
Operating activities			
Profit for the period	**34,938**	28,274	61,507
Adjustments for non-cash items:			
Income tax expense	**7,368**	7,171	10,971
Income tax paid	**(6,031)**	(7,435)	(16,471)
Depreciation of property, plant and equipment	**8,366**	7,953	15,764
Reversal of impairment of property, plant & equipment	**–**	–	(362)
Exceptional items (Note 5)	**(7,009)**	(5,063)	(8,610)
Exceptional cash flow relating to defined ETV contributions and costs	**–**	(1,672)	(7,254)
Fair value movements on contingent consideration	**(1,581)**	172	(4,174)
Amortisation of intangible assets – acquisition related	**5,251**	4,998	10,499
Amortisation of intangible assets – capitalised development costs	**164**	153	299
Amortisation of intangible assets – computer software	**771**	692	1,443
Amortisation of government grants	**(26)**	(30)	(81)
Defined benefit pension scheme expense – normal	**1,005**	1,776	2,298
Contributions to defined benefit pension schemes – normal	**(1,355)**	(1,985)	(4,290)
Other post-employment benefit schemes’ expense	**218**	221	536
Net payments for other post-employment benefit schemes	**(29)**	(8)	(107)
Share-based payment expense	**288**	276	596
Net gain on disposal of property, plant and equipment	**(112)**	(198)	(432)
Net finance expense – before exceptional items	**3,202**	3,066	5,754
Net financial expense paid	**(2,748)**	(2,746)	(6,137)
(Gain)/loss on non-hedging derivative financial instruments	**91**	(57)	(434)
Loss on disposal of trading assets	**–**	–	39
Gain on disposal of joint venture	**–**	–	(5)
Fair value movements on biological assets	**(162)**	449	(289)
Share of profits of joint ventures and associates	**(4,782)**	(4,405)	(12,209)
Net cash flows from operations before working capital movements	**37,827**	31,602	48,851
Movements in working capital:			
- Movements in inventories	**(12,293)**	(23,839)	(10,409)
- Movements in biological assets	**1,179**	(4,564)	(2,127)
- Movements in trade and other receivables	**(123,912)**	(93,523)	(4,253)
- Movement in trade and other payables	**73,576**	76,024	14,501
Total movements in working capital	**(61,450)**	(45,902)	(2,288)
Cash flows from operating activities	**(23,623)**	(14,300)	46,563

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 30 June 2018, 30 June 2017 and 31 December 2017 is as follows:

	(Unaudited) **30 June 2018** **€'000**	*(Unaudited)* 30 June 2017 €'000	*(Audited)* 31 Dec 2017 €'000
Current assets			
Bank deposits	**–**	3,700	–
Cash and cash equivalents	***218,376**	74,594	89,929
Call deposits (demand balances)	**13,241**	19,066	10,318
Current liabilities			
Bank overdrafts	**(40,603)**	(43,888)	(11,268)
Current bank borrowings	**(51,527)**	(5,591)	(35,861)
Current finance leases	**(535)**	(970)	(595)
Non-current liabilities			
Non-current bank borrowing	**(161,327)**	(198,773)	(164,374)
Non-current finance leases	**(1,171)**	(1,463)	(1,275)
Net debt at end of the period	**(23,546)**	(153,325)	(113,126)
Less restricted cash *	**(150,185)**	–	–
Net debt at end of the period, excluding restricted cash	**(173,731)**	(153,325)	(113,126)`

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

	(Unaudited) **6 months to 30 June 2018** **€'000**	*(Unaudited)* 6 months to 30 June 2017 €'000	*(Audited)* Year ended 31 Dec 2017 €'000
Cash and cash equivalents per balance sheet	**231,617**	93,660	100,247
Bank overdrafts	**(40,603)**	(43,888)	(11,268)
Cash, cash equivalents and bank overdrafts per cash flow statement	**191,014**	49,772	88,979
Less restricted cash *	**(150,185)**	–	–
Cash, cash equivalents and bank overdrafts per cash flow statement , excluding restricted cash	**40,829**	49,772	88,979

*The restricted cash of €150.2m relates to the proceeds of €141m from the share placing (net of associated costs) that were used to purchase dollars. The €150.2m is the retranslated amount of the US Dollar deposit including accrued interest income. This deposit was held in escrow at 30 June 2018 pending completion of the Dole transaction.

13. Post balance sheet events

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') which was subject to anti-trust review in a limited number of jurisdictions. On 31 July 2018 the European Commission (the 'EC') approved the acquisition of the First Tranche. As all other Transaction condition precedents had been satisfied at this date, the acquisition of the First Tranche completed.

In July 2018 a subsidiary of the Group disposed of an interest in a farming entity for consideration which will be realised over a period of three years and may vary depending on certain circumstances. The exceptional gain, estimated in excess of €15m before tax was recorded post period end.

14. Related party transactions

There have been no related party transactions or changes to related party transactions other from those as described in the 2017 Annual Report that materially affect the financial position or affect the performance of the Group for the six month period ended 30 June 2018.

15. Board approval

This interim results statement was approved by the Board of Directors of Total Produce plc on 29 August 2018.