

## The Calculation of Base Cost of Fyffes shares and Total Produce shares

Following the transfer by Fyffes of its general produce and distribution business to Total Produce plc (Total Produce) in exchange for the issue of Total Produce shares to the shareholders in Fyffes, the base cost of Fyffes shares must be apportioned accordingly. Set out below is the advice received from the Irish and the UK Tax Authorities as to how they will treat this split for calculation of capital gains and losses.

### Irish Revenue

- A For the purpose of computing a gain or loss accruing from the disposal of any part of the “new holding”, within the meaning of *Section 584(1) TCA 1997*, the total cost of the “new holding” is apportioned on the basis of the market values of the Fyffes shares and the Total Produce shares after the demerger.

Pursuant to the demerger of the general produce and distribution business, each Fyffes shareholder received one share in Total Produce for each Fyffes share held prior to the transaction. In accordance with the provisions of the Capital Gains Tax Acts, the market value of the Fyffes shares and the Total Produce shares, following the demerger, are as follows:

Fyffes: €0.96

Total Produce: €0.79

To illustrate the mechanism for determining the base cost of the shares in the event of a future disposal, assume Fyffes shares were originally acquired for €2 each prior to the demerger of the property undertaking to Blackrock International Land plc (“Blackrock”). In accordance with the Revenue’s advice, 77% was the percentage split for the base cost of Fyffes shares following the Blackrock demerger. Therefore, each Fyffes share so acquired was deemed to have a base cost of €1.55.

Revenue will accept that the base cost of Fyffes shares acquired before the Blackrock demerger for €2 and disposed of after the Total Produce demerger is as follows:

$$\text{€1.55} \times \frac{\text{€0.96}}{\text{€0.96} + \text{€0.79}} = \text{€0.85 per share}$$

Revenue will accept that the base cost of Total Produce shares is as follows:

$$\text{€1.55} \times \frac{\text{€0.79}}{\text{€0.96} + \text{€0.79}} = \text{€0.70 per share}$$

The cost of Fyffes shares acquired after the Blackrock demerger should be apportioned on this basis.

B The percentage split for the base cost between Fyffes and Total Produce is therefore:

Fyffes: 55%

Total Produce: 45%

Any Fyffes shares or Total Produce shares acquired after the Total Produce demerger are not affected.

## UK Revenue

For the purposes of UK capital gains tax and UK corporation tax on chargeable gains, we have received confirmation from HM Revenue & Customs that the following adjustment factors may be used to apportion any eligible capital gains base cost between the existing Fyffes plc and new Total Produce plc shareholdings that were part of the share split:

Fyffes: 56.06%

Total Produce: 43.94%

## In Summary

			Ireland	UK
1.	Purchased pre Blackrock International Land demerger Sold before Total Produce demerger	FYF BIL	77.0% <u>23.0%</u> <u>100.0%</u>	78.94% <u>21.06%</u> <u>100.00%</u>
2.	Purchased pre Blackrock International Land demerger Sold after both demergers	FYF BIL TP	42.4% 23.0% <u>34.6%</u> <u>100.0%</u>	43.42% 21.06% <u>35.52%</u> <u>100.00%</u>
3.	Purchased post Blackrock International Land demerger and pre Total Produce Sold after Total Produce demerger	FYF TP	55.0% <u>45.0%</u> <u>100.0%</u>	56.06% <u>43.94%</u> <u>100.00%</u>
4.	Purchased post both demergers		No impact	