TotalProduce
Let's Grow Together

Total Produce plc
Annual Report and Accounts 2017

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

Global Presence

2017 has seen Total Produce's global infrastructure extend even further, with additional investments in North America and Europe. Our physical presence across Europe, North America and South America differentiates Total Produce, positioning our operations at the very heart of the markets in which we trade and in the world's primary production centres.

More information on pages 2-3

Strategy and Business Model

The Group's vision is to continue to develop our position as one of the world's leading fresh produce companies. The Group's ambition is to deliver long term shareholder value by leveraging our collective skills at a local level and by continued acquisition and partnerships.

More information on pages 6-7

Our Supply Chain

Distributing over 400 million cartons of fresh produce annually, the Group's size and reach across the supply chain brings together the collective resources of a global multi-national with the market knowledge of local management; generating synergies, creating efficiencies and adding value.

More information on pages 8-9

Growth in Numbers

The Group demonstrated a strong track record of executing its strategy over the past number of years. In the five year period ended 2017, the Group has recorded a compound annual growth rate of 8.8% in revenue and 10.8% in adjusted earnings per share.

More information on pages 10-11

Financial Highlights of 2017

Revenue[1]
€4,286m
+13.9% on prior year

Adjusted EBITDA[1]
€104.4m
+10.1% on prior year

Adjusted EBITA[1]
€83.5m
+13.3% on prior year

Adjusted EPS[1]
13.48 cent
+11.7% on prior year

Shareholders' Equity
€259.8m
+14.8% on prior year

Dividend per Share (Total)
3.343 cent
+10.0% on prior year

[1] Key performance indicators are defined on page 10.

Inside this report

Strategic Report

Governance

Financial Statements

Forward-looking statements
Any forward-looking statements made in the Annual Report have been made in good faith based on the information available as of the date of the report and are not guarantees of future performance. Actual results or developments may differ materially from the expectations expressed or implied in this report, and the Company undertakes no obligation to update any such statements whether as a result of new information, future events or otherwise. Outlined on pages 13 to 15 of this report are important factors that could cause these developments or the Company's actual results to differ materially from those expressed or implied in these forward-looking statements.

Global Presence

Total Produce is one of the world's largest and most accomplished fresh produce providers. Operating out of 26 countries, while serving many more, we are the European market leader and an increasingly prominent force in the North American marketplace.

Our physical presence across the world differentiates Total Produce, positioning our operations at the very heart of the markets in which we trade and in the world's primary production centres.

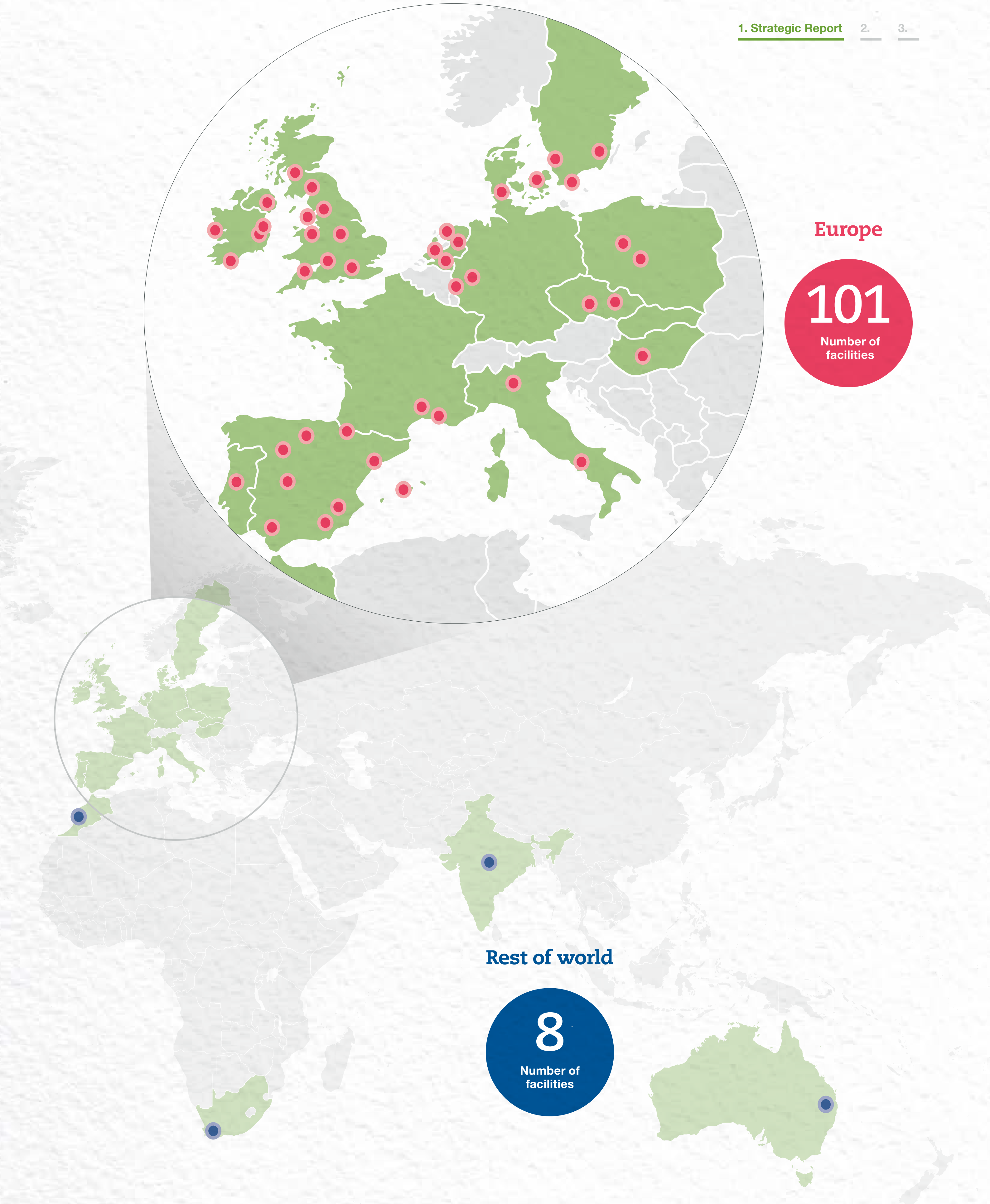
Serving the wholesale, foodservice and retail sectors, Total Produce is a complete fresh produce solution provider – offering a comprehensive range of services to our customers ranging from simple service provision to complete category management.

Countries
26

Operating Facilities
148

Cartons Sold Annually
400m+

Total Revenue
€4.29bn



* The map above is a representative depiction only.

Continued growth and international expansion

"We are pleased to report that the year ended 31 December 2017 has seen continued growth and development for Total Produce. Total revenue has increased 13.9% to €4.29 billion with adjusted earnings per share increasing 11.7% to 13.48 cent."

Adjusted earnings per share

13.48 cent

+11.7%

STRATEGY

Our strategy is to continue to grow and develop an international business with scale and deliver long term shareholder value through continued acquisitions and partnerships, organic growth, innovation and operational efficiencies. The Group has a proven track record of executing this strategy with c.325% total shareholder return delivered to shareholders over the past five years.

DEVELOPMENTS IN 2017

In line with this strategy the Group made a number of fresh produce acquisitions in 2017 principally in North America with committed expenditure of over €53m including contingent consideration. On 1 March 2017, the Group completed the purchase of a further 30% of the Oppenheimer Group ('Oppy') for consideration of €28m. Together with the initial 35% acquired in 2013, this brings the Group's shareholding in Oppy to 65% for a total cost of almost €44m. Headquartered in Vancouver, Canada with annual sales of almost CAD$1 billion (€720m), Oppy is a leading provider of fresh produce to its strong base of retail, wholesale and foodservice customers throughout the United States and Canada. In April 2017, Oppy entered into strategically-important agreements with New Zealand based T&G Global Limited which will enable both parties to enhance their market positions as co-shareholders in two US produce businesses.

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

INVESTMENT IN DOLE FOOD COMPANY AND SHARE PLACING

Post year end on 1 February 2018, the Group entered into a binding agreement to acquire a 45% equity stake in Dole Food Company ('Dole') for cash consideration of $300m. Dole is one of the largest fresh produce companies in the world and a significant producer and marketer of high quality fruit and vegetables. The transaction brings together two of the world's leading fresh produce companies and represents a very significant step and a continuation of the Group's successful expansion strategy. The deal is subject to regulatory approval and is expected to close in mid-summer 2018. Following the second anniversary of completion Total Produce has the right, but not the obligation, to acquire the remaining balance of the Dole equity. Further details on the transaction structure are outlined in the Directors Report on page 43.

On 1 February 2018 a total of 63 million new ordinary shares were issued at a price of €2.30 per share, raising gross proceeds of €145 million or c.$180 million (before expenses) to finance the Dole transaction. The shares represented approximately 19% of the Company's issued ordinary share capital (excluding treasury shares).

DIVIDEND

The Board is recommending an increase of 10% in the final dividend to 2.4527 cent per share. This together with the interim dividend of 0.8906 cent per share brings the total 2017 dividend to 3.3433 cent per share, an increase of 10% on 2016. This represents a distribution of 24.8% of adjusted earnings per share.

OUTLOOK

Trading conditions to date in 2018 have been satisfactory and the Group is targeting continued growth in 2018 on a like-for-like basis.

OUR PEOPLE

The Group's continued expansion and results reflect the skill and commitment of its people. On behalf of the Board I would like to thank them for their great contribution to Total Produce.

C P McCann
Chairman
1 March 2018

"Post year end on 1 February 2018, the Group entered into a binding agreement to acquire a 45% equity stake in Dole Food Company ('Dole') for cash consideration of $300m."

Our Vision and Strategy

Our Vision:

To continue to develop our position as one of the world's leading fresh produce companies

Our Strategy:

Deliver long term shareholder value by

Delivering the Best of Both Worlds

Local at Heart

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

People

Experience, Expertise, Relationships

Growers

Supporting, Advising, Consolidating

Infrastructure

Facilities, Logistics, Customisation

Category Management

Local Markets, Local Trading, Local Consumers

Global by Nature

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

Scale

Collective Procurement, Synergies, Efficiencies

Resources

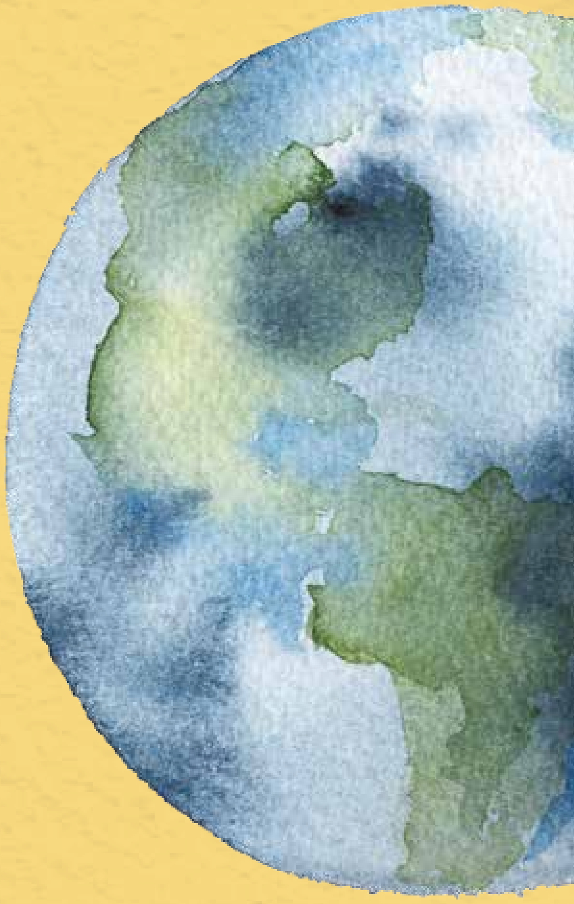
Financial Strength, Security, Investment Capacity

Reach

New Markets, New Growers, New Products

Added Value

Marketing, New Product Development, Shared Core Competencies



Our Supply Chain and Product Portfolio

Our Supply Chain

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

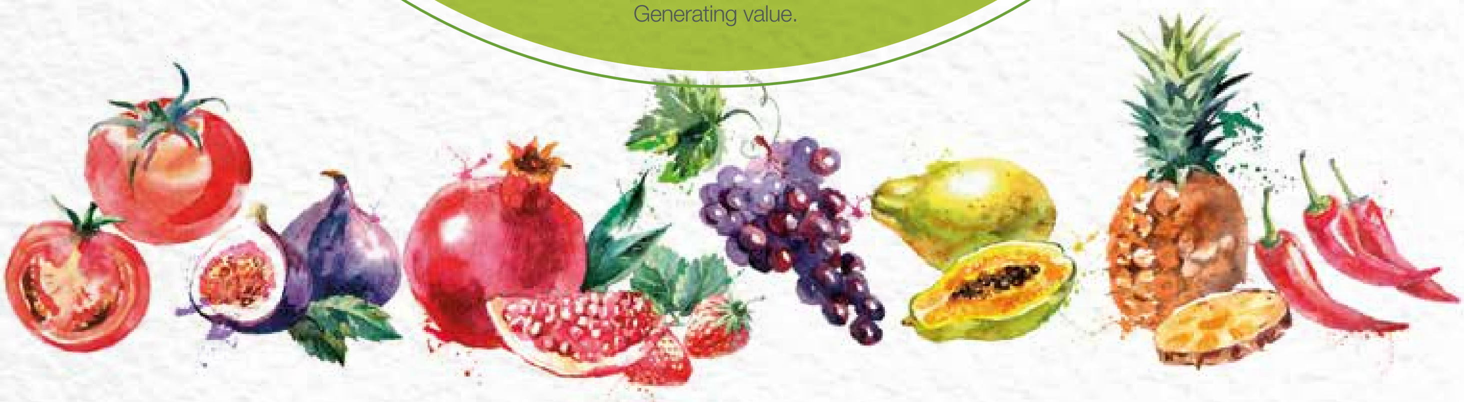
Distributing over 400 million cartons of fresh fruits and vegetables annually, the Group's size and reach across the supply chain bring together the collective resources of a global multinational with the market knowledge of local management: generating synergies, creating efficiencies and adding value. In customising our supply chain, we strive to translate our competitive advantages – our people, suppliers, infrastructure, relationships – into value for our customers: delivering a superior service to them, and to the consumer produce which exceeds expectations.

Revenue by Products*

Growing, sourcing, importing, packaging, marketing and distributing over 200 lines of fresh produce, Total Produce's range extends from the more familiar to the truly exotic.

Citrus	Banana	Apples and Pears	Vegetable and Potato	Salad
8%	11%	9%	17%	11%

* Expressed as a percentage of Group revenue.



Tomato	Stone and Soft Fruit	Grape	Exotics	Pineapple	Other
8%	22%	5%	3%	1%	5%

Growth in Numbers

The Group has demonstrated a strong track record of executing its strategy over the past number of years and has grown both organically and by acquisition. In the five year period ending 2017, the Group has recorded an annual compound growth rate of 8.8% in revenue and 10.8% in adjusted earnings per share.

	2017 €	2016 €	2015 €	2014 €	2013 €	2012 €
Total Revenue[1] (including share of joint ventures and associates)	**4,286m**	3,762m	3,454m	3,129m	3,175m	2,811m
Group Revenue	**3,674m**	3,105m	2,875m	2,667m	2,638m	2,432m
Adjusted EBITDA[1]	**104.4m**	94.8m	82.8m	73.0m	74.1m	69.5m
Adjusted EBITA[1]	**83.5m**	73.7m	64.1m	56.7m	58.7m	53.7m
Adjusted profit before tax[1]	**76.7m**	67.7m	58.0m	51.2m	52.9m	47.0m
Profit before tax	**72.5m**	50.6m	46.8m	44.3m	48.2m	36.4m
Adjusted fully diluted earnings per share (cent)[1]	**13.48**	12.07	10.58	9.45	9.04	8.08
Basic earnings per share (cent)	**14.80**	8.91	9.07	8.83	9.38	6.40

[1] Key Performance Indicators Defined

Total Revenue includes the Group's share of the revenue of its joint ventures and associates.

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

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

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

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

Revenue (€'m)

€4,286m

Adjusted EBITDA (€'m)

€104.4m

Adjusted EBITA (€'m)

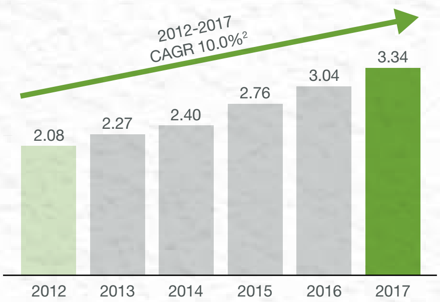
€83.5m

Adjusted EPS (€ cent)

13.48 cent

Total Dividend (€ cent)

3.34 cent



[2] Compound annual growth rate

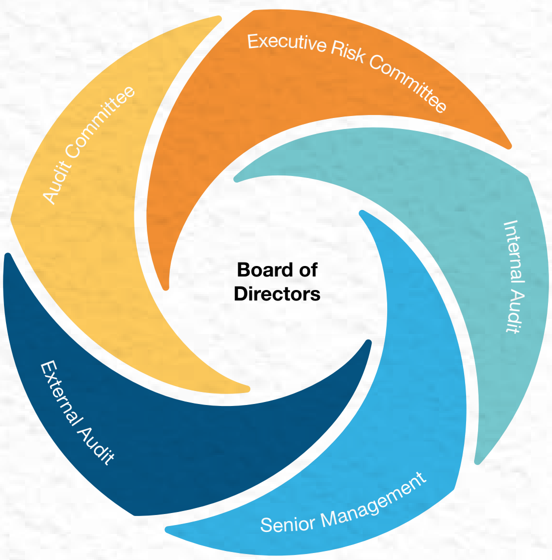
Risks and Risk Management

INTERNAL CONTROLS AND MANAGEMENT OF RISK

The Board is ultimately responsible for the overall system of internal controls applied in the Company and its subsidiaries and for reviewing the effectiveness of these controls. Some of this responsibility has been delegated to the Audit Committee.

The Group's control system is designed to actively manage rather than eliminate the risks of failure to achieve its business objectives. The internal controls system is designed to provide reasonable but not absolute assurance against material misstatement or loss.

The Group's multinational operations expose it to different financial risks that include foreign exchange risk, credit risk, liquidity risk, interest rate risk, and equity price risk. The Group has a risk management programme in place which seeks to limit the impact of these risks on the performance of the Group and it is the policy to manage these risks in a non-speculative manner. Details of the policies and control procedures used to manage the financial risks involved, including hedging strategies, are set out in the accompanying financial statements.



Risk management within Total Produce plc is co-ordinated by an Executive Risk Committee ('ERC' or the 'Committee') which directs the implementation of the process consistently throughout the Group. The members of the Committee include the Chief Executive (Chairman), the Finance Director, an Executive Director, the Company Secretary, the Head of Internal Audit and a representative of senior management.

Risk Identification

Responsibility for the identification and evaluation of financial, operational and compliance risks is delegated to senior management, who reports back to the Committee. The Committee meets during the year, as required, to review the relevant findings, identify strategic risks and make recommendations. The Committee reports its findings to the Audit Committee, which in turn reports to the Board.

Risk Appetite

The Board believes that the risk management processes in place facilitate informed decision making at both operational and Board level. Reviews of the principal risks, including those that would threaten the business model, future performance, solvency or liquidity, are evaluated.

Risk Assurance

There are various complementary structures in place, supporting the Board, that provide assurance regarding the risk mitigations and controls in place. These include the Audit Committee, External and Internal Audit, Senior Management, and the Executive Risk Committee.

Total Produce plc has established a strong reporting and internal audit function and its effectiveness is reviewed by the Audit Committee.

The reporting structure, internal audit and risk management functions complement each other and, together with divisional management, provide the Board with distinct sources of reasonable assurance as to the effectiveness of the system of internal controls that underlies the Group's control environment. The Board conducts its own risk identification and assessment so that it is sufficiently aware of the principal threats to which the Group may be exposed. The Board's review includes strategic, financial, operational and compliance controls and risk management systems.

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

The Directors regard the process of risk management as a positive medium for change, adding value in the interests of shareholders by utilising sound and considered judgment, while simultaneously making the organisation alert to best management practices.

PRINCIPAL RISKS AND UNCERTAINTIES

Under Irish company law, the Group and Company are required to give a description of the principal risks and uncertainties which they face. These principal risks, and the actions taken to mitigate against them are set out below. This is not intended to be an exhaustive analysis of all risks currently facing the Group and does not list the risks in any order of priority.

Risk and Risk Description	Key Control and Mitigation Activities
Economic and Political Risk Global economic conditions and the stability of the markets in which we operate could impact on the Group's performance.	• The Group's management monitor global developments and the organisation structure enables prompt response, where appropriate, to changing market conditions. • The Group is geographically well diversified with operations in 26 countries across five continents. • The Group sources produce from numerous regions to ensure continuous supply.
Food Safety Profitability in the fresh produce sector is dependent on high quality of supplies and consistency of delivery. It is possible that serious quality issues, in particular, contamination of product, whether deliberate or accidental, could have a negative impact on revenue.	• Management undertake ongoing reviews to ensure policies and procedures around this area continue to be effective and that adequate resources are in place. • The Group has very close and well established relationships with its growers and only buys product when comfortable with the grower's reputation and commitment to food safety. • The Group sources produce from numerous regions to ensure continuous supply.
Corporate Communication and Shareholders The Group as a publicly listed company undertakes regular communications with its stakeholders. These communications may contain forward looking statements which by their nature involve uncertainty and actual results or developments may differ materially from the expectations expressed or implied in these communications. Failure to deliver on performance indications communicated to stakeholders could result in a reduction in share price, reduced earnings and reputational damage.	• Structures are in place at operational and divisional levels to ensure accurate and timely reporting. • The operational and financial performance of the Group is reported to the Board on a monthly basis. • Stock Exchange Announcements including preliminary and interim results announcements are reviewed and approved prior to release by the Audit Committee and the Board as required and/or covered by their respective terms of reference. • The Group places a high priority on communications with stakeholders and devotes considerable time and resources each year to stakeholder engagement. • The Group has an active investor relations programme and meets regularly with investors and analysts and in particular at the time of the announcements of preliminary and interim results.
Key Customer Relationships and Credit Risk The Group's customer base consists primarily of retailers and wholesalers. The increasing concentration of customers can increase credit risk. Changes in the trading relationships with major customers, or of their procurement policies, could positively or adversely affect the operations and profitability of the Group. In addition, the Group faces strong competition in its various markets and, if it fails to compete effectively, its business, results and financial condition could be adversely affected.	• Customer relationships are developed at both local and senior management level to reduce risk and ensure that value is maintained for both Total Produce and the customer. • There is a focus on improving choice, price and service to our customers on an ongoing basis. • Credit risk is managed by credit management structures and reviews. The utilisation of credit limits is regularly monitored and a significant element of the credit risk is covered by credit insurance.
Key Supplier Relationships The Group sources its products from a significant number of suppliers. The loss of any of these could have an adverse impact on the Group. Additionally the Group may enter into seasonal purchase agreements committing it to purchase fixed quantities of produce at fixed prices. The Group is exposed to the risk of losses arising from any inability to sell on these committed quantities and/or achieve the committed price.	• Key supplier relationships are actively managed by local and senior management. Any changes are communicated to executive management to ensure timely reaction to mitigate risks. • The Group sources produce from numerous regions and suppliers worldwide to ensure continuity of supply. • Internal procedures are in place for the approval and monitoring of any seasonal arrangements.

Risks and Risk Management (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk and Risk Description	Key Control and Mitigation Activities
Acquisition Activity Growth through acquisition is a key element of the Group's strategy to create shareholder value. A failure to identify, execute or properly integrate acquisitions could impact on profit targets, the strategic development of the Group and consequently shareholder value.	• The Group has traditionally grown through acquisition and has a long proven track record in identifying and integrating acquisitions. • Executive, senior and local management together with a dedicated inhouse corporate finance team engage in a continuous and active review of acquisitions. • All potential acquisitions are subject to an assessment of the strategic fit within the Group and ability to generate a return on capital employed in excess of the cost of capital of the Group. • The Group conducts extensive due diligence using both internal and external resources prior to completing any acquisitions. • Board approval of the business case for all significant acquisitions is in place. • The Group has significant credit facilities available to fund acquisitions. • Senior management are responsible for the oversight and successful integration of new investments.
Regulation and Compliance The Group operates in a number of jurisdictions and is therefore exposed to a wide range of legal and regulatory frameworks.	• There is regular monitoring and review of changes in law and regulation in relevant areas. • Management have access to the appropriate professional advisors in the relevant areas of compliance. • There is ongoing training arranged to ensure compliance.
Access to Credit and Interest Rates The Group is exposed to fluctuations in credit markets which could impact the availability and cost of financing and consequently the Group's ability to grow through acquisition.	• The Group has facilities with a number of recognised international banks and funding providers with varied maturity profiles. • The Group ensures that sufficient funds and resources are available to meet expected liabilities and to finance the growth of the business through a combination of cash and cash equivalents, operating cash flows and undrawn committed facilities. • The Group has in place approved facilities giving access to appropriate long term borrowings as and when required.
Employee Retirement Obligations The Group's defined benefit pension funds are exposed to the volatility of market conditions. The values of pension assets are exposed to worldwide conditions in equity and bond markets. The underlying calculations of pension liabilities are subject to changes in discount rates, inflation rates and longevity of scheme members.	• The Group pays the appropriate contributions into the funds and works with the independent trustees and advisors to establish de-risking policies and balanced investment strategies. • For the schemes in place the Group has closed defined benefit schemes to new entrants and made modifications to accruing benefits, in order to manage and mitigate the volatility and build-up of liabilities.
Retention of Key Personnel and Talent Management The Group is dependent on the continuing commitment of its Directors and senior management team. The loss of such key personnel without adequate replacement could have an adverse effect on the Group's business.	• Throughout the Group there is a focus on succession planning and it is formally assessed and reviewed by the Board. • Recruitment policies, management incentives and training and development programmes have all been established to encourage the retention of key personnel. • The Nomination Committee regularly assesses the Board composition and also examines the Group's succession plans.
IT Systems and Cyber Security The Group relies on information technology and systems to support our business. The failure to ensure that our core operational systems are available to service the business requirements could impact the day-to-day operations of the Group. In addition the exploitation of vulnerabilities in IT systems either accidental or malicious, including those resulting from cyber-security attacks, could adversely impact the Group's business.	• The Group has robust Information Security and Computer User policies regarding the protection of business and personal information and governing the use of IT assets. • The Group seeks to manage this risk, in conjunction with our external partners, through a range of measures which include monitoring of threats, testing for vulnerabilities, provision of resilience and reviewing cyber-security standards. • Independent external and internal reviews of our core operational systems are performed on an on-going basis. • There is a Group policy on backups in place and these are regularly tested.

Risk and Risk Description	Key Control and Mitigation Activities
Goodwill Impairment Sustained under-performance in any of the Group's cash generating units may result in a material write down of goodwill. While such a write down would be a non-cash charge it could have a substantial impact on the Group's income statement and shareholders' equity.	• During the monthly reporting process indicators of goodwill impairment are monitored. Where necessary there is communication with senior management in order to ensure that potential impairment issues are highlighted and where practical corrective action is taken. • The Group tests goodwill annually for impairment on 31 October, or more frequently if there are indications that goodwill might be impaired. • The results of the goodwill impairment assessment are reported to the Audit Committee and the Board. • Further information on how the risk posed by goodwill impairment is managed is outlined in Note 13 of the Group Financial Statements.
Foreign Currency As a large multinational Group with extensive operations worldwide the Group is exposed to translational and transactional currency fluctuations. The principal currency risk, to which the Group is exposed to, is adverse currency movements on translation of the results and balance sheets of foreign currency denominated operations into Euro, the Group's reporting currency. Adverse changes in exchange rates will have an impact on the Group's reported results and shareholders' equity. The annual impact of such movements is reported in the Group Statement of Comprehensive Income. Foreign currency risk also arises from foreign currency transactions within each individual entity.	• The Group finances its initial overseas investments by matching foreign currency borrowings which naturally hedge the translation movement on foreign currency investments. • Repayments and interest on borrowings are therefore denominated in currencies that match the cash flows generated by the underlying businesses. • Group operations manage their individual transactional foreign exchange risk against their functional currency and material currency risks are managed by utilising forward contracts to cover committed exposures.

Viability Statement

Going Concern and the Viability Statement

The following statements detail the Directors' assessment of the Group's viability and ability to continue as a going concern.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Group's financial position, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 32 to 39. In addition, Note 34 to the financial statements outlines the Group's financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk, currency risk and liquidity risk. The Group has considerable financial resources and a diversified geographic presence with a large base of customers and suppliers. Having assessed the relevant business risks, the Directors believe the Company is well placed to manage its business risks successfully.

The Directors are satisfied that the Company, and the Group as a whole 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.

Viability Statement

The Directors have assessed the Group's viability over a three year period. Whilst the Directors have no reason to believe the Group will not be viable over a longer period, this has been deemed appropriate due to the current financial and operating cycles of the Group. In making this assessment of viability, the Board carried out an assessment of the principal risks and uncertainties facing the Group. The Group's current position, prospects and strategy were all considered as part of this review. Based on the results of the analysis the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year assessment period.

Investi

The global fresh produce market is a dynamic, vibrant, ever changing sector. In an industry where the efficient, effective and responsible management of produce's journey from farm to fork is at the heart of competitive advantage, having the right infrastructure in place across the world is critical.

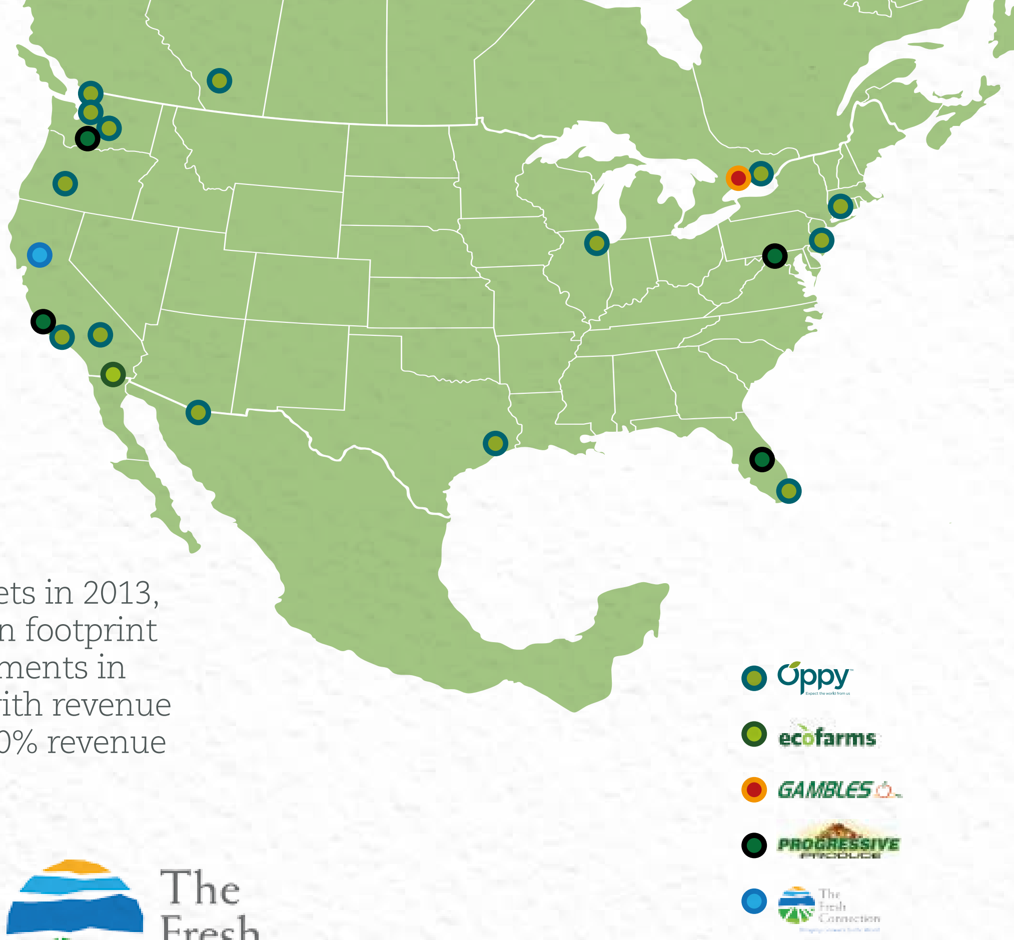
Earning The Right To Grow

Total Produce is an industry leader in the Retail, Wholesale and Foodservice fresh produce sectors. Each of these niches, in each of the markets in which we operate, has its own suite of requirements unique to the prevailing dynamics driving that sector, requiring a flexible, bespoke approach from suppliers. In Total Produce we recognise that sustaining and extending our competitive advantage is contingent on our own businesses evolving in tandem with our customers internationally. Investment in Total Produce is channelled first and foremost to ensure that, in operational terms, we offer a 'best in class' service to our customers and remain at the very forefront of our industry. In doing so, we strive to forge a strong platform upon which to build further Group growth.

Globalisation

Fresh Produce is an inherently international industry. To satisfy our customers' demand for ever greater variety and availability, a truly global supply base is required. To do so most effectively, very often an on the ground presence is required in the primary growing regions of the world. For our growers too, the opportunities that are presented by access to an ever increasing range of international markets differentiates Total Produce. In investing in extending our international reach across the globe, Total Produce is transforming its offering to customers and growers alike, striving to build not just a bigger company, but a better company and one equipped, not just for the market of today but also for the opportunities and challenges to come.

More information on pages 18 and 19

CASE STUDY: NORTH AMERICA

Continued Expansion in North America in 2017

Since our first steps into the Canadian and American markets in 2013, Total Produce's North American footprint has grown steadily with investments in six fresh produce businesses with revenue of over US$1.4 billion (gross 100% revenue of each company).

* The map above is a representative depiction only.

ACQUISITION OF A FURTHER 30% OF THE OPPENHEIMER GROUP

On 1 March 2017, the Group completed the purchase of a further 30% of the Oppenheimer Group ('Oppy') for consideration of €28m. Together with the initial 35% acquired in 2013, this brings the Group's shareholding in Oppy to 65% for a total cost of almost €44m. Since 2013, Oppy has grown revenues from CAD$ 550 million to almost CAD$ 1 billion (€720m). Founded in 1858, Oppy is a leading North American fresh produce marketer and distributor of over 100 varieties of fresh produce from over 25 countries to its strong base of retail, wholesale and food service customers throughout the US and Canada. The Group currently has 14 offices throughout the US and Canada with grower relations services in Chile, Argentina, Costa Rica and Peru. In April 2017, Oppy entered into strategically important agreements with New Zealand based T&G Global Limited which will enable both parties to enhance their market positions as co-shareholders in two US businesses.

ACQUISITION OF 50% INTEREST IN THE FRESH CONNECTION

In October 2017, Total Produce completed its sixth fresh produce acquisition in North America, returning to the 'Golden State' and acquired a 50% equity stake in the California based fresh produce company, The Fresh Connection LLC.

Founded in 1994 and headquartered in Lafayette, California, the company today is one of North America's premier produce export companies with 2016 sales of c.US$165 million. It is a business built on relationships, one with a reputation for effectively working across the supply chain with growers and suppliers, trucking companies, shippers and airlines to deliver a superior service. The Fresh Connection is engaged in the year-round distribution and export of a wide range of fresh fruits and vegetables to customers in more than 35 countries. The company partners with a network of trusted growers throughout the US, Mexico, South America, South Africa, and Australia to enable it to provide many varieties of fresh produce, principally citrus, apples, pears, grapes, berries, cherries, and stone fruit, to a broad customer base.

For more information on Oppy, visit: www.oppy.com and for The Fresh Connection visit: www.thefreshconnection.com

Committed expenditure on acquisitions globally in 2017

€53m

CASE STUDY: EUROPE

Total Produce Nordic Invests in New Central Distribution Hub

A progressive, sophisticated market, Scandinavia (Sweden and Denmark in particular) is an important region for Total Produce. Catering for the unique needs of customers across the Nordic region brings with it its own unique challenges, which Total Produce Nordic is accomplished at meeting.

While the Swedish market is served primarily by our state-of-the-art facility in Helsingborg, 2017 saw a pivotal moment in the evolution of our operations in Denmark with the development of our new central distribution hub in Køge, south of Copenhagen.

Two years in development, the investment in this new operations centre in Køge illustrates our commitment to meeting and exceeding the most exacting service level requirements. The facility includes 13,321 square metres of warehousing and 2,067 square metres of administration space including a technical room, a kitchen, a fitness facility, offices and meeting rooms.

The warehouse has a 2,000 pallet capacity operating at 6 different temperature zones. Køge also has 26 banana ripening rooms, 4 stone fruit ripening rooms and a 2,000 square metre packing area on site, allowing Total Produce Nordic to offer product exactly to the specifications required by individual customers.

The facility is also energy efficient, utilising heat generated by the cooling system to warm the facility rather than an external heat source.

The opening of Køge is very much a statement of intent on behalf of our Nordic business. It demonstrates our ongoing commitment to investing in facilities to deliver bespoke services and products, to add value to the fresh produce we market, to customise our offering to meet customer needs and to leverage our collective strengths to generate efficiencies.

Innova

The application of innovations across our supply chain and to our produce portfolio is critical in differentiating Total Produce's range of the products and the services that we supply.

Understanding Customers and Consumers

Promoting fruit and vegetable consumption and driving our customers sales are commercial priorities in Total Produce. Through the employment of sophisticated category management practices we aspire to maximise the potential of fresh produce at point of sale. The foundation underpinning these practices lies in establishing a thorough understanding of that which motivates consumers, establishing unique insights into market drivers and tailoring our innovations accordingly to meet and exceed expectations of our customers worldwide.

Adding Value

Fresh produce is ever evolving. In our industry, innovation can play a pivotal role in reinvigorating stagnant categories, harnessing the potential of growth categories or adding value to the service that we provide. This can take many forms; developing new varieties, new brands, new packaging or the introduction of new products entirely. Equally, innovations in managing journey to the marketplace can play a critical role in transforming the consumer's experience of fresh produce. Committed to differentiating both our products and the service we supply, Total Produce applies resources right across the supply chain to ensure that we remain at the very forefront of change in the fresh produce industry.

More information on pages 22 and 23

CASE STUDY: SPAIN

Grupo Eurobanan Launches Isla Bonita 'Avocado Light', with 30% less fat content

The consumption of avocados has grown exponentially in recent times. With a view to harnessing the potential of the avocado still further, Grupo Eurobanan, Total Produce's partner company in Spain, has launched the 'Avocado Light' under its Isla Bonita brand.

Isla Bonita is Grupo Eurobanan's flagship brand in the production, importation and marketing of tropical and exotic fruits. According to data from the Spanish Federation of Fruit and Vegetable Producers and Exporters, 34,000 tonnes of avocados were imported into Spain in 2012; four years later, this increased to 73,000 tonnes, more than double. While consumption of avocados continues to grow, so too does consumers' recognition of the need to adopt a healthier lifestyle and a more balanced diet.

In launching 'Avocado Light' Grupo Eurobanan is seeking to offer consumers an alternative – an opportunity to rediscover the avocado and a way to enjoy this fruit at different times of the day in a lighter way. The Isla Bonita 'Avocado Light' contains 30% less fat and is 100% natural, offering a healthier alternative without compromising on the great taste of a regular avocado.

The launch of Avocado Light followed a development process spanning over five years, during which time the ideal breed, variety and climatic growing conditions were identified. 'Avocado Light' is marketed alongside the seal of the Food and Health Programme of the Spanish Heart Foundation (PASFEC), as a product with reduced fat content, and is available in retailers across Spain.

For more information on Isla Bonita Avocado Light, visit: www.aguacatelight.com

CASE STUDY: SPAIN

Grupo Eurobanan Develops Virtual Assistant for Fresh Produce Managers

The performance of a fresh produce department in-store is largely dependent on the quality and presentation of the fruit & vegetables on sale.

As category partners to retailers across Europe and North America, Total Produce is committed to contributing innovative solutions to ensure that our fresh produce reaches the consumer in pristine condition. To this end, Spanish partner Grupo Eurobanan has developed a novel new 'Virtual Assistant' for fresh produce managers designed to help in identifying, diagnosing and advising on quality issues which might affect sales in-store.

How It Works

First, the user takes a photograph of an item of fresh produce with a specific issue on their smartphone. Secondly the image is processed in 2D to identify it and is matched against a produce database using image recognition technology. Then, the captured image is compared with a library of images of the same fruit or vegetable with defects (e.g. over-ripeness) and the device offers a recommendation to the user based on its analysis of the likely cause of the issue at hand.

It is envisaged that the Virtual Assistant will help in educating fresh fruit and vegetable department managers about common defects and measures to prevent them, reduce costs and the environmental impact arising from waste, improve the aesthetic presentation of fresh produce in-store, increase shelf-life, enhance overall quality and ripeness of the fruit on display and, through a combination of all these measures, ultimately contribute to increased sales and fresh produce consumption.

CASE STUDY: SWEDEN

Pioneering Consumer Research Initiative

Total Produce Nordic Invests In 'Kostministeriet' Pioneering Consumer Research Initiative

KOST MINISTERIET

A prerequisite for innovation is an understanding of customer motivations. In 2017, Total Produce Nordic invested in Kostministeriet, an independent initiative dedicated solely to improving people's health by increasing the consumption of fresh produce. At its foundation is a report compiled with Kairos Future, an international research company, to find out why Swedish citizens consume less produce than recommended levels.

Unprecedented in scope, the report is the most extensive study ever compiled on Swedish people's consumption of produce, sampling more than 10,000 respondents between the age 18 and 74. The research also entailed extensive social media analysis to track what consumers say about produce online and a review of a wide cross-section of authoritative scientific reports.

The report identified how fresh produce consumption reflects wider social and demographic trends and emphasised the need to educate and inspire consumers and facilitate convenience and accessibility. Going forward, Kosministeriet's mission will be, in association with other key stakeholders, to democratise the consumption of produce by increasing the availability of fruit and to increase the population's understanding and expertise in relation to fruits and vegetables.

Respon

Corporate Social Responsibility and the pursuit of sustainable production and commercial practices lie at the heart of Total Produce's business model.

We are committed to pursuing best practice throughout our organisation and to at all times conducting our business in a responsible, inclusive and constructive manner.

Few would argue that the pursuit of sustainability is the challenge of our time. This is particularly true for the fresh produce sector. After all, what could be more fundamental than ensuring the responsible production of the food that we eat? For our industry, preservation of the trust and confidence associated with fresh fruits and vegetables is of pivotal importance.

In Total Produce, our understanding of the nature of our responsibilities to each of our stakeholders is unambiguous. As a customer orientated organisation, the delivery of premium quality, safe, traceable produce to the consumer must always remain our primary concern. We recognise also though the responsibilities inherent in the pursuit of this goal, most notably to the emerging and developing nations from which we source, and more specifically to our local and global partners in production. This responsibility extends beyond the growers and their people to the environment in which they operate. We are also committed to meeting our broader social and commercial responsibilities to our own employees and shareholders – as we are to our wider social obligations to the communities we serve across the global marketplace.

More information on pages 26 to 29

The Double Pyramid

Produced by the Barilla Centre for Food and Nutrition, the Double Pyramid has become a widely accepted tool for the communication of sustainable diets, reminding us of the importance of our food choices in terms of health and the environment.

The Double Pyramid shows us how those foods of low environmental impact are the same foods that nutritionists advise us to consume the most, while those with a higher ecological footprint are those that should be consumed in moderation. For those of us in the fresh produce industry it serves as a reminder of the virtues of the products we sell, the opportunities for increasing consumption and the importance of reducing still further the impact of our operations on the environment.

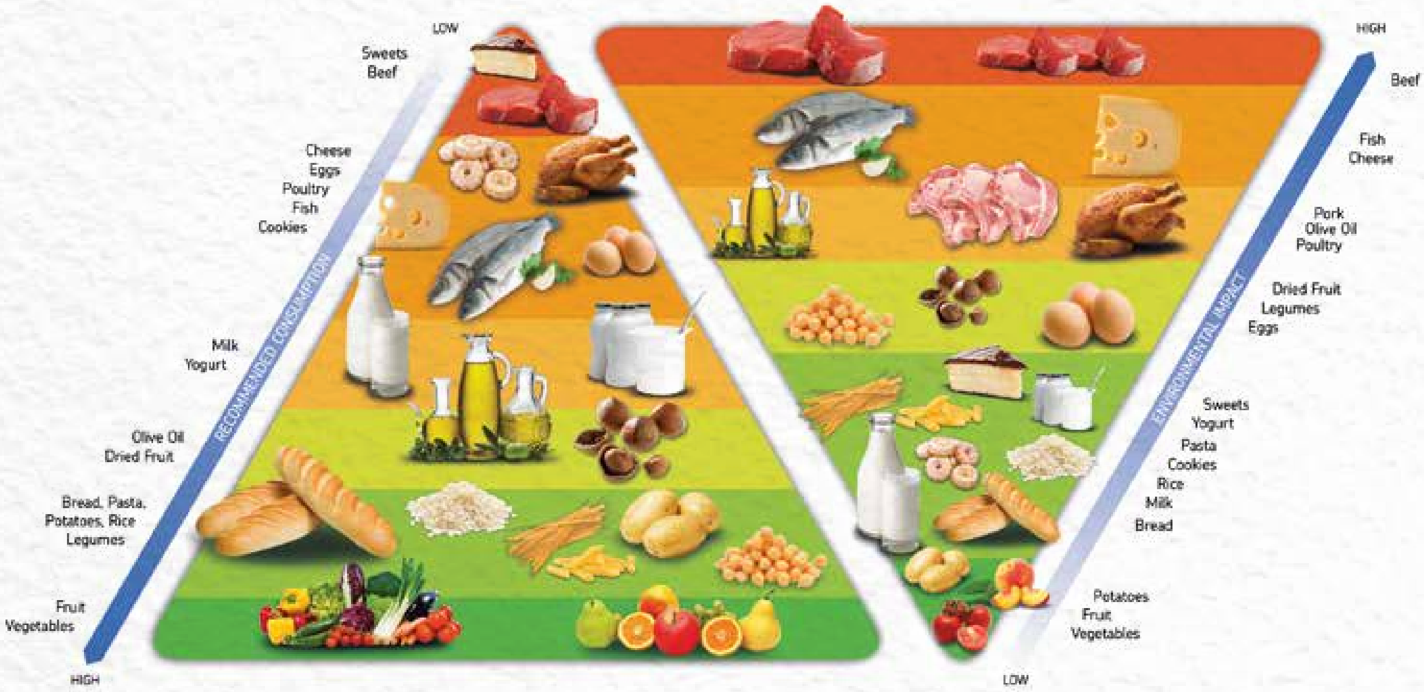
Barilla Center FOR FOOD & NUTRITION

* Source: "Double Pyramid 2016 – A More Sustainable Future Depends On Us." www.barillacfn.com

The Double Pyramid

Food pyramid*

Environmental pyramid*



"Fresh produce – the most nutritious foodstuff with the least environmental impact"

CASE STUDY: ORIGIN GREEN

Total Produce Becomes Verified Member of Origin Green

2017 saw Total Produce apply to become a verified member of Origin Green. Overseen by Bord Bia (the Irish Food Board), Origin Green is Ireland's national sustainability accreditation and is a programme through which leading Irish food producers and distributors are recognised for adhering to best international practices in Sustainability and Corporate Social Responsibility.

Achieving verified status involved the production and independent verification of a nationwide sustainability plan, benchmarking current performance and targeting ongoing improvements in raw material sourcing, manufacturing processes and social sustainability. Over eight months, a dedicated team from across Total Produce's operations completed our first Origin Green plan: collating, documenting and presenting a variety of sustainability projects and initiatives in place across our Group. The plan was submitted in September 2017 after which it was subjected to independent analysis. In January 2018 Total Produce received official confirmation of our accreditation as a verified member of Origin Green.

Reducing Carbon Emissions

In what was a first in Irish agri-business, as part of our Origin Green commitments, Total Produce in 2017 partnered with our logistics partner in Ireland to convert a fleet of eight 40 foot lorries from conventional diesel fuel to BIO LPG Autogas. This conversion typically yields immediate and dramatic dividends in environmental terms. When compared to a regular diesel fuelled lorry, each vehicle delivers:

- A reduction in diesel consumption of up to 35%;
- A reduction in noise pollution of up to 10%;
- A reduction in greenhouse gas emissions of up to 48%;
- A reduction in NOx emissions of up to 45%.

To find out more about Origin Green, visit: www.origingreen.ie

CASE STUDY: JUNIOR ACHIEVERS IRELAND

Contributing to the Community-Total Produce Partners Junior Achievers Ireland

Junior Achievement Ireland (JAI) is an initiative whereby professionals from successful Irish businesses are brought into local schools to teach basic skills to students and act as role models for the next generation of budding entrepreneurs.

The programme encourages young people to remain in education and helps them develop the skills they need to succeed in a changing world.

JAI programmes help to create a culture of enterprise within the education system. It aspires to help young people prepare for the world of work, giving them skills in communications and preparing for interviews. Financial literacy programmes enable students to explore how to manage, protect and make the most of future salaries and as we move towards a knowledge-based economy. JAI also brings science and maths skills to thousands of young students across Ireland. Programmes begin at primary school level, teaching children how they can impact the world around them as individuals, workers and consumers and continues through to secondary school, right up to age 18, preparing students for their future careers.

In addition to corporate sponsorship of the scheme, Total Produce employees have volunteered to be 'Business Volunteers' who are trained by JAI to go into schools to teach students valuable life and business lessons, the importance of education and study and, as importantly, to share their own experiences. Each volunteer is required to teach one class a week for six weeks.

In supporting JAI, our hope is not only to contribute to the communities in which we trade but also to inspire the students participating in the Junior Achievers initiative. We hope also that for our employees participation will provide an opportunity to express themselves, contribute to their community and garner rewarding experiences outside the confines of the workplace.

To find out more about Junior Achievers Ireland, visit: www.jai.ie

CASE STUDY: ARGOFRUTA

Total Produce's Sponsorship Of Argofruta Bears Fruit

Argofruta, a producer and exporter of premium quality exotic produce from Brazil, joined the Total Produce Group in 2016. In 2017 Total Produce and Argofruta together established the Argofruta Foundation – a body dedicated to funding and administering social initiatives on the ground in Brazil.

The creation of the Argofruta foundation reflects our joint commitment to responsible environmental, social and governance practices and illustrates our understanding of how our long term relationship with the environment and important stakeholders such as communities, employees, suppliers and customers can enhance our business. The initiative focuses on four areas:

- Employee and local community needs.
- The natural environment.
- Direct customer concerns.
- Final consumer needs.

An important first step in the work of the Foundation was the establishment of The Argofruta daycare project which creates the physical space and opportunity for children and families to interact, play, learn and develop skills that very often are not encouraged at home or in school but which are worthwhile for the whole community, such as sustainable development, diversity and solidarity.

30 children of Argofruta workers attend each day with classes split across two shifts, morning and afternoon, to complement the childrens' schoolwork. Two meals are provided per day and dental and medical support is provided. Activities include storytelling, arts, music, gardening, games and recreational activities. Argofruta and Total Produce fund 100% of the cost for the physical space for this project while contributions from stakeholders across the supply chain also contribute to the monthly costs for teachers, food and materials.

Best Practice Across Our Operations

Total Produce has the appropriate risk management procedures in place to ensure that we comply with the highest standards in relation to food safety regulations.

In addition, Total Produce, through its subsidiaries, has established Codes of Best Practice with which it requires direct suppliers to comply. These are designed to reduce any potential negative impact of agricultural production on the environment and to ensure safe working conditions and fair treatment for workers in compliance with internationally accepted labour standards.

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

The Total Produce Group is also a member of SEDEX (The Social and Ethical Data Exchange), a body dedicated to the auditing of global producers to ensure ethical trading practices are adhered to.

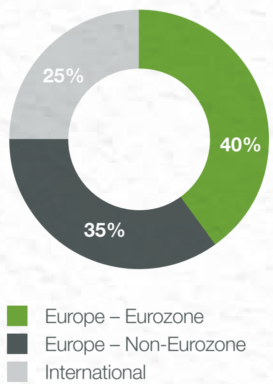
In Total Produce, we recognise that our responsibilities concerning Corporate Social Responsibility are ongoing. We are committed to being pro-active and constructive in addressing all Corporate Social Responsibility matters and to actively participate in industry forums on social, ethical, environmental and health & safety issues.

A strong performance in 2017

"Total Produce has delivered strong results in 2017 with the benefit of acquisitions and a circa 4% like-for-like growth in revenue."

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

2017 Third Party Revenue by Division



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

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

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

EUROPE – EUROZONE

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

EUROPE – NON-EUROZONE

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

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

INTERNATIONAL

This segment includes the Group's businesses in North America, South America and India. Revenue increased by 95% to €1,062m (2016: €544m) with adjusted EBITA increasing 64.5% to €14.8m (2016: €9.0m). The results 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 Group's initial 35% interest was equity accounted as an associate interest. In addition there were two further acquisitions in North America in 2017. While on a like-for-like basis overall volumes have increased from prior year, the overall result was held back by lower pricing in certain categories and unusual weather conditions which affected product quality particularly in some parts of our tomato, berry and potato supply. In addition to adverse climatic conditions that affected some product categories, Oppy also incurred start-up losses in a new soft fruit growing partnership.

ACQUISITIONS AND DEVELOPMENTS

A key part of the Group's strategy is growth by acquisition. In line with this strategy the Group made a number of acquisitions and investments in 2017 with committed investments of €53.4m, including contingent consideration payable of €4.8m on the achievement of future profit targets. The acquisitions and investments are strategically important to the Group. Further details on acquisitions in the year are outlined in the Chairman's Statement on pages 4 and 5.

In January 2018, we also completed the development of our new Danish central distribution facility south of Copenhagen. This 15,400 square metre facility includes 6 different temperature zones, 26 banana ripening rooms, 4 stone fruit ripening rooms and a dedicated packing area to offer product exactly to specifications required by customers. The opening of this facility demonstrates our ongoing 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.

As also outlined in the Chairman's Statement, the agreement post year-end on 1 February 2018 to acquire a 45% equity stake in Dole brings together two of the world's largest fresh produce companies. We look forward to working closely with the highly regarded Dole management team and bringing together two industry leaders, creating a combined Group with increased scale and geographic and product diversification.

R P Byrne
Chief Executive
1 March 2018

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

Strong earnings and dividend growth

"The Group continued to generate strong earnings and cash flows in 2017 and is well positioned to fund further growth."

SUMMARY OF RESULTS
Total revenue, adjusted EBITA and adjusted fully diluted earnings per share grew by 13.9%, 13.3% and 11.7% respectively. The Group continued to generate strong cash flows with free cash flow of €34.3m generated in 2017.

Summary of Income Statement

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

	2017 €'000	2016 €'000
Revenue including share of joint ventures and associates	**4,286,231**	3,762,405
Adjusted EBITDA[1]	**104,441**	94,822
Depreciation charge[2]	**(20,897)**	(21,080)
Adjusted EBITA[1]	**83,544**	73,742
Acquisition related intangible asset amortisation charges (includes the Group's share within joint ventures and associates)	**(12,959)**	(10,232)
Fair value movements on contingent consideration	**4,174**	(73)
Acquisition related costs within subsidiaries	**(897)**	(922)
Share of joint ventures and associates net financial expense	**(1,058)**	(481)
Share of joint ventures and associates income tax	**(3,182)**	(4,473)
Operating profit before exceptional items	**69,622**	57,561
Exceptional items	**8,610**	(1,409)
Operating profit after exceptional items	**78,232**	56,152
Net financial expense	**(5,754)**	(5,524)
Profit before tax	**72,478**	50,628
Income tax expense	**(10,971)**	(11,324)
Profit after tax	**61,507**	39,304
Attributable to:		
Equity holders of the parent	**47,826**	28,536
Non-controlling interests	**13,681**	10,768
	61,507	39,304

	2017 cent	2016 cent
Adjusted fully diluted earnings per share[1]	**13.48**	12.07
Basic earnings per share	**14.80**	8.91
Fully diluted earnings per share	**14.68**	8.80

1 Key performance indicators are defined on page 10.

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

Key Performance Indicators

	2017
Revenue growth	**13.9%**
Adjusted fully diluted EPS growth	**11.7%**
Adjusted EBITDA growth	**10.1%**
Adjusted EBITA growth	**13.3%**
Adjusted EBITA margin	**1.95%**
Interest cover (adjusted EBITA: net financial expense)	**14.5 times**
Net debt/adjusted EBITDA	**1.1 times**
Adjusted operating cash flow	**€53.8m**
Free cash flow	**€34.3m**

Financial Review (continued)

Revenue, Adjusted EBITA and Operating Profit

An analysis of the factors influencing the changes in revenue, adjusted EBITA and operating profit is provided in the Operating Review on pages 30 to 31.

Translation of Foreign Currencies

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

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

In 2017 there were movements in some of the major currencies in the Group against the Euro, the Group's reporting currency. In particular the average Pound Sterling, US Dollar and Swedish Krona weakened by 8.1%, 2.5% and 1.9% respectively. These various movements in currency led to a negative impact on the retranslation of 2017 revenues and earnings of the foreign currency denominated operations into Euro.

At 31 December 2017, the closing exchange rates for Brazilian Real, US Dollar, Canadian Dollar, Pound Sterling and Swedish Krona rates had weakened by 15.8%, 13.9%, 6.3%, 4.1% and 2.7% respectively against the Euro. This was partly offset by the strengthening of the Czech Koruna by 5.5% when compared to the exchange rates that prevailed at 31 December 2016. The various movements in closing exchange rates led to a net loss on the retranslation of the opening net assets to the closing rate. This was offset by foreign currency movements on foreign currency denominated borrowings which are used to hedge net assets of foreign currency denominated subsidiaries, joint ventures and associates. The net translation adjustment was recorded in a separate translation reserve within equity.

Net Financial Expense

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

Amortisation of Acquisition Related Intangible Assets

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

Exceptional Items

Exceptional items in the year amounted to a net credit of €8.6m before tax (2016: a charge of €1.4m). A gain of €12.4m arose on the remeasurement to fair value of the Group's initial 35% associate investment in the Oppy group. A settlement accounting credit of €4.1m was recognised as a result of the buyout of defined benefit obligations of members in a number of the Irish defined benefit schemes and a gain of €1.2m was recognised on disposal of property. Offsetting these was a €9.1m goodwill impairment charge. The charge in 2016 relates to a €5.2m goodwill impairment in a sports nutrition business offset by a €3.8m gain relating to property and leasehold interests. Please refer to Note 7 in the accompanying financial statements for further information in respect of these items.

Profit Before Tax and Adjusted Profit Before Tax

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

	2017 €'000	2016 €'000
Profit before tax per the income statement	**72,478**	50,628
Adjustments		
Exceptional items (Note 7)	**(8,610)**	1,409
Share of joint ventures and associates income tax	**3,182**	4,473
Acquisition related intangible asset amortisation within subsidiaries	**10,499**	7,675
Share of joint ventures and associates acquisition related intangible asset amortisation	**2,460**	2,557
Fair value movements on contingent consideration	**(4,174)**	73
Acquisition related costs within subsidiaries	**897**	922
Adjusted profit before tax	**76,732**	67,737

Taxation

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

As set out in the table below, excluding deferred tax credits related to the amortisation of intangible assets and the tax effect of exceptional items, the underlying tax charge for the year was €19.4m (2016: €16.7m), equivalent to an underlying rate of 25.3% (2016: 24.7%) when applied to the Group's adjusted profit before tax.

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

Non-Controlling Interests Share of Profit After Tax

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

Earnings per Share

Adjusted fully diluted earnings per share increased by 11.7% to 13.48 cent per share (2016: 12.07 cent) in the year assisted by the incremental contribution from acquisitions. Management believes that adjusted fully diluted earnings per share, which excludes exceptional items, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration and related tax on these items, provides a fairer reflection of the underlying trading performance of the Group.

Basic earnings per share and diluted earnings per share after these non-trading items amounted to 14.80 cent per share (2016: 8.91 cent) and 14.68 cent per share (2016: 8.80 cent) respectively.

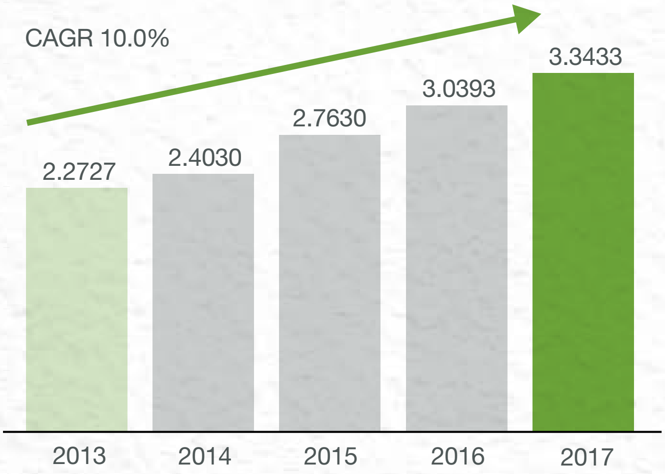
Note 10 of the accompanying financial statements provides details on the calculation of the respective earnings per share amounts.

Financial Review (continued)

Dividend

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

Dividend per Share



Summary Balance Sheet

	2017 €'m	2016 €'m
Tangible fixed assets	**174.6**	153.8
Goodwill and intangible assets	**281.1**	220.5
Investments (mainly joint ventures and associates)	**107.1**	93.5
Working capital and other	**5.5**	(5.4)
Contingent and deferred consideration	**(34.6)**	(46.9)
Put option liability	**(39.0)**	(21.2)
Post-employment benefit obligations (net of deferred tax)	**(19.1)**	(31.8)
Taxation (excluding deferred tax on employee benefit liabilities)	**(22.9)**	(15.2)
Net debt	**(113.1)**	(48.4)
Net assets	**339.6**	298.9
Shareholders' equity	**259.8**	226.3
Non-controlling interests	**79.8**	72.6
Shareholders' equity and non-controlling interests	**339.6**	298.9

Net assets have increased by 13.6% in the year to €339.6m (2016: €298.9m) and shareholders' equity increased by 14.8% to €259.8m (2016: €226.3m).

Shareholders' Equity

Shareholders' equity increased by €33.5m (14.8%) to €259.8m at 31 December 2017. Profit after tax of €47.8m attributable to equity shareholders and remeasurement gains of €4.7m (net of deferred tax) on post-employment benefit schemes were principally offset by a currency translation loss of €2.7m on the retranslation of the net assets of foreign currency denominated operations to Euro and the payment of dividends of €10.1m to equity shareholders of the Company.

	2017 €'m	2016 €'m
Balance as at 1 January as presented in the balance sheet	**226.3**	238.8
Adjust for non-controlling interests subject to put options transferred for presentation purposes	**(20.2)**	–
Balance at 1 January	**206.1**	238.8
Profit for the year attributable to equity shareholders	**47.8**	28.5
Other comprehensive income attributable to equity shareholders		
Remeasurement gains/(losses) on post-employment benefit schemes (net of deferred tax)	**4.7**	(19.7)
Net revaluation gains on property, plant and equipment (net of deferred tax)	**3.9**	1.9
Net losses on the translation of net assets of foreign currency denominated operations	**(2.7)**	(8.3)
Other	**0.5**	(0.8)
Total other comprehensive income directly attributable to equity shareholders	**6.4**	(26.9)
Total comprehensive income for the year, net of tax	**54.2**	1.6
Buyback of own shares	**–**	(6.0)
New shares issued	**2.6**	1.8
Share based payment expense	**0.6**	0.4
Dividends paid to equity shareholders	**(10.1)**	(9.1)
Recognition of put options over non-controlling interest shares	**(25.1)**	(20.5)
Remeasurement of put option liability	**3.5**	(0.2)
Other	**1.2**	(0.7)
Total transactions with equity holders of the parent	**(27.3)**	(34.3)
As at 31 December	**233.0**	206.1
Transfer of non-controlling interests subject to put options for presentation purposes	**26.8**	20.2
Balance as at 31 December as presented in the balance sheet	**259.8**	226.3

As detailed on page 62, total income attributable to ordinary shareholders in the year was €47.8m (2016: €28.5m).

Total other comprehensive income attributable to equity shareholders of €6.4m (2016: €26.9m loss) which is recognised directly in reserves through the statement of other comprehensive income, includes remeasurement gains on post-employment benefit schemes, revaluation gains on own use property and net losses on the translation of the net assets of foreign currency denominated operations.

The share of remeasurement gains on post-employment benefit schemes, net of deferred tax, attributable to equity shareholders recognised directly in reserves through the statement of other comprehensive income in the year was €4.7m (2016: losses of €19.7m). As part of the Group's annual revaluation of its own use land and buildings, the share of property revaluation gains, net of tax attributable to equity shareholders for the year was €3.9m (2016: €1.9m). Refer to Note 11 of the accompanying financial statements for further information on revaluation of land and buildings.

As referred to earlier, there was a negative movement on the retranslation of the net assets of foreign currency denominated subsidiaries, joint ventures and associates to Euro (the Group's reporting currency) at 31 December 2017 resulting in a net foreign currency loss of €2.7m (2016: €8.3m) attributable to equity shareholders. This net movement was inclusive of translation gains on foreign currency borrowing designated as net investment hedges of foreign currency denominated operations. This annual translation adjustment can be positive or negative depending on the movement between the opening and the closing exchange rates.

During the year the Group paid €10.1m (2016: €9.1m) in dividends to equity shareholders consisting of the 2016 final dividend payment and the 2017 interim dividend. In 2017, the Group received €2.6m (2016: €1.8m) from the issue of shares on the exercise of employee share options.

As detailed in Notes 27 and 30 of the accompanying financial statements, 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 recognised represents management's best estimate of the fair value of the amounts which may be payable discounted to net present value. This liability is recognised in a put option reserve attributable to the equity holders of the parent. In 2017, the fair value of such put options recognised relating to current period acquisitions was €25.1m (2016: €20.5m). As outlined in the Group accounting policies on page 71, where the non-controlling shareholder retains a present ownership interest in shares subject to a put option or a forward commitment, the Group applies the partial recognition of non-controlling interest method for put options and forward commitments. The non-controlling interest subject to the put option is therefore recognised in the traditional manner and is transferred against the put liability reserve for presentation purposes in the balance sheet. The transfer at 31 December 2017 was €26.8m (2016: €20.2m).

Financial Review (continued)

Employee Benefit Obligations

	2017 €'m	2016 €'m
Employee defined benefit pension schemes obligations (before deferred tax)	**(16.7)**	(37.8)
Other post-employment obligations	**(5.3)**	–
	(22.0)	(37.8)

Employee Defined Benefit Pension Schemes

	2017 €'m	2016 €'m
Net liability at the beginning of the year	**(37.8)**	(17.2)
Net interest expense and current service cost recognised in the income statement	**(2.3)**	(3.2)
Exceptional credit recognised in the income statement	**6.7**	–
Employer contributions to the schemes	**4.3**	5.0
Employer contributions to the schemes – ETV	**6.3**	–
Remeasurement gains/(losses) recognised in other comprehensive income	**5.7**	(23.8)
Arising on acquisition of subsidiaries	**(0.2)**	–
Foreign exchange movement	**0.6**	1.4
Net defined benefit pension liability at the end of the year	**(16.7)**	(37.8)
Net related deferred tax asset	**2.9**	6.0
Net defined benefit pension liability at the end of the year after deferred tax	**(13.8)**	(31.8)

The table above summarises the movements in the net liability of the Group's various defined benefit pension schemes in Ireland, the UK, Continental Europe and North America in accordance with IAS 19 *Employee Benefits (2011)*. The Group's balance sheet at 31 December 2017 reflects net pension liabilities of €16.7m (2016: €37.8m) in respect of schemes in deficit, resulting in a net deficit of €13.8m (2016: €31.8m) after deferred tax.

The current and past service costs and the net finance expense on the net scheme liabilities are charged to the income statement. Remeasurement gains and losses are recognised in other comprehensive income. In determining the valuation of pension obligations, consultation with independent actuaries is required. The estimation of employee benefit obligations requires the determination of appropriate assumptions such as discount rates, inflations rates and mortality rates.

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

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

Funds Flow

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

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

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

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

	2017 €'m	2016 €'m
Adjusted EBITDA	**104.4**	94.8
Deduct adjusted EBITDA of joint ventures and associates	**(22.6)**	(22.1)
Net financial expense and tax paid	**(22.6)**	(17.3)
Other	**(3.1)**	(1.7)
Adjusted operating cash flows before working capital movements	**56.1**	53.7
Working capital movements	**(2.3)**	(9.5)
Adjusted operating cash flows	**53.8**	44.2
Routine capital expenditure net of routine disposal proceeds	**(18.9)**	(15.3)
Dividends received from joint ventures and associates	**8.2**	8.3
Dividends paid to non-controlling interests	**(8.8)**	(6.8)
Free cash flow	**34.3**	30.4
Cash flows from exceptional items	**0.5**	3.0
Acquisition payments, net[1]	**(44.7)**	(44.2)
Net (debt)/cash assumed on acquisition of subsidiaries	**(23.9)**	0.8
Contingent and deferred consideration payments	**(9.3)**	(4.8)
Subsidiary now a joint venture	**(6.7)**	–
Disposal of trading assets	**2.1**	6.4
Non-routine capital expenditure/property additions	**(22.6)**	(7.8)
Dividends paid to equity shareholders	**(10.1)**	(9.1)
Buy-back of own shares	**–**	(6.0)
Other	**2.3**	0.6
Total net debt movement in year	**(78.1)**	(30.7)
Net debt at beginning of year	**(48.4)**	(18.1)
Foreign currency translation	**13.4**	0.4
Net debt at end of year	**(113.1)**	(48.4)

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

Net Debt and Group Financing

As outlined above, net debt during the year increased from €48.4m to €113.1m due principally to acquisitions (including debt assumed) and development capital expenditure. At 31 December 2017, the Group had available cash balances including bank deposits of €100.2m and interest-bearing borrowings (including overdrafts) of €213.3m. Net debt to adjusted EBITDA was 1.1 times and interest was covered 14.5 times by adjusted EBITA, both comfortably within existing bank covenants.

Average net debt for 2017 was €142.1m (2016: €95.9m). In addition, the Group has non-recourse trade receivables financing at 31 December 2017 of €39.1m (2016: €43.0m).

As also outlined in the Chairman's Statement on pages 4 and 5, post year-end on 1 February 2018 the Group signed an agreement to acquire a 45% equity stake in Dole Food Company. The Group has fully committed acquisition financing in place to fund the acquisition. On 1 February 2018, 63 million new ordinary shares were issued through a share placing at a price of €2.30 per share, raising gross proceeds of €145 million or c.$180 million (before expenses) to finance the acquisition.

Summary

In summary the Group in 2017 continued its track record of generating strong growth in earnings with an 11.7% increase in adjusted earnings per share and a 10% increase in total dividend for 2017 along with increased cash flow generation. This Group has a robust balance sheet with available credit facilities to fund future growth.

F J Davis
Finance Director
1 March 2018

Board of Directors and Secretary

Carl McCann (64)

Chairman, BBS, MA, FCA

Carl McCann was appointed Chairman of Total Produce on 30 December 2006. Prior to this, Carl previously held the role of Chairman of Fyffes plc. He joined Fyffes in 1980 where he held a number of senior positions including that of Vice Chairman before he was appointed Chairman in 2003. He is also Chairman of Balmoral International Land Holdings plc and is a director of a number of other companies.

Rory Byrne (57)

Chief Executive, B Comm, FCA

Rory Byrne was appointed as Chief Executive of Total Produce on 30 December 2006. Prior to this, Rory was the Managing Director of the Fyffes General Produce division from 2002 and was appointed to the position of Executive Director in 2006. Rory has extensive experience in the fresh produce industry, having joined Fyffes in 1988 and has held a number of senior positions within Fyffes including Finance Director of the Group's UK business and Managing Director of its Spanish operations.

Frank Davis (58)

Finance Director, LLB, MA, FCCA, BL, FCIArb

Frank Davis was appointed to the position of Finance Director and to the Board of Total Produce on 1 August 2009 having previously held the roles of Company Secretary/Chief Financial Officer from 30 December 2006. Prior to this, Frank was the Finance Director of the General Produce division of Fyffes plc from 2002 to 2006. Frank joined Fyffes in 1983 having previously worked in practice and in industry. He has held a number of senior accounting and financial positions in Fyffes, including that of Finance Director of the Irish and UK produce operations. An accountant by profession, he is also a qualified barrister-at-law (Honorable Society of King's Inn) and a Fellow of the Chartered Institute of Arbitrators.

Frank Gernon (64)

Director, FCCA

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

Rose Hynes (60)

Non-Executive, BCL, AITI

Rose Hynes was appointed to the Board on 28 November 2006. Since her appointment she has been Chairman of the Group Compensation Committee and a member of the Audit and Nomination Committees, and the nominated Senior Independent Non-Executive Director. She will retire from the Nomination Committee following the conclusion of the AGM on 31 May 2018. Rose, a lawyer, is Chairman of Origin Enterprises plc and Chairman of Shannon Group plc. She is also Director of a number of other companies. Rose previously held senior executive positions with GPA Group plc.

Jerome Kennedy (69)

Non-Executive, FCA

Jerome Kennedy was appointed to the Board on 28 November 2006. Since his appointment he has been Chairman of the Audit Committee. The Chairmanship of the Audit Committee will rotate to S J Taaffe following the conclusion of the AGM on 31 May 2018. He is also a member of the Compensation and Nomination Committees. Jerome is a board member of Green REIT plc and is a Non-Executive Director of a number of other private companies. Previously, Jerome was managing partner of KPMG Ireland and a board member of KPMG Europe from 1995 to 2004 until his retirement from KPMG in 2004.

Seamus Taaffe (67)

Non-Executive, B Comm, FCA

Seamus Taaffe was appointed to the Board on 12 October 2012 and on 25 October 2012 was appointed to the Audit Committee. He will be appointed Chairman to the Audit Committee with effect from 31 May 2018. He will also be appointed a member of the Nomination Committee with effect from 31 May 2018. Previously, Seamus was a senior partner in KPMG where he was responsible for the audit of and advising a wide range of listed and mid-market companies until he retired on 30 April 2009. Seamus is also a Non-Executive Director of Independent News & Media plc and a number of private Irish companies and organisations.

Kevin Toland (52)

Non-Executive, FCMA

Kevin Toland was appointed to the Board as a Non-Executive Director on 1 July 2015. Kevin is currently CEO of Aryzta plc and was previously the CEO of daa plc, which operates the Dublin and Cork airports, Aer Rianta international and daa international, the international airport group. Kevin is also an IBEC board member and previously held senior executive positions with a number of international companies.

Jacinta Devine (45)

Company Secretary, FCA

Jacinta Devine was appointed to the position of Company Secretary of Total Produce on 1 June 2017 having previously held the role of Assistant Company Secretary. Jacinta is also the Divisional Finance Director of Ireland and UK. Prior to the formation of Total Produce, Jacinta joined Fyffes in 1996 and since this time has held a number of senior accounting and financial positions.

Directors' Report

The Directors present their report to the shareholders, together with the audited financial statements of the Group and Company, for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Total Produce plc is one of the largest fresh produce distributors in the world with operations in 26 countries. A detailed business review is included in the Operating Review on pages 30 and 31 and in the Financial Review on pages 32 to 39, including an analysis of the key performance indicators used to measure performance. These are defined as revenue, margin, volume, average price and adjusted EBITA. Pages 12 to 15 of this report details the key business and financial risks faced by the Group.

PROFIT

Details of the profit for the year are set out in the income statement for the year ended 31 December 2017 on page 62.

DIVIDEND

An interim dividend of 0.8906 cent (2016: 0.8096 cent) per share was paid on 13 October 2017. The Directors have proposed, subject to shareholder approval at the Annual General Meeting ('AGM'), the payment of a final dividend for 2017 of 2.4527 cent (2016: 2.2297 cent) per share. If approved, the dividend will be paid on 1 June 2018 to shareholders on the register at 4 May 2018, subject to dividend withholding tax. The total dividend of 3.3433 cent per share for 2017 represents an increase of 10% on the total 2016 dividend of 3.0393 cent per share.

FUTURE DEVELOPMENTS

A review of future developments of the business is included in the Chairman's Statement on pages 4 and 5.

DIRECTORS AND COMPANY SECRETARY

The names of the persons who were Directors during the year are set out below. There were no changes to Directors during the year. Marie Reid changed roles within the Group during the year and was succeeded as Company Secretary by Jacinta Devine on 1 June 2017.

Executive:

C P McCann
R P Byrne
F J Davis
J F Gernon

Non-Executive:

R B Hynes
J J Kennedy
S J Taaffe
K E Toland

Company Secretary

J F Devine (appointed on 1 June 2017)
M T Reid (changed roles within the Group and resigned as Company Secretary on 1 June 2017)

In accordance with the Constitution of the Company R P Byrne, F J Davis and S J Taaffe retire from the Board by rotation and, being eligible, offer themselves for re-election at the 2018 AGM.

DIRECTORS INTERESTS

Details of the Directors share interests and interests in share options of the Company and Group companies are set out in the Compensation Committee Report on pages 52 to 56.

POST BALANCE SHEET EVENTS

Investment in Dole Food Company

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

In addition, and at any time after closing of the First Tranche, the Group has the right, but not the obligation, to acquire (in any one or more tranches of 1%) up to an additional 6% of Dole common stock (the 'Second Tranche'). The Group has no present intention to exercise its option to acquire the Second Tranche. In the event the Group exercises the right to acquire the additional 6% the total cash consideration for the 51% stake would 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 9x the three year average historical Dole Adjusted EBITDA less net debt. However, in no event shall the Third Tranche purchase price be less than $250 million or exceed $450 million (such cap subject to increase after six years). The Third Tranche consideration is payable in cash or, if the parties mutually agree, Total Produce stock.

From the fifth anniversary of completion of the 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.

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

The Group has committed acquisition financing in place to secure funding of the acquisition of the First Tranche with a balance of equity and bank financing. As detailed below, the Group raised c.$180 million from a share placing on 1 February 2018 with the balance to be 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.

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 and until an exercise of the Third Tranche.

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

Share Placing

On 1 February 2018 a total of 63 million new ordinary shares were issued at a price of €2.30 per share, raising gross proceeds of €145 million or c.$180 million (before expenses) to finance the Dole transaction. The 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).

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

SUBSTANTIAL HOLDINGS

The issued share capital of Total Produce plc at 31 December 2017 consisted of 324,829,462 ordinary shares (excluding 22,000,000 treasury shares). As noted above, following the admission of 63,000,000 ordinary shares in a share placing the total number of ordinary shares in issue at 5 February 2018 was 387,829,462 (excluding 22,000,000 treasury shares).

Each share has a nominal value of 1 cent. All shares, other than treasury shares, have equal voting and dividend rights.

The Directors have been notified of the following significant interests in the issued ordinary share capital of the Company as at 28 February 2018:

	Number of ordinary shares	%
Balkan Investment Company and related parties (*including Arnsberg Investment Company*)	49,016,821	12.64%
Franklin Templeton Institutional LLC	36,757,700	9.48%
GMT Capital Corp	24,391,871	6.29%
BNP Paribas Investment Partners SA	18,370,816	4.74%
FMR LLC	18,340,664	4.73%
Invesco Limited	14,110,685	3.64%

Except as disclosed above, the Group has not received any notification from any person confirming that such person is interested, directly or indirectly, in 3% or more of the issued share capital (excluding treasury shares) of the Company, nor is it aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Group.

DIRECTORS' INTERESTS IN CONTRACTS
None of the Directors had a beneficial interest in any material contract to which the Company or any of its subsidiaries was a party during the year. One of the Directors had an indirect interest in the Group's investment in a joint venture and this is noted in Note 33 of the accompanying financial statements.

ACQUISITION OF COMPANY'S OWN SHARES
There were no share buybacks during the year. In the prior year, on 27 January 2016, the Group completed the €20,000,000 share buyback program that commenced on 9 October 2015 with a total of 14,017,270 ordinary shares being purchased and cancelled. Within this program during January 2016, the Group acquired 4,073,872 of its own ordinary shares at an aggregate cost of €5,899,000 plus costs of €74,000. The total cost of €5,973,000 was reflected as a reduction in retained earnings. The repurchased ordinary shares were cancelled with the nominal value of the cancelled shares, €41,000 being credited to the undenominated capital reserve.

TREASURY SHARES
At 31 December 2017, the total number of treasury shares amounted to 22,000,000 ordinary 1 cent shares at a cost of €8,580,000 (2016: 22,000,000 1 cent shares at a cost of €8,580,000). These shares represent 6.34% (2016: 6.41%) of the ordinary shares in issue at 31 December 2017. In respect of these treasury shares all rights (including voting and dividend rights) are suspended until those shares are reissued and therefore they are not included in the earnings per share calculations.

PRINCIPAL RISKS AND UNCERTAINTIES
The Board has overall responsibility for the Group's system of risk management and internal control. Details of the structures in place are set out on pages 12 to 15. These have been designed to manage rather than eliminate risk of failure to achieve business objectives and reasonable but not absolute assurance against material misstatement or loss.

Under Irish company law, the Group and Company are required to give a description of the principal risks and uncertainties which they face. These principal risks are set out within the Risk and Risk Management section on pages 12 to 15.

ACCOUNTING RECORDS
The Directors believe that they have complied with the requirements of Sections 281-285 of the Companies Act, 2014, with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at 29 North Anne Street, Dublin 7, Ireland.

RELEVANT AUDIT INFORMATION
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

AUDIT COMMITTEE
The Group has established an Audit Committee. The responsibilities of the Audit Committee are outlined on page 50.

DIRECTORS COMPLIANCE STATEMENT
It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014 and Tax laws ('relevant obligations'). In discharging their responsibilities under Section 225, the Directors relied on the advice of third parties whom the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations. The Directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies with regard to such compliance;
- appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations have been put in place; and
- a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

POLITICAL DONATIONS
During the current and prior year, the Group and Company did not make any donations disclosable in accordance with the Electoral Act, 1997.

AUDITOR
The auditor, KPMG, Chartered Accountants, will continue in office in accordance with Section 383(2) of the Companies Act, 2014. As in 2017, their continuation in office will be subject to a non-binding advisory vote at the 2018 AGM.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
Information on the Group's principal subsidiaries, joint ventures and associates is included in Note 39 of the accompanying financial statements.

ANNUAL GENERAL MEETING
The 2018 AGM will be held at 10.30 a.m. on Thursday 31 May 2018 in the Marker Hotel, Grand Canal Square, Docklands, Dublin 2. Full details of the 2018 AGM together with explanations of the resolutions to be proposed will be contained in the Notice of the AGM which will be circulated to shareholders in April 2018.

On behalf of the Board

C P McCann
Chairman
28 February 2018

F J Davis
Finance Director
28 February 2018

Corporate Governance Report

CORPORATE GOVERNANCE STATEMENT

The Board of Total Produce plc is firmly committed to business integrity, high ethical values and professionalism in all of its activities and operations. The Board recognises the importance of maintaining the highest standards of corporate governance and that it is accountable to its shareholders in this regard. Companies whose shares are traded on the AIM and ESM markets are not subject to mandatory compliance with corporate governance codes. However the Company provides the following voluntary disclosures and has undertaken to design appropriate corporate governance arrangements having regard to the Company's size and the markets on which its shares are traded. This Corporate Governance Report, together with the Audit and Compensation Committees' reports on pages 50 to 56, describe the corporate governance arrangements in place.

THE BOARD OF DIRECTORS

Total Produce plc is led by a strong and effective Board of Directors. The Directors of the Company comprise the following individuals:

Executive:

C P McCann	*Executive Chairman*
R P Byrne	*Chief Executive*
F J Davis	*Finance Director*
J F Gernon	*Director*

Non-Executive:

R B Hynes	*Senior Independent Non-Executive Director, Chairman of the Compensation Committee*
J J Kennedy	*Chairman of the Audit Committee (J J Kennedy will be succeeded by S J Taaffe on rotation of the Chairmanship following conclusion of the AGM on 31 May 2018)*
S J Taaffe	*S J Taaffe will be appointed Chairman of the Audit Committee effective 31 May 2018*
K E Toland	

Total Produce considers that the structure of its Board is appropriate for the AIM and ESM markets on which its shares are traded and as a smaller listed company, allowing for an efficient decision making process. All of the Directors have fiduciary responsibilities to shareholders. In addition, the Executive Directors are responsible for the operation of the business while the Non-Executive Directors bring independent objective judgment to bear on Board decisions by constructively challenging management and helping to develop and execute the Group's strategic objectives.

Each of the Executive Directors has extensive knowledge of the fresh produce industry, in addition to wide-ranging business skills and commercial acumen. This is complemented by the broad industry expertise and background of the Non-Executive Directors. The Board as a whole is therefore well placed to address any major challenges for Total Produce should they arise. All of the Directors bring an objective judgment to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct.

Effective governance is fostered by the separation of the roles of the Executive Chairman and the Chief Executive, as this division of responsibilities at the head of the Group ensures a balance of power and authority. The Executive Chairman has overall responsibility for Group strategy and to see that the Group achieves a satisfactory return on investment for shareholders. He oversees the operation and effectiveness of the Board and ensures appropriate interaction between it, executive management and the Company's shareholders. The Chief Executive is responsible for developing and delivering the Group's strategy, and ensuring, along with the Finance Director, that the Directors receive accurate, timely and clear information, and is accountable for the overall performance and day-to-day management.

In light of the Group's continued expansion, the Board intends to add another Non-Executive Director during 2018. The Chairmanship of the Audit Committee is being rotated and S J Taaffe will succeed J J Kennedy with effect from the conclusion of the AGM on 31 May 2018. R B Hynes will retire from the Nomination Committee and S J Taaffe will be appointed to the Nomination Committee with effect from the conclusion of the AGM on 31 May 2018.

Board members are selected (refer to Nomination Committee terms of reference overleaf) because of their relevant experience, and appropriate training is available to them whenever necessary. Arrangements exist for new Directors to receive a full, formal and tailored induction into the Group's activities and into the operation and procedures of the Board on their appointment.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Board has determined all of the Non-Executive Directors to be independent. In arriving at its conclusion, the Board considered many factors including, inter alia, whether any of the Non-Executive Directors:

- has been an employee of the Group within the last five years;
- has, or had within the last three years, a material business relationship with the Group;
- receives remuneration from the Group other than a director's fee;
- has close family ties with any of the Group's direct advisers, Directors or senior employees;
- holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the board for more than nine years from the date of their first election.

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

Each of the Non-Executive Directors brings considerable business experience and independent challenge to the Board's deliberations and an unfettered perspective to their advisory and monitoring roles.

The Board considers that the four independent Non-Executive Directors are sufficient to maintain the balance between Executive Directors and Non-Executive Directors on the Board.

The terms and conditions relating to the appointment of the Non-Executive Directors are available for inspection at Charles McCann Building, Rampart Road, Dundalk, Co. Louth, during normal office hours.

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

R B Hynes is the Senior Independent Non-Executive Director.

OPERATION OF THE BOARD

The Board met regularly throughout the financial year with seven scheduled Board meetings, in addition to which meetings are called as and when warranted by matters arising. Attendance at scheduled Board and Committee meetings during the year was as follows:

	Board	Audit Committee	Compensation Committee	Nomination Committee
Number of scheduled meetings	**7**	**4**	**3**	**1**
C P McCann	7	–	3*	1
R P Byrne	7	–	1*	1
F J Davis	7	4*	–	–
J F Gernon	7	4*	3*	–
R B Hynes	7	4	3	1
J J Kennedy	7	4	3	1
S J Taaffe	7	4	–	–
K E Toland	7	–	–	–

* In attendance only.

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

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

The Board has identified and formally adopted a schedule of key matters that are reserved for its decision, including the annual budgets, half-yearly and preliminary results announcements, the Annual Report, interim and final dividends, the appointment or removal of Directors and the Company Secretary, circulars to shareholders, Group treasury policies and capital expenditures and acquisitions in excess of €20 million. Certain other matters are delegated to Board Committees, the details of which are set out overleaf.

There is an agreed Board procedure enabling Directors to take independent professional advice, in the furtherance of their duties, at the Company's expense. Each Board member has access to the impartial advice and the services of the Company Secretary, who is responsible to the Board for ensuring that appropriate procedures are followed. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Company has put in place a Directors' and Officers' liability insurance policy.

The Constitution of the Company requires that one-third of the Board must, by rotation, seek re-election at the AGM each year.

EVALUATION OF PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

On an annual basis, the Board evaluates its own performance and that of its Committees and of each individual Director. The Board considers that the objectivity brought to bear by the Non-Executive Directors combined with the experience of the Executive Directors is key to ensuring that the evaluation is robust.

In assessing the performance of the Board in 2017, the Directors considered such matters as the appropriateness of its composition, its effectiveness in developing Group strategy, its contribution to managing the Group's business and operational risks, its response to developing issues and its communications with the Group's stakeholders.

In assessing the performance of the committees of the Board, the Directors considered the appropriateness of their composition and terms of reference, their effectiveness in fulfilling their roles and their interaction with the Board.

Corporate Governance Report (continued)

The assessment of the performance of individual Directors included consideration of their contribution to the effective functioning of the Board, the appropriateness of their knowledge, skill and experience levels and their commitment to their roles. In addition, the Non-Executive Directors meet without the Chairman annually to appraise the effectiveness of the Chairman.

The Chairman summarised the outcome of these evaluation processes and reported them to the Board. The Board concluded that the Board, the Directors and its Committees were effective in the performance of their duties.

BOARD COMMITTEES

There are three principal Board committees, the Audit, the Compensation and the Nomination Committees.

Audit Committee

Full details of the composition, terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 50 and 51.

Compensation Committee

Details of the composition and terms of reference of the Compensation Committee, which has responsibility for the remuneration of the Executive Directors and monitoring the remuneration of senior management, are set out in the Compensation Committee Report on pages 52 to 56.

Nomination Committee

The current members of the Nomination Committee (the 'Committee') are C P McCann (Chairman), R P Byrne, R B Hynes and J J Kennedy. R B Hynes will retire from the Committee and S J Taaffe will be appointed to the Committee with effect from the conclusion of the AGM on 31 May 2018. A majority of the Committee's members cannot be considered independent. However, considering the size of the Board, a 50:50 split is considered appropriate by the Board. The terms of reference of the Committee, which are available on request from the Company Secretary, are to evaluate the balance of skills, knowledge and experience of the Board, to consider the need for any new or additional appointments, where necessary to prepare a list of potential candidates and forward the names of potential candidates to the Board for its consideration and, if appropriate, approval.

The Committee regularly assesses the Board's composition, the Board members and the various Board roles. The Committee has further examined the Group succession plans and concluded that they are appropriate.

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

INTERNAL CONTROLS AND THE MANAGEMENT OF RISK

The Board has overall responsibility for the Group's system of risk management and internal control. These are designed to manage rather than eliminate the risk of failure to achieve business objectives. Details in relation to the structures in place are set out in the Risk and Risk Management report on pages 12 to 15.

COMMUNICATION WITH SHAREHOLDERS AND THE AGM

Communication with shareholders is given a high priority by Total Produce plc. The Group recognises the importance of maintaining regular dialogue and meetings with shareholders to ensure the Group's strategy and performance is understood.

The Group communicates with its shareholders by way of the AGM and the Annual Report and Financial Statements. The Group publishes its preliminary and interim results presentations on its website (www.totalproduce.com). Stock Exchange announcements in respect of trading updates and corporate activity are similarly published on the website.

In addition, the Group communicates with its institutional shareholders through investor meetings and analysts' briefings throughout the year and particularly at the time of announcement of the preliminary and interim results.

The Executive Directors and Non-Executive Directors are kept informed on investor issues and the outcome of meetings with shareholders through reports and regular updates.

The Chairman is available to discuss strategy and governance with major shareholders. The Chairman and the Senior Independent Non-Executive Director are available to address concerns with shareholders which cannot be addressed through normal channels.

A business presentation is provided at the Company's AGM followed by a question and answer forum which offers shareholders the opportunity to question the Board. The AGM is valued by the Board as an occasion where individual shareholders' views and suggestions can be noted and considered by the Directors.

Details of proxy voting are announced in respect of each resolution considered at the AGM or at any EGM. The Company will arrange for the Notice of the 2018 AGM and related papers to be sent to shareholders at least 20 clear working days in advance of the meeting.

ACCOUNTABILITY AND AUDIT

The contents of the Annual Report including the Operating Review, the Financial Review, the Directors' Report and Financial Statements (in addition to Stock Exchange announcements, Preliminary Results Announcements, and Interim Results Announcements) have been reviewed by the Board in order to ensure a balanced and clear presentation so that the Group's position and results may be properly appreciated by shareholders.

The Board considers that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

A summary of Directors' responsibilities in respect of the financial statements is given on page 58. The system of internal controls and risk management established to safeguard the Company's assets is set out in pages 12 to 15. The Audit Committee, whose composition and functions are described on pages 50 to 51, has considered, in conjunction with the external auditor, the accounting policies adopted in the financial statements and has evaluated the internal controls that have been established within the Group and concluded that they are appropriate.

ENVIRONMENTAL MANAGEMENT, CORPORATE RESPONSIBILITY AND ETHICAL TRADING INITIATIVES

The European Commission has published recommendations governing the recognition, measurement and disclosure of environmental issues in the annual reports of companies. Although the provisions of the recommendations are not binding on the Group in the conduct of its business, the Group recognises its social responsibility and endorses the growing trend towards environmental accountability.

The Group actively promotes best business practices and standards that seek to enhance the health, education and conditions of workers and their families and to universally encourage the use of sustainable farming methods by its suppliers. Further information on this can be found in our Corporate Social Responsibility Report on pages 24 to 29.

GOING CONCERN

The Directors are satisfied that the Company, and the Group as a whole, 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. Further information can be found in the viability statement on page 15.

Audit Committee Report

MEMBERSHIP

The members of the Audit Committee (the 'Committee'), all of whom are independent Non-Executive Directors, are J J Kennedy (Chairman), R B Hynes and S J Taaffe. The Chairmanship of the Committee is being rotated and S J Taaffe will succeed J J Kennedy with effect from the conclusion of the AGM on 31 May 2018. Biographical details for these directors are set out on pages 40 to 41.

The Board is satisfied that the members of the Committee have recent and relevant experience and a mix of skills and expertise in commercial, financial and audit matters arising from the positions they hold or have held in other organisations.

ROLES & RESPONSIBILITIES

The Committee's responsibilities are set out in the terms of reference of the Audit Committee, which are available on request from the Company Secretary, and are designed to provide appropriate assurance on governance arrangements, with regard to the Company's size and the markets on which it is traded. They are summarised as follows:

1. to approve the terms of engagement and remuneration of the external auditor and to recommend to the Board, when appropriate, any change in the external auditor;
2. to agree, in advance, with the external auditor the nature and scope of their audit as set out in their audit plan;
3. to annually assess and monitor the independence, objectivity and effectiveness of the external auditor. As part of this process, the Committee reviews the implementation of its policy in relation to the provision of non-audit services by the external auditor, taking into account relevant ethical guidance;
4. to agree with the Board (and to subsequently monitor) a policy on the employment by the Group of former employees of the external auditor;
5. to review the Group's interim results and preliminary results announcements, financial information and full-year consolidated financial statements and to report to the Board on the outcome of these reviews. As part of this process, the Committee considers:
   - the appropriateness of the Group's accounting policies, including any changes in these policies;
   - any significant judgmental matters;
   - any significant adjusted and unadjusted audit differences;
   - the continuing appropriateness of the going concern assumption;
   - the contents of the Operating and Financial Reviews as set out in the Annual Report;
   - compliance with relevant financial reporting standards, and related legislative requirements; and
   - compliance with legal and Stock Exchange requirements;
6. to review any issues raised by the external auditor during the conduct of their audit. As part of this review, the Committee considers any report from the external auditor on their findings in relation to the Group's financial systems and controls, together with any management responses. In addition, the Committee reviews the representation letters required by the external auditor as part of the audit, prior to their endorsement by the Board. The Committee also meets the external auditor independently of management at least annually;
7. to review the Group's statement on internal control systems and the risk management framework, prior to endorsement by the Board;
8. to review and to report to the Board on the effectiveness of the Group's internal controls including co-ordination between the internal and external auditors and the adequacy of the internal audit function;
9. to approve, in consultation with the Chairman of the Board, the appointment and removal of the Head of Internal Audit;
10. to consider any major findings from internal investigations and the Company's response;
11. to review the Group's arrangements for employees to raise concerns, in confidence, about possible impropriety in financial reporting or other matters and to ensure there is provision for a proportionate investigation and follow-up of such matters; and
12. to review, at least annually, the Committee's own performance and terms of reference and to recommend any changes it considers necessary to the Board for approval.

MEETINGS

The Committee met four times during 2017, attendance at which is set out on page 47. The Finance Director, Executive Director and Head of Internal Audit attend all meetings of the Committee. Representatives from the external auditors would usually attend three meetings. The Company Secretary acts as secretary to the Committee and the minutes of the Committee meetings are made available to the Board. During the year, four meetings took place in advance of scheduled Board meetings at which the Chairman of the Committee provided a report to the Board on the activity of the Committee and the matters of particular relevance to the Board in the conduct of its work. Separately the Committee meets with the external auditor and the Head of Internal Audit without any members of senior management being present.

ACTIVITIES

Financial reporting and significant financial judgments

The primary role of the Committee in relation to financial reporting is to review with both senior management and the external auditor the appropriateness and integrity of the half-year and annual financial statements, the interim and preliminary results announcements and the Annual Report.

In fulfilling these responsibilities, the Committee concentrated on, amongst other matters:

- the appropriateness of the Group's accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting guidance;
- material areas in which significant judgments had been applied or where discussions had taken place with the external auditor; and
- whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced, understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

The Committee considered various reports from and discussions with management and KPMG, (the Group's external auditor), in support of the half-year and full-year financial statements and results announcements.

Internal control and risk management

The Board has delegated responsibility for the ongoing monitoring of the effectiveness of risk management and internal control to the Committee. The Committee reviewed the Group's overall approach to risk management and control, and its processes, outcomes and disclosures. In fulfilling its oversight responsibilities, the Committee met with senior members of management and the Head of Internal Audit to discuss the overall system of internal controls applied in the Group. As set out on page 12 of the Risk and Risk Management Report, risk management within the Group is co-ordinated by the Executive Risk Committee ('ERC'). The Chief Executive, as chairman of the ERC, met with the Committee to provide an update on the work completed during the year including the review of relevant findings and the consideration of operational and corporate risks. Following this meeting, the Chairman provided an update to the Board at the November Board meeting.

Internal Audit

The Head of Internal Audit attended all four meetings of the Committee during the year and presented the quarterly reports of audits performed during that period and management responses to audits completed in previous periods. The Committee reviewed the Internal Audit plan for the year and agreed its resource requirements with the Head of Internal Audit. The Committee met with the Head of Internal Audit during the year without management being present. The Committee carried out an evaluation of the performance of the internal audit function and was satisfied with the effectiveness of the function.

INDEPENDENCE OF EXTERNAL AUDITOR

It is the Committee's responsibility to monitor the performance, objectivity and independence of the external auditor, currently KPMG. During the year the Committee met with KPMG to agree the audit plan and scope for the 2017 audit. The Committee also agreed the terms of the engagement letter and approved, on behalf of the Board, the fees payable for the audit.

As part of the approval of the appointment of the external auditor, the Committee received confirmation from the external auditor that it is, in its professional judgment, independent of Total Produce plc. The Committee monitors the nature, extent and scope of non-audit services provided by the external auditor on an annual basis. In this regard, the engagement of the external auditor to provide any non-audit services, where the expected costs exceed a pre-approved limit, requires the approval of the Audit Committee.

Four key principles underpin the provision of non-audit services by the external auditor, namely that the auditor shall not:
- audit its own firm's work;
- make management decisions for the Group;
- have a mutuality of financial interest with the Group; or
- be put in the role of advocate for the Group.

The amounts paid to the external auditor during the financial year for audit and non-audit services are disclosed on page 84.

The Committee also reviewed the Group's practices in respect of the hiring of former employees of the external auditor, in order to assess whether such appointments might affect, or appear to affect, the external auditor's independence, and where appropriate approve such appointments.

KPMG has been the Group's external auditor firm since the formation of the Group in December 2006 (following the de-merger from Fyffes plc). The external auditor is required to rotate the audit partner responsible for the Group every five years. The current audit partner has been in place for three years. During the year, the Committee carried out its annual assessment of the effectiveness of the external audit process and considered the tenure, quality and fees of the auditor.

The Committee concluded that it continued to be satisfied with the performance of KPMG who remain effective, objective and independent and that a tender for audit work is not necessary at this time. On this basis, the Committee recommended to the Board that KPMG be re-appointed as the Group's external auditor for a further year. The Board accepted the Committee's recommendation and a non-binding resolution to confirm the re-appointment of KPMG as external auditor will be put to shareholders at the forthcoming AGM in May 2018.

EVALUATION OF THE AUDIT COMMITTEE

The Board evaluated the performance of the Committee and the Committee carried out a self-assessment of its performance, and each concluded that the Committee was performing effectively.

Compensation Committee Report

COMPOSITION AND TERMS OF REFERENCE OF COMPENSATION COMMITTEE

The members of the Compensation Committee ('the Committee'), both of whom are independent Non-Executive Directors, are R B Hynes (Chairman) and J J Kennedy. Both members bring significant expertise to their roles on the Committee due to their broad commercial and professional experience over many years as Directors of other publicly listed companies. These Directors have no financial interest and no potential conflicts of interest, other than as shareholders, in the matters to be decided, arising from cross-directorships and no day-to-day involvement in the running of the business.

The terms of reference, which are available on request from the Company Secretary, of the Committee are as follows:

- to establish the Company's policy on Executive Directors' remuneration;
- to establish the terms of service agreements, remuneration packages and employment conditions of Executive Directors;
- review the ongoing appropriateness and relevance of the remuneration policy;
- the objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- within the terms of the agreed policy and in consultation with the Executive Chairman to determine the total individual remuneration package of each Executive Director including bonuses, incentive payments and share options or other share awards;
- where appropriate to recommend to shareholders the establishment of long term incentive schemes, to set appropriate performance targets for such schemes, to define the basis of participation in such schemes and to determine the grant of awards under such schemes;
- to approve the granting of share options to Executive Directors and employees and to determine whether the conditions as set out in Clause 7 of the December 2006 share option scheme have been achieved;
- to ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- in determining such packages and arrangements, give due regard to any relevant legal requirements, the recommendations in the UK Code and the Listing Rules of the AIM/ESM and associated guidance;
- to monitor the level and structure of remuneration for senior management as determined by the Board; and
- to review and note annually the remuneration trends across the Company and Group.

The Executive Chairman of Total Produce plc is consulted about the remuneration of other Executive Directors and the Committee is authorised to obtain access to professional advice, if deemed appropriate. The Committee can recommend changes to the remuneration structure for senior management.

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

REMUNERATION POLICY

Total Produce is an international group of companies with activities in 26 countries. The Group's policy on Executive Directors' remuneration is designed to ensure that employment and remuneration conditions for senior executives reward, retain and motivate them to perform in the best interests of shareholders.

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

The recurring elements of the remuneration package for Executive Directors are basic pensionable salary, director fees, benefits, annual bonuses, short term incentive plan and contributions to pension. It is the policy of the Company that the net amount of awards to Executive Directors under the short term incentive plan after deduction for relevant taxes payable, are receivable in Total Produce shares, which together with the grant of options to Executive Directors encourages identification with shareholders' interests.

EXECUTIVE DIRECTORS' BASIC SALARY AND BENEFITS

Basic salaries of Executive Directors are reviewed annually by the Committee with regard to personal performance, Group performance and competitive market practice.

ANNUAL BONUS AWARDS

The Group provides annual bonus awards, excluding the short term incentive plan, to Executive Directors. The level of these bonus awards in any one year will depend on an assessment of individual performance and the overall performance of the Group. The bonus awards, save in exceptional circumstances, are limited to 200% of the aggregate of a Director's fee for Board memberships and basic salary. The bonus awards are subject to the approval of the Committee.

SHORT TERM INCENTIVE PLAN

The Committee approved a short term incentive plan (the 'Total Produce plc short term incentive plan') for Executive Directors effective for the year ending 31 December 2017 based on achievement of separately agreed performance measures for the Group for the year ending 31 December 2017.

Performance Measure	Minimum Award	Maximum Award
Growth in adjusted earnings per share over previous year	5% of the aggregate of director fees and basic salary for EPS growth of 5%	33% of the aggregate of director fees and basic salary for EPS growth of 15%
Growth in average share price for the year over the average share price for the previous year	5% of the aggregate of director fees and basic salary for growth in average share price of 5%	33% of the aggregate of director fees and basic salary for growth in average share price of 15%
Total shareholder return ('TSR') benchmarked against a comparator group of 16 other companies	10% of the aggregate of director fees and basic salary for achievement of median TSR	34% of the aggregate of director fees and basic salary for achievement of 75th percentile TSR

The Committee awarded €1,234,000 in payments for the year ended 31 December 2017 (2016: €1,190,000), of which €923,000 (2016: €908,000) is payable in shares which are to be purchased and held by an employee benefit trust for the benefit of the individual participants and cannot normally be disposed of for a period of at least five years from the date of purchase. The balance of €311,000 (2016: €282,000) shall be payable in cash to settle relevant taxes. On 9 March 2017, 465,289 ordinary shares of 1 cent each were purchased by the Total Produce plc Employee Benefit Trust at market value on behalf of the Executive Directors in respect of the 2016 award of €908,000. A short term incentive plan is in place for the year ending 31 December 2018.

An Executive participating in the short term incentive plan is not eligible for a grant of an award under the employee share option scheme during the term of the plan.

The Non-Executive Directors are not eligible to participate in this scheme.

PENSIONS

The Committee has approved an arrangement under which the Executive Directors have agreed to cap their pension entitlements in line with the provisions of the Finance Acts 2006 and 2011 and receive a supplementary, taxable non-pensionable cash allowance or a contribution to a defined contribution scheme in lieu of the prospective pension entitlements foregone.

In 2006, the Chairman, C P McCann, agreed to cap his pension in line with the provisions of the Finance Act, 2006 and receive a supplementary, taxable non-pensionable cash allowance in lieu of the prospective pension entitlements foregone. No amounts were paid in either 2017 or 2016.

In 2011, new arrangements were entered into with the other Executive Directors whereby they have agreed to cap their pension entitlements on a similar basis. The actual cash allowances or contributions to a defined contribution scheme in lieu of the prospective pension entitlements foregone for 2017 are detailed in Note 2 on page 54. In the case of all Directors whose pension entitlements have been capped, pensions are calculated to provide for two thirds of the aggregate of director fees and basic pensionable salary to the date of opt out with benefits in respect of dependants continuing to accrue. The supplementary cash allowances have been reduced to allow for increases in dependants' benefits that accrued during the year.

As explained in more detail in Note 31 as part of its strategy to de-risk its exposure to defined benefit pension schemes, the Group during the year made an Enhanced Transfer Value ('ETV') offer to all active and deferred members of the Irish defined benefit pension schemes to transfer their accumulated accrued benefits from the defined benefit pension schemes and instead receive a transfer value above the statutory minimum value to buyout the obligations. As F J Davis has reached his Personal Fund Threshold ('PFT') the Group has offered him a non-pensionable payment of €891,000. On acceptance of the offer all associated defined benefit pension obligations in respect of F J Davis have been removed.

EMPLOYEE SHARE OPTION SCHEME

It is the Group's policy to grant share options as an incentive to enhance performance and to encourage employee share ownership in the Company. The current employee share option scheme was approved in December 2006. The percentage of share capital which can be issued under the scheme and individual limits comply with institutional guidelines.

At 31 December 2017, options had been granted but not yet exercised or lapsed over 6,275,000 (2016: 10,089,700) ordinary shares at prices ranging from €0.60 to €1.55 or 1.81% (2016: 2.94%) of the issued ordinary share capital. At end of 2017 there were no options granted to Executive Directors (2016: 1,840,000 options). During the year 1,840,000 share options were exercised by the Executive Directors, further details of which are included in the Directors' interests in share options disclosed on page 56. No new options were granted to Executive Directors in 2017.

EMPLOYEE PROFIT SHARING SCHEME

The Company has an employee profit sharing scheme under which the trustees of this scheme purchase shares in the market on behalf of employees of the Group. In December 2017, 19,724 ordinary 1 cent shares were purchased by the trust at market value on behalf of the Executive Directors under this scheme in respect of 2017. The shares appropriated to the Executive Directors are included in the Directors' share interests disclosed on page 55. Non-Executive Directors do not participate in this scheme.

Compensation Committee Report (continued)

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

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

DIRECTORS' REMUNERATION
The Directors' remuneration for the year was as follows:

	Executive Directors		Non-Executive Directors		Total	
	2017 €'000	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000
Basic salaries and director fees	**1,490**	1,432	**286**	275	**1,776**	1,707
Annual bonus awards	**989**	799	**–**	–	**989**	799
Other benefits	**38**	38	**–**	–	**38**	38
Pension contributions/related payments	**282**	265	**–**	–	**282**	265
Remuneration	**2,799**	2,534	**286**	275	**3,085**	2,809
Short Term Incentive Plan					**1,234**	1,190
Total					**4,319**	3,999
Number of Directors (average)	**4**	4	**4**	4	**8**	8

Under the short term incentive plan a €1,234,000 (2016: €1,190,000) award was made to Executive Directors. Of this award, €923,000 (2016: €908,000) is to be applied in the purchase of shares in Total Produce plc which will be held by a Trustee for the benefit of the individual Directors and cannot normally be disposed of for a period of at least five years from date of purchase. The balance of €311,000 (2016: €282,000) was payable in cash to settle relevant taxes. See page 55 for further details.

In accordance with IFRS 2 *Share-based Payments*, an expense of €Nil (2016: €Nil) has been recognised in the income statement in respect of share options granted in the past to Executive Directors.

	Salary and director fees €'000	Annual bonus awards €'000	Other Benefit[3] €'000	Pension contributions or related payments €'000	Total 2017 €'000	Total 2016 €'000
Executives						
C P McCann[1, 2]	**520**	**208**	**19**	**–**	**747**	736
R P Byrne[2]	**500**	**550**	**–**	**175**	**1,225**	1,038
F J Davis[2]	**340**	**205**	**19**	**107**	**671**	606
J F Gernon[2]	**130**	**26**	**–**	**–**	**156**	154
	1,490	**989**	**38**	**282**	**2,799**	2,534
Non-Executives						
R B Hynes	**80**	**–**	**–**	**–**	**80**	77
J J Kennedy	**78**	**–**	**–**	**–**	**78**	75
S J Taaffe	**72**	**–**	**–**	**–**	**72**	69
K E Toland	**56**	**–**	**–**	**–**	**56**	54
	286	**–**	**–**	**–**	**286**	275
Remuneration					**3,085**	2,809
Short Term Incentive Plan					**1,234**	1,190
Total					**4,319**	3,999

1 C P McCann is also the Chairman of Balmoral International Land Holdings plc ('Balmoral'). In accordance with the terms of the Business Transfer Agreement between Total Produce plc and Balmoral, Total Produce plc recharged an agreed portion of his employment costs (excluding bonus) to Balmoral to reflect the allocation of his time between these two roles. All amounts reflected above represent the portion of his remuneration attributable to Total Produce plc, and is net of agreed recharges to Balmoral.

2 Other than the ETV program as disclosed on page 53 no benefits accrued under the Group's defined benefit pension scheme during 2017 or 2016 and no pension contributions were made on behalf of the Executive Directors to the scheme as their benefits under this scheme are now limited for reasons explained on page 53. As a result, the Compensation Committee approved cash payments or contributions to a defined contribution pension of €175,000 and €107,000 (2016: €165,000 and €100,000) respectively to R P Byrne and F J Davis to compensate each of the Directors for the value of their defined benefit pension entitlements foregone, net of employer's social insurance contributions. No payments were made to C P McCann or J F Gernon.

3 Other benefits above for Executive Directors relate entirely to motor expenses.

SHORT TERM INCENTIVE PLAN

As explained on page 53, the Committee awarded €1,234,000 in payments to Executive Directors for the year ended 31 December 2017, of which €923,000 is payable in shares which are to be purchased and held by the trustees of the Total Produce plc short term incentive plan for the benefit of the individual participants and cannot normally be disposed of for a period of at least five years from the date of purchase. The balance of €311,000 shall be payable in cash to settle relevant taxes. The awards to individual Executive Directors were as follows: C P McCann (€472,000), R P Byrne (€454,000) and F J Davis (€308,000).

The Committee awarded €1,190,000 in payments to Executive Directors for the year ended 31 December 2016, of which €908,000 were paid in shares on 9 March 2017. On this date the trustees of the Total Produce plc short term incentive plan purchased a total number of 465,289 ordinary shares of Total Produce plc. The ordinary shares are held by the Trust on behalf of the Directors, and cannot normally be disposed of for a period of at least five years from the date of purchase. The details of shares allotted to individual Directors are as follows: C P McCann (239,832 shares), R P Byrne (121,860 shares) and F J Davis (103,597 shares).

PENSION ENTITLEMENTS OF EXECUTIVE DIRECTORS

The pension benefits attributable to the Executive Directors during the year, and the total accrued pensions at the end of the year, where applicable, were as follows:

Executive Directors	**Increase in accrued pension during 2017[(a)] €'000**	**Transfer value of increase during 2017[(b)] €'000**	**Total accrued pension at 31 Dec 2017[(c)] €'000**	Increase in accrued pension during 2016[(a)] €'000	Transfer value of increase during 2016[(b)] €'000	Total accrued pension at 31 Dec 2016[(c)] €'000
R P Byrne	**–**	**–**	**143**	–	11	143
F J Davis	**–**	**–**	**–**	–	7	116
	–	**–**	**143**	–	18	259

(a) The increase in accrued pension during the year excludes inflation. No net increase accrued in the year to any Director as the inflationary increase each Director would have received reduced the value of the pension benefits by more than the increase in value of dependants' pension benefits accrued.

(b) The transfer value of the increase in accrued pension has been calculated based on actuarial advice. These transfer values do not represent sums paid or due, but are the amounts that the pension scheme would transfer to another pension scheme in relation to the benefits accrued in the year, in the event of a member of the scheme leaving service.

(c) This represents the pension which would be paid annually, on retirement date based on service to the end of this accounting period. At 31 December 2017, the pension payable to F J Davis is €Nil as he has elected to take the ETV offer effective December 2017 as explained on page 53.

DIRECTORS SHARE INTERESTS

The interests of the Directors in the issued share capital of Total Produce plc at 31 December 2017 together with their interests at 31 December 2016 are shown below:

	Number of Ordinary shares at 31 December 2017	Number of Ordinary shares at 31 December 2016
Directors		
C P McCann	**4,408,085**	3,963,638
R P Byrne	**2,541,691**	2,215,107
F J Davis	**1,769,494**	1,562,897
J F Gernon	**1,389,771**	1,257,771
R B Hynes	**50,000**	50,000
J J Kennedy	**50,000**	50,000
S J Taaffe	**50,000**	50,000
K E Toland	**50,000**	50,000

All of the above interests were beneficially owned.

Interests of company secretary

The total interest, including the share options held by the Secretary of the Company in office at 31 December 2017 amounts to an interest of less than 1% of the issued voting share capital of Total Produce plc. The Company is therefore availing of the exemption under Section 260 of the Companies Act 2014 not to disclose the Company Secretary's interest in the issued share capital of Total Produce plc at 31 December 2017 and 31 December 2016.

Compensation Committee Report (continued)

DIRECTORS' AND COMPANY SECRETARY'S INTERESTS IN SHARE OPTIONS

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

	Options held at 31/12/16	Granted	Exercised	**Options held at 31/12/17**	Exercise price	Earliest date from which exercisable (if vested)	Expiry date
C P McCann	275,000	–	(275,000)[1]	**–**	0.65	20/09/2010	19/09/2017
	300,000	–	(300,000)[1]	**–**	0.60	05/03/2011	04/03/2018
R P Byrne*	275,000	–	(275,000)[1]	**–**	0.65	20/09/2010	19/09/2017
	300,000	–	(300,000)[1]	**–**	0.60	05/03/2011	04/03/2018
J F Gernon	200,000	–	(200,000)[1]	**–**	0.65	20/09/2010	19/09/2017
	190,000	–	(190,000)[1]	**–**	0.60	05/03/2011	04/03/2018
F J Davis	160,000	–	(160,000)[1]	**–**	0.65	20/09/2010	19/09/2017
	140,000	–	(140,000)[1]	**–**	0.60	05/03/2011	04/03/2018
J F Devine	125,000	–	–	**125,000**	0.669	26/03/2016	25/03/2023
	125,000	–	–	**125,000**	1.55	10/03/2019	09/03/2026

[1] The Directors exercised these share options on 30 May 2017 and they sold sufficient shares in the Company at a price of €2.01 per share to cover all taxes and exercise costs associated with the exercise and purchase of their respective option shares.

* By virtue of Chapter 5 of Part 5 of the Companies Act, 2014, R P Byrne is deemed to have a non-beneficial interest in options granted over 125,000 shares with an exercise price of €0.669 per share and over 125,000 shares with an exercise price of €1.55 per share.

The market price of the Company's shares at 31 December 2017 was €2.56 and the range during 2017 was €1.76 to €2.56. There have been no movements in the share interests or interests in share options of the Directors between the year-end and 28 February 2018. Options granted are only exercisable when the adjusted earnings per share figure, in respect of the third or any subsequent accounting period after the end of the base year (i.e. accounting period preceding the date of the grant), is greater than the adjusted earnings per share figure for the base year by a percentage which is not less than (on a year-on-year basis) the annual percentage increase in the consumer price index plus 5% compounded during that period.

Financial Statements

FINANCIAL STATEMENTS

Statement of Directors Responsibilities in Respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law and in accordance with AIM/ESM Rules, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law and have elected to prepare the Company financial statements in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2014.

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

In preparing each of the Group and Company financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Company comply with the provision of the Companies Act 2014. The directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

C P McCann
Chairman
28 February 2018

F J Davis
Finance Director
28 February 2018

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

1 OPINION: OUR OPINION IS UNMODIFIED

We have audited the financial statements of Total Produce plc for the year ended 31 December 2017 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Statement of Cash Flows and the related notes, including the accounting policies outlined on pages 69-78. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and, as regards the Company financial statements as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2017 and of its profit for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the EU as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA). We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

(i) Group: Goodwill and Intangibles €281.1 million (2016: €220.5 million)

Refer to accounting policy on page 72 and financial statement disclosures in Note 13.

The key audit matter	How the matter was addressed in our audit
There is a risk in respect of the carrying value of the Group's goodwill and intangible assets if future cash flows are not sufficient to support the Group's investments. This could be due to changes in market preferences or customer demand and the level of cost inflation in certain markets. We focus on this area due to the materiality of the carrying value of goodwill and intangible assets and the inherent uncertainty involved in forecasting and discounting future cash flows.	*We considered the appropriateness of the key judgments made in the determination of the value in use calculations for each CGU. We assessed the Group's valuation models and calculations by:* • *checking the mathematical accuracy of the model;* • *considering the historical accuracy of the Group's forecasts;* • *assessing the appropriateness of the discount rates applied in determining the value in use of each CGU;* • *assessing the reasonableness of the long-term economic growth rate applied;* • *comparing the Group's assumptions, where possible, to externally derived data as well as our own assumptions and performing sensitivity analysis on the impact of changes in these assumptions;* • *comparing the Group's market capitalisation to the carrying value of the Group's net assets.* *We also assessed whether the disclosures in relation to the key assumptions and in respect of the sensitivity of the outcome of the impairment assessment to changes in those key assumptions were appropriate.* *Based on evidence obtained, we found that management's judgments were appropriate and supported by reasonable assumptions. We found the disclosures to be adequate.*

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

(ii) Group: Acquisition accounting on business combinations, Investment in joint Ventures and associates and contingent consideration (total consideration of €68.0 million (2016: €56.7 million))

Refer to accounting policy on pages 69 to 71 and Notes 14 and 30 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group completed one significant acquisition and a number of additional acquisitions during the year as set out in Notes 14 and 30 to the financial statements. The acquired businesses comprise a number of components in multiple jurisdictions and accounting for the completed transactions involves estimating the fair value at acquisition date of the assets and liabilities of each component, including the identification and valuation, when appropriate, of intangible assets. Significant judgment has been exercised by management in establishing the initial estimate of the fair values of the identifiable assets and liabilities acquired together with the goodwill, intangible assets and deferred tax arising on acquisition in preparing their purchase price allocation. Significant judgment is also required in relation to the expectations of future contingent consideration payable.	*Our audit procedures, among others, in this area included the following:* • *inspecting the legal agreements underpinning each transaction to ensure correct classification as a subsidiary, joint venture or associate.* • *assessing the accounting entries used to record each acquisition, the acquisition date assets and liabilities of each of the acquired entities and the fair value adjustments made thereto.* • *challenging the Group's critical assumptions supported by our tax and valuation specialist: in relation to the identification and valuation of intangible assets by assessing whether all intangible assets had been appropriately identified, assessing whether the useful lives determined are appropriate and by ensuring the arithmetic accuracy of calculations underpinning the values.* • *considering the appropriateness of the methodology used to value the intangible assets; by comparing the key assumptions used to external data, where available.* • *considering whether the resulting goodwill balances appeared reasonable.* • *reviewing the disclosures made to ensure they are appropriate.* *Based on evidence obtained, we found the key assumptions used in accounting for the acquisitions and the related disclosures to be appropriate.*

(iii) Parent: Investment in subsidiaries (carrying value of €248 million (2016: €248 million))

Refer to accounting policy on page 70 and Note 41 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The investment in subsidiary undertakings are carried in the balance sheet of the parent company at cost less any impairments. There is a risk in respect of the carrying value of these investments if future cashflows and performance of these subsidiaries is not sufficient to support the Company's investments. We focus on this area due to the materiality of the amounts and the inherent uncertainty involved in forecasting and discounting future cashflows.	*Our audit procedures in this area included the following:* • *Evaluating the audit procedures performed over the subsidiaries' net assets, and comparing the carrying value of investments in the parent's accounts to the net assets within the subsidiary accounts; and* • *consideration of the audit work performed in respect of current year results of subsidiaries and the valuation of goodwill and intangible assets.* *Based on evidence obtained, we consider the carrying value of investment in subsidiaries to be appropriate.*

3 OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at €2.9 million *(2016: €2.5 million)*. This has been calculated using a benchmark of forecasted Group profit before taxation and exceptional items (of which it represents 5% *(2016: 5%)*), which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the company in assessing financial performance.

Materiality for the parent Company financial statements as a whole was set at €0.45 million, determined with reference to a benchmark of profit before tax, of which it represents 3%.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit in excess of €300,000 *(2016: €300,000)*, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The structure of the Group's finance function is such that certain transactions and balances are accounted for by the central Group finance team, with the remainder accounted for in the Group's reporting components. We performed comprehensive audit procedures, including those in relation to the significant risks set out above, on those transactions and balances accounted for at Group and component level. At a component level, audits for Group reporting purposes were performed for key identified reporting components. Our audits covered 98% of total Group revenue, and 94% of the Group's net assets.

The audits undertaken for Group reporting purposes at the key reporting components were all performed to component materiality levels. These component materiality levels were set individually for each component and ranged from €20,000 to €2,300,000. Detailed audit instructions were sent to the auditors in all of these identified locations. These instructions covered the significant audit areas to be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported to the Group audit team. The work on 10 of the 27 components *(2016: 10 of the 27 components)* was performed by Group team, including the audit of the Parent company, and the remainder were performed by component auditors.

Members of the Group audit team, including the lead engagement partner, attended (in person or by telephone conference) each divisional closing meeting at which the results of component audits within each division were discussed with divisional and Group management. Senior members of the Group audit team also visited certain component locations (including those acquired in the period) in order to assess the audit risk and strategy and work undertaken. Telephone conference meetings were also held with these component auditors and certain others that were not physically visited. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4 WE HAVE NOTHING TO REPORT ON GOING CONCERN

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5 WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The Directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the directors' report, strategic report, corporate governance report, audit committee report and compensation committee report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

6 OUR OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2014 ARE UNMODIFIED

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

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and information and returns adequate for our audit have been received from branches of the Company not visited by us. The Company's statement of financial position is in agreement with the accounting records.

7 WE HAVE NOTHING TO REPORT ON OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

8 RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 58, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at
https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf

9 THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

Conall O'Halloran
for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place, St. Stephen's Green
Dublin 2, Ireland
9 March 2018

Group Income Statement
for the year ended 31 December 2017

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

On behalf of the Board

C P McCann
Chairman

F J Davis
Finance Director

Group Statement of Comprehensive Income
for the year ended 31 December 2017

	Notes	2017 €'000	2016 €'000
Profit for the year		**61,507**	39,304
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation effects:			
– foreign currency net investments – subsidiaries		**(13,537)**	(12,189)
– foreign currency net investments – joint ventures and associates	14	**(3,866)**	629
– foreign currency gains recycled to income statement on associate becoming a subsidiary		**(1,137)**	–
– foreign currency borrowings designated as net investment hedges		**10,892**	3,496
Effective portion of changes in fair value of cash flow hedges	5	**(492)**	(43)
Deferred tax on items taken directly to other comprehensive income	29	**124**	11
		(8,016)	(8,096)
Items that will not be reclassified to profit or loss:			
Remeasurement gains/(losses) on post-employment defined benefit schemes	31	**5,708**	(23,769)
Remeasurement gains on other post-employment benefit schemes	31	**1,604**	–
Revaluation gains on property, plant and equipment, net	11	**5,356**	1,129
Deferred tax on items taken directly to other comprehensive income	29	**(3,310)**	4,679
Share of joint ventures and associates remeasurement gains/(losses) on post-employment defined benefit schemes	14	**711**	(824)
Share of joint ventures and associates deferred tax on items taken directly to other comprehensive income	14	**–**	4
		10,069	(18,781)
Other comprehensive income for the year, net of tax		**2,053**	(26,877)
Total comprehensive income for the year, net of tax		**63,560**	12,427
Attributable to:			
Equity holders of the parent		**54,193**	1,643
Non-controlling interests	21	**9,367**	10,784
		63,560	12,427

Group Balance Sheet
as at 31 December 2017

	Notes	2017 €'000	2016 €'000
Assets			
Non-current			
Property, plant and equipment	11	**167,397**	145,184
Investment property	12	**7,203**	8,585
Goodwill and intangible assets	13	**281,081**	220,490
Investments in joint ventures and associates	14	**106,421**	92,910
Other financial assets	15	**719**	649
Other receivables	18	**11,063**	7,761
Deferred tax assets	29	**13,759**	15,458
Total non-current assets		**587,643**	491,037
Current			
Inventories	16	**89,665**	61,195
Biological assets	17	**4,578**	194
Trade and other receivables	18	**365,334**	317,530
Corporation tax receivables		**4,375**	1,472
Derivative financial instruments	34	**6**	187
Bank deposits	19	**–**	2,500
Cash and cash equivalents	19	**100,247**	127,280
Total current assets		**564,205**	510,358
Total assets		**1,151,848**	1,001,395
Equity			
Share capital	20	**3,468**	3,429
Share premium	20	**150,763**	148,204
Other reserves	20	**(128,054)**	(113,707)
Retained earnings		**233,632**	188,396
Total equity attributable to equity holders of the parent		**259,809**	226,322
Non-controlling interests	21	**79,774**	72,600
Total equity		**339,583**	298,922
Liabilities			
Non-current			
Interest-bearing loans and borrowings	22	**165,649**	130,162
Deferred government grants	25	**386**	481
Other payables	24	**568**	2,021
Contingent consideration	26	**26,128**	36,746
Put option liability	27	**38,961**	21,215
Corporation tax payable		**6,286**	5,836
Deferred tax liabilities	29	**29,415**	17,915
Employee benefits	31	**22,000**	37,777
Total non-current liabilities		**289,393**	252,153
Current			
Interest-bearing loans and borrowings	22	**47,724**	47,984
Trade and other payables	24	**463,605**	389,708
Contingent consideration	26	**8,337**	9,629
Derivative financial instruments	34	**719**	569
Corporation tax payable		**2,487**	2,430
Total current liabilities		**522,872**	450,320
Total liabilities		**812,265**	702,473
Total liabilities and equity		**1,151,848**	1,001,395

On behalf of the Board

C P McCann
Chairman

F J Davis
Finance Director

Group Statement of Changes in Equity
for the year ended 31 December 2017

	Attributable to equity holders of the parent											
	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 (Note 20) €'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 taken directly to other comprehensive income	–	–	–	–	–	–	–	86	–	86	38	124
Items that will not be reclassified subsequently to profit or loss:												
Revaluation gains on property, plant and equipment, net	–	–	–	–	–	–	5,061	–	–	5,061	295	5,356
Remeasurement gains on defined benefit 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 items taken directly to other comprehensive income	–	–	–	–	–	–	(1,114)	–	(2,071)	(3,185)	(125)	(3,310)
Share of joint ventures & 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 of the parent												
New shares issued (Note 20)	39	2,559	–	–	–	–	–	(924)	924	2,598	–	2,598
Non-controlling interest arising on acquisition of subsidiary (Note 21)	–	–	–	–	–	–	–	–	–	–	10,784	10,784
Recognition of put option liability on acquisition (Note 27)	–	–	–	–	–	–	–	(25,072)	–	(25,072)	–	(25,072)
Fair value movements on put option liability (Note 27)	–	–	–	–	–	–	–	3,526	–	3,526	–	3,526
Disposal of shareholding to NCI (Note 21)	–	–	–	–	–	–	–	–	1,182	1,182	7,479	8,661
Contribution by non-controlling interest (Note 21)	–	–	–	–	–	–	–	–	–	–	2,473	2,473
Subsidiary becoming a joint venture (Note 30)	–	–	–	–	–	–	–	–	–	–	(6,699)	(6,699)
Dividends paid (Notes 9 and 21)	–	–	–	–	–	–	–	–	(10,065)	(10,065)	(9,701)	(19,766)
Share-based payment transactions (Note 31)	–	–	–	–	–	–	–	596	–	596	–	596
Total transactions with equity holders of the parent	39	2,559	–	–	–	–	–	(21,874)	(7,959)	(27,235)	4,336	(22,899)
As at 31 December 2017	3,468	150,763	140	(122,521)	(8,580)	(14,168)	28,035	(37,748)	233,632	233,021	106,562	339,583
Transfer of NCI subject to put for presentation purposes	–	–	–	–	–	–	–	26,788	–	26,788	(26,788)	–
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

Group Statement of Changes in Equity (continued)
for the year ended 31 December 2017

	Attributable to equity holders of the parent											
	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 (Note 20) €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
As at 1 January 2016	3,446	254,512	99	(122,521)	(8,580)	70	22,178	2,027	87,589	238,820	74,959	313,779
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	28,536	28,536	10,768	39,304
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss:												
Foreign currency translation effects, net	–	–	–	–	–	(7,745)	–	(514)	–	(8,259)	195	(8,064)
Effective portion of cash flow hedges, net	–	–	–	–	–	–	–	(19)	–	(19)	(24)	(43)
Deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	–	4	–	4	7	11
Items that will not be reclassified subsequently to profit or loss:												
Revaluation gains/(losses) on property, plant and equipment, net	–	–	–	–	–	–	1,138	–	–	1,138	(9)	1,129
Remeasurement losses on post-employment defined benefit schemes	–	–	–	–	–	–	–	–	(23,584)	(23,584)	(185)	(23,769)
Deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	772	–	3,875	4,647	32	4,679
Share of joint ventures and associates remeasurement losses on post-employment benefit schemes	–	–	–	–	–	–	–	–	(824)	(824)	–	(824)
Share of joint ventures and associates deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	–	–	4	4	–	4
Total other comprehensive income	–	–	–	–	–	(7,745)	1,910	(529)	(20,529)	(26,893)	16	(26,877)
Total comprehensive income	–	–	–	–	–	(7,745)	1,910	(529)	8,007	1,643	10,784	12,427
Transactions with equity holders of the parent												
New shares issued (Note 20)	24	1,763	–	–	–	–	–	(651)	651	1,787	–	1,787
Own shares acquired and cancelled (Note 20)	(41)	–	41	–	–	–	–	–	(5,973)	(5,973)	–	(5,973)
Capital reduction (Note 20)	–	(108,071)	–	–	–	–	–	–	107,963	(108)	–	(108)
Non-controlling interest arising on acquisition of subsidiary (Note 21)	–	–	–	–	–	–	–	–	–	–	15,215	15,215
Recognition of put option liability on acquisition (Note 27)	–	–	–	–	–	–	–	(17,155)	–	(17,155)	–	(17,155)
Put option granted to non-controlling interests (Note 27)	–	–	–	–	–	–	–	(3,367)	–	(3,367)	–	(3,367)
Fair value movements on put option liability (Note 27)	–	–	–	–	–	–	–	(179)	–	(179)	–	(179)
Acquisition of non-controlling interests (Note 21)	–	–	–	–	–	–	–	–	(692)	(692)	(3,796)	(4,488)
Disposal of shareholding to non-controlling interest (Note 21)	–	–	–	–	–	–	–	–	–	–	3,993	3,993
Contribution by non-controlling interest (Note 21)	–	–	–	–	–	–	–	–	–	–	5	5
Share of buyback within associate company (Note 14)	–	–	–	–	–	–	–	–	(73)	(73)	–	(73)
Subsidiary becoming a joint venture (Note 30)	–	–	–	–	–	–	–	–	–	–	(1,503)	(1,503)
Dividends paid (Notes 9 and 21)	–	–	–	–	–	–	–	–	(9,076)	(9,076)	(6,798)	(15,874)
Share-based payment transactions (Note 31)	–	–	–	–	–	–	–	436	–	436	–	436
Total transactions with equity holders of the parent	(17)	(106,308)	41	–	–	–	–	(20,916)	92,800	(34,400)	7,116	(27,284)
As at 31 December 2016	3,429	148,204	140	(122,521)	(8,580)	(7,675)	24,088	(19,418)	188,396	206,063	92,859	298,922
Transfer of NCI subject to put for presentation purposes	–	–	–	–	–	–	–	20,259	–	20,259	(20,259)	–
As at 31 December 2016	3,429	148,204	140	(122,521)	(8,580)	(7,675)	24,088	841	188,396	226,322	72,600	298,922

Group Statement of Cash Flows
for the year ended 31 December 2017

	Notes	2017 €'000	2016 €'000
Net cash flows from operating activities before working capital movements	35	**48,851**	53,697
Movements in working capital	35	**(2,288)**	(9,549)
Net cash flows from operating activities		**46,563**	44,148
Investing activities			
Acquisition of subsidiaries	30	**(36,230)**	(32,887)
Cash assumed on acquisition of subsidiaries, net	30	**758**	1,940
Acquisition of, and investment in joint ventures and associates	14	**(21,062)**	(8,620)
Payments of contingent consideration	26	**(9,269)**	(1,976)
Payments of deferred consideration		**–**	(2,778)
Proceeds from disposal of joint ventures and associates	14	**400**	–
Proceeds from disposal of trading assets	30	**2,138**	6,419
Cash derecognised on subsidiary becoming a joint venture	30	**(6,689)**	(491)
Net debt derecognised on disposal of a subsidiary	30	**2,304**	–
Disposal of investment in subsidiary to non-controlling interests	21	**8,661**	273
Acquisition of property, plant and equipment		**(39,496)**	(24,378)
Acquisition of other financial assets	15	**(98)**	–
Expenditure on computer software		**(2,771)**	(1,344)
Acquisition of intangible assets – brands	13	**(462)**	–
Development expenditure capitalised	13	**(204)**	(253)
Proceeds from disposal of property, plant and equipment – routine		**807**	2,651
Proceeds from exceptional items – from disposal of property and leasehold interests	7	**7,770**	3,030
Dividends received from joint ventures and associates	14	**8,243**	8,339
Government grants received	25	**163**	–
Net cash flows from investing activities		**(85,037)**	(50,075)
Financing activities			
Drawdown of borrowings		**251,820**	68,144
Repayment of borrowings		**(226,487)**	(40,671)
Decrease in bank deposits		**2,500**	–
Proceeds from the issue of share capital	20	**2,598**	1,787
Buyback of own shares	20	**–**	(5,973)
Costs of capital reduction	20	**–**	(108)
Capital element of finance lease repayments		**(869)**	(2,175)
Acquisition of non-controlling interests	21	**–**	(3,044)
Capital contribution by non-controlling interests	21	**936**	5
Dividends paid to non-controlling interests	21	**(8,843)**	(6,798)
Dividends paid to equity holders of the parent	9	**(10,065)**	(9,076)
Net cash flows from financing activities		**11,590**	2,091
Net decrease in cash, cash equivalents and bank overdrafts		**(26,884)**	(3,836)
Net foreign exchange movement		**(1,224)**	(2,282)
Cash, cash equivalents and bank overdrafts at 1 January		**117,087**	123,205
Cash, cash equivalents and bank overdrafts at 31 December	19	**88,979**	117,087

Group Reconciliation of Net Debt
for the year ended 31 December 2017

	Notes	2017 €'000	2016 €'000
Net decrease in cash, cash equivalents and bank overdrafts		**(26,884)**	(3,836)
Drawdown of borrowings		**(251,820)**	(68,144)
Repayment of borrowings		**226,487**	40,671
Decrease in bank deposits		**(2,500)**	–
Interest-bearing loans and borrowings arising on acquisition	30	**(24,492)**	(474)
Capital element of finance lease repayments		**869**	2,175
Other movements on finance leases		**(45)**	(419)
Finance leases arising on acquisition	30	**(149)**	(673)
Finance leases derecognised on disposal of subsidiary	30	**356**	–
Foreign exchange movement		**13,418**	389
Movement in net debt		**(64,760)**	(30,311)
Net debt at 1 January		**(48,366)**	(18,055)
Net debt at 31 December	23	**(113,126)**	(48,366)

Notes to the Group Financial Statements
for the year ended 31 December 2017

Significant Accounting Policies

REPORTING ENTITY

Total Produce plc (the 'Company') is a company tax resident and incorporated in Ireland. The consolidated financial statements as at, and for the year ended, 31 December 2017 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

The individual and Group financial statements of the Company were authorised for issue by the Directors on 28 February 2018.

The accounting policies for the year ended 31 December 2017 are set out below.

STATEMENT OF COMPLIANCE

As permitted by European Union (EU) law and in accordance with AIM/ESM rules, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and their interpretations issued by the International Accounting Standards Board ('IASB') as adopted by the EU.

The individual financial statements of the Company ('Company financial statements') have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Act 2014 which permits a company that publishes its Company and Group financial statements together to take advantage of the exemption in Section 304(2) of the Companies Act, 2014, from presenting to its members its Company income statement, statement of comprehensive income and related notes that form part of the approved Company financial statements.

The IFRSs adopted by the EU and applied by the Company and Group in the preparation of these financial statements are those that were effective for the accounting period ending 31 December 2017.

BASIS OF PREPARATION

The consolidated financial statements, which are presented in Euro, the Company's functional currency, rounded to the nearest thousand (unless otherwise stated), have been prepared under the historical cost convention, except for the following material items:
- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- biological assets are measured at fair value less estimated point of sale costs;
- land and buildings and investment properties are measured at fair value;
- contingent consideration is measured at fair value; and
- put option obligations are measured at fair value.

The methods used to measure fair values are discussed further within the relevant notes.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key estimates and assumptions used in applying the Group's accounting policies and in measuring its assets and liabilities are set out in Note 36.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous year except for the following new and amended IFRS and IFRIC interpretations adopted by the Group and Company in these financial statements.
- Amendments to IAS 7 *Disclosure Initiative*
- Amendments to IAS 12 *Recognition of deferred tax assets for unrealised losses*
- Annual improvements to IFRS 2014 – 2016 cycle – Amendments to IFRS 12

The above new standards have not had a material impact on the results and financial position of the Group for the year ended 31 December 2017.

ACCOUNTING FOR SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Group financial statements

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The amounts included in these financial statements in respect of the subsidiaries are taken from their latest financial statements prepared up to their respective year ends, together with management accounts for the intervening periods to the year end, where relevant. All significant subsidiaries have coterminous financial year ends. Where appropriate, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements, except to the extent they provide evidence of impairment.

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

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

Significant Accounting Policies (continued)

ACCOUNTING FOR SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

Group financial statements (continued)

Joint ventures and associates

Joint ventures are those entities over which the Group exercises control jointly, under a contractual agreement, with one or more parties. Associates are those entities in which the Group has significant influence, but not control of the financial and operating policies. Investments in joint ventures and associates are accounted for by using the equity method of accounting. Under the equity method of accounting, the Group's share of the post-acquisition profits or losses of its joint ventures and associates are recognised in the Group income statement. The income statement reflects in profit before tax the Group's share of profit after tax of its joint ventures and associates in accordance with IAS 28 *Investments in Associates and Joint Ventures (2011)*.

The Group's interest in the net assets of joint ventures and associates are included as investments in joint ventures and associates in the Group's balance sheet at an amount representing the Group's share of the fair value of the identifiable net assets at acquisition plus the Group's share of post-acquisition retained income and expenses and goodwill arising on the Group's investment. The amounts included in these financial statements in respect of the post-acquisition income and expenses of joint ventures and associates are taken from the latest financial statements prepared up to the respective financial year ends together with management accounts for the intervening periods to the period end, where appropriate. All material joint ventures and associates have either coterminous financial year ends, or accounting year ends within three months of that of the Group. In the case of the latter, appropriate adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial statements. Where appropriate, the accounting policies of joint ventures and associates have been changed to ensure consistency with the policies adopted by the Group.

Unrealised gains and income and expenses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the equity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that they do not provide evidence of impairment.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transaction costs associated with investments in joint ventures and associates are capitalised as part of the cost of investment.

Company financial statements

Investments in subsidiaries, joint ventures and associates are carried at cost less impairment. Dividend income is recognised when the right to receive payment is established.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into account potential voting rights that are substantive rights.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the recognised amount of any non-controlling interests in the acquiree plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree less the fair value of the identifiable assets and acquired liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in the income statement.

Costs associated with the acquisition, except those relating to the issue of debt or equity securities, are expensed as incurred.

Contingent consideration is measured at fair value at the date of acquisition. Where the contingent consideration is classified as equity it is not subsequently remeasured and the settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognised in the income statement.

When share-based payment awards are required to be exchanged for awards held by the acquiree's employees and relate to past services, then all or a portion of the amount of the acquirer's replacement awards are included in measuring the consideration transferred in the business combination. The determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

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

Acquisitions before 1 January 2010

For acquisitions prior to 1 January 2010, goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised in the income statement. Subsequent to acquisition any fair value adjustments to contingent consideration are adjusted against goodwill.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with the business combinations were capitalised as part of the cost of acquisition.

NON-CONTROLLING INTERESTS

Under IFRS 3 *Business Combinations* an entity has a choice on a combination by combination basis to measure any non-controlling interest ('NCI') in the acquiree at either the proportionate share of the acquiree's identifiable assets or fair value. Within the business combinations note, the Group states which method has been used within current year acquisitions.

FAIR VALUE MEASUREMENT OF PRE-EXISTING INTERESTS IN ACQUIREE

In accordance with IFRS 3 *Business Combinations* the cost of an acquiree acquired in stages is measured using the 'fair value as deemed cost' method. The cost of an acquiree acquired in stages is measured as the sum of the fair value of the previously held interest plus the fair value of any additional consideration transferred at the date the additional investment is made. Any resulting gain or loss on fair valuing the original investment is taken to the income statement and any other comprehensive income recognised in prior periods in relation to the previously held shareholding is reclassified to the income statement.

PUT OPTIONS OVER NON-CONTROLLING INTEREST SHARES

If a put option is held by a non-controlling interest ('NCI') in a subsidiary undertaking, whereby the holder of the put option can require the Group to acquire the NCI's shareholding in the subsidiary at a future date, the Group examines the nature of such a put option. The Group assesses whether or not the NCI continues to have a present ownership interest in the shares subject to the put option. Present ownership interest can be evidenced by NCI continuing to have a right to the receipt of dividends, or benefiting from increases in net assets while holding a voting entitlement to the shares subject to the put option. If it is deemed that the put option holders continue to have a present ownership interest, the Group applies the partial recognition of NCI method as follows:

(a) the Group continues to recognise the amount that would have been recognised for the non-controlling interest, including an update to reflect its share of profit and losses, dividends and other changes;
(b) the Group recognises a financial liability in accordance with IAS 32 being the estimate of the fair value of the consideration to acquire the NCI shares that are subject to the put option and records this in a separate reserve in equity;
(c) changes in the fair value of the financial liability are reflected as a movement in the put liability reserve; and
(d) for presentation purposes in the balance sheet, the Group transfers the non-controlling interest subject to the put option as an offset to the put option reserve in equity.

If the NCI put option is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price. If the put option expires unexercised, the position is unwound so that the non-controlling interest is recognised as the amount it would have been as if the put option had never been granted and the financial liability is derecognised with a corresponding credit to the put option reserve in equity.

If the NCI does not have present ownership rights from the put option, then the transaction is accounted for as if the Group had acquired the NCI at the date of entering into the put option.

FORWARD COMMITMENTS OVER NON-CONTROLLING INTEREST SHARES

If a forward commitment is in place to acquire the shares held by a NCI in a subsidiary undertaking, whereby the Group has an irrevocable agreement to acquire the NCI's shareholding in the subsidiary at a future date, the Group examines the nature of such a commitment. The Group assesses whether or not the NCI continues to have a present ownership interest in the shares subject to commitment. Present ownership interest can be evidenced by the NCI continuing to have a right to the receipt of dividends, or benefiting from increases in net assets while holding a voting entitlement to the shares subject to the forward commitment. If it is deemed that the non-controlling shareholders continue to have a present ownership interest, the Group applies the partial recognition of NCI method as outlined above in the accounting policy for put options over non-controlling interest shares.

CALL OPTIONS OVER NON-CONTROLLING INTEREST SHARES

If the Group has a call option over the shares held by a NCI in a subsidiary undertaking, where the Group can require the NCI to sell its shareholding in the subsidiary at a future date, the option is classified as a derivative and is recognised as a financial instrument on inception with fair value movements recognised in the income statement.

PUT AND CALL OPTIONS OVER SHAREHOLDINGS OF JOINT VENTURE AND ASSOCIATE INTERESTS

If there are put and call options over the remaining shares in joint venture and associate undertakings, the option is classified as a derivative instrument on inception with fair value movements recognised in the income statement.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017
Significant Accounting Policies (continued)

GOODWILL
Goodwill represents amounts arising on the acquisition of subsidiaries, joint ventures and associates as a result of the fair value of consideration transferred exceeding net identifiable assets and liabilities acquired. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment at a consistent time each financial year. Goodwill is stated at the amount originally recognised less any accumulated impairment losses. In respect of joint ventures and associates, the carrying amount of goodwill is included in the carrying amount of the investment.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

INTANGIBLE ASSETS
Research and development
Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred.

Development activities involve a plan or design for the production of new and substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised expenditure is measured at cost less accumulated amortisation. Capitalised development expenditure is amortised to the income statement after commercial production has begun on a straight line basis over its expected useful life of between five and seven years.

Customer relationships, supplier relationships and brands
Intangible assets acquired as part of a business combination are valued at their fair value at the date of acquisition. These include customer relationships, supplier relationships and brands. Intangible assets are amortised to the income statement on a straight line basis over the period of their expected useful lives as follows:
- Customer relationships: 3-15 years;
- Supplier relationships: 3-15 years;
- Brands: 10-15 years.

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

PROPERTY, PLANT AND EQUIPMENT
Land and buildings are measured at fair value with changes in fair value reflected within the statement of comprehensive income, except impairment losses, which are recognised in the income statement unless they reverse a previous revaluation gain. The fair value is the price that would be returned if the asset were sold in an orderly transaction between market participants based on the asset's highest and best use. Such valuations are determined taking into consideration values of comparable transactions for similar properties in the same locations as those of the Group where they are available or on the use of valuation techniques including the use of market yield on comparable properties. Information on the basis on which such valuations were undertaken in the year is set out in Note 11.

Where appropriate, registered independent appraisers, having relevant recognised professional qualifications and recent experience in the locations and categories, prepare the valuations every three to five years, with valuations updated annually in the interim by Directors, having due regard to advice of professionally qualified consultants. Where there is an absence of or a reduced level of transactions of a similar nature, the valuations of such properties are determined by Directors with reference to local knowledge, valuation techniques and judgment in consultation with property advisers.

Bearer plants are living plants used in the supply or production of agricultural produce for more than one period that are not likely to be sold as agricultural produce. Bearer plants are measured at cost less accumulated depreciation and impairment losses.

Plant and equipment is stated at cost less accumulated depreciation and impairment losses. Expenditure incurred to replace a component of property, plant and equipment that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure, including repairs and maintenance costs, is recognised in the income statement as an expense as incurred.

Depreciation is calculated to write off the carrying amount of property, plant and equipment, other than freehold land, on a straight line basis, by reference to the following estimated useful lives:
- Freehold buildings: 30-50 years;
- Leasehold improvements: over the lesser of 40 years or the unexpired portion of the lease;
- Plant and equipment: 5-15 years;
- IT equipment: 3-5 years;
- Motor vehicles: 5 years;
- Bearer plants: 1-30 years.

The residual value of assets, if not insignificant, and the useful life of assets are reassessed annually. Gains and losses on disposals of property, plant and equipment are recognised on the completion of sale. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are included in operating profit.

INVESTMENT PROPERTY

Investment property, principally comprising land, office buildings and warehouses, is property (including separate, self-contained parts of such buildings) which is held for rental income or capital appreciation and is not occupied by the Group. Investment property is stated initially at cost and subsequently at fair value. The fair value is the price that would be returned if the asset were sold in an orderly transaction between market participants based on the asset's highest and best use. Such valuations are determined by benchmarking against comparable transactions for similar properties in the same locations as those of the Group or on the use of valuation techniques including the use of market yield on comparable properties. Information on the basis on which such valuations were undertaken in the year is set out in Note 12. All gains or losses arising from a change in fair value are recognised in the income statement. When property is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the property prior to transfer and its fair value is recognised in other comprehensive income if it is a gain. Upon disposal of the property, the gain is transferred to retained earnings. Any loss arising in this manner, unless it represents the reversal of a previously recognised gain, is recognised in the income statement.

BIOLOGICAL ASSETS

Certain of the Group's subsidiaries, joint ventures and associates, involved in the production of fresh produce, hold biological assets, which include agricultural produce due for harvest on plantations. Biological assets are measured at fair value less estimated costs to point of sale, with any resultant gain or loss recognised in the income statement. Point of sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to bring the assets to market.

FOREIGN CURRENCY INCLUDING NET INVESTMENT HEDGES

Transactions in foreign currencies are translated into the functional currency of the entity at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets carried at historic cost are not subsequently retranslated. Non-monetary assets carried at fair value are subsequently remeasured at the exchange rate at the date of valuation.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange movements arising on such translation are recognised in the income statement.

The assets and liabilities of foreign currency denominated operations, including goodwill and fair value adjustments arising on consolidation, are translated to Euro at the foreign exchange rates ruling at the reporting date. The income and expenses of foreign currency denominated operations are translated to Euro at the average exchange rate for the year. Foreign exchange movements arising on translation of the net investment in a foreign operation, including those arising on long term intra-Group loans deemed to be quasi equity in nature, are recognised directly in other comprehensive income, in the currency translation reserve. The portion of exchange gains or losses on foreign currency borrowings used to provide a hedge against a net investment in a foreign operation that is designated as a hedge of those investments is recognised directly in other comprehensive income to the extent that they are determined to be effective. The ineffective portion is recognised in the income statement.

Any movements that have arisen since 1 January 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are reclassified through the income statement on disposal of the related business. Translation differences that arose before the date of transition to IFRS in respect of all non-Euro denominated operations are not presented separately.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's assets other than inventories (which are carried at the lower of cost and net realisable value), biological assets (which are measured at fair value less estimated costs to point of sale), certain financial assets (which are carried at fair value) and deferred tax assets (which are recognised based on recoverability), are tested for impairment when an event or transaction indicates that an impairment may have occurred, except for goodwill and indefinite lived intangibles which are tested annually for impairment. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount as appropriate.

The recoverable amount of an asset is the greater of its fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017
Significant Accounting Policies (continued)

IMPAIRMENT OF NON-FINANCIAL ASSETS (continued)
Goodwill and intangible assets with an indefinite useful life are tested for impairment at 31 October each year. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

INVENTORIES
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash balances and call deposits, including bank deposits of less than three months maturity on acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

EMPLOYEE BENEFITS
Short term employee benefits
Short term employee benefits are recognised as an expense as the related employee service is received.

Retirement benefit obligations – Group financial statements
Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as services from employees are received. Under such schemes, the Group has no obligation to make further contributions to these schemes beyond the contracted amount. Prepaid contributions are recognised as an asset to the extent that the employee service has not yet been received.

The defined benefit pension asset or liability in the Group balance sheet comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets (measured at fair value) out of which the obligations are to be settled directly.

The liabilities and costs associated with the Group's defined benefit pension schemes are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the balance sheet date.

The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields at the balance sheet date on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. The expected increase in the present value of scheme liabilities arising from employee service in the current or prior periods is recognised in arriving at the operating profit or loss together with the interest return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time. Differences between the actual return on plan assets less the interest return on plan assets, together with the effect of changes in the current or prior assumptions underlying the liabilities, are recognised in other comprehensive income.

When the benefits of a defined benefit scheme are changed, the related income or expense is recognised in the income statement as a past service cost. Settlements and curtailments trigger recognition of the consequent change in obligations and related assets in the income statement.

Retirement benefit obligations – company financial statements
The Company is not the sponsoring employer for any of the Group's defined benefit pension schemes. There is no stated policy within the Group in relation to the obligations of Group companies to contribute to scheme deficits. Group companies make contributions to the schemes as requested by the sponsoring employers.

Employee share-based payment transactions
The Group grants equity settled share-based payments to employees. The fair value of these payments is determined at the date of grant and is expensed to the income statement on a straight-line basis over the vesting period. The fair value is determined using a binomial model, as measured at the date of grant, excluding the impact of any non-market conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each balance sheet date, the Group revises its estimates of the number of options or awards that are expected to vest, recognising any adjustment in the income statement, with a corresponding adjustment to equity.

TAXATION

Taxation on the profit or loss for the financial year comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case the related tax is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. If the temporary difference arises from the initial recognition of an asset or liability, in a transaction other than a business combination, that at the time of the transaction does not affect accounting or taxable profit or loss, it is not recognised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future or where no taxation is expected to arise on any ultimate remittance. The amount of deferred tax provided is based on the expected manner of the realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

ASSETS HELD UNDER LEASES

Finance leases

Leases of property, plant and equipment, where the Group retains substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased item and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest charge on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing loans and borrowings, allocated between current and non-current as appropriate. The interest element of the finance cost is charged to the income statement over the lease period. Assets held under finance leases are depreciated over the shorter of their expected useful lives or the lease term, taking into account the time period over which benefits from the leased assets are expected to accrue to the Group.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of incentives received from the lessor, are charged to the income statement on a straight-line basis over the period of the lease. Income earned from operating leases is credited to the income statement when earned.

GOVERNMENT GRANTS

Government grants for the acquisition of assets are recognised at their fair value when there is reasonable assurance that the grant will be received and any conditions attaching to them have been fulfilled. The grant is held on the balance sheet as a deferred credit and released to the income statement over the periods appropriate to match the related depreciation charges, or other expenses of the asset, as they are incurred.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the outflow can be measured reliably. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

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

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017
Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS

Trade and other receivables

Trade and other receivables are initially measured at fair value and are thereafter measured at amortised cost using the effective interest method less any provision for impairment. A provision for impairment of trade and other receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Short term bank deposits

Short term bank deposits of greater than three months maturity on acquisition that do not meet the definition of cash and cash equivalents are classified as financial assets within current assets and stated at fair value in the balance sheet.

Equity investments

Equity investments held by the Group and Company are classified as available-for-sale financial assets and are stated at fair value, with any resultant gain or loss being recognised directly in other comprehensive income (in the available-for-sale reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When a devaluation of these assets is significant or prolonged, it is removed from the available-for-sale reserve and shown as an impairment loss in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. To the extent such investments represent strategic investments, the Group classifies income and expense arising as other operating income and expense.

Derivative financial instruments

Foreign currency derivatives are entered into only when they match an existing foreign currency asset or liability or where they are used to hedge a forecasted transaction. Derivative financial instruments are measured at fair value at each reporting date and the movement in fair value is recognised in the income statement unless they are designated as cash flow hedges under IAS 39 *Financial Instruments: Recognition and Measurement*. Where such instruments are classified as cash flow hedges, and subject to the satisfaction of certain criteria relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, they are accounted for in accordance with hedge accounting rules. In such cases, any gain or loss arising on the effective portion of the derivative instrument is recognised in the other comprehensive income hedging reserve, as a separate component of equity. Gains or losses on any ineffective portion of the derivative are recognised in the income statement. When the hedged transaction matures, the related gains or losses in the hedging reserve are transferred to the income statement.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects the profit or loss. In other cases, the amount accumulated in other comprehensive income is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified to profit or loss.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

REVENUE

Revenue comprises the fair value of the sale of goods, excluding value added tax, delivered to or collected by third party customers during the accounting period and after eliminating sales within the Group. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer.

FINANCE INCOME AND FINANCE EXPENSE

Finance income comprises interest income on funds invested and other receivables like grower loans. It also includes dividends received from available-for-sale financial assets. Interest income is recognised as it accrues using the effective interest method. Dividends are recognised when received or entitlement to dividend is declared.

Finance expense comprises interest expense on borrowings, unwinding of the discount on provisions, borrowing extinguishment costs and arrangement fees. Borrowing costs incurred in the construction of major assets which take a substantial period of time to complete are capitalised in the financial period in which they are incurred. All other finance costs are recognised in the income statement using the effective interest method.

SEGMENTAL REPORTING

Operating segments, defined as components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Board.

EXCEPTIONAL ITEMS

The Group has adopted an accounting policy which seeks to highlight significant items within the Group's results. The Group believes that this presentation provides a more helpful analysis as it highlights one-off items and non-trading items. Such items may include significant restructuring costs, profit or loss on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of goodwill and other assets, significant curtailment or settlement gains/losses on post-employment defined benefit schemes, net unrealised gains or losses on derivative instruments, net unrealised gains or losses on foreign currency denominated intercompany borrowings together with significant fair value movements recognised in respect of investment properties. Judgment is used by the Group in assessing the particular items which by virtue of their scale and nature, should be disclosed in the income statement and related notes as exceptional items.

DIVIDEND DISTRIBUTION

Dividends on ordinary shares are recognised as a liability in the Group's financial statements in the period in which they are declared by the Company. In the case of interim dividends, these are considered to be declared when they are paid. In the case of final dividends, these are declared when approved by the shareholders at the AGM.

NEW STANDARDS AND INTERPRETATIONS NOT APPLIED

IFRS 9 Financial Instruments

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

IFRS 16 Leases

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

Details of leases currently classified as operating leases are provided in Note 28 of the financial statements. The fair values of these leases are being evaluated. As a result of the transition to IFRS 16 the fair value of these leases representing the present value of the lease payments over the expected lease contract period will be recognised as a right-of-use asset with a corresponding value recognised as a lease liability. This will increase the Group's recognised assets and liabilities.

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

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017
Significant Accounting Policies (continued)

NEW STANDARDS AND INTERPRETATIONS NOT APPLIED (continued)

Amendments to existing standards

The following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2018 or later periods, but have not been early adopted:

Standard/Interpretation	Effective date – for accounting periods beginning on or after
• IFRS 14 *Regulatory Deferral Accounts*[1]	Not yet endorsed by the EU
• Annual Improvements to IFRS 2014-2016 Cycle	Not yet endorsed by the EU
• Amendments to IAS 40 *Transfers of Investment Property*[1]	Not yet endorsed by the EU
• IFRIC 23 *Uncertainty over Income Tax Treatments*[1]	Not yet endorsed by the EU
• Amendments to IFRS 9 Prepayment Features with Negative Compensation[1]	Not yet endorsed by the EU
• Amendments to IAS 28: Long-term interests in Associates and Joint Ventures[1]	Not yet endorsed by the EU
• IFRS 17 Insurance Contracts[1]	Not yet endorsed by the EU
• Amendments to IFRS 2 *Share-based Payment* – classification and measurement of share-based payment transactions (June 2016)[1]	Not yet endorsed by the EU
• Amendments to IFRS 4 applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*[1]	1 January 2018
• IFRIC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*[1]	Not yet endorsed by the EU
• Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* – Sale or contribution of assets between an investor and its associate or joint venture (September 2014)[1]	Endorsement postponed

[1] These standards are not expected to have a material impact on the Group Financial Statements.

1. REVENUE

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

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

2. SEGMENTAL ANALYSIS

Segmental analysis

IFRS 8 *Operating Segments* ('IFRS 8') sets out the requirements for disclosure of financial and descriptive information about the operating segments, products and the geographical areas in which the Group operates, as well as information on major customers.

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

- *Europe – Eurozone:* This reportable segment is an aggregation of thirteen operating segments principally in France, Ireland, Italy, the Netherlands and Spain primarily involved in the procurement, marketing and distribution of fresh produce and some healthfoods and consumer goods products. These operating segments have been aggregated because they have similar economic characteristics.
- *Europe – Non-Eurozone:* This operating segment is an aggregation of six operating segments in Scandinavia, the United Kingdom, Poland and the Czech Republic primarily involved in the procurement, marketing and distribution of fresh produce and some healthfoods and consumer goods products. These operating segments have been aggregated because they have similar economic characteristics.
- *International:* This segment is an aggregation of five operating segments in North America, one in South America and one in India primarily involved in the procurement, marketing and distribution of fresh produce. These operating segments have been aggregated because they have similar customer profiles and primarily transact in US Dollar. The North American sports nutrition business was disposed of in April 2016.

Segmental 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 assets amortisation charges and costs, fair value movements on contingent consideration and exceptional items. It also excludes the Group's share of these items within joint ventures and associates. Adjusted EBITA is therefore measured differently from operating profit in the Group financial statements as explained and reconciled in detail in the analysis that follows.

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

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

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

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

2. SEGMENTAL ANALYSIS (continued)

Reconciliation of segmental profit to operating profit

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

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

(i) Acquisition related intangible asset amortisation charges are not allocated to operating segments in the Group's management reports.
(ii) Fair value movements on contingent consideration are not allocated to operating segments in the Group's management reports.
(iii) Acquisition related costs are transaction costs directly related to acquisitions of subsidiaries completed and are not allocated to operating segments in the Group's management reports.
(iv) Under IFRS, included within profit before tax is the Group's share of joint ventures' and associates' profit after acquisition related intangible asset amortisation charges, tax and interest. In the Group's management reports these items are excluded from the adjusted EBITA calculation.
(v) Exceptional items (Note 7) are not allocated to operating segments in the Group's management reports.
(vi) Financial income and expense is primarily managed at Group level, and is therefore not allocated to operating segments in the Group's management reports.

Business segment assets and liabilities

	Segment assets 2017 €'000	Investment in joint ventures and associates 2017 €'000	Total assets 2017 €'000	Total liabilities 2017 €'000
Europe – Eurozone	**279,641**	**49,061**	**328,702**	**167,460**
Europe – Non-Eurozone	**386,768**	**13,873**	**400,641**	**194,762**
International	**252,715**	**43,487**	**296,202**	**103,056**
Total	**919,124**	**106,421**	**1,025,545**	**465,278**
Unallocated assets and liabilities*			**126,303**	**346,987**
Total assets/liabilities			**1,151,848**	**812,265**

	Segment assets 2016 €'000	Investment in joint ventures and associates 2016 €'000	Total assets 2016 €'000	Total liabilities 2016 €'000
Europe – Eurozone	321,324	35,917	357,241	179,894
Europe – Non-Eurozone	350,740	15,342	366,082	190,994
International	80,477	41,651	122,128	21,891
Total	752,541	92,910	845,451	392,779
Unallocated assets and liabilities*			155,944	309,694
Total assets/liabilities			1,001,395	702,473

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

Other segmental disclosures

	Share of joint ventures and associates adjusted EBITA(i) 2017 €'000	Acquisition of property, plant and equipment 2017 €'000	Depreciation of property, plant and equipment(ii) 2017 €'000	Amortisation of intangible assets(iii) 2017 €'000
Europe – Eurozone	**10,013**	**9,175**	**7,863**	**2,824**
Europe – Non-Eurozone	**4,429**	**31,655**	**8,905**	**3,378**
International	**4,467**	**1,360**	**2,686**	**6,757**
Total	**18,909**	**42,190**	**19,454**	**12,959**

	Share of joint ventures and associates adjusted EBITA(i) 2016 €'000	Acquisition of property, plant and equipment 2016 €'000	Depreciation of property, plant and equipment(ii) 2016 €'000	Amortisation of intangible assets(iii) 2016 €'000
Europe – Eurozone	5,978	14,307	8,469	3,607
Europe – Non-Eurozone	5,008	10,181	9,313	3,545
International	8,795	739	1,942	3,080
Total	19,781	25,227	19,724	10,232

(i) Share of joint ventures and associates EBITA is after deduction of non-controlling interest's share of profit.
(ii) Includes joint ventures and associates share of depreciation of property, plant and equipment.
(iii) Includes joint ventures and associates share of acquisition related intangible asset amortisation.

Country of domicile and geographic disclosures

The Group headquarters is domiciled in the Republic of Ireland.

The breakdown of external customer revenue by geographical region is Republic of Ireland €394,245,000 (2016: €401,045,000), UK €600,281,000 (2016: €594,561,000), Rest of Europe €2,195,316,000 (2016: €2,187,776,000) and Rest of World €1,096,389,000 (2016: €579,023,000).

Non-current assets, excluding employee benefit assets and deferred tax assets, are held in Republic of Ireland €33,410,000 (2016: €29,856,000), UK €78,311,000 (2016: €73,254,000), Rest of Europe €261,883,000 (2016: €250,133,000) and Rest of World €200,280,000 (2016: €122,336,000).

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

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

3. OPERATING EXPENSES, NET

	Before exceptional items 2017 €'000	Exceptional items (Note 7) 2017 €'000	Total 2017 €'000	Before exceptional items 2016 €'000	Exceptional items (Note 7) 2016 €'000	Total 2016 €'000
Distribution expenses	**(366,151)**	**–**	**(366,151)**	(326,261)	–	(326,261)
Administrative expenses	**(63,645)**	**–**	**(63,645)**	(55,565)	–	(55,565)
Other operating expenses	**(2,277)**	**(9,075)**	**(11,352)**	(2,438)	(5,183)	(7,621)
Other operating income	**8,198**	**17,685**	**25,883**	4,340	3,774	8,114
Total	**(423,875)**	**8,610**	**(415,265)**	(379,924)	(1,409)	(381,333)

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

Other operating expenses

	2017 €'000	2016 €'000
Foreign exchange losses	**(1,299)**	(1,315)
Loss on disposal of property, plant and equipment	**(81)**	(97)
Acquisition related costs in subsidiaries (a)	**(897)**	(922)
Loss on derivative financial instruments at fair value through the income statement	**–**	(31)
Fair value movements on contingent consideration (Note 26)	**–**	(73)
	(2,277)	(2,438)
Exceptional items in other operating expenses (Note 7)		
Impairment of goodwill	**(9,075)**	(5,183)
Total	**(11,352)**	(7,621)

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

Other operating income

	2017 €'000	2016 €'000
Rental income	**1,574**	1,949
Amortisation of government grants (Note 25)	**81**	602
Grant income credited directly to income statement	**28**	29
Gain on disposal of property, plant and equipment	**513**	513
Foreign exchange gains	**990**	1,009
Gain on derivative financial instruments at fair value through the income statement	**434**	–
Insurance claims	**42**	238
Reversal of property impairment losses previously recognised in the income statement (Note 11)	**362**	–
Fair value movements on contingent consideration (Note 26)	**4,174**	–
	8,198	4,340
Exceptional items in other operating income (Note 7)		
Fair value uplift on associate investment	**12,428**	–
Credit arising from settlement of the Group's defined benefit pension arrangements	**4,097**	–
Gain relating to property, plant and equipment and leasehold interests	**1,160**	3,774
	17,685	3,774
Total	**25,883**	8,114

4. SHARE OF PROFIT OF JOINT VENTURES AND ASSOCIATES

The Group's share of the profit after tax of joint ventures and associates is equity accounted and is presented as a single line item in the Group income statement.

	Joint ventures 2017 €'000	Associates 2017 €'000	Total 2017 €'000	Joint ventures 2016 €'000	Associates 2016 €'000	Total 2016 €'000
Group's share of:						
Revenue*	**576,017**	**96,863**	**672,880**	452,162	260,473	712,635
Operating profit	**15,738**	**1,136**	**16,874**	10,088	7,891	17,979
Financial (expense)/income – net	**(584)**	**(474)**	**(1,058)**	(490)	9	(481)
Profit before tax	**15,154**	**662**	**15,816**	9,598	7,900	17,498
Income tax (expense)/credit	**(3,325)**	**143**	**(3,182)**	(2,032)	(2,441)	(4,473)
Profit after tax	**11,829**	**805**	**12,634**	7,566	5,459	13,025
Non-controlling interests	**(402)**	**(23)**	**(425)**	(308)	(447)	(755)
Attributable to equity shareholders	**11,427**	**782**	**12,209**	7,258	5,012	12,270

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

	Joint ventures 2017 €'000	Associates 2017 €'000	Total 2017 €'000	Joint ventures 2016 €'000	Associates 2016 €'000	Total 2016 €'000
Group's share of:						
Depreciation of property, plant and equipment	**(2,845)**	**(845)**	**(3,690)**	(1,810)	(491)	(2,301)
Amortisation of acquisition related intangible assets	**(1,832)**	**(628)**	**(2,460)**	(1,545)	(1,012)	(2,557)
Deferred tax credit on amortisation of acquisition related intangible assets	**446**	**551**	**997**	382	254	636

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

5. FINANCIAL INCOME AND FINANCIAL EXPENSE

	2017 €'000	2016 €'000
Recognised in the income statement:		
Interest income	**2,046**	1,309
Financial income	**2,046**	1,309
Interest expense on financial liabilities measured at amortised cost	**(6,428)**	(5,460)
Cash inflow from interest rate swap	**9**	5
Interest expense on finance leases	**(124)**	(140)
Other interest expense	**(1,257)**	(1,238)
Financial expense	**(7,800)**	(6,833)
Net financial expense recognised in the income statement	**(5,754)**	(5,524)
Analysed as follows:		
Amounts relating to items not at fair value through income statement	**(5,754)**	(5,524)
Net financial expense recognised in the income statement	**(5,754)**	(5,524)
Recognised in other comprehensive income:		
Foreign currency translation effects:		
– foreign currency net investments – subsidiaries	**(13,537)**	(12,189)
– foreign currency net investments – joint ventures and associates	**(3,866)**	629
– foreign currency gains recycled to income statement on associate becoming a subsidiary	**(1,137)**	–
– foreign currency borrowings designated as net investment hedges	**10,892**	3,496
Effective portion of changes in fair value of cash flow hedges	**375**	1,880
Fair value of cash flow hedges transferred to the income statement and recognised in cost of sales	**(867)**	(1,923)
Net financial expense recognised in other comprehensive income	**(8,140)**	(8,107)

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

6. GROUP OPERATING PROFIT
Group operating profit has been arrived at after charging/(crediting) the following amounts:

	2017 €'000	2016 €'000
Depreciation of property, plant and equipment within subsidiaries:		
– owned assets	**15,108**	15,832
– held under finance lease	**656**	1,591
Share of joint venture and associates depreciation charges	**3,690**	2,301
Amortisation of intangible assets within subsidiaries		
– acquisition related intangible assets	**10,499**	7,675
– development costs	**299**	407
– computer software	**1,443**	1,356
Share of joint venture and associates intangible asset amortisation	**2,460**	2,557
Impairment losses:		
– reversal of impairment loss on property, plant and equipment	**(362)**	–
– goodwill and intangible assets	**9,075**	5,183
Operating lease rentals:		
– land and buildings	**13,856**	10,411
– plant and equipment	**2,426**	2,359
– motor vehicles	**2,707**	2,829

Auditors' remuneration

	2017 €'000	2016 €'000
Audit services[1]	**416**	429
Other assurance services[2]	**80**	58
Tax advisory services	**165**	102
Other non-audit services	**182**	217
	843	806

1 Includes €8,000 (2016: €10,000) relating to Group share of joint venture and associate fees
2 Includes €1,000 (2016: €2,000) relating to Group share of joint venture and associate fees

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

	2017 €'000	2016 €'000
Audit services[3]	**1,091**	1,230
Other assurance services[4]	**133**	147
Tax advisory services	**202**	143
Other non-audit services[5]	**312**	257
	1,738	1,777

3 Includes €77,000 (2016: €46,000) relating to Group share of joint venture and associate fees
4 Includes €4,000 (2016: €5,000) relating to Group share of joint venture and associate fees
5 Includes €36,000 (2016: €Nil) relating to Group share of joint venture and associate fees

7. EXCEPTIONAL ITEMS

In accordance with the Group accounting policy, the following items have been presented as exceptional items for the year ended 31 December 2017:

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

(a) Fair value uplift on associate investment

As outlined in detail in Note 14, on 1 March 2017 the Group acquired a further 30% shareholding in the Oppenheimer Group ('Oppy') to take its total shareholding to 65%. As a result of this increased shareholding, Oppy became a subsidiary from this date and in accordance with IFRS, the Group's previously held 35% associate interest was remeasured to fair value resulting in a fair value gain of €11,291,000. This gain, together with the reclassification of €1,137,000 of currency translation gains from the currency translation reserve, were recognised in the income statement resulting in an exceptional gain of €12,428,000.

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

An Enhanced Transfer Value ('ETV') offer was made to members of two of the Irish defined benefit pension schemes during the year. As a result of members taking up this ETV offer, settlement credits net of associated costs resulted in an exceptional accounting credit of €4,097,000 which is recognised in the income in statement. See Note 31 for further details.

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

During the year, the Group recorded a profit of €1,160,000 after associated costs on the disposal of property in Continental Europe. During 2016 the Group received compensation for the exit of a leasehold interest. The compensation of €1,889,000 net of associated costs was recognised within other operating income. Also during 2016, the Group received compensation for costs arising from a fire in a facility in Europe which caused damage to buildings, plant and machinery, motor vehicles and small amounts of inventory. The facility was repaired and has been fully operational from mid-2016 onwards. The insurance income, net of associated costs and impairment, recognised in 2016 was €1,885,000 and was disclosed as an exceptional item in the income statement.

(d) Impairment of goodwill

During the year the Group recognised a non-cash impairment charge of €9,075,000 in relation to a fresh produce business in the Netherlands which had experienced a difficult trading environment resulting in a slower recovery than had been anticipated. In 2016 the Group recognised a non-cash impairment charge of €5,183,000 in relation to a sports nutrition business in the UK as a result of a reduction in the forecasted profitability due to a more competitive trading environment.

(e) Tax charge on exceptional items

The net tax effect of the above exceptional items and the reassessment of deferred tax on prior year fair value movements on investment property was a net charge of €1,358,000 (2016: €686,000).

Effect of exceptional items on cash flow statement

The net effect of the items above on cash flows in 2017 was a cash inflow of €516,000 (2016: Cash inflow of €3,030,000).

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

8. INCOME TAX EXPENSE
Recognised in the income statement:

	2017 €'000	2016 €'000
Current tax expense		
Ireland		
Tax on profit/loss for the year	**(247)**	530
Adjustments in respect of prior years	**90**	(295)
	(157)	235
Overseas		
Tax on profit for the year	**13,189**	14,112
Adjustments in respect of prior years	**534**	21
	13,723	14,133
Total current tax	**13,566**	14,368
Deferred tax expense		
Origination and reversal of temporary differences	**3,003**	(3,383)
Reduction in rates	**(4,943)**	–
Adjustments in respect of prior years	**(655)**	339
Total deferred tax credit	**(2,595)**	(3,044)
Income tax expense	**10,971**	11,324

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and from 19% to 17% (effective 1 April 2020) were substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge in respect of its UK operations. Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind. UK deferred tax balances have been calculated based on the tax rates substantively enacted at the reporting date.

A reduction in the US Federal Corporate Income Tax ('CIT') rate from 35% to 21% (effective from 1 January 2018) was substantively enacted on 22 December 2017. The US Federal CIT rate reduction will reduce the Group's future current tax charge in respect of its US operations. Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind. US deferred tax balances have been calculated based on the tax rates substantively enacted at the reporting date.

There were no other material changes in corporation tax rules in other jurisdictions in 2017 or 2016.

Reconciliation of effective tax rate

	%	2017 €'000	%	2016 €'000
Profit before tax		**72,478**		50,628
Taxation based on Irish corporation tax rate	**12.50**	**9,060**	12.50	6,329
Effects of:				
Expenses not deductible for tax purposes	**0.75**	**541**	2.92	1,475
Tax effect of fair value adjustments	**1.07**	**775**	(0.50)	(253)
Tax effect on profits of joint ventures and associates	**(2.11)**	**(1,526)**	(3.03)	(1,535)
Differences in tax rates	**2.38**	**1,727**	9.82	4,974
Unrecognised deferred tax asset	**0.78**	**566**	0.71	360
Previously unrecognised deferred tax asset	**(0.00)**	**(2)**	(0.13)	(68)
Other items	**(0.19)**	**(139)**	(0.05)	(24)
Adjustments in respect of prior years	**(0.04)**	**(31)**	0.13	66
Total income tax expense in the income statement	**15.14**	**10,971**	22.37	11,324

Deferred tax recognised directly in other comprehensive income

	2017 €'000	2016 €'000
Deferred tax on revaluation of property, plant and equipment, net	**1,219**	(781)
Deferred tax on remeasurement gains and losses on post-employment defined benefit schemes, net	**2,091**	(3,898)
Deferred tax on effective portion of cash flow hedges, net	**(124)**	(11)
Total deferred tax charge/(credit) recognised in other comprehensive income	**3,186**	(4,690)

9. DIVIDENDS PAID AND PROPOSED

	2017 €'000	2016 €'000
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for the year ended 31 December 2016: 2.2297 cent (2015: 2.027 cent)	**7,177**	6,482
Interim dividend for the year ended 31 December 2017: 0.8906 cent (2016: 0.8096 cent)	**2,888**	2,594
Total: 3.1203 cent per share (2016: 2.8366 cent)	**10,065**	9,076
Proposed for approval at AGM (not recognised as a liability as at 31 December)		
Equity dividends on ordinary shares:		
Final dividend for the year ended 31 December 2017: 2.4527 cent (2016: 2.2297 cent)	**9,512**	7,158

It is proposed that a final dividend of 2.4527 cent per ordinary share be paid to ordinary shareholders. These proposed dividends have not been provided for in the Company or Group balance sheet in accordance with IAS 10 *Events After the Reporting Period*. The final dividend is subject to approval by the Group's shareholders at the Annual General Meeting.

The proposed final dividend for the year will be paid on 1 June 2018 to shareholders on the register at 4 May 2018, subject to dividend withholding tax.

10. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, excluding shares purchased by the Company and held as treasury shares. In November 2010 the Group purchased 22,000,000 of its own shares which are held as treasury shares. In respect of the shares that are held by the Group (treasury shares), all rights (including voting and dividend rights) are suspended until those shares are reissued and therefore they are not included in earnings per share calculations. Details relating to the purchase of the Group's own shares are outlined in Note 20.

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

Diluted earnings per share

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

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

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

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

10. EARNINGS PER SHARE (continued)

Adjusted basic earnings per share and adjusted fully diluted earnings per share

Management believe that adjusted profit attributable to equity holders of the parent 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, property revaluations and exceptional items and the related tax on these items.

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

Adjusted fully diluted 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 after adjustment for the effects of all ordinary shares and options with a dilutive effect.

	2017 €'000	2016 €'000
Profit for the financial year attributable to ordinary equity holders of the parent	**47,826**	28,536
Adjustments		
Exceptional items – net of tax (Note 7)	**(7,252)**	2,095
Acquisition related intangible asset amortisation within subsidiaries (Note 13)	**10,499**	7,675
Share of joint ventures and associates acquisition related intangible asset amortisation (Note 4)	**2,460**	2,557
Acquisition related costs within subsidiaries (Note 3)	**897**	922
Fair value movements on contingent consideration (Note 3)	**(4,174)**	73
Tax effect of amortisation charges of goodwill, intangible assets and fair value movements on contingent consideration	**(6,598)**	(1,607)
Non-controlling interests share of the items above	**265**	(1,128)
Adjusted profit attributable to equity holders of the parent	**43,923**	39,123

	'000	'000
Weighted average number of shares	**323,163**	320,135
Weighted average number of shares (diluted)	**325,761**	324,140
Adjusted basic earnings per share – cent	**13.59**	12.22
Adjusted fully diluted earnings per share – cent	**13.48**	12.07

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Bearer Plants €'000	Total €'000
Cost or valuation					
Balance at 1 January 2016	122,572	111,575	20,340	–	254,487
Additions	8,595	10,837	5,795	–	25,227
Arising on acquisition of subsidiaries (Note 30)	23	3,349	58	877	4,307
Arising from business disposals (Note 30)	–	(156)	–	–	(156)
Subsidiary becoming a joint venture (Note 30)	(5,202)	(996)	(37)	–	(6,235)
Disposals	(2,146)	(6,379)	(4,770)	–	(13,295)
Revaluation gains	152	–	–	–	152
Revaluation losses	(292)	–	–	–	(292)
Foreign exchange movement	(3,914)	(2,306)	(1,071)	140	(7,151)
Balance at 31 December 2016	**119,788**	**115,924**	**20,315**	**1,017**	**257,044**
Additions	**20,154**	**17,102**	**4,684**	**250**	**42,190**
Arising on acquisition of subsidiaries (Note 30)	**3,408**	**2,536**	**513**	**–**	**6,457**
Arising from business disposals (Note 30)	**(238)**	**(1,765)**	**(614)**	**–**	**(2,617)**
Subsidiaries becoming joint ventures (Note 30)	**(4,373)**	**(9,585)**	**(786)**	**–**	**(14,744)**
Disposals	**(13,017)**	**(7,096)**	**(3,636)**	**(346)**	**(24,095)**
Reclassification	**(231)**	**231**	**–**	**–**	**–**
Revaluation gains	**3,838**	**–**	**–**	**–**	**3,838**
Foreign exchange movement	**(387)**	**(1,457)**	**(93)**	**(131)**	**(2,068)**
Balance at 31 December 2017	**128,942**	**115,890**	**20,383**	**790**	**266,005**
Depreciation and impairment losses					
Balance at 1 January 2016	23,948	78,515	10,030	–	112,493
Depreciation charge	3,120	10,080	3,838	385	17,423
Disposals	(735)	(5,918)	(4,039)	–	(10,692)
Arising from business disposals (Note 30)	–	(55)	–	–	(55)
Subsidiary becoming a joint venture (Note 30)	(1,874)	(721)	–	–	(2,595)
Revaluation gains	(1,269)	–	–	–	(1,269)
Foreign exchange movement	(1,191)	(1,778)	(487)	11	(3,445)
Balance at 31 December 2016	**21,999**	**80,123**	**9,342**	**396**	**111,860**
Depreciation charge	**3,124**	**8,779**	**3,841**	**20**	**15,764**
Disposals	**(8,193)**	**(6,622)**	**(2,994)**	**(346)**	**(18,155)**
Arising from business disposals (Note 30)	**(28)**	**(592)**	**(333)**	**–**	**(953)**
Subsidiaries becoming joint ventures (Note 30)	**(1,822)**	**(5,244)**	**(523)**	**–**	**(7,589)**
Revaluation gains	**(1,518)**	**–**	**–**	**–**	**(1,518)**
Reversal of property impairment	**(362)**	**–**	**–**	**–**	**(362)**
Reclassifications	**(6)**	**6**	**–**	**–**	**–**
Foreign exchange movement	**213**	**(679)**	**59**	**(32)**	**(439)**
Balance at 31 December 2017	**13,407**	**75,771**	**9,392**	**38**	**98,608**
Carrying amount					
At 31 December 2016	97,789	35,801	10,973	621	145,184
At 31 December 2017	**115,535**	**40,119**	**10,991**	**752**	**167,397**

Land and buildings are stated at fair value while plant and equipment, motor vehicles and bearer plants are stated at depreciated historic cost.

There is €1,161,000 included in the carrying amount of property, plant and equipment at 31 December 2017 that relates to assets under construction (2016: €531,000).

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Measurement of fair value of land and buildings

(i) Fair value hierarchy

Fair value is defined as the price that would be received if the asset were sold in an orderly transaction between market participants based on the asset's highest and best use. Valuations are reviewed each year by the Directors in order to ensure that the fair value of a revalued asset is not materially at variance from its carrying amount. Where appropriate, registered independent appraisers having relevant recognised professional qualifications and recent experience in the locations and category of properties being valued prepare the valuations every three to five years, with valuations updated annually in the interim by the Directors, having due regard to the advice of professionally qualified consultants, where it is deemed appropriate.

At 31 December 2017, the Group undertook an exercise to revalue its properties. Properties occupied by the Group included in land and buildings comprise industrial and office buildings and related land in a number of locations, the largest of which are in Scandinavia, the Czech Republic, Spain, the Netherlands and the UK. In excess of seventy five per cent of the value of land and buildings was determined by registered independent appraisers within the past four years. The basis for such valuations is described in further detail below. The valuations of a number of properties were determined by the Directors with reference to local knowledge, valuation techniques and judgment after consultation with property advisers. The Directors are satisfied with the basis upon which these valuations have been prepared.

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

	Comparable Market Transactions for Land & Buildings 2017 €'000	Comparable Market Transactions For Land 2017 €'000	Comparable Rental Yield 2017 €'000	Discounted Cash Flows 2017 €'000	Depreciated Historic Cost[1] 2017 €'000	Total 2017 €'000
Europe – Eurozone	**23,758**	**–**	**5,425**	**–**	**10,038**	**39,221**
Europe – Non-Eurozone						
– Scandinavia	**–**	**2,014**	**–**	**24,329**	**14,711**	**41,054**
– Eastern Europe	**16,296**	**–**	**–**	**–**	**384**	**16,680**
– UK	**11,063**	**–**	**6,909**	**–**	**–**	**17,972**
International	**–**	**–**	**–**	**–**	**608**	**608**
	51,117	**2,014**	**12,334**	**24,329**	**25,741**	**115,535**

	2016 €'000	2016 €'000	2016 €'000	2016 €'000	2016 €'000	2016 €'000
Europe – Eurozone	26,476	–	10,038	–	7,879	44,393
Europe – Non-Eurozone						
– Scandinavia	–	2,018	–	21,060	–	23,078
– Eastern Europe	15,517	–	–	–	78	15,595
– UK	7,440	–	7,194	–	–	14,634
International	–	–	–	–	89	89
	49,433	2,018	17,232	21,060	8,046	97,789

1 Assets valued at depreciated historic cost include buildings that were recently constructed and leasehold improvements.

All fair values above have been designated as level 3 in the fair value hierarchy. (See Note 36).

(ii) Level 3 fair value for land and buildings

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

	2017 €'000	2016 €'000
Balance at beginning of year	**97,789**	98,624
Arising on acquisition of subsidiaries	**3,408**	23
Arising from business disposals	**(210)**	–
Reclassification to/from plant and equipment	**(225)**	–
Additions in year	**20,154**	8,595
Subsidiaries becoming joint ventures	**(2,551)**	(3,328)
Depreciation charge in year	**(3,124)**	(3,120)
Disposals in year	**(4,824)**	(1,411)
Foreign exchange movement	**(600)**	(2,723)
Reversal of impairment recognised in income statement	**362**	–
Income/(expense) included in other comprehensive income:		
– Fair value gains	**5,356**	1,421
– Fair value losses	**–**	(292)
Balance at end of year	**115,535**	97,789

Fair value gains of €362,000 (2016: €Nil) were recognised in the income statement in 2017 as they represented a reversal of a previously recognised property impairment. The non-controlling interest share of this reversal of property impairments was a credit of €163,000 (2016: €Nil). Fair value gains in 2017 amounting to €5,356,000 (2016: €1,421,000) and fair value losses in the same period of €Nil (2016: €292,000) were recognised in the statement of other comprehensive income. Net deferred tax charges of €1,219,000 (2016: credit of €781,000) on revaluation of land and buildings were also recognised in the statement of other comprehensive income for the year as a result of both revaluation movements and changes in underlying tax rates. The non-controlling interests' share of net revaluation movements in other comprehensive income, net of deferred taxes, was a credit of €170,000 (2016: credit of €14,000).

The depreciated historic cost of land and buildings which were revalued amounted to €89,535,000 (2016: €74,003,000).

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Measurement of fair value of land and buildings (continued)

Valuation technique and significant unobservable inputs

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

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Comparable market transactions (for land and buildings)– price per square metre: This method of valuation is used for land and buildings held for own use. The value is based on comparable market transactions.	*Europe – Eurozone* Comparable market prices • 2017: €281 to €785 per square metre (weighted average of €593 per square metre) • 2016: €281 to €785 per square metre (weighted average of €562 per square metre) *Europe – Non-Eurozone* *Eastern Europe* Comparable market prices • 2017: €250 to €279 per square metre (weighted average of €255 per square metre) • 2016: €236 to €274 per square metre (weighted average of €243 per square metre) *UK* Comparable market prices • 2017: £103 to £678 per square metre (weighted average of £473 per square metre) • 2016: £103 to £437 per square metre (weighted average of £330 per square metre)	The estimated fair value would increase/(decrease) if: • Comparable market prices were higher/(lower)
Comparable market transactions (for land) – price per hectare: This method of valuation is used for land held for own use. The value is based on comparable market transactions.	*Europe – Non-Eurozone* *Scandinavia* Comparable market prices • 2017: €503,000 per hectare (weighted average of €503,000 per hectare) • 2016: €503,000 per hectare (weighted average of €503,000 per hectare)	The estimated fair value would increase/(decrease) if: • Comparable market prices were higher/(lower)
Comparable market transactions – rental yield model: This method is used for land and buildings held for own use. The valuation model takes into account annual rent per square metre and a capitalisation yield.	*Europe – Eurozone* Annual rent • 2017: Annual rent of €62 – €73 per square metre (weighted average of €71 per square metre) • 2016: Annual rent of €54 – €73 per square metre (weighted average of €66 per square metre) Capitalisation yield • 2017: 8.50% – 9.00% (weighted average of 8.91%) • 2016: 8.50% – 9.50% (weighted average of 9.21%) *Europe – Non-Eurozone* *UK* Annual rent • 2017: £60 – £61 per square metre (weighted average of £60 per square metre) • 2016: £60 – £61 per square metre (weighted average of £60 per square metre) Capitalisation yield • 2017: 8.00% – 8.40% (weighted average of 8.15%) • 2016: 8.00% – 8.40% (weighted average of 8.16%)	The estimated fair value would increase/(decrease) if: • Expected annual rents were higher/(lower) • Capitalisation yields were lower/(higher)

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: This valuation model considers the present value of net cash flows to be generated from the property taking into account current rents, expected market rents and lease incentive costs. The expected net cash flows are discounted using a risk adjusted market discount rate.	*Europe – Non-Eurozone* *Scandinavia* Net annual rent • 2017: €62 – €69 per square metre (weighted average of €68 per square metre) • 2016: €54 – €69 per square metre (weighted average of €67 per square metre) Growth in annual rent • 2017: 1.50% – 2.00% (weighed average of 1.95%) • 2016: 1.50% – 2.00% (weighed average of 1.94%) Capitalisation yield • 2017: 6.50% – 9.00% (weighted average of 6.77%) • 2016: 7.00% – 8.00% (weighted average of 7.12%) Risk adjusted discount rates • 2017: 8.40% – 8.50% (weighted average 8.41%) • 2016: 8.50% – 9.10% (weighted average 9.03%)	The estimated fair value would increase/(decrease) if: • Expected market rental growth was higher/(lower) • Capitalisation yields were lower/(higher) • Risk-adjusted discount rates were lower/(higher)

Leased property, plant and equipment

The Group leases property, plant and equipment under a number of finance lease agreements. At 31 December 2017, the carrying amount of leased assets included in property, plant and equipment was €2,600,000 (2016: €3,287,000).

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
At 31 December 2016	–	1,474	1,813	3,287
At 31 December 2017	**–**	**1,008**	**1,592**	**2,600**

At 31 December 2017, property, plant and equipment with a carrying value of €5,158,000 (2016: €4,575,000) is charged as security in respect of bank loans and finance leases.

12. INVESTMENT PROPERTY

	2017 €'000	2016 €'000
Balance at beginning of year	**8,585**	9,698
Disposals	**(1,100)**	–
Foreign exchange movement	**(282)**	(1,113)
Balance at end of year	**7,203**	8,585

Investment property, comprising land and buildings, is held for capital appreciation and/or rental income and is not occupied by the Group. This also includes parts of properties owned by the Group which are sublet to third parties. The Group's investment properties at 31 December 2017 are located in the UK and Ireland with a property in the Netherlands sold during 2017.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

12. INVESTMENT PROPERTY (continued)
Measurement of fair value
(i) Fair value hierarchy
The carrying amount of investment property within the Group's subsidiaries is the fair value of the property as determined by the Directors. In preparing the property valuations, the Directors consulted with registered independent appraisers having an appropriate recognised professional qualification and with recent experience in the location and category being valued. In general, valuations have been undertaken having regard to comparable market transactions between informed market participants at the 'highest and best use'. All of the investment property at 31 December 2017 was valued in accordance with consultation with external experts.

The fair value measurement for investment property of €7,203,000 (2016: €8,585,000) has been categorised as a Level 3 fair value based on the input to the valuation technique used (see Note 36).

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

No fair value movements were identified in 2017 (2016: €Nil) in relation to investment property.

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

Analysis of carrying value by valuation technique

	2017 €'000	2016 €'000
Comparable market transactions	**7,203**	7,485
Discounted cash flow	**–**	1,100
	7,203	8,585

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Comparable market transactions: This method of valuation is used for land and buildings held for sale or capital appreciation. The value is based on comparable market transactions after discussion with independent registered property appraisers.	*Europe – Eurozone* Comparable market price • 2017: €588,000 per hectare (weighted average €588,000 per hectare) • 2016: €588,000 per hectare (weighted average €588,000 per hectare) *Europe – Non-Eurozone* *UK* Comparable market price • 2017: £2,227,000 per hectare (weighted average £2,227,000 per hectare) • 2016: £2,227,000 per hectare (weighted average £2,227,000 per hectare)	The estimated fair value would increase/(decrease) if: • Comparable market prices were higher/(lower)
Discounted cash flows: This valuation model considers the present value of net cash flows to be generated from the property taking into account current rents, expected market rents and lease incentive costs. The expected net cash flows are discounted using a risk adjusted market discount rate.	*Europe – Eurozone* Rental income per annum • 2017: n/a • 2016: €45 – €100 per square metre (weighted average of €76 per square metre) Rental growth rate per annum • 2017: n/a • 2016: 1.8% (weighted average 1.8%) Risk adjusted discount rates • 2017: n/a • 2016: 7.6% to 8.0% (weighted average 7.8%)	The estimated fair value would increase/(decrease) if: • Expected market rental growth was higher/(lower) • Risk-adjusted discount rates were lower/(higher)

13. GOODWILL AND INTANGIBLE ASSETS

	Customer relationships €'000	Other intangible assets €'000	Research & development €'000	Computer software €'000	Goodwill €'000	Total €'000
Cost						
Balance at 1 January 2016	77,905	23,379	4,440	5,708	151,734	263,166
Arising on acquisition of subsidiaries (Note 30)	14,066	9,008	–	206	30,066	53,346
Fair value movements on contingent consideration (Note 26)	–	–	–	–	(62)	(62)
Additions	–	–	–	1,344	–	1,344
Capitalisation of development expenditure	–	–	253	–	–	253
Arising from business disposals (Note 30)	(822)	(3,461)	–	(37)	(3,148)	(7,468)
Retirements	–	–	(2,779)	–	–	(2,779)
Foreign exchange movement	(2,362)	(708)	(477)	(175)	(4,050)	(7,772)
Balance at 31 December 2016	**88,787**	**28,218**	**1,437**	**7,046**	**174,540**	**300,028**
Arising on acquisition of subsidiaries (Note 30)	**39,981**	**15,610**	**–**	**56**	**43,796**	**99,443**
Arising from business disposals (Note 30)	**–**	**–**	**–**	**(247)**	**(51)**	**(298)**
Additions	**–**	**462**	**–**	**2,960**	**–**	**3,422**
Capitalisation of development expenditure	**–**	**–**	**204**	**–**	**–**	**204**
Disposals	**–**	**–**	**–**	**(279)**	**–**	**(279)**
Subsidiaries becoming joint ventures (Note 30)	**–**	**–**	**–**	**(87)**	**(32)**	**(119)**
Foreign exchange movement	**(8,735)**	**(3,622)**	**(60)**	**(74)**	**(10,902)**	**(23,393)**
Balance at 31 December 2017	**120,033**	**40,668**	**1,581**	**9,375**	**207,351**	**379,008**
Accumulated amortisation and impairments						
Balance at 1 January 2016	54,909	9,976	3,367	1,865	2,531	72,648
Amortisation of acquisition related intangible assets	5,327	2,348	–	–	–	7,675
Development & software amortisation	–	–	407	1,356	–	1,763
Impairment	–	–	–	–	5,183	5,183
Arising from business disposals (Note 30)	(133)	(298)	–	(8)	–	(439)
Retirements	–	–	(2,779)	–	–	(2,779)
Foreign exchange movement	(3,179)	(818)	(338)	(88)	(90)	(4,513)
Balance at 31 December 2016	**56,924**	**11,208**	**657**	**3,125**	**7,624**	**79,538**
Amortisation of acquisition related intangible assets	**7,255**	**3,244**	**–**	**–**	**–**	**10,499**
Development & software amortisation	**–**	**–**	**299**	**1,443**	**–**	**1,742**
Impairment	**–**	**–**	**–**	**–**	**9,075**	**9,075**
Arising from business disposals (Note 30)	**–**	**–**	**–**	**(129)**	**–**	**(129)**
Disposals	**–**	**–**	**–**	**(178)**	**–**	**(178)**
Subsidiaries becoming joint ventures (Note 30)	**–**	**–**	**–**	**(21)**	**–**	**(21)**
Foreign exchange movement	**(1,801)**	**(504)**	**(31)**	**(35)**	**(228)**	**(2,599)**
Balance at 31 December 2017	**62,378**	**13,948**	**925**	**4,205**	**16,471**	**97,927**
Carrying amount						
Balance at 31 December 2016	31,863	17,010	780	3,921	166,916	220,490
Balance at 31 December 2017	**57,655**	**26,720**	**656**	**5,170**	**190,880**	**281,081**

Other intangible assets

Other intangible assets include brands of €9,055,000 (2016: €9,229,000), supplier relationships of €17,574,000 (2016: €7,570,000) and other €91,000 (2016: €211,000).

Disposals

During the year, the Group disposed of an interest in a subsidiary in the Eurozone.

During the prior year, the Group disposed of trading assets, intellectual property and other intangible assets of a sports nutrition business in the International division.

Further details are set out in Note 30.

Notes to the Group Financial Statements (continued)
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13. GOODWILL AND INTANGIBLE ASSETS (continued)

Amortisation and impairment charges

Intangible assets are amortised to the income statement over their estimated useful lives as follows:

- Customer relationships: 3 to 15 years;
- Brands: 10 to 15 years;
- Supplier relationships: 3 to 15 years;
- Capitalised development costs: 5 to 7 years;
- Software: 3 to 5 years.

Amortisation charges for acquisition related intangible assets (customer relationships, brands and supplier relationships) are separately disclosed in the Group income statement. Amortisation charges for capitalised development costs and software are allocated to distribution expenses. Impairment losses are allocated to other operating expenses.

Goodwill and intangible assets arising on acquisition

Goodwill and intangible assets arising in connection with acquisitions are set out in Note 30.

Fair value movements on estimates of contingent consideration, and therefore goodwill, in respect of acquisitions completed prior to 1 January 2010 are set out in Note 26.

Impairment testing and goodwill

The Group tests goodwill annually for impairment on 31 October, or more frequently if there are indications that goodwill might be impaired. For the purposes of impairment testing, goodwill is allocated to divisions which represent the lowest level within the Group at which goodwill is monitored, which is not higher than the operating segments identified before aggregations. A reportable operating level summary of the goodwill is presented below.

	2017 Number CGUs	2016 Number CGUs	2017 €'000	2016 €'000
Europe – Eurozone	**9**	9	**32,578**	42,389
Europe – Non-Eurozone	**5**	7	**95,319**	95,386
International	**2**	1	**62,983**	29,141
	16	17	**190,880**	166,916

The recoverable amount of each cash-generating unit ('CGU') has been determined based on a value-in-use calculation using cash flows derived from the approved 2018 budget with cash flows thereafter calculated using a terminal value methodology assuming 1.5% p.a. inflation. No other growth is assumed. The pre-tax discount rates applied to cash flow projections of the CGUs range from 10.0% to 15.4% (2016: 11.1% to 13.2%).

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

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

The Group's earnings are significantly dependent on the selling prices and margins obtained for products sold. These, in turn, are largely determined by market supply and demand. Fresh produce supplies in individual markets are affected by the geography of production, growing conditions (including climate), seasonality and perishability. Market demand is a function of population size, per capita consumption, the availability and quality of individual products, competing products, climatic, economic and other general conditions in the marketplace. Excess produce leading to reduced selling prices (particularly for products purchased under contract) could have a material adverse effect on the Group's business, results of operations and financial condition.

Applying the techniques above, an impairment charge of €9,075,000 (2016: €5,183,000) relating to goodwill was recognised in the income statement in 2017 within other operating expenses (Note 3) and disclosed as an exceptional item (Note 7). The 2017 impairment related to a fresh produce business in the Netherlands which had experienced a difficult trading environment resulting in a slower recovery than had been anticipated. The impairment charge in 2016 arose in a sports nutrition business as a result of a reduction in forecasted profitability due to a more competitive trading environment and a change in route to market.

Sensitivity analysis

The value-in-use calculations are sensitive to changes in the assumptions, particularly relating to assumptions of cash flows generated by the individual CGUs and discount rates applied to these cash flows. Sensitivity analysis was performed based on changes to each of these factors.

A 10% reduction in the cash flow projections would not have given rise to an impairment loss for any CGU. Similarly if the pre-tax discount rates applied to the cash flows had been 10% higher, no further impairment loss would have arisen.

14. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	Joint Ventures €'000	Associates €'000	Total €'000
Balance at 1 January 2016	53,803	22,312	76,115
Share of profit after tax (Note 4)	7,258	5,012	12,270
Share of equity buyback	–	(73)	(73)
Share of other comprehensive income, net	–	(820)	(820)
Investment in joint ventures and associates – cash (a)	8,222	398	8,620
Investment in joint ventures – contingent consideration (a)	2,815	–	2,815
Investment in joint ventures – deferred consideration (a)	513	–	513
Subsidiary becoming a joint venture (c) (Note 30)	1,504	–	1,504
Joint venture becoming a subsidiary (e) (Note 30)	(324)	–	(324)
Dividends declared (f)	(4,983)	(3,356)	(8,339)
Foreign exchange movement	315	314	629
Balance at 31 December 2016	**69,123**	**23,787**	**92,910**
Share of profit after tax (Note 4)	**11,427**	**782**	**12,209**
Share of other comprehensive income, net	**–**	**711**	**711**
Investment in joint ventures and associates – cash (a)	**12,498**	**8,564**	**21,062**
Investment in joint ventures – contingent consideration (a)	**2,515**	**–**	**2,515**
Fair value uplift on associate investment (b)	**–**	**11,291**	**11,291**
Associate becoming a subsidiary (b) (Note 30)	**–**	**(24,683)**	**(24,683)**
Subsidiaries becoming joint ventures (c) (Note 30)	**6,407**	**–**	**6,407**
Disposal of joint venture (d)	**(620)**	**–**	**(620)**
Investment in associate on acquisition of subsidiaries (Note 30)	**–**	**1,112**	**1,112**
Dividends declared (f)	**(8,087)**	**(4,540)**	**(12,627)**
Foreign exchange movement	**(2,532)**	**(1,334)**	**(3,866)**
Balance at 31 December 2017	**90,731**	**15,690**	**106,421**

Details of the Group's principal joint ventures and associates are set out in Note 39.

(a) Investment in joint ventures and associates*

Investments in 2017

During 2017, the Group invested €23,577,000 (€21,062,000 in cash and €2,515,000 in contingent consideration payable on achievement of certain profit targets) in a number of joint ventures and associates in North America and Europe. The fair value of contingent consideration recognised at date of acquisition was calculated using the expected present value technique. The principal acquisitions in 2017 were investments in Delica North America and The Fresh Connection in North America.

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

Oppy acquired from T&G a 50% share of a T&G Californian headquartered US export business known in the market as Delica North America ('Delica NAM') for a cash consideration of €8,085,000. Delica NAM is focussed on exporting a wide range of fresh produce from the US predominantly to the important Chinese and South East Asian markets. Under the terms of the shareholders agreement, Oppy is considered to have significant influence rather than joint control of this investment and therefore has treated the investment as an associate investment in accordance with IAS 28 *Investments in Associates and Joint Ventures (2011)*.

Separately Oppy sold some shares in its US business to T&G. T&G through its wholly owned subsidiary Enza Fresh, previously held a 15% shareholding in Oppy's largest subsidiary, the US focussed marketer David Oppenheimer & Company LLC ('DOC') and a US transport company David Oppenheimer Transport ('DOT'). On 6 April 2017, Enza Fresh merged with Grandview Brokerage LLC ('GBLLC') and as part of this agreement obtained a 39.4% shareholding in GBLLC with the right thereafter to match the effective share of GBLLC held by Total Produce. As GBLLC owns 100% of DOC and 15% of DOT, the transaction resulted in T&G increasing its shareholding in DOC from 15% to 39.4% and reducing its interest in DOT from 15% to 6%. The net proceeds received by Oppy for the disposal of the shareholding in GBLLC were €8,631,000.

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

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

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

14. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)
(a) Investment in joint ventures and associates* (continued)
Investments in 2016

During 2016 the Group invested €11,948,000 (€8,620,000 in cash, €513,000 in deferred consideration and €2,815,000 estimated contingent consideration payable on achievement of certain profit targets). The fair value of the contingent consideration recognised at the date of acquisition of €2,815,000 was calculated using the expected present value technique. The principal acquisitions in 2016 were as follows:

- the acquisition in April 2016 of a 60% interest in Organic Trade Company Holland B.V., a company headquartered in the Netherlands and specialising in organic fruit and vegetables. Following assessment of the voting rights of each shareholder, it was deemed that joint control exists and the 60% interest is treated as a joint venture.
- the incorporation in April 2016 of Vezet Convenience Nordic AB ('VCN') owned 50/50 with G Kramer & Zonen, a Dutch based company. Over a period of three to five years, VCN will invest in a state-of-the-art facility to be used for the production of fresh cut and pre-packed meal salads for supply to the Nordic market.
- the acquisition in December 2016 of a 50% shareholding in the El Parque Group, a fresh produce company headquartered in Chile and specialising in avocados, citrus and grapes.

(b) Fair value uplift on associate investment and associate becoming a subsidiary
As outlined in detail in Note 30, on 1 March 2017 the Group acquired a further 30% shareholding in the Oppenheimer Group ('Oppy') to take its total shareholding to 65%. As a result of this increased shareholding, Oppy became a subsidiary from this date and in accordance with IFRS, the Group's previously held 35% associate interest was remeasured from its carrying value of €13,392,000 to a fair value of €24,683,000 resulting in a fair value gain of €11,291,000. This gain, together with the reclassification of €1,137,000 of currency translation gains from the currency translation reserve, were reclassified to the income statement resulting in an exceptional gain of €12,428,000. The fair value of €24,683,000 formed part of the acquisition accounting for the consolidation of Oppy on 1 March 2017.

(c) Subsidiaries becoming joint ventures
In 2016 and 2017, as a result of changes in the nature of shareholder relationships it was determined that the Group no longer held a controlling influence in a number of investees and that the Group jointly controlled the investees. Therefore these investments were reclassified as joint ventures (see Note 30).

(d) Disposal of a joint venture
In 2017, the Group disposed of its shareholding in a joint venture in Europe with a carrying value of €620,000 for proceeds of €625,000 (€400,000 received in cash and €225,000 deferred for one year). A gain of €5,000 was recognised on this disposal.

(e) Joint venture becoming a subsidiary
In 2016, the Group acquired a further 25% of a joint venture interest in Scandinavia taking the Group's interest to a 75% controlling interest and from date of acquisition the investee was treated as a subsidiary. The carrying value of the original 50% shareholding at date of acquisition of €324,000 was deemed to be the fair value.

(f) Dividends declared by joint ventures and associates
Dividends of €12,627,000 (2016: €8,339,000) were declared by joint ventures and associates during the year of which €8,243,000 (2016: €8,339,000) was received in cash. A dividend declared by an associate of €4,384,000 during 2017 was not paid to the Group prior to this associate becoming a subsidiary of the Group and therefore the Group had a pre-existing receivable at the date of acquisition which was settled as part of the acquisition (see Note 30 for details).

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

	Joint Ventures 2017 €'000	**Associates 2017 €'000**	**Total 2017 €'000**	Joint Ventures 2016 €'000	Associates 2016 €'000	Total 2016 €'000
Non-current assets	**51,676**	**17,256**	**68,932**	41,669	14,270	55,939
Cash and cash equivalents	**27,216**	**3,247**	**30,463**	22,611	4,235	26,846
Other current assets	**85,884**	**14,180**	**100,064**	62,678	37,161	99,839
Non-current liabilities	**(5,808)**	**(6,834)**	**(12,642)**	(7,225)	(2,670)	(9,895)
Employee benefit liabilities	**–**	**–**	**–**	–	(3,126)	(3,126)
Current liabilities	**(77,607)**	**(4,571)**	**(82,178)**	(51,981)	(31,764)	(83,745)
Interest-loans and borrowings	**(14,584)**	**(10,585)**	**(25,169)**	(16,302)	(7,112)	(23,414)
Non-controlling interests	**(998)**	**(333)**	**(1,331)**	(679)	(743)	(1,422)
Share of net assets	**65,779**	**12,360**	**78,139**	50,771	10,251	61,022
Goodwill	**24,952**	**3,330**	**28,282**	18,352	13,536	31,888
Balance at 31 December	**90,731**	**15,690**	**106,421**	69,123	23,787	92,910

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

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

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

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

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

	Frankort & Koning		Frutas IRU*		Gambles Group	
	2017 €'000	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000
Revenue	**246,864**	236,268	**81,999**	71,856	**146,980**	150,818
Profit after tax (Note a)	**1,614**	2,162	**2,543**	1,520	**1,160**	2,044
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income	**1,614**	2,162	**2,543**	1,520	**1,160**	2,044
Attributable to non-controlling interests	**320**	385	**–**	–	**53**	122
Attributable to the investees' shareholders	**1,294**	1,777	**2,543**	1,520	**1,107**	1,922
Note (a) Profit after tax includes:						
Depreciation and amortisation	**(1,472)**	(1,494)	**(281)**	(268)	**(1,946)**	(1,876)
Interest (expense)/income	**(366)**	(390)	**3**	11	**(129)**	(77)
Income tax expense	**(324)**	(150)	**(924)**	(693)	**(538)**	(799)
Current assets (Note b)	**34,796**	37,811	**19,414**	19,070	**13,193**	15,602
Non-current assets	**10,305**	11,269	**1,379**	914	**18,892**	20,966
Current liabilities (Note c)	**(24,088)**	(27,154)	**(7,709)**	(7,418)	**(13,347)**	(15,096)
Non-current liabilities (Note d)	**(1,961)**	(1,760)	**–**	(24)	**(4,910)**	(5,524)
Net assets	**19,052**	20,166	**13,084**	12,542	**13,828**	15,948
Attributable to non-controlling interests	**459**	474	**–**	–	**120**	167
Attributable to the investees' shareholders	**18,593**	19,692	**13,084**	12,542	**13,708**	15,781
Group's interest in net assets of investees	**9,297**	9,846	**6,542**	6,271	**6,854**	7,890
Goodwill	**5,080**	5,080	**–**	–	**4,025**	4,281
Carrying amount of interest in investees at end of year	**14,377**	14,926	**6,542**	6,271	**10,879**	12,171
Note (b) Includes cash and cash equivalents	**1,565**	1,388	**9,871**	9,812	**3,447**	5,677
Note (c) Includes current financial liabilities (excluding trade, other payables and provisions)	**(10,270)**	(12,769)	**–**	–	**(3,953)**	(4,504)
Note (d) Includes non-current financial liabilities (excluding trade, other payables and provisions)	**(308)**	(694)	**–**	–	**(501)**	(533)

	Frankort & Koning		Frutas IRU*		Gambles Group	
	2017 €'000	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000
Carrying amount of interest in investee at beginning of year	**14,926**	14,038	**6,271**	6,511	**12,171**	11,938
Total comprehensive income attributable to the Group	**616**	888	**1,271**	760	**554**	961
Dividends received during the year	**(1,165)**	–	**(1,000)**	(1,000)	**(1,125)**	(1,561)
Foreign exchange movement	**–**	–	**–**	–	**(721)**	833
Carrying amount of interest in investee at end of year	**14,377**	14,926	**6,542**	6,271	**10,879**	12,171

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

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

14. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

Immaterial joint ventures

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

Carrying value	2017 €'000	2016 €'000
Europe – Eurozone	**26,991**	13,534
Europe – Non-Eurozone	**9,712**	11,984
International	**22,230**	10,237
Carrying amount of interests in immaterial joint ventures	**58,933**	35,755

Group's share of profit after tax	2017 €'000	2016 €'000
Europe – Eurozone	**4,647**	2,171
Europe – Non-Eurozone	**2,617**	2,728
International	**1,691**	(250)
Group's share of profit after tax in immaterial joint ventures	**8,955**	4,649

Group's share of other comprehensive income

There is no other comprehensive income arising in immaterial joint ventures in the current or prior year.

Material associates

At 31 December 2016, the Group had one associate which was deemed material to the Group and which was equity accounted. At 31 December 2016, the Group owned 35% of Grandview Ventures Limited known in the industry as the Oppenheimer Group or Oppy ('Investee'), a Canadian fresh produce company. On 1 March 2017, the Group acquired a further 30% shareholding in 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 from its carrying value of €13,392,000 to a fair value of €24,683,000 resulting in a fair value gain of €11,291,000.

The registered address of Grandview Ventures Limited is 2800 Park Place, 666 Burrard Street, Vancouver, BC V6C 2Z7.

The following is the summarised financial information for the year ended 31 December 2016 and for the period 1 January 2017 to 28 February 2017 for the Oppenheimer Group based on their consolidated financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies:

	For 2 months ended 28 February 2017 €'000	For 12 months ended 31 December 2016 €'000
Revenue	**104,454**	678,690
(Loss)/profit after tax[1]	**(72)**	11,537
Other comprehensive income	**1,620**	(4,278)
Total comprehensive income	**1,548**	7,259
Attributable to non-controlling interests	**83**	1,258
Attributable to the investee's shareholders	**1,465**	6,001

	2017 €'000	2016 €'000
Current assets	**–**	96,537
Non-current assets	**–**	24,053
Current liabilities	**–**	(91,816)
Non-current liabilities	**–**	(16,544)
Net assets	**–**	12,230
Attributable to non-controlling interests	**–**	2,123
Attributable to the investee's shareholders	**–**	10,107
Group's interest in net assets of investee	**–**	3,537
Goodwill	**–**	13,536
Carrying amount of interest in investee at end of year	**–**	17,073
Carrying amount of interest in investee at beginning of year	**17,073**	16,425
Total comprehensive income attributable to the Group[2,3]	**580**	2,262
Dividends declared during the year	**(4,384)**	(2,699)
Fair value uplift on associate investment	**11,291**	–
Associate becoming a subsidiary (Note 30)	**(24,683)**	–
Foreign exchange movement	**123**	1,085
Carrying amount of interest in investee at end of year	**–**	17,073

1 Profit after tax includes amortisation charges on intangible assets recognised as Group fair value adjustments on acquisition.

2 Includes a credit in currency translation reserve of €229,000 (2016: a credit of €672,000), which are included within foreign currency translation effects in the Group Statement of Comprehensive Income.

3 Calculated in accordance with the provisions of the shareholder's agreement between the Group and the Investee.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

14. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)
Immaterial associates

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

Carrying value	2017 €'000	2016 €'000
Europe – Eurozone	**1,152**	1,186
Europe – Non-Eurozone	**4,161**	3,358
International	**10,377**	2,170
Carrying amount of interests in immaterial associates	**15,690**	6,714

Group's share of profit after tax	2017 €'000	2016 €'000
Europe – Eurozone	**52**	138
Europe – Non-Eurozone	**606**	800
International	**122**	341
Group's share of profit after tax in immaterial associates	**780**	1,279

Group's share of other comprehensive income	2017 €'000	2016 €'000
Europe – Eurozone	**–**	(73)
International	**–**	–
Group's share of other comprehensive income in immaterial associates	**–**	(73)

15. OTHER FINANCIAL ASSETS

	2017 €'000	2016 €'000
Balance at beginning of year	**649**	732
Additions	**98**	–
Subsidiaries becoming joint ventures (Note 30)	**(3)**	–
Foreign exchange movement	**(25)**	(83)
Balance at end of year	**719**	649
Available-for-sale financial assets measured at cost less provision for impairment[a]	**719**	649
Balance at end of year	**719**	649

The investments included above predominantly represent investments in unlisted equity securities. While these investments are classified as available-for-sale financial assets in accordance with IFRS, it is not currently the intention of management to sell these assets.

(a) Certain of the Group's available-for-sale financial assets are comprised of investments that do not have a quoted market price in an active market, and the Directors believe that fair value is not materially different to book value. Such investments are measured at cost, less provision for impairment where required. The carrying value of such investments amounts to €719,000 (2016: €649,000).

16. INVENTORIES

	2017 €'000	2016 €'000
Goods for resale	**78,294**	51,795
Consumables	**11,371**	9,400
Total of lower of cost or net realisable value	**89,665**	61,195

17. BIOLOGICAL ASSETS

	2017 €'000	2016 €'000
Balance at beginning of year	**194**	–
Additions	**27,104**	–
Harvested fruit transferred to inventory	**(24,977)**	–
Fair value adjustment	**289**	(128)
Arising on acquisition of subsidiaries (Note 30)	**2,384**	308
Foreign exchange movement	**(416)**	14
Balance at end of year	**4,578**	194
Non-current	**–**	–
Current	**4,578**	194
Balance at end of year	**4,578**	194

Biological assets consist of unharvested fruits growing on bearer plants and are measured at their fair value less estimated costs to point of sale with any resultant gain or loss recognised in the income statement within cost of sales. Point of sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to bring the assets to market. Where fair value cannot be measured reliably, biological assets are measured at cost.

The following table details the fair values of the Group's biological assets:

	2017 €'000	2016 €'000
Strawberries	**3,898**	–
Other	**680**	194
	4,578	194

Fair value hierarchy

The fair value measurements for the Group's biological assets have been categorised as level 3 fair values based on the inputs to the valuation techniques used which are not based on observable market data.

Valuation technique and significant unobservable inputs

The fair value of biological assets is determined by management using a discounted cash flow approach and the table below summarises the unobservable inputs used for strawberries.

Product	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Strawberries	*Discounted cashflows* This method of valuation considers the present value of the net cash flows expected to be generated by the biological assets. The cash flow projections include estimates of yields, sales prices, production and harvest costs. The expected net cash flows are discounted using a risk-adjustment factor to factor in volatility of weather, production and pricing and future farming costs.	*Inclusive of* • estimated yields based on historical yields that are adjusted to reflect current growing conditions, variety of product and farm locations (2017: 31 tonnes per acre) • estimated cash inflows based on forecast pricing (US$1.06 to US$4.48 per kg – weighted average US$2.46 per kg) • estimated production, harvesting and transportation costs • risk-adjusted discount rates (2017: 13.3%)	The estimated fair value would increase/(decrease) if: • estimated yields were higher/(lower) • estimated fruit prices were higher/(lower) • estimated production, harvesting and transportation costs were lower/(higher) • the risk-adjusted discount rates were lower/(higher)

Risk management strategy related to biological assets

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of all its fruits and vegetables. Management of subsidiaries of the Group who are involved in growing perform regular industry trend analysis to project harvest volumes and pricing. Where possible, the Group manages this risk by aligning its harvest volumes to market supply and demand.

Climate and other risks

The Group's plantations are at risk to damage from climatic changes, unusual weather patterns, diseases, forest fires and other natural forces. The Group has extensive processes in place to monitor and to mitigate risks where possible including regular crop inspection and pest and disease surveys.

Notes to the Group Financial Statements (continued)
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18. TRADE AND OTHER RECEIVABLES

	2017 €'000	2016 €'000
Non-current		
Non-trade receivables due from joint ventures and associates	**4,248**	4,406
Other receivables	**6,815**	3,355
	11,063	7,761
Current		
Trade receivables due from third parties	**303,835**	266,400
Trade receivables due from joint ventures and associates	**9,220**	5,617
Irish value added tax	**616**	779
Other tax	**6,155**	5,478
Other receivables	**34,521**	24,414
Prepayments	**9,065**	12,012
Non-trade receivables due from joint ventures and associates	**1,922**	2,830
	365,334	317,530
Total	**376,397**	325,291

Details of impairment provisions netted against the carrying value of trade and other receivables above are set out in Note 34.

Other receivables (both current and non-current) include loans and advances to suppliers.

See Note 34 for an analysis of credit risk on trade and other receivables to understand how the Group manages and measures credit quality of trade and other receivables.

19. BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Bank deposits

The original maturity of these deposits falls outside the three month timeframe for classification as cash and cash equivalents under IAS 7 *Statements of Cash Flows*, and accordingly, the related balances have been separately reported in the consolidated balance sheet and have been categorised as 'amortised cost' in accordance with IAS 39 *Financial Instruments*: *Recognition and Measurement*.

	2017 €'000	2016 €'000
Bank deposits	**–**	2,500

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and call deposits which are readily convertible to a known amount of cash within a short timeframe of between one day and three months on acquisition.

	2017 €'000	2016 €'000
Bank balances	**89,929**	111,261
Call deposits (demand balances)	**10,318**	16,019
Cash and cash equivalents per balance sheet	**100,247**	127,280
Bank overdrafts (Note 23)	**(11,268)**	(10,193)
Cash, cash equivalents and bank overdrafts per cash flow statement	**88,979**	117,087

20. CAPITAL AND RESERVES

Share capital

At 31 December 2017, the authorised share capital was €10,000,000 (2016: €10,000,000) divided into 1,000,000,000 ordinary shares of 1 cent each. The issued share capital at that date was 346,829,462 ordinary shares (2016: 343,014,762), including 22,000,000 (2016: 22,000,000) treasury shares.

There were no share buyback programmes during 2017. On 27 January 2016, the Group completed the €20,000,000 share buyback programme that commenced on 9 October 2015 with a total of 14,017,270 ordinary shares being purchased and cancelled. Within this programme during January 2016, the Group acquired 4,073,872 of its own ordinary shares at an aggregate cost of €5,899,000 plus costs of €74,000. The total cost of €5,973,000 was reflected as a reduction in retained earnings. The repurchased ordinary shares were cancelled, with the nominal value of the cancelled shares €41,000 being credited to undenominated capital reserve.

During the year, the Group received consideration of €2,598,000 (2016: €1,787,000) from the issue of 3,814,700 (2016: 2,480,000) shares that were issued to satisfy the exercise of 3,814,700 (2016: 2,480,000) share options.

At 31 December 2017, the Company held 22,000,000 treasury shares in the Company (2016: 22,000,000). All rights (including voting and dividend rights) in respect of these treasury shares are suspended until these shares are reissued.

	Ordinary shares 2017 '000	**Ordinary shares 2017 €'000**	Ordinary shares 2016 '000	Ordinary shares 2016 €'000
Allotted, called-up and fully paid				
In issue at beginning of year	**343,015**	**3,429**	344,609	3,446
Shares repurchased by company	**–**	**–**	(4,074)	(41)
Shares issued on exercise of share options	**3,814**	**39**	2,480	24
In issue at end of year	**346,829**	**3,468**	343,015	3,429

Share premium

	2017 €'000	2016 €'000
At beginning of year	**148,204**	254,512
Cash received on exercise of share options in excess of cost price of shares	**2,559**	1,763
Capital reduction	**–**	(108,071)
At end of year	**150,763**	148,204

On 25 May 2016 and pursuant to Section 84 of the Companies Act 2014, the shareholders of the Company approved the passing of a special resolution authorising the Directors of the Company to apply to the High Court of Ireland for approval under Section 85 of the Companies Act 2014 to proceed with a Capital Reduction in the amount of €108,071,000. On 8 July 2016, the High Court confirmed the approval of this resolution and following the registration of this Court order with the Companies Registration Office on 11 July 2016, the Company reduced its Share Premium by the sum of €108,071,000 and transferred this sum to retained earnings, net of associated professional fees of €108,000.

Attributable profit of the company

The profit attributable to equity holders of the parent recorded within the financial statements of the Company for the year ended 31 December 2017 was €12,663,000 (2016: €14,090,000). As permitted by Section 304 of the Companies Act 2014, the statement of comprehensive income of the Company has not been separately presented in these financial statements.

Other reserves

	2017 €'000	2016 €'000
Undenominated capital (a)	**140**	140
Currency translation reserve (b)	**(14,168)**	(7,675)
Revaluation reserve (c)	**28,035**	24,088
De-merger reserve (d)	**(122,521)**	(122,521)
Own shares reserve (e)	**(8,580)**	(8,580)
Other equity reserves (f)	**(10,960)**	841
Total	**(128,054)**	(113,707)

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

20. CAPITAL AND RESERVES (continued)

Other reserves (continued)

(a) Undenominated capital

This reserve arises on the cancellation of ordinary shares purchased under share buyback programmes. There were no share buy-backs in 2017. In 2016 the nominal value of the 4,073,872 ordinary shares cancelled amounting to €40,739 was credited to undenominated capital.

(b) Currency translation reserve

The translation reserve comprises all foreign exchange differences from 1 January 2004, arising from the translation of the net assets of the Group's non-Euro denominated operations, including the translation of the profits and losses of such operations from the average exchange rate for the year to the exchange rate at the reporting date, as well as from the translation of borrowings designated as a hedge of those net assets.

(c) Revaluation reserve

The revaluation reserve relates to revaluation surpluses arising on revaluations of property occupied by the Group. This reserve is not distributable to shareholders under Irish company law.

(d) De-merger reserve

The operations of the Company were de-merged from Fyffes plc on 30 December 2006 and acquired on that date by the Company. The operations had always constituted a separate business segment within Fyffes plc and, consequently, in the Group financial statements of Total Produce plc after the de-merger, the financial position was presented to shareholders on the basis of the carrying value of the assets previously reported to them. In accordance with Section 62 of the Companies Act 1963, the ordinary shares issued by the Company were recorded at their fair value on the date of issue. The difference between the fair value of the consideration received by the Company and the carrying values at which the net assets were previously reported has been recognised in the Group financial statements as a de-merger reserve.

(e) Own shares reserve

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Company. At 31 December 2017, the Company held 22,000,000 (31 December 2016: 22,000,000) of the Company's shares as treasury shares.

(f) Other equity reserves

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

	Share option reserve (i) €'000	Cash flow hedge reserve (ii) €'000	Put option reserve (iii) €'000	Other equity reserves Total €'000
Balance at 1 January 2016	1,987	40	–	2,027
Comprehensive income				
Profit for the year	–	–	–	–
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation	–	–	(514)	(514)
Effective portion of cash flow hedges, net	–	(19)	–	(19)
Deferred tax on items taken directly to other comprehensive income	–	4	–	4
Total included in other comprehensive income	–	(15)	(514)	(529)
Total included in comprehensive income	–	(15)	(514)	(529)
Transactions with equity holders of the parent				
New shares issued	(651)	–	–	(651)
Recognition of put option liability on acquisition (Note 27)	–	–	(17,155)	(17,155)
Put option granted to non-controlling interest (Note 27)	–	–	(3,367)	(3,367)
Fair value movements on put option liability (Note 27)	–	–	(179)	(179)
Share-based payment transactions (Note 31)	436	–	–	436
Total transactions with equity holders of the parent	(215)	–	(20,701)	(20,916)
Balance at 31 December 2016	1,772	25	(21,215)	(19,418)
Transfer of NCI subject to put options for presentation purposes (Note 21)	–	–	20,259	20,259
Balance at 31 December 2016 as presented in the balance sheet	1,772	25	(956)	841

	Share option reserve (i) €'000	Cash flow hedge reserve (ii) €'000	Put option reserve (iii) €'000	Other equity reserves Total €'000
Balance as at 1 January 2017 as presented in the balance sheet	**1,772**	**25**	**(956)**	**841**
Adjust for NCI subject to put option transferred for presentation purposes	**–**	**–**	**(20,259)**	**(20,259)**
Balance at 1 January 2017	**1,772**	**25**	**(21,215)**	**(19,418)**
Comprehensive income				
Profit for the year	**–**	**–**	**–**	**–**
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation	**–**	**–**	**3,800**	**3,800**
Effective portion of cash flow hedges, net	**–**	**(342)**	**–**	**(342)**
Deferred tax on items taken directly to other comprehensive income	**–**	**86**	**–**	**86**
Total included in other comprehensive income	**–**	**(256)**	**3,800**	**3,544**
Total included in comprehensive income	**–**	**(256)**	**3,800**	**3,544**
Transactions with equity holders of the parent				
New shares issued	**(924)**	**–**	**–**	**(924)**
Recognition of put option liability on acquisition (Note 27)	**–**	**–**	**(25,072)**	**(25,072)**
Fair value movements on put option liability (Note 27)	**–**	**–**	**3,526**	**3,526**
Share-based payment transactions (Note 31)	**596**	**–**	**–**	**596**
Total transactions with equity holders of the parent	**(328)**	**–**	**(21,546)**	**(21,874)**
Balance at 31 December 2017	**1,444**	**(231)**	**(38,961)**	**(37,748)**
Transfer of NCI subject to put options for presentation purposes (Note 21)	**–**	**–**	**26,788**	**26,788**
Balance at 31 December 2017 as presented in the balance sheet	**1,444**	**(231)**	**(12,173)**	**(10,960)**

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

(ii) Cash flow hedge reserve
The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(iii) Put option reserve
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 to acquire 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 and subsequent fair value movements are recognised in the put option reserve. For presentation purposes in the balance sheet, the NCI subject to the put is transferred to the put option reserve in equity.

Capital management
The Board regularly reviews and monitors the Group's capital structure with a view to maintaining a strong capital base in order to sustain market confidence in the business. This involves considering dividends paid to shareholders, the amount of liquid assets on the balance sheet and return on capital (based on shareholders' equity the composition of which is set out on page 65). The Group operates a share option scheme and an employee profit sharing scheme which allows employees to use part of their profit sharing awards to acquire shares in the Company.

The Group has the authority to purchase its own shares. This authority permits the Group to buy up to 10 per cent of the issued share capital at a price which may not exceed 105 per cent of the average price over the previous five trading days. On 27 January 2016, the Group completed the €20,000,000 share buyback programme that commenced on 9 October 2015 with a total of 14,017,270 ordinary shares repurchased at a total cost of €20,361,000 including associated costs. The repurchased ordinary shares were cancelled. The share buy-back programme was earnings accretive.

In November 2010, the Group also exercised this authority and completed a share buy-back of 22,000,000 shares at a cost of €8,580,000 plus costs of €107,000. These shares are held as treasury shares unless reissued or cancelled. The Group continues to consider exercising its authority should the opportunity arise and the Group will seek to renew this authority at the forthcoming AGM on 31 May 2018.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

21. NON-CONTROLLING INTERESTS

	2017 €'000	2016 €'000
Balance at 1 January as presented in the balance sheet	**72,600**	74,959
Adjust for non-controlling interest subject to put option transferred for presentation purposes (Note 20)	**20,259**	–
As at 1 January	**92,859**	74,959
Share of profit after tax	**13,681**	10,768
Share of items recognised in other comprehensive income	**641**	(179)
Share of foreign exchange movement	**(4,955)**	195
Share of comprehensive income	**9,367**	10,784
Non-controlling interests arising on acquisition (Note 30)	**10,784**	15,215
Subsidiaries becoming joint ventures (a) (Note 30)	**(6,699)**	(1,503)
Disposal of shareholding to non-controlling interests (b)	**7,479**	3,993
Contribution by non-controlling interests (c)	**2,473**	5
Acquisition of non-controlling interests (d)	**–**	(3,796)
Dividends paid to non-controlling interests (e)	**(9,701)**	(6,798)
Balance at end of year	**106,562**	92,859
Transfer of NCI subject to put options to the put option reserve for presentation purposes (Note 20)	**(26,788)**	(20,259)
Balance at end of year as presented in the balance sheet	**79,774**	72,600

(a) Subsidiaries becoming joint ventures
In 2017 and 2016 as a result of changes in the nature of shareholder relationships it was determined that the Group no longer held a controlling influence in a number of investees and that the Group jointly controlled the investees. See Note 30 for further details.

(b) Disposal of shareholding to non-controlling interests
During the year the Group disposed of a portion of its shareholdings in subsidiaries in North America and Europe to non-controlling interests with a carrying value of €7,479,000. The Group received cash consideration of €8,661,000 with the difference of €1,182,000 between the fair value of the consideration and the book value of the non-controlling interest disposed of accounted for directly in retained earnings as a credit. As described in detail in Note 14, the principal shareholding disposed of was shareholdings in certain Oppy group companies to T&G Global Limited as part of strategically-important arrangements to enhance their market positions as co-shareholders in two US businesses.

During 2016, the Group disposed of a portion of its shareholding in a subsidiary company in Continental Europe to a non-controlling interest with a carrying value of €3,993,000. The Group received cash consideration of €273,000, with a deferred payment due of €700,000 and the extinguishment of a contingent consideration liability of €3,020,000 due to the non-controlling shareholder (Note 26). No gain or loss resulted on this disposal. The Group and the non-controlling interest signed an agreement under the terms of which Total Produce will acquire the 27.5% non-controlling interest in the subsidiary in early 2020 ('forward commitment'). The price paid for such shares is to be determined by an agreed formula based on profitability of the subsidiary. Up to the point of exercise of this commitment, the non-controlling shareholder continues to have a right to dividends and voting rights on the shareholdings that are subject to this forward commitment. As outlined in the Group accounting policies on page 71, where the non-controlling shareholder retains a present ownership interest in shares subject to a forward commitment, the Group applies the partial recognition of non-controlling interest method for put options and forward commitments. The non-controlling interest is therefore recognised in the traditional manner but is transferred against the put liability reserve for presentation purposes in the balance sheet.

The estimated fair value at the date of this transaction on exercise of the forward commitments was €3,367,000. This liability was recognised in a put option reserve attributable to the equity holders of the parent. The valuation method applied for the purposes of this fair value assessment was the option price formula in the shareholders' agreement, with the inputs based on the 2017 budget and an application of a steady growth rate, discounted to net present value. This valuation is updated at each reporting period. In accordance with the Group accounting policy for put options and forward commitments (partial recognition of NCI method), and for presentation purposes in the balance sheet, the carrying value of NCI at each period end has been transferred to the put option reserve.

(c) Contribution by non-controlling interests

During the year, non-controlling interests in subsidiaries made cash capital contributions of €936,000 (2016: €5,000). Also during the year, non-controlling interests contributed €1,537,000 (2016: €Nil) of trading and other assets to fund acquisitions during the year (see Note 30).

(d) Acquisition of non-controlling interests

During 2016, the Group acquired additional shares in subsidiaries in Continental Europe for consideration of €4,488,000 including €1,444,000 contingent on future profit targets being achieved. These changes in the Group's ownership interest in existing subsidiaries were accounted for as equity transactions. The difference of €692,000 between the fair value of the consideration of €4,488,000 and the book value of the non-controlling interest acquired of €3,796,000 was accounted for directly in retained earnings as a charge.

(e) Dividends paid to non-controlling interests

In 2017, dividends of €8,843,000 (2016: €6,798,000) were paid to non-controlling interests. At 31 December 2017 further dividends of €858,000 (2016: €Nil) had been declared but not paid to non-controlling interests.

Additional disclosures

The Group has two subsidiaries with non-controlling interests which are material to the Group as follows;

- EurobananCanarias S.A. The Group owns 50% of the EurobananCanarias S.A. subgroup with a registered address of EurobananCanarias S.A. is Avda. de Anaga Nº11, 38001 Santa Cruz de Tenerife
- Grandview Ventures Limited. Grandview Ventures Limited ('Oppenheimer Group'), a Canadian fresh produce group with a registered address of 2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7, became a subsidiary of the Group on 1 March 2017 when the Group acquired a further 30% shareholding to take its total shareholding to 65% (see Note 14 and Note 30).

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

	EurobananCanarias S.A.		Oppenheimer Group
	12 months ended 31 December 2017 €'000	12 months ended 31 December 2016 €'000	**10 months ended 31 December 2017 €'000**
Total Revenue (including share of joint ventures and associates)	**397,606**	361,348	**601,609**
Group Revenue	**372,736**	339,482	**580,805**
Profit after tax[1]	**9,888**	7,728	**5,491**
Profit after tax attributable to non-controlling interests	**5,781**	4,709	**2,144**
Other comprehensive income	**(194)**	286	**(2,038)**
Total comprehensive income	**9,694**	8,014	**3,453**
Total comprehensive income attributable to non-controlling interests	**5,750**	4,766	**595**
Current assets	**78,112**	74,759	**85,613**
Non-current assets	**36,842**	33,062	**55,044**
Current liabilities	**(45,656)**	(43,421)	**(74,158)**
Non-current liabilities	**(2,896)**	(2,917)	**(34,778)**
Net assets	**66,402**	61,483	**31,721**
Net assets attributable to non-controlling interests	**39,278**	36,124	**16,740**
Net increase/(decrease) in cash and cash equivalents	**4,252**	(158)	**7,458**
Dividends paid to non-controlling interests during the year	**3,072**	2,594	**3,027**

1 Profit after tax for the Oppenheimer Group includes transaction costs incurred during the year and amortisation charges on intangible assets recognised as Group fair value adjustments on acquisition.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

22. INTEREST-BEARING LOANS AND BORROWINGS

	2017 €'000	2016 €'000
Non-current		
Bank borrowings	**164,374**	128,729
Finance lease liabilities	**1,275**	1,433
	165,649	130,162
Current		
Bank overdrafts	**11,268**	10,193
Bank borrowings	**35,861**	36,276
Finance lease liabilities	**595**	1,515
	47,724	47,984
Total	**213,373**	178,146

Borrowings are repayable as follows:

	2017 €'000	2016 €'000
Bank borrowings and overdrafts		
Within one year	**47,129**	46,469
After one year but within two years	**18,582**	8,366
After two years but within five years	**114,906**	118,604
After five years	**30,886**	1,759
	211,503	175,198
Finance lease liabilities		
Within one year	**595**	1,515
After one but within five years	**1,275**	1,433
	1,870	2,948
Total	**213,373**	178,146

Further details in relation to the Group's borrowings are set out in Note 34.

Total future minimum lease payments on finance leases amount to €1,943,000 (2016: €3,261,000). Total interest-bearing loans and borrowings include borrowings of €4,150,000 (2016: €3,603,000) secured on property, plant and equipment.

Reconciliation of movements of interest-bearing loans and borrowings to cash flows arising from financing activities

	Bank overdrafts used for cash management purposes €'000	Bank borrowings €'000	Finance lease liabilities €'000	Total €'000
Balance at 1 January 2017	**10,193**	**165,005**	**2,948**	**178,146**
Changes from financing cash flows				
Drawdown of borrowings	**–**	**251,820**	**–**	**251,820**
Repayment of borrowings	**–**	**(226,487)**	**–**	**(226,487)**
Capital element of finance lease repayments	**–**	**–**	**(869)**	**(869)**
Total changes from financing cash flows	**–**	**25,333**	**(869)**	**24,464**
Changes from cash flows	**2,949**	**–**	**–**	**2,949**
Changes arising on business disposals	**(2,328)**	**–**	**(356)**	**(2,684)**
Changes arising on acquisitions of subsidiaries (Note 30)	**918**	**24,492**	**149**	**25,559**
Non-cash movement	**–**	**–**	**45**	**45**
Net foreign exchange movement	**(464)**	**(14,595)**	**(47)**	**(15,106)**
Balance at 31 December 2017	**11,268**	**200,235**	**1,870**	**213,373**

23. ANALYSIS OF NET DEBT

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

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

Average net debt for the year ended 31 December 2017 was €142,129,000 (2016: €95,945,000). The Group also manages credit risk through the use of a number of sales of receivables arrangements. Under the terms of these agreements the Group has transferred substantially all of the credit risk of the trade receivables which are subject to these agreements. Accordingly €39,122,000 (2016: €43,024,000) has been derecognised at year-end.

24. TRADE AND OTHER PAYABLES

	2017 €'000	2016 €'000
Non-current		
Other payables	568	2,021
Current		
Trade payables	359,758	298,199
Trade payables due to joint ventures and associates	4,662	4,584
Non-trade payables due to joint ventures and associates	–	18
Accruals	63,565	52,864
Deferred consideration	130	513
Other payables	19,790	17,714
Irish payroll tax and social welfare	2,274	2,456
Irish value added tax	1,491	1,830
Other tax	11,935	11,530
	463,605	389,708
Total	464,173	391,729

For information on the Group's contractual maturity analysis of all liabilities, including trade and other payables, please refer to Note 34.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

25. DEFERRED GOVERNMENT GRANTS

	2017 €'000	2016 €'000
Balance at beginning of year	**481**	1,800
Amortised to income statement (Note 3)	**(81)**	(602)
Subsidiaries becoming joint ventures (Note 30)	**(177)**	(717)
Grants received	**163**	–
Balance at end of year	**386**	481

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

26. CONTINGENT CONSIDERATION

Total contingent consideration amounts to €34,465,000 (2016: €46,375,000) and represents provision for the net present value of the amounts expected to be payable in respect of acquisitions which are subject to earn-out arrangements.

	2017 €'000	2016 €'000
Balance at beginning of year	**46,375**	33,512
Paid during year	**(9,269)**	(1,976)
Fair value movements (credited)/charged to income statement[1] (Note 3)	**(4,174)**	73
Fair value movements – adjustment to goodwill – subsidiaries[1] (Note 13)	**–**	(62)
Arising on acquisition of subsidiaries (Note 30)	**2,245**	11,598
Arising on acquisition of non-controlling interests (Note 21)	**–**	1,444
Extinguishment of liability arising on disposal of shareholding to non-controlling interests (Note 21)	**–**	(3,020)
Arising on acquisitions of joint ventures and associates (Note 14)	**2,515**	2,815
Foreign exchange movements	**(3,227)**	1,991
Balance at end of year	**34,465**	46,375
Non-current	**26,128**	36,746
Current	**8,337**	9,629
Balance at end of year	**34,465**	46,375

[1] The impact of fair value movements in respect of previous acquisitions of subsidiaries, joint ventures and associates completed prior to 1 January 2010 amounted to €Nil (2016: decrease of €62,000). Under IFRS 3 *Business Combinations* the impact of these revisions are adjusted against goodwill. The impact of fair value movements of contingent consideration in respect of acquisitions of subsidiaries, joint ventures and associates made post 1 January 2010 amounts to an decrease in the amount payable of €4,174,000 (2016: increase of €73,000). The impact of these revisions is recognised in the Group income statement within other operating income and expenses (Note 3).

See Note 34 for contractual cashflows and fair value disclosures on the measurement of contingent consideration at 31 December 2017.

27. 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 recognised represents management's best estimate of the fair value of the amounts which may be payable discounted to net present value. This liability has been recognised in a put option reserve attributable to the equity holders of the parent (Note 20).

As outlined in the Group accounting policies on page 71, where the non-controlling shareholder retains a present ownership interest in shares subject to a put option or a forward commitment, the Group applies the partial recognition of non-controlling interest method for put options and forward commitments.

The non-controlling interest is therefore recognised in the traditional manner but is transferred against the put liability reserve for presentation purposes in the balance sheet.

	2017 €'000	2016 €'000
Balance at beginning of year	**21,215**	–
Arising on acquisition of subsidiaries (Note 30)	**25,072**	17,155
Arising on forward commitment to acquire non-controlling interest shares (Note 21)	**–**	3,367
Fair value movement on put option recognised directly within equity	**(3,526)**	179
Foreign exchange movements	**(3,800)**	514
Balance at end of year	**38,961**	21,215
Non-current	**38,961**	21,215
Current	**–**	–
Balance at end of year	**38,961**	21,215

See Note 34 for contractual cash flows and fair value disclosures on the measurement of put option liabilities over non-controlling interest shares.

28. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as set out below. These amounts represent the minimum future lease payments, in aggregate, that the Group is required to make under existing lease agreements.

	2017 €'000	2016* €'000
Less than one year	**16,133**	12,146
Between one and five years	**30,748**	16,244
More than five years	**11,459**	8,658
Total	**58,340**	37,048

The Group leases certain items of property, plant and equipment under operating leases. The leases typically run for an initial lease period with the potential to renew the lease at market rates after the initial period. During the financial year €18,989,000 (2016: €15,599,000) was recognised as an expense in the income statement in respect of operating leases.

* Comparative balances have been restated.

Leases as lessor

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

	2017 €'000	2016 €'000
Less than one year	**907**	1,027
Between one and five years	**613**	1,265
Total	**1,520**	2,292

In 2017, €1,574,000 (2016: €1,949,000) was recognised as rental income in the income statement.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

29. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities are attributable as follows:

	Assets 2017 €'000	Liabilities 2017 €'000	Net 2017 €'000	Assets 2016 €'000	Liabilities 2016 €'000	Net 2016 €'000
Property, plant and equipment	**1,188**	**(7,986)**	**(6,798)**	1,242	(6,825)	(5,583)
Goodwill and intangible assets	**–**	**(18,960)**	**(18,960)**	–	(10,198)	(10,198)
Investment property	**–**	**(636)**	**(636)**	–	(127)	(127)
Derivative financial instruments	**155**	**(1)**	**154**	111	(1)	110
Employee benefits	**2,860**	**–**	**2,860**	5,956	–	5,956
Trade and other payables	**6,318**	**(213)**	**6,105**	5,040	(1,328)	3,712
Other items	**287**	**(2,368)**	**(2,081)**	186	(364)	(178)
Tax value of losses carried forward	**3,700**	**–**	**3,700**	3,851	–	3,851
Deferred tax assets/(liabilities)	**14,508**	**(30,164)**	**(15,656)**	16,386	(18,843)	(2,457)
Set-off of deferred tax	**(749)**	**749**	**–**	(928)	928	–
Net deferred tax assets/(liabilities)	**13,759**	**(29,415)**	**(15,656)**	15,458	(17,915)	(2,457)

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

	2017 €'000	2016 €'000
Tax losses	**6,310**	6,779

No deferred tax asset is recognised in relation to certain income tax losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future, these assets may be recovered. The estimated unrecognised deferred tax asset is €1,492,000 (2016: €1,249,000).

No deferred tax asset is recognised in relation to certain capital losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. The estimated unrecognised deferred tax asset is €4,818,000 (2016: €5,530,000).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, branches, associates and joint ventures where the Group does not anticipate additional tax on any ultimate remittance.

	Balance at 1 January 2017 €'000	Recognised in income statement 2017 €'000	Recognised in other comprehensive income 2017 €'000	Foreign exchange adjustment 2017 €'000	Arising on acquisition 2017 €'000	Arising on disposal[1] 2017 €'000	Reclassification 2017 €'000	Balance at 31 December 2017 €'000
Property, plant and equipment	**(5,583)**	**(265)**	**(1,219)**	**(11)**	**(29)**	**309**	**–**	**(6,798)**
Goodwill and intangible assets	**(10,198)**	**7,267**	**–**	**2,655**	**(18,676)**	**–**	**(8)**	**(18,960)**
Investment property	**(127)**	**(512)**	**–**	**3**	**–**	**–**	**–**	**(636)**
Derivative financial instruments	**110**	**(80)**	**124**	**–**	**–**	**–**	**–**	**154**
Employee benefits	**5,956**	**(949)**	**(2,091)**	**(121)**	**65**	**–**	**–**	**2,860**
Trade and other payables	**3,712**	**790**	**–**	**(1,953)**	**3,556**	**–**	**–**	**6,105**
Other items	**(178)**	**(3,644)**	**–**	**1,621**	**106**	**–**	**14**	**(2,081)**
Tax value of losses carried forward	**3,851**	**(12)**	**–**	**(71)**	**(62)**	**–**	**(6)**	**3,700**
Net deferred tax assets/(liabilities)	**(2,457)**	**2,595**	**(3,186)**	**2,123**	**(15,040)**	**309**	**–**	**(15,656)**

1 Includes deferred tax asset arising on disposal of subsidiaries (€95,000) and deferred tax liability on subsidiaries becoming joint ventures (€404,000).

	Balance at 1 January 2016 €'000	Recognised in income statement 2016 €'000	Recognised in other comprehensive income 2016 €'000	Foreign exchange adjustment 2016 €'000	Arising on acquisition 2016 €'000	Arising on disposal 2016[2] €'000	Reclassification 2016 €'000	Balance at 31 December 2016 €'000
Property, plant and equipment	(6,094)	(487)	781	64	(70)	223	–	(5,583)
Goodwill and intangible assets	(8,628)	971	–	(567)	(2,456)	482	–	(10,198)
Investment property	(348)	182	–	39	–	–	–	(127)
Derivative financial instruments	25	74	11	–	–	–	–	110
Employee benefits	2,643	(319)	3,898	(266)	–	–	–	5,956
Trade and other payables	1,359	1,638	–	133	582	–	–	3,712
Other items	(65)	(86)	–	(25)	(2)	–	–	(178)
Tax value of losses carried forward	2,782	1,071	–	(2)	–	–	–	3,851
Net deferred tax assets/(liabilities)	(8,326)	3,044	4,690	(624)	(1,946)	705	–	(2,457)

2 Includes deferred tax liability arising on disposal of subsidiaries (€482,000) and deferred tax liability on subsidiaries becoming joint ventures (€223,000).

30. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Summary of investments in 2017

A key part of the Group's strategy is growth by acquisition. In line with this strategy the Group made a number of acquisitions in the Fresh Produce sector in North America and Europe in 2017 with initial cash spend of €36,230,000 with a further €2,245,000 of contingent consideration payable dependent on the achievement of profit targets.

On 1 March 2017, the Group completed the purchase of a further 30% of Grandview Ventures Limited (known as the 'Oppenheimer Group' or 'Oppy') for a cash consideration of €28,211,000. In addition to the initial 35% acquired in 2013, this brings the Group's shareholding in Oppy to 65%. Headquartered in Vancouver, Canada with annual sales of almost CAD$ 1 billion (€720m), Oppy is a leading provider of fresh produce to its strong base of retail, wholesale and foodservice customers throughout the United States and Canada. In addition to this, long term put and call options are in place for the remaining 35% shareholding, exercisable from early 2020.

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

Summary of investments in 2016

On 1 February 2016, the Group made a 65% investment in Progressive Produce LLC ('Progressive Produce'), headquartered in Los Angeles, California. Progressive Produce is a grower, packer and distributor of conventional and organic produce to the retail, wholesale and foodservice sectors in the US. An initial payment was made on closing with further consideration due in 2019 contingent on achievement of future profit targets. In addition to this, long term put and call options are in place for the remaining 35% shareholding, both exercisable from early 2022.

In addition to this, the Group made a number of other investments in subsidiaries in the Non-Eurozone division with initial payments up front with further consideration payable in later years contingent on achievement of future profit targets. Included in this was the acquisition in April 2016 by Provenance Partners Limited of a 100% interest in Planet Produce Limited, a company headquartered in the UK, specialising in the import of exotic fruit and vegetables.

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

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

30. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (continued)

Summary of fair values of assets and liabilities acquired

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

	2017 Oppenheimer Group €'000	2017 Other acquisitions €'000	2017 Total €'000	2016 Total €'000
Consideration paid and payable				
Cash consideration	**28,211**	**8,019**	**36,230**	32,887
Contingent consideration (Note 26)	**–**	**2,245**	**2,245**	11,598
Deferred consideration	**–**	**–**	**–**	275
Settlement of pre-existing relationship with acquiree (Note 14)	**4,384**	**–**	**4,384**	–
Contribution by non-controlling interest (Note 21)	**–**	**1,537**	**1,537**	–
Total fair value of consideration	**32,595**	**11,801**	**44,396**	44,760
Identifiable assets acquired and liabilities assumed				
Property, plant and equipment (Note 11)	**1,614**	**4,843**	**6,457**	4,307
Intangible assets – Customer relationships (Note 13)	**37,531**	**2,450**	**39,981**	14,066
Intangible assets – Supplier relationships, brands and other (Note 13)	**13,854**	**1,812**	**15,666**	9,214
Investment in joint ventures & associates (Note 14)	**1,112**	**–**	**1,112**	–
Biological assets (Note 17)	**2,384**	**–**	**2,384**	308
Inventories	**20,899**	**2,825**	**23,724**	4,507
Trade and other receivables	**69,943**	**8,109**	**78,052**	23,262
Cash and cash equivalents	**–**	**1,676**	**1,676**	2,251
Post-employment benefit obligations (Note 31)	**(7,165)**	**–**	**(7,165)**	–
Bank overdrafts	**(556)**	**(362)**	**(918)**	(311)
Interest-bearing borrowings	**(23,632)**	**(860)**	**(24,492)**	(474)
Finance leases	**–**	**(149)**	**(149)**	(673)
Corporation tax	**(506)**	**(252)**	**(758)**	(349)
Trade and other payables	**(74,394)**	**(10,069)**	**(84,463)**	(23,929)
Deferred tax asset (Note 29)	**3,656**	**–**	**3,656**	–
Deferred tax liability (Note 29)	**(18,211)**	**(485)**	**(18,696)**	(1,946)
Fair value of net identifiable assets and liabilities acquired	**26,529**	**9,538**	**36,067**	30,233
Non-controlling interests arising on acquisition				
Non-controlling interests measured at fair value	**–**	**–**	**–**	15,552
Non-controlling interests measured at share of net assets	**10,834**	**(50)**	**10,784**	(337)
Total value of non-controlling interests arising on acquisition (Note 21)	**10,834**	**(50)**	**10,784**	15,215
Goodwill calculation				
Fair value of consideration	**32,595**	**11,801**	**44,396**	44,760
Fair value of pre-existing interest in acquiree (Note 14)	**24,683**	**–**	**24,683**	324
Fair value of net identifiable assets and liabilities acquired	**(26,529)**	**(9,538)**	**(36,067)**	(30,233)
Non-controlling interest arising on acquisition (Note 21)	**10,834**	**(50)**	**10,784**	15,215
Goodwill arising (Note 13)	**41,583**	**2,213**	**43,796**	30,066

Cash flows relating to acquisition of subsidiaries

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

Cash consideration paid
The cash spend on acquisitions in 2017 was €36,230,000 (2016: €32,887,000). Net of cash, cash equivalents and bank overdrafts acquired the net cash outflow was €35,472,000 (2016: €30,947,000).

Contingent consideration
The Group has agreed to pay selling shareholders additional consideration of €2,406,000 (2016: €12,651,000) in the periods up to 2024 which is payable on achievement of certain profit criteria. The fair value of this contingent consideration at the date of acquisition of €2,245,000 (2016: €11,598,000) was calculated by using the expected present value technique.

Deferred consideration
Deferred consideration arising on acquisitions completed in 2017 was €Nil (2016: €275,000).

Settlement of pre-existing relationship with acquiree
As noted earlier the Group completed the purchase of a further 30% of Oppy in March 2017. A wholly-owned subsidiary of the Group had a pre-existing receivable from Oppy at the date of acquisition. The fair value of the pre-existing receivable of €4,384,000 was deemed to equal carrying value at the date of acquisition.

Contribution by non-controlling interest
In 2017 non-controlling shareholders made contributions with a fair value of €1,537,000 (2016: €Nil) to fund the acquisitions of subsidiaries.

Fair value of identifiable assets and liabilities assumed
The acquisition method of accounting has been used to consolidate businesses acquired. Other than liabilities for contingent consideration, no contingent liabilities have been recognised on the business combinations in either year. Should any fair values need to be adjusted they will be reflected in the acquisition accounting within one year of the acquisition date in line with the provisions of IFRS 3 *Business Combinations*.

Put option liability
As noted earlier long term put and call options are in place for the remaining 35% shareholding in Oppy, exercisable from early 2020. Under IFRS, the Group has to recognise a liability for the estimated fair value of the put option at the date of acquisition as the non-controlling shareholder has an option to put their shareholding to the Group. Up to the point of exercise of these put options, the non-controlling shareholder continues to have a right to dividends and voting rights on the shareholdings that are subject to the put option. As outlined in the Group's accounting policies on page 71 of these financial statements, where the holder of the put option retains a present ownership interest in the shares, the Group applies the partial recognition of non-controlling interest method for put options. The non-controlling interest is therefore recognised in the traditional manner but is transferred against the put liability reserve for presentation purposes in the balance sheet. Similar put and call options were in place for acquisitions completed in 2016.

The estimated fair value at date of acquisition for the consideration on exercise of the put options was €25,072,000 (2016: €17,155,000). This put option liability has been recognised in a put option reserve attributable to the equity holders of the parent. The valuation method applied for the purposes of this fair value assessment was the option price formula in the share purchase agreements with the inputs based on the budget plan for 2017 and an application of a steady growth rate, discounted to a net present value with the assumption that the put option would be exercised at the earliest possible date. In accordance with the Group accounting policy for put options (partial recognition of NCI method), and for presentation purposes in the balance sheet, the carrying value of NCI at period end has been transferred to the put option reserve.

Goodwill arising
The principal factor contributing to the recognition of goodwill of €43,796,000 (2016: €30,066,000) is the value and skills of the assembled workforce in the acquired entities along with anticipated cost savings and synergies arising from integration into the Group's existing businesses.

Acquisition related costs
The Group incurred acquisition related costs of €897,000 (2016: €922,000) on legal and professional fees and due diligence in respect of the completed acquisitions. These costs have been included within other operating expenses (Note 3).

Effect of acquisitions on income statement in the year
The acquisitions of subsidiaries in 2017 contributed €480,591,000 to total revenue in the period and €4,722,000 to Group operating profit. These numbers exclude the contributions from any joint venture and associate investments completed in the year.

If the acquisition date for these business combinations was 1 January 2017, the estimated total revenue for the year ended 31 December 2017 would have been €4,371,527,000 and estimated operating profit after exceptional items would have been €78,767,000. These numbers exclude the contributions from any joint ventures and associates completed in the year.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

30. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (continued)

Disposal of interest in subsidiary and trading assets

In 2017, the Group disposed of the trading assets of one business in the UK and an interest in a subsidiary in the Eurozone. In April 2016, the Group disposed of the trading assets of a sports nutrition business in the US. Details of the proceeds received and assets and liabilities disposed of in both years are outlined below. The deferred consideration for the disposal of trading assets in 2016 was received in 2017.

	2017 €'000	2016 €'000
Consideration received		
Cash consideration	746	6,419
Deferred consideration	–	1,327
Total fair value of consideration	746	7,746
Identifiable assets and liabilities disposed of		
Property, plant and equipment (Note 11)	1,664	101
Intangible assets (Note 13)	118	3,881
Bank overdrafts net of cash	(2,304)	–
Finance leases	(356)	–
Inventories	705	2,951
Trade and other receivables	4,388	171
Trade and other liabilities	(3,576)	(1,081)
Deferred tax assets/(liabilities) (Note 29)	95	(482)
	734	5,541
Goodwill related to business disposed of (Note 13)	51	3,148
Book value of net identifiable assets and liabilities disposed of	785	8,689
Loss on disposal of trading assets of a business (recognised within operating expenses)	(39)	(943)

Subsidiaries becoming joint ventures

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

	2017 €'000	2016 €'000
Identifiable assets and liabilities derecognised		
Intangible assets (Note 13)	98	–
Property, plant and equipment (Note 11)	7,155	3,640
Other financial assets (Note 15)	3	–
Inventories	1,469	267
Trade and other receivables	12,743	643
Cash and cash equivalents	6,689	491
Deferred government grants (Note 25)	(177)	(717)
Trade and other liabilities	(14,147)	(1,081)
Corporation tax liabilities	(323)	(13)
Deferred tax liabilities (Note 29)	(404)	(223)
Net assets derecognised	13,106	3,007
Non-controlling interest (Note 21)	(6,699)	(1,503)
Net assets derecognised	6,407	1,504
Investment in joint venture (Note 14)	6,407	1,504

31. EMPLOYEE BENEFITS

Remuneration

	2017 €'000	2016 €'000
Wages and salaries	**207,702**	188,084
Social security contributions	**35,413**	30,132
Employee post-employment obligations cost – defined contribution schemes	**7,325**	5,241
Employee post-employment obligations cost – defined benefit schemes	**2,298**	3,237
Employee post-employment obligations cost – other post-employment obligations	**536**	–
Termination benefits	**1,213**	1,847
Equity settled share-based compensation expense	**596**	436
Short term incentive payment plan	**1,234**	1,190
Recognised in the income statement	**256,317**	230,167
Credit arising from settlement of the Group's defined benefit pension arrangements	**(4,097)**	–
Recognised in the income statement – exceptional item (Note 7)	**(4,097)**	–
Remeasurement (gains)/losses on post-employment defined benefit schemes	**(5,708)**	23,769
Remeasurement gains on other post-employment benefit schemes	**(1,604)**	–
Recognised in the statement of other comprehensive income	**(7,312)**	23,769

Employee numbers – group (average)

	2017 Number	2016 Number
Production	**1,176**	990
Sales and distribution	**3,709**	3,456
Administration	**689**	589
	5,574	5,035

Post-employment benefit obligations at year-end

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

Employee defined benefit pension schemes obligations

The Group operates a number of defined benefit and defined contribution pension schemes. The schemes are set up under trusts and the assets of the schemes are therefore held separately from those of the Group.

The pension charge in the income statement for the year in respect of the Group's defined benefit schemes was €2,298,000 (2016: €3,237,000). In addition to this charge, there was a credit of €4,097,000 (2016: €Nil) recognised as a result of the Enhanced Transfer Value ('ETV') program as explained in more detail below. The charge in the income statement in respect of the Group's defined contribution schemes was €7,325,000 (2016: €5,241,000).

The Group operates six funded defined benefit pension schemes. Two of these schemes are based in Ireland, two are based in the United Kingdom with smaller schemes in the Netherlands and North America. The pension benefits payable on retirement in the UK, Ireland and North America are determined based on years of service and the levels of salary. The scheme in the Netherlands provides pension benefits based on career average salary.

31. EMPLOYEE BENEFITS (continued)

Employee defined benefit pension schemes obligations (continued)

Defined benefit pension schemes represent a very significant commitment of the Group's resources and they are exposed to the volatility of market conditions. The values of pension assets are exposed to worldwide conditions in equity and bond markets. The underlying calculation of pension scheme liabilities are subject to changes in discount rates, inflation rates and the longevity of scheme members. The cost of defined benefit schemes and in particular the method used to value liabilities in the current historically low interest rate environment has resulted in significant volatility and cost to the Group. In addition, the cost of operating defined benefit pension plans has increased due to more stringent funding rules and increased regulations. As a result the Group, with appropriate professional advice, has been exploring strategies to de-risk its exposure.

The schemes in Ireland have been closed to new entrants since 2009 and salaries for defined benefit purposes have been capped with any salary increases above the cap pensionable on a defined contribution basis. In 2017 the Group initiated an Enhanced Transfer Value ('ETV') program whereby an offer was made to all active and deferred members of the Irish defined benefit pension schemes ('Schemes') to transfer their accumulated accrued benefits from the Schemes, eliminating future accrual of benefits in the Schemes, and receive a transfer value above the statutory minimum amount. The Group transferred €6,303,000 to the Schemes to fund the ETV and €25,374,000 was paid or is due to be paid from the Schemes assets in a full and final settlement of defined benefit obligations of €32,057,000. The ETV program resulted in a net accounting credit of €4,097,000 in 2017 representing the net settlement of the defined benefit obligations of employees who elected for the ETV option, net of all costs, settlements and professional fees incurred. This credit has been disclosed as an exceptional item in the Group's income statement (Note 7).This program will reduce the volatility of the Schemes going forward.

Both of the UK schemes are also closed to new entrants and are now closed to new accruals. The schemes in the Netherlands and North America are also closed to new entrants.

The accompanying disclosures relate to all of the Group's defined benefit retirement schemes in Ireland, the UK, the Netherlands and North America. The previous full actuarial valuations of these schemes, for the purposes of these disclosures, were updated to 31 December 2017. Full actuarial valuations were carried out on both of the Irish schemes at 1 January 2016 and on the two UK schemes at 31 December 2015 and 5 April 2015. The last full actuarial valuation of the schemes in the Netherlands and North America were at 31 December 2014.

All calculations were carried out by independent actuaries using the projected unit method. The actuarial reports are not available for public inspection; however, the results of the valuations are advised to members of the schemes. The scheme assets do not include any shareholdings in the Company.

Assumptions

The financial assumptions that have the most significant impact on the results of the actuarial valuations are those relating to the discount rate used to convert future pension liabilities to current values and assumptions on expected rates of increases in salaries and pension and assumptions on inflation.

Scheme liabilities

The calculation of the present value of the defined benefit obligations is sensitive to changes in the discount rate. The discount rate is based on the interest yield at the balance sheet date on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligation. Changes in the discount rate can lead to volatility in the Group's balance sheet, income statement and statement of comprehensive income.

The majority of the Group's defined benefit obligations are linked to inflation and higher inflation will lead to higher scheme obligations although caps are in place to protect schemes against extreme inflation.

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan members. An increase in the life expectancy of plan members will increase the defined benefit obligation.

The principal long-term actuarial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on the pension schemes at 31 December 2017 and 31 December 2016 are as follows:

	Ireland		UK		Netherlands		North America	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Rate of increase in salaries	**0.00% – 2.00%**	0.00% – 2.00%	**2.50%**	2.50%	**0.00% – 2.00%**	0.00% – 2.00%	**n/a**	–
Rate of increase in pensions	**0.85% – 1.70%**	0.75% – 1.50%	**2.50% – 3.20%**	2.50% – 3.20%	**0.00%**	0.00%	**2.00%**	–
Inflation rate	**1.70%**	1.50%	**3.20%**	3.20%	**1.70%**	1.50%	**2.00%**	–
Discount rate	**2.00%**	1.90%	**2.50% – 2.60%**	2.75% – 2.80%	**2.00%**	1.90%	**4.20%**	–

Future life expectancy assumptions

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

Life expectancy of current pensioner aged 65:

	Ireland		UK		Netherlands		North America	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Male	**22.4**	22.2	**21.7**	20.9	**20.8**	20.8	**22.0**	–
Female	**23.5**	23.4	**23.8**	24.3	**23.3**	23.3	**24.0**	–

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

	Ireland		UK		Netherlands		North America	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Male	**24.6**	24.5	**23.5**	22.7	**23.1**	23.1	**23.0**	–
Female	**25.5**	25.4	**25.7**	26.2	**25.3**	25.3	**25.0**	–

Analysis of net liability

	Ireland 2017 €'000	**UK 2017 €'000**	**Netherlands 2017 €'000**	**North America 2017 €'000**	**Total 2017 €'000**
Equities	**14,859**	**26,935**	**–**	**–**	**41,794**
Bonds	**37,509**	**39,707**	**–**	**1,067**	**78,283**
Property	**14,986**	**1,347**	**–**	**183**	**16,516**
Growth portfolio – other	**5,907**	**14,859**	**11,205**	**–**	**31,971**
Cash and cash equivalents	**6,240**	**462**	**–**	**77**	**6,779**
Fair value of scheme assets	**79,501**	**83,310**	**11,205**	**1,327**	**175,343**
Present value of scheme obligations	**(81,763)**	**(96,270)**	**(12,365)**	**(1,652)**	**(192,050)**
Net employee benefit liabilities	**(2,262)**	**(12,960)**	**(1,160)**	**(325)**	**(16,707)**
Analysed as follows					
Employee benefit assets	**–**	**–**	**–**	**–**	**–**
Employee benefit liability	**(2,262)**	**(12,960)**	**(1,160)**	**(325)**	**(16,707)**
Net employee benefit liabilities	**(2,262)**	**(12,960)**	**(1,160)**	**(325)**	**(16,707)**

	Ireland 2016 €'000	UK 2016 €'000	Netherlands 2016 €'000	North America 2016 €'000	Total 2016 €'000
Equities	33,447	34,513	–	–	67,960
Bonds	31,031	33,704	–	–	64,735
Property	15,270	1,300	–	–	16,570
Growth portfolio – other	11,285	13,482	11,156	–	35,923
Cash and cash equivalents	3,428	392	–	–	3,820
Fair value of scheme assets	94,461	83,391	11,156	–	189,008
Present value of scheme obligations	(114,425)	(99,939)	(12,421)	–	(226,785)
Net employee benefit liabilities	(19,964)	(16,548)	(1,265)	–	(37,777)
Analysed as follows					
Employee benefit assets	–	–	–	–	–
Employee benefit liability	(19,964)	(16,548)	(1,265)	–	(37,777)
Net employee benefit liabilities	(19,964)	(16,548)	(1,265)	–	(37,777)

Notes to the Group Financial Statements (continued)
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31. EMPLOYEE BENEFITS (continued)
Employee defined benefit pension schemes obligations (continued)
Movements in the fair value of scheme assets in the balance sheet

	Ireland €'000	UK €'000	Netherlands €'000	North America €'000	Total €'000
Fair value of assets at 1 January 2016	91,088	79,312	8,736	–	179,136
Interest income on scheme assets	2,372	2,940	242	–	5,554
Remeasurement gain on scheme assets	2,925	13,524	1,786	–	18,235
Administration expenses paid from scheme	–	–	(51)	–	(51)
Employer contributions	2,769	1,793	448	–	5,010
Employee contributions	211	247	61	–	519
Benefit payments	(4,904)	(2,876)	(66)	–	(7,846)
Foreign exchange movements	–	(11,549)	–	–	(11,549)
Fair value of assets at 31 December 2016	**94,461**	**83,391**	**11,156**	**–**	**189,008**
Interest income on scheme assets	**1,562**	**2,221**	**222**	**62**	**4,067**
Remeasurement gain/(loss) on scheme assets	**2,445**	**3,775**	**(759)**	**(5)**	**5,456**
Administration expenses paid from scheme	**–**	**–**	**(73)**	**–**	**(73)**
Employer contributions – regular	**2,206**	**1,423**	**661**	**–**	**4,290**
Employer contributions – to fund ETV	**6,303**	**–**	**–**	**–**	**6,303**
Employee contributions	**110**	**–**	**64**	**–**	**174**
Benefit payments	**(2,212)**	**(4,150)**	**(66)**	**(141)**	**(6,569)**
Settlement payments from plan assets	**(25,374)**	**–**	**–**	**–**	**(25,374)**
Arising on acquisition of subsidiaries	**–**	**–**	**–**	**1,513**	**1,513**
Foreign exchange movements	**–**	**(3,350)**	**–**	**(102)**	**(3,452)**
Fair value of assets at 31 December 2017	**79,501**	**83,310**	**11,205**	**1,327**	**175,343**

Movements in the present value of scheme obligations in the balance sheet

	Ireland €'000	UK €'000	Netherlands €'000	North America €'000	Total €'000
Present value of obligations at 1 January 2016	(101,500)	(85,124)	(9,686)	–	(196,310)
Current service cost	(2,054)	(805)	(509)	–	(3,368)
Past service (cost)/credit	(7)	–	501	–	494
Interest expense on scheme obligations	(2,619)	(3,114)	(264)	–	(5,997)
Employee contributions	(211)	(247)	(61)	–	(519)
Benefit payments	4,904	2,876	66	–	7,846
Remeasurements:					
– effect of changes in financial assumptions	(14,582)	(26,467)	(2,085)	–	(43,134)
– effect of experience adjustments	1,513	–	(383)	–	1,130
Curtailments and settlements	131	–	–	–	131
Foreign exchange movements	–	12,942	–	–	12,942
Present value of obligations at 31 December 2016	**(114,425)**	**(99,939)**	**(12,421)**	**–**	**(226,785)**
Current service cost	**(1,566)**	**–**	**(625)**	**–**	**(2,191)**
Past service credit	**–**	**–**	**691**	**–**	**691**
Interest expense on scheme obligations	**(1,808)**	**(2,651)**	**(260)**	**(73)**	**(4,792)**
Employee contributions	**(110)**	**–**	**(64)**	**–**	**(174)**
Benefit payments	**2,212**	**4,150**	**66**	**141**	**6,569**
Settlement of defined benefit obligations	**32,057**	**–**	**–**	**–**	**32,057**
Remeasurements:					
– effect of changes in demographic assumptions	**–**	**934**	**–**	**–**	**934**
– effect of changes in financial assumptions	**394**	**(4,961)**	**306**	**(38)**	**(4,299)**
– effect of experience adjustments	**1,483**	**2,232**	**(58)**	**(40)**	**3,617**
Arising on acquisition of subsidiaries	**–**	**–**	**–**	**(1,765)**	**(1,765)**
Foreign exchange movements	**–**	**3,965**	**–**	**123**	**4,088**
Present value of obligations at 31 December 2017	**(81,763)**	**(96,270)**	**(12,365)**	**(1,652)**	**(192,050)**

Movements in the net liability recognised in the balance sheet

	Ireland €'000	UK €'000	Netherlands €'000	North America €'000	Total €'000
Net liabilities in schemes at 1 January 2016	(10,412)	(5,812)	(950)	–	(17,174)
Employer contributions	2,769	1,793	448	–	5,010
Expense recognised in the income statement	(2,177)	(979)	(81)	–	(3,237)
Remeasurement losses recognised in other comprehensive income	(10,144)	(12,943)	(682)	–	(23,769)
Foreign exchange movement	–	1,393	–	–	1,393
Net liabilities in schemes at 31 December 2016	**(19,964)**	**(16,548)**	**(1,265)**	**–**	**(37,777)**
Employer contributions	**2,206**	**1,423**	**661**	**–**	**4,290**
Employer contributions – ETV	**6,303**	**–**	**–**	**–**	**6,303**
Credit/(expense) recognised in the income statement	**4,871**	**(430)**	**(45)**	**(11)**	**4,385**
Remeasurement gains/(losses) recognised in other comprehensive income	**4,322**	**1,980**	**(511)**	**(83)**	**5,708**
Arising on acquisition of subsidiaries (Note 30)	**–**	**–**	**–**	**(252)**	**(252)**
Foreign exchange movement	**–**	**615**	**–**	**21**	**636**
Net liabilities in schemes at 31 December 2017	**(2,262)**	**(12,960)**	**(1,160)**	**(325)**	**(16,707)**

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

	Ireland 2017 €'000	UK 2017 €'000	Netherlands 2017 €'000	North America 2017 €'000	Total 2017 €'000
Current service cost	**(1,566)**	**–**	**(625)**	**–**	**(2,191)**
Past service credit	**–**	**–**	**691**	**–**	**691**
Interest on scheme obligations	**(1,808)**	**(2,651)**	**(260)**	**(73)**	**(4,792)**
Interest on scheme assets	**1,562**	**2,221**	**222**	**62**	**4,067**
Administration expenses paid from plan	**–**	**–**	**(73)**	**–**	**(73)**
Recognised within distribution and administration expenses	**(1,812)**	**(430)**	**(45)**	**(11)**	**(2,298)**
Settlements – recognised as exceptional item	**6,683**	**–**	**–**	**–**	**6,683**
Defined benefit pension credit/(expense) recognised in the income statement	**4,871**	**(430)**	**(45)**	**(11)**	**4,385**

	Ireland 2016 €'000	UK 2016 €'000	Netherlands 2016 €'000	North America 2016 €'000	Total 2016 €'000
Current service cost	(2,054)	(805)	(509)	–	(3,368)
Past service cost	(7)	–	501	–	494
Interest on scheme obligations	(2,619)	(3,114)	(264)	–	(5,997)
Interest on scheme assets	2,372	2,940	242	–	5,554
Administration expenses paid from plan	–	–	(51)	–	(51)
Curtailment and settlements	131	–	–	–	131
Defined benefit pension expense recognised in the income statement	(2,177)	(979)	(81)	–	(3,237)

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

31. EMPLOYEE BENEFITS (continued)
Employee defined benefit pension schemes obligations (continued)
Defined benefit pension credit/(expense) recognised in other comprehensive income

	Ireland 2017 €'000	UK 2017 €'000	Netherlands 2017 €'000	North America 2017 €'000	Total 2017 €'000
Remeasurement gain/(loss) on scheme assets	**2,445**	**3,775**	**(759)**	**(5)**	**5,456**
Remeasurement gain/(loss) on scheme liabilities:					
– effect of changes in demographic assumptions	**–**	**934**	**–**	**–**	**934**
– effect of changes in financial assumptions	**394**	**(4,961)**	**306**	**(38)**	**(4,299)**
– effect of experience adjustments	**1,483**	**2,232**	**(58)**	**(40)**	**3,617**
Remeasurement gains/(losses) recognised in other comprehensive income	**4,322**	**1,980**	**(511)**	**(83)**	**5,708**

	Ireland 2016 €'000	UK 2016 €'000	Netherlands 2016 €'000	North America 2016 €'000	Total 2016 €'000
Remeasurement gain on scheme assets	2,925	13,524	1,786	–	18,235
Remeasurement (loss)/gain on scheme liabilities:					
– effect of changes in financial assumptions	(14,582)	(26,467)	(2,085)	–	(43,134)
– effect of experience adjustments	1,513	–	(383)	–	1,130
Remeasurement gains/(losses) recognised in other comprehensive income	(10,144)	(12,943)	(682)	–	(23,769)

Actual return on scheme assets

	Ireland 2017 €'000	UK 2017 €'000	Netherlands 2017 €'000	North America 2017 €'000	Total 2017 €'000
Total return on assets	**4,007**	**5,996**	**(537)**	**57**	**9,523**

	2016 €'000	2016 €'000	2016 €'000	2016 €'000	2016 €'000
Total return on assets	5,297	16,464	2,028	–	23,789

The cumulative remeasurement loss before deferred tax recognised in the statement of other comprehensive income is €70,524,000 (2016: €76,232,000).

The expected normal level of employer contributions for the year ended 31 December 2018 is €3,795,000.

The weighted average duration of the defined benefit obligation was 20.7 years at 31 December 2017 (31 December 2016: 21.7 years).

Sensitivity of pension liability to judgmental assumptions

Actuarial assumptions have a significant impact on the reported net pension obligation. Analysed below is the impact of certain movements in key assumptions at 31 December 2017. A sensitivity analysis was not performed on the North American scheme due to materiality.

	Ireland 2017 €'000	UK 2017 €'000	Netherlands 2017 €'000	Total 2017 €'000
Discount rate				
– 0.25% increase in discount rate (reduces obligation)	3,380	5,357	741	9,478
– 0.25% decrease in discount rate (increases obligation)	(3,603)	(5,547)	(803)	(9,953)
Inflation rate				
– 0.50% increase in inflation rate (increases obligation)	(2,581)	(8,334)	(2)	(10,917)
– 0.50% decrease in inflation rate (reduces obligation)	2,439	8,123	19	10,581
Pensionable salary increase				
– additional 1.00% increase in pensionable salary (increases obligation)	(1,337)	(4,646)	(239)	(6,222)
– decrease of 1.00% in pensionable salary (reduces obligation)	1,495	4,305	293	6,093
Pension increase				
– additional 1.00% increase in pension (increases obligation)	(10,714)	(8,852)	–	(19,566)
– decrease of 1.00% in pension (reduces obligation)	7,726	11,380	–	19,106
Life expectancy				
– additional 1 year life expectancy (increases obligation)	(2,694)	(3,050)	(341)	(6,085)
– decrease of 1 year in life expectancy (reduces obligation)	2,686	3,221	344	6,251

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

Other post-employment benefit obligations

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

	2017 €'000	2016 €'000
Net liability at beginning of year	–	–
Arising on acquisition of subsidiaries (Note 30)	(6,913)	–
Net expense recognised in the income statement	(536)	–
Remeasurement gains recognised in other comprehensive income	1,604	–
Employee contributions to schemes	(24)	–
Benefits paid	131	–
Foreign exchange movements	445	–
Net liability at end of year	(5,293)	–

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

In accordance with IAS 19 *Employee Benefits (2011)*, the net liability of the obligation is measured as the net present value of the amounts that are expected to be paid to employees for the shares at retirement.

The interest expense, which represents the unwinding of the net present value of the liabilities, is charged to the income statement. Remeasurement gains and losses, representing all other changes to the estimate of the liability, are recognised in other comprehensive income.

Determining the valuation of the obligations requires the determination of appropriate assumptions such as projected growth in profits, forfeiture rates and retirement dates. The principal assumptions are the budget for the following financial year plus an annual growth rate of 5% discounted to net present value using a discount rate of 8.48%. Based on past experience a forfeiture rate of zero is assumed.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

31. EMPLOYEE BENEFITS (continued)
Share-based payment
Income statement charge

Income statement charge	2017 €'000	2016 €'000
Employee share option charge	**596**	436

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

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

Details of options granted under these schemes are as follows:

Date of Grant	Date of expiry	Number of options	Weighted grant price €	Average fair value €
9 May 2007	8 May 2017	3,975,000	0.815	0.3236
20 September 2007	19 September 2017	1,110,000	0.65	0.2604
5 March 2008	4 March 2018	2,400,000	0.60	0.2039
26 March 2013	25 March 2023	4,050,000	0.669	0.2040
10 March 2016	9 March 2026	4,175,000	1.55	0.4140

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

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options at the date of grant. The estimate of the fair value of options granted during the year was measured based on a binomial lattice model. The contractual life of the options, which is ten years, is used as an input in this model. Expectations of early exercise are incorporated into the binominal lattice model and are reflected in the assumptions.

The assumptions used in the binominal model for calculating the fair value of share options granted in 2013 and 2016 were as follows:

Assumptions used	Options granted in 2016	Options granted in 2013
Weighted average exercise price	1.55	0.669
Expected volatility	34%	40%
Option life	9.76 years	9.65 years
Expected dividend yield	2.50%	3.25%
Risk-free interest rate	0.306%	1.43%

The expected volatility and option life are expressed as weighted averages used in modelling in the binominal lattice model. The expected volatility is based on the historic volatility of the share price and the historical volatility of similar quoted companies.

Share options are subject to vesting conditions which comprise a service condition and a non-market related performance condition, which is the achievement of growth in adjusted earnings per share as set out earlier.

A summary of the activity during the year under the Group's share option schemes together with the weighted average exercise price of the share options is as follows:

	2017 Number of options	2017 Weighted average exercise price €	2016 Number of options	2016 Weighted average exercise price €
Outstanding options at beginning of year	**10,089,700**	**1.0308**	8,444,700	0.6887
Options granted during year	**–**	**–**	4,175,000	1.55
Exercised during the year[1]	**(3,814,700)**	**(0.6635)**	(2,480,000)	(0.7475)
Forfeited during year	**–**	**–**	(50,000)	(0.669)
Options outstanding at end of year	**6,275,000**	**1.2541**	**10,089,700**	**1.0308**

[1] The weighted average share price at the date of exercise of these options was €2.07 (2016: €1.60).

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

Date of grant	Date of expiry	**2017 Number of options**	**2017 Exercise price €**	2016 Number of options	2016 Exercise price €
9 May 2007	8 May 2017	**–**	**–**	570,000	0.815
20 September 2007	19 September 2017	**–**	**–**	1,010,000	0.65
5 March 2008	4 March 2018	**100,000**	**0.60**	1,334,700	0.60
26 March 2013	25 March 2023	**2,000,000**	**0.669**	3,000,000	0.669
10 March 2016	9 March 2026	**4,175,000**	**1.55**	4,175,000	1.55
		6,275,000		10,089,700	

The options outstanding at 31 December 2017 have an exercise price in the range of €0.60 to €1.55 (2016: €0.60 to €1.55) and have a weighted average contractual life of 7.1 years (2016: 5.9 years).

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

Date of grant	Date of expiry	**2017 Number of options**	**2017 Exercise price €**	2016 Number of options	2016 Exercise price €
9 May 2007	8 May 2017	**–**	**–**	570,000	0.815
20 September 2007	19 September 2017	**–**	**–**	1,010,000	0.65
5 March 2008	4 March 2018	**100,000**	**0.60**	1,334,700	0.60
26 March 2013	25 March 2023	**2,000,000**	**0.669**	3,000,000	0.669
		2,100,000		5,914,700	

The market price of the Company's shares at 31 December 2017 was €2.56 and the range during 2017 was €1.76 to €2.56.

32. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments

The Directors have authorised capital expenditure of €18,534,000 (2016: €41,130,000) at the balance sheet date. Capital expenditure contracted for at 31 December 2017 amounted to €4,063,000 (2016: €4,261,000).

Subsidiaries

Each of the following Irish registered subsidiaries of the Company may avail of the exemption from filing its statutory financial statements for the year ended 31 December 2017 as permitted by Section 357 of the Companies Act 2014 and, if any of these Irish registered subsidiaries of the Company elects to avail of this exemption, there will be in force an irrevocable guarantee from the Company in respect of all commitments entered into by such wholly-owned subsidiary, including amounts shown as liabilities (within the meaning of Section 357 (1) (b) of the Companies Act 2014) in such wholly-owned subsidiary's statutory financial statements for the year ended 31 December 2017:

Bolanpass Limited
Total Produce C Holdings Limited
Total Produce International Limited
Total Produce International Holdings Limited
Total Produce Ireland Limited
Total Produce Management Services Limited
Uniplumo (Ireland) Limited
Waddell Limited

Guarantees

Company

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies or joint ventures and associates within the Group, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. The following are details of contracts made by the Company at 31 December 2017 to guarantee the indebtedness of other companies or joint ventures and associates within the Group:

(i) The Company has guaranteed bank borrowings of subsidiaries in the amount of €197,932,000 (2016: €164,132,000).
(ii) The Company has guaranteed bank borrowings of €4,050,000 (2016: €4,274,000) within joint venture and associate companies.
(iii) The Company has provided counter-indemnities of €Nil (2016: €7,000,000) in respect of guarantees given by non-controlling interests in a subsidiary.

Group

In addition to the Company guarantees above, certain Group subsidiaries have given guarantees totalling €9,162,000 (2016: €7,577,000) in respect of other trading obligations arising in the ordinary course of business.

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32. CAPITAL COMMITMENTS AND CONTINGENCIES (continued)

Contingencies

From time to time, the Group is involved in claims and legal actions, which arise in the normal course of business. Based on information currently available to the Group, and legal advice, the Directors believe such litigation will not, individually or in aggregate, have a material adverse effect on the financial statements and that the Group is adequately positioned to deal with the outcome of any such litigation.

33. RELATED PARTIES

Identity of related parties

Under IAS 24 *Related Party Disclosures*, the Group has a related party relationship with its joint ventures and associates. Transactions with the Group's joint ventures and associates are set out below.

IAS 24 also requires the disclosure of compensation paid to the Group's key management personnel. This comprises its Executive Directors, Non-Executive Directors, Company Secretary and other senior management within the Group.

Remuneration of key management personnel

	2017 €'000	2016 €'000
Short term benefits (salary, bonus, incentives)	**8,077**	7,676
Post-employment benefits	**693**	687
Share-based payment expense	**136**	101
Remuneration	**8,906**	8,464
Short term incentive plan (a)	**1,234**	1,190
Total	**10,140**	9,654

(a) The Compensation Committee made an award of €1,234,000 (2016: €1,190,000) to the Executive Directors under the short term incentive plan. See pages 52 and 53 for details.

Related party transactions with joint ventures and associates

The Group trades in the normal course of its business, in some situations under supply contracts, with its joint ventures and associates. A summary of transactions with these related parties during the year is as follows:

	2017 Revenue €'000	**2017 Purchases €'000**	2016 Revenue €'000	2016 Purchases €'000
Joint ventures	**69,743**	**60,398**	79,167	53,537
Associates	**8,221**	**51,610**	1,306	12,014
	77,964	**112,008**	80,473	65,551

The amounts due from and to joint ventures and associates at the year-end are disclosed, in aggregate, in Notes 18 and 24 respectively. The Group's significant joint ventures and associates are set out on page 144.

Related party transactions with shareholders in group companies

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

	2017 €'000	2016 €'000
Purchases of goods	**201,983**	125,138
Sales of goods	**3,740**	2,108
Receipt of services	**2,704**	1,588
Rental and warehouse agreements	**1,515**	1,912
Net interest income	**20**	27

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

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

	2017 €'000	2016 €'000
Amounts within trade receivables – current	**475**	460
Amounts within other receivables – current	**1,098**	656
Amounts within trade payables – current	**15,178**	11,815
Amounts within other payables – current	**169**	9

Related party transactions with companies with a common director

Balmoral International Land Holdings plc ('Balmoral') and the Group have one Director (Mr. C P McCann) in common and therefore they are considered a related party for the purposes of IAS 24 *Related Party Disclosures*. During the year, the Group recognised the following income and expenses from transactions with Balmoral.

	2017 €'000	2016 €'000
Expenses (mainly rental expenses)	**1,344**	1,354
Income	**187**	224

Income relates to expenses recharged by the Group to Balmoral and relate to costs incurred by the Group on behalf of Balmoral, including recharges in respect of administration expenses and a portion of the employment costs of the Chairman.

The amount owed from Balmoral at the year-end was €16,000 (2016: €64,000) and the amount owed to Balmoral was €Nil (2016: €Nil).

The Group has an investment in a 50:50 joint venture company with Balmoral. Total Produce's investment in this joint venture company in 2017 was €Nil (2016: €17,000). The Group's share of operating losses of this joint venture in 2017 was €Nil (2016: €17,000).The carrying value of the investment in this joint venture at 31 December 2017 was €Nil (2016: €Nil).

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Accounting classifications and fair values

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

	Cash flow hedges 2017 €'000	**Fair value through equity 2017 €'000**	**Fair value through profit or loss 2017 €'000**	**Loans and receivables 2017 €'000**	**Available-for-sale 2017 €'000**	**Liabilities at amortised cost 2017 €'000**	**Total carrying amount 2017 €'000**	**Fair value 2017 €'000**
Other financial assets[1] (Note 15)	**–**	**–**	**–**	**–**	**719**	**–**	**719**	**n/a**
Trade and other receivables – current[1]* (Note 18)	**–**	**–**	**–**	**356,269**	**–**	**–**	**356,269**	**n/a**
Trade and other receivables – non-current[1]* (Note 18)	**–**	**–**	**–**	**11,063**	**–**	**–**	**11,063**	**n/a**
Derivative financial assets (Note 34)	**6**	**–**	**–**	**–**	**–**	**–**	**6**	**6**
Cash and cash equivalents[1] (Note 19)	**–**	**–**	**–**	**100,247**	**–**	**–**	**100,247**	**n/a**
	6	**–**	**–**	**467,579**	**719**	**–**	**468,304**	
Trade and other payables – current[1] (Note 24)	**–**	**–**	**–**	**–**	**–**	**(463,605)**	**(463,605)**	**n/a**
Trade and other payables – non-current[1] (Note 24)	**–**	**–**	**–**	**–**	**–**	**(568)**	**(568)**	**n/a**
Bank overdrafts[1] (Note 22)	**–**	**–**	**–**	**–**	**–**	**(11,268)**	**(11,268)**	**n/a**
Bank borrowings (Note 22)	**–**	**–**	**–**	**–**	**–**	**(200,235)**	**(200,235)**	**(200,491)**
Finance lease liabilities (Note 22)	**–**	**–**	**–**	**–**	**–**	**(1,870)**	**(1,870)**	**(1,941)**
Derivative financial liabilities (Note 34)	**(610)**	**–**	**(109)**	**–**	**–**	**–**	**(719)**	**(719)**
Contingent consideration (Note 26)	**–**	**–**	**(34,465)**	**–**	**–**	**–**	**(34,465)**	**(34,465)**
Put option liability (Note 27)	**–**	**(38,961)**	**–**	**–**	**–**	**–**	**(38,961)**	**(38,961)**
	(610)	**(38,961)**	**(34,574)**	**–**	**–**	**(677,546)**	**(751,691)**	

Notes to the Group Financial Statements (continued)
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34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)
Accounting classifications and fair values (continued)

	Cash flow hedges 2016 €'000	Fair value through equity 2016 €'000	Fair value through profit or loss 2016 €'000	Loans and receivables 2016 €'000	Available-for-sale 2016 €'000	Liabilities at amortised cost 2016 €'000	Total carrying amount 2016 €'000	Fair value 2016 €'000
Other financial assets[1] (Note 15)	–	–	–	–	649	–	649	n/a
Trade and other receivables – current[1*] (Note 18)	–	–	–	305,518	–	–	305,518	n/a
Trade and other receivables – non-current[1*] (Note 18)	–	–	–	7,761	–	–	7,761	n/a
Bank deposits[1] (Note 19)	–	–	–	2,500	–	–	2,500	n/a
Derivative financial assets (Note 34)	186	–	1	–	–	–	187	187
Cash and cash equivalents[1] (Note 19)	–	–	–	127,280	–	–	127,280	n/a
	186	–	1	443,059	649	–	443,895	
Trade and other payables – current[1] (Note 24)	–	–	–	–	–	(389,708)	(389,708)	n/a
Trade and other payables – non-current[1] (Note 24)	–	–	–	–	–	(2,021)	(2,021)	n/a
Bank overdrafts[1] (Note 22)	–	–	–	–	–	(10,193)	(10,193)	n/a
Bank borrowings (Note 22)	–	–	–	–	–	(165,005)	(165,005)	(165,336)
Finance lease liabilities (Note 22)	–	–	–	–	–	(2,948)	(2,948)	(3,232)
Derivative financial liabilities (Note 34)	(454)	–	(115)	–	–	–	(569)	(569)
Contingent consideration (Note 26)	–	–	(46,375)	–	–	–	(46,375)	(46,375)
Put option liability (Note 27)	–	(21,215)	–	–	–	–	(21,215)	(21,215)
	(454)	(21,215)	(46,490)	–	–	(569,875)	(638,034)	

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

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

Measurement of fair values

Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities disclosed in the preceding table.

Other financial assets

Certain of the Group's available-for-sale financial assets are comprised of investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Such investments are measured at cost, less provision for impairment where appropriate and applicable.

Bank deposits

The original maturity of these deposits falls outside the three month timeframe for classification as cash and cash equivalents. The carrying amount is deemed to reflect fair value.

Cash and cash equivalents, including short-term bank deposits

For short term bank deposits and cash and cash equivalents, all of which have a remaining maturity of less than three months, the carrying amount is deemed to reflect fair value.

Trade and other receivables/trade and other payables

For receivables and payables, the carrying value less impairment provision, where appropriate, is deemed to reflect fair value.

Derivative financial instruments (forward currency contracts and interest rate swaps)

Forward currency contracts are valued using quoted forward exchange rates at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Interest-bearing loans and borrowings

For floating rate interest-bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at interest rates effective at the balance sheet date and adjusted for movements in credit spreads.

Finance lease liabilities
Fair value is based on the present value of future cash flows discounted at market rates.

Contingent consideration
Fair value is based on the present value of expected payments discounted using a risk adjusted discount rate. The expected payment is determined by forecasting the acquiree's earnings over the applicable period.

Put option liabilities
This valuation model is based on the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payment is determined in accordance with the put option price formula, budgets for future years and the application of a steady growth rate.

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

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

At 31 December 2017 and 31 December 2016, the Group recognised and measured the following financial instruments at fair value:

	2017 Total €'000	**2017 Level 1 €'000**	**2017 Level 2 €'000**	**2017 Level 3 €'000**
Assets measured at fair value				
At fair value through profit or loss				
Options to acquire additional shares in subsidiaries, joint ventures and associates	**–**	**–**	**–**	**–**
Designated as hedging instruments				
Foreign exchange contracts	**6**	**–**	**6**	**–**
Liabilities measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	**(48)**	**–**	**(48)**	**–**
Interest rate swap	**(61)**	**–**	**(61)**	**–**
Contingent consideration	**(34,465)**	**–**	**–**	**(34,465)**
At fair value through equity				
Put option liability	**(38,961)**	**–**	**–**	**(38,961)**
Designated as hedging instruments				
Foreign exchange contracts	**(606)**	**–**	**(606)**	**–**
Interest rate swap	**(4)**	**–**	**(4)**	**–**

	2016 Total €'000	2016 Level 1 €'000	2016 Level 2 €'000	2016 Level 3 €'000
Assets measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	1	–	1	–
Options to acquire additional shares in subsidiaries, joint ventures and associates	–	–	–	–
Designated as hedging instruments				
Foreign exchange contracts	186	–	186	–
Liabilities measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	(24)	–	(24)	–
Interest rate swap	(91)	–	(91)	–
Contingent consideration	(46,375)	–	–	(46,375)
At fair value through equity				
Put option liability	(21,215)	–	–	(21,215)
Designated as hedging instruments				
Foreign exchange contracts	(444)	–	(444)	–
Interest rate swap	(10)	–	(10)	–

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)
Fair value hierarchy (continued)
Level 2 and 3 fair values

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Contingent consideration	*Discounted cash flows:* This valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by forecasting the acquiree's earnings over the applicable period.	• Forecast compound annual growth in EBITA in range of –16% to 92% (weighted average 13.7%) • Risk adjusted discount rates of 3.0% to 4.5% (weighted average 3.6%)	The estimated fair value would increase/(decrease) if: • EBITA growth was higher/(lower) • Risk adjusted discount rate was lower/(higher)
Put option liability	*Discounted cash flows:* This valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined in accordance with the put option price formula, budgets for future years and the application of a steady growth rate.	• Forecast compound annual growth in EBITA in range of 0% to 20% (weighted average 8.1%) • Risk adjusted discount rates of 3.0% to 6.0% (weighted average 4.6%)	The estimated fair value would increase/(decrease) if: • EBITA growth was higher/(lower) • Risk adjusted discount rate was lower/(higher)
Forward exchange contracts and interest rate swaps	*Market comparison techniques:* The fair values are based on broker quotes.	Not applicable	Not applicable

Additional disclosures for Level 3 fair value measurements

Contingent consideration

	2017 €'000	2016 €'000
Balance at beginning of year	**46,375**	33,512
Paid during year	**(9,269)**	(1,976)
Fair value movements – adjustment to goodwill – subsidiaries (Note 13)	**–**	(62)
Arising on acquisition of subsidiaries (Note 30)	**2,245**	11,598
Arising on acquisition of non-controlling interests (Note 21)	**–**	1,444
Arising on acquisition of joint ventures and associates (Note 14)	**2,515**	2,815
Extinguishment of liability on disposal of shareholding to non-controlling interest (Note 21)	**–**	(3,020)
Foreign exchange movements	**(3,227)**	1,991
Included in the income statement		
– Fair value movements (credited)/charged to income statement (Note 3)	**(4,174)**	73
Balance at end of year	**34,465**	46,375

The fair value of contingent consideration represents provision for the net present value of amounts expected to be payable in respect of acquisitions which are subject to earn-out arrangements (Note 26).

Put option liability

	2017 €'000	2016 €'000
Balance at beginning of year	**21,215**	–
Arising on acquisitions of subsidiaries (Note 30)	**25,072**	17,155
Arising on forward commitment to acquire non-controlling interest shares (Note 21)	**–**	3,367
Fair value movements on put option recognised directly within equity	**(3,526)**	179
Foreign exchange movements	**(3,800)**	514
Balance at end of year	**38,961**	21,215

Within certain Group companies, non-controlling shareholders have a put option to put their shareholding to Total Produce. The fair value of the put option liability represents the provision for the net present value of amounts expected to be payable on exercise of the put option (Note 27).

Risk exposures

The Group's multinational operations expose it to various financial risks that include credit risk, liquidity risk, currency risk and interest rate risk. The Group has a risk management programme in place which seeks to limit the impact of these risks on the financial performance of the Group and it is the policy to manage these risks in a non-speculative manner.

The Group has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- currency risk
- interest rate risk
- equity price risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout this note.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Executive Risk Committee ('ERC'), which is responsible for developing and monitoring the Group's risk management policies. The members of the ERC include the Chief Executive, the Group Finance Director, a Group Executive Director, the Head of Internal Audit, the Company Secretary and a representative from senior management. Risk evaluation and recommendations for strategic change are reviewed by the ERC who report their findings to the Audit Committee for its consideration. The Audit Committee, in turn, report these findings to the Board enabling corrective initiatives to be undertaken where appropriate.

The Group has established a strong internal audit function under the direction of the Audit Committee. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. For further details please refer to the Risk Report on pages 12 to 15.

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

Credit risk

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

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, customers' track record and historic default rates. Individual risk limits are generally set by customer, and risk is accepted above such limits only in defined circumstances. The utilisation of credit limits is regularly monitored and a significant element of the credit risk is covered by credit insurance. The impairment provision is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off directly against the trade receivable.

The Group also makes advances to key suppliers, generally to secure produce in key categories. Advances made are generally interest-bearing and recovered through deduction from payments made in respect of produce delivered by the counterparty.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Cash and bank deposits

The Group's exposure to credit risk relating to cash and short term deposits is managed by investing funds with a number of different individual banks or institutions at any one time. Limits applied to individual counterparty banks are reviewed regularly along with their individual credit ratings.

Other financial assets

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

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Credit risk (continued)

Loans to joint ventures and associates

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

The carrying amount of financial assets, net of impairment provisions represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end was as follows:

	Carrying amount 2017 €'000	Carrying amount 2016 €'000
Other financial assets (Note 15)	**719**	649
Bank deposits (Note 19)	**–**	2,500
Cash and cash equivalents (Note 19)	**100,247**	127,280
Trade and other receivables* (Note 18)	**367,332**	313,279
Derivative financial instruments (Note 34)	**6**	187
Total	**468,304**	443,895

* For the purposes of this analysis prepayments have not been included within trade and other receivables.

Trade receivables

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables. Trade receivables are monitored by geographic region and by largest customers. The maximum exposure to credit risk for trade receivables at the reporting date by reporting segments was as follows:

	Carrying amount 2017 €'000	Carrying amount 2016 €'000
Europe – Eurozone	**117,814**	128,627
Europe – Non-Eurozone	**131,576**	125,014
International	**63,665**	18,376
Total	**313,055**	272,017

The Group also manages credit risk through the use of a number of sales or receivables arrangements. Under the terms of these agreements the Group has transferred substantially all of the credit risk of the trade receivables which are subject to these agreements. Accordingly €39,122,000 (2016: €43,024,000) has been derecognised at year-end.

The following table details the ageing of gross trade receivables including equivalent amounts due from joint ventures and associates, and the related impairment provisions in respect of specific amounts expected to be irrecoverable:

	Gross 2017 €'000	Impairment 2017 €'000	Net 2017 €'000	Gross 2016 €'000	Impairment 2016 €'000	Net 2016 €'000
Not past due	**257,310**	**(1,942)**	**255,368**	230,629	(2,741)	227,888
Past due 0 – 30 days	**50,075**	**(1,104)**	**48,971**	37,455	(496)	36,959
Past due 31 – 90 days	**8,235**	**(697)**	**7,538**	7,345	(555)	6,790
Past due 91 – 180 days	**1,939**	**(836)**	**1,103**	1,033	(653)	380
Past due more than 180 days	**2,099**	**(2,024)**	**75**	1,961	(1,961)	–
Total	**319,658**	**(6,603)**	**313,055**	278,423	(6,406)	272,017

Other receivables

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

	Gross 2017 €'000	Impairment 2017 €'000	Net 2017 €'000	Gross 2016 €'000	Impairment 2016 €'000	Net 2016 €'000
Not past due	**48,305**	**(913)**	**47,392**	34,654	(628)	34,026
Past due 0 – 30 days	**992**	**(277)**	**715**	569	(569)	–
Past due 31 – 90 days	**197**	**(197)**	**–**	339	(339)	–
Past due 91 – 180 days	**86**	**(86)**	**–**	410	(410)	–
Past due more than 180 days	**2,818**	**(2,818)**	**–**	745	(745)	–
Total	**52,398**	**(4,291)**	**48,107**	36,717	(2,691)	34,026

Non-trade receivables due from joint ventures and associates

At year-end, the Group has non-trade receivable balances due from its joint ventures and associates of €6,170,000 (2016: €7,236,000).

Analysis of movement in impairment provisions

Trade receivables – impairment provision

	2017 €'000	2016 €'000
Balance at beginning of year	**(6,406)**	(7,255)
Arising on acquisition of subsidiaries	**(314)**	(250)
Arising from business disposals	**200**	722
Utilised on write-off	**948**	1,582
Charge to income statement	**(1,123)**	(1,488)
Foreign exchange movement	**92**	283
Balance at end of year	**(6,603)**	(6,406)

Other receivables – impairment provision

	2017 €'000	2016 €'000
Balance at beginning of year	**(2,691)**	(2,689)
Arising on acquisition of subsidiaries	**(1,662)**	(226)
Utilised on write-off	**453**	715
Charge to income statement	**(611)**	(563)
Foreign exchange movement	**220**	72
Balance at end of year	**(4,291)**	(2,691)

Liquidity risk

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

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

It is the policy of the Group to have adequate facilities available at all times to cover unanticipated financing requirements. The Group has approval of committed and uncommitted term borrowings of up to €506 million (2016: €458 million) in addition to approved overdrafts and working capital facilities of €99 million (2016: €115 million). The Directors believe that, as a result, the Group is well placed to refinance or repay all borrowings due for repayment as they fall due.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Liquidity risk (continued)

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

	Carrying amount 2017 €'000	Contractual cash flows 2017 €'000	6 months or less 2017 €'000	6-12 months 2017 €'000	1-2 years 2017 €'000	2-5 years 2017 €'000	More than 5 years 2017 €'000
Non-derivative financial liabilities							
Bank borrowings	**(200,235)**	**(216,526)**	**(8,331)**	**(32,113)**	**(22,054)**	**(122,404)**	**(31,624)**
Bank overdraft	**(11,268)**	**(11,268)**	**(11,268)**	**–**	**–**	**–**	**–**
Finance lease liabilities	**(1,870)**	**(1,943)**	**(402)**	**(373)**	**(661)**	**(507)**	**–**
Trade and other payables	**(464,173)**	**(464,173)**	**(462,634)**	**(970)**	**(114)**	**(37)**	**(418)**
Contingent consideration	**(34,465)**	**(36,344)**	**(8,085)**	**(351)**	**(16,628)**	**(10,258)**	**(1,022)**
Put option liability	**(38,961)**	**(47,927)**	**–**	**–**	**–**	**(14,629)**	**(33,298)**
Derivative financial instruments							
Forward exchange contracts:							
– inflows	**–**	**36,710**	**33,296**	**1,821**	**1,199**	**394**	**–**
– outflows	**(654)**	**(37,364)**	**(33,609)**	**(2,090)**	**(1,252)**	**(413)**	**–**
Interest rate swaps	**(65)**	**(65)**	**(65)**	**–**	**–**	**–**	**–**
	(751,691)	**(778,900)**	**(491,098)**	**(34,076)**	**(39,510)**	**(147,854)**	**(66,362)**

	Carrying amount 2016 €'000	Contractual cash flows 2016 €'000	6 months or less 2016 €'000	6-12 months 2016 €'000	1-2 years 2016 €'000	2-5 years 2016 €'000	More than 5 years 2016 €'000
Non-derivative financial liabilities							
Bank borrowings	(165,005)	(173,660)	(35,735)	(3,642)	(8,402)	(124,056)	(1,825)
Bank overdraft	(10,193)	(10,193)	(10,193)	–	–	–	–
Finance lease liabilities	(2,948)	(3,261)	(940)	(891)	(840)	(590)	–
Trade and other payables	(391,729)	(391,729)	(388,954)	(754)	(184)	(600)	(1,237)
Contingent consideration	(46,375)	(49,489)	(9,419)	(320)	(10,457)	(28,739)	(554)
Put option liability	(21,215)	(26,797)	–	–	–	(3,792)	(23,005)
Derivative financial instruments							
Forward exchange contracts:							
– inflows	–	27,841	26,488	1,353	–	–	–
– outflows	(468)	(28,309)	(26,938)	(1,371)	–	–	–
Interest rate swaps	(101)	(101)	(101)	–	–	–	–
	(638,034)	(655,698)	(445,792)	(5,625)	(19,883)	(157,777)	(26,621)

Market risk

Market risk is the risk that changes in market prices and indices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's risk management strategy is to manage and control market risk exposures within acceptable parameters, while optimising the return earned by the Group. The Group has three types of market risk being currency risk, interest rate risk and other market price risk, which are dealt with as follows:

Currency risk

Structural currency risk

While many of the Group's operations are carried out in Eurozone economies, it also has significant operations in the UK, Sweden, Denmark, the Czech Republic, Canada and the USA. As a result, the Group is exposed to structural currency fluctuations including, in particular, Sterling, Swedish Krona, US Dollar and Canadian Dollar. The Group generally finances initial overseas investments through foreign currency borrowings which naturally hedge the foreign currency investment. Interest on borrowings is therefore denominated in currencies that match the cash flows generated by the underlying operations of the Group which provides an economic hedge. Post initial acquisition, these businesses generally fund their operations locally. To the extent that the net assets of foreign operations increase, the Group is exposed on the additional net assets. Such movements are dealt with in other comprehensive income.

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

	2017 €'000	2016 €'000
Euro	**33,766**	42,893
Swedish Krona	**25,875**	26,581
Sterling	**26,133**	26,739
US Dollar	**84,403**	48,513
Canadian Dollar	**12,965**	7,618
Czech Koruna	**8,968**	8,475
Other	**8,125**	4,186
	200,235	165,005
Disclosed as follows;		
Bank borrowings – current	**35,861**	36,276
Bank borrowings – non-current	**164,374**	128,729
	200,235	165,005

Transactional currency risk

Foreign exchange risk also arises from foreign currency transactions, assets and liabilities. Management requires all Group operations to manage their foreign exchange risk against their functional currency. The Group's companies in the UK, Sweden, Denmark and the Czech Republic purchase a significant volume of fruit in Euro and such currency risks are monitored on a daily basis and managed by utilising spot and forward foreign currency contracts where appropriate. The vast majority of transactions entered into by the Group's entities in the Eurozone are denominated in their functional Euro currency and the majority of transactions entered into by the Group's entities in North America are denominated in US Dollar.

Sensitivity analysis

A 5% strengthening or weakening in the Euro against Sterling, the US Dollar, Swedish Krona, Czech Koruna or the Canadian Dollar, based on outstanding financial assets and liabilities at 31 December 2017 and 31 December 2016, would have increased/(decreased) other comprehensive income and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant:

	5% strengthening		5% weakening	
	Income statement €'000	Other comprehensive income €'000	Income statement €'000	Other comprehensive income €'000
31 December 2017				
Sterling	**258**	**1,153**	**(285)**	**(1,275)**
Swedish Krona	**(210)**	**1,232**	**232**	**(1,362)**
Czech Koruna	**(257)**	**427**	**284**	**(472)**
US Dollar	**496**	**2,959**	**(548)**	**(3,271)**
Canadian Dollar	**–**	**461**	**–**	**(510)**
31 December 2016				
Sterling	(337)	1,229	373	(1,358)
Swedish Krona	(602)	1,266	794	(1,399)
Czech Koruna	(114)	404	88	(446)
US Dollar	1	2,179	(1)	(2,408)

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

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Interest rate risk

The Group holds both interest-bearing assets and interest-bearing liabilities. In general, the approach employed by the Group to manage its interest exposure is to maintain an appropriate balance between fixed and floating interest rates on its cash, short term bank deposits and interest-bearing borrowings. At 31 December 2017, 41.6% (2016: 36.5%) of the Group's term bank borrowings were on long term fixed rates. In limited instances, the Group uses floating-to-fixed interest rate swaps which have the economic effect of converting borrowings from floating to fixed rates. At year-end, the interest rate profile of interest-bearing financial instruments was:

	Carrying amount 2017 €'000	Carrying amount 2016 €'000
Fixed rate instruments		
Bank borrowings	**(83,253)**	(60,269)
Finance lease liabilities	**(101)**	(715)
	(83,354)	(60,984)
Variable rate instruments		
Bank deposits	**–**	2,500
Cash and cash equivalents	**100,247**	127,280
Bank overdrafts	**(11,268)**	(10,193)
Bank borrowings	**(116,982)**	(104,736)
Finance lease liabilities	**(1,769)**	(2,233)
	(29,772)	12,618
Net debt	**(113,126)**	(48,366)

Cash flow sensitivity analysis for variable rate instruments

At 31 December 2017, the average interest rate being earned on the Group's cash and cash equivalents was 0.0% (2016: 0.08%). At 31 December 2017, the average interest rate being paid on the Group's borrowings was 2.23% (2016: 2.47%). An increase or decrease of 50 basis points in interest rates at the reporting date would have had the following effect on the income statement and other comprehensive income. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	50 basis point increase		50 basis point decrease	
	Income statement €'000	Other comprehensive income €'000	Income statement €'000	Other comprehensive income €'000
31 December 2017				
Variable rate instruments	**(149)**	**–**	**149**	**–**
31 December 2016				
Variable rate instruments	62	–	(62)	–

Equity price risk

Equity price risk arises from the available-for-sale financial assets which are held for strategic reasons. It is the policy of the Group not to invest in speculative equity securities.

Accounting for derivatives and hedging activities

Derivative financial instruments are measured at fair value at inception and at each reporting date, with the movement recognised in the income statement unless they are designated as cash flow hedges under IAS 39 *Financial Instruments: Recognition and Measurement*. Where instruments are classified as cash flow hedges, they are accounted for under hedge accounting rules with gains or losses arising on the effective portion of the derivative instrument recognised in the cash flow hedge reserve, as a separate component of equity. Gains or losses on any ineffective portion of the derivative are recognised in the income statement. When the hedged transaction matures, the related gains or losses in the cash flow hedge reserve are transferred to the income statement. The fair value of derivatives at the balance sheet date is set out in the following table.

	Assets 2017 €'000	**Liabilities 2017 €'000**	Assets 2016 €'000	Liabilities 2016 €'000
Forward currency contracts	**6**	**654**	187	468
Interest rate swaps	**–**	**65**	–	101

Derivatives at the end of year are classified as follows:

	2017 €'000	2016 €'000
Cash flow hedges – assets	**6**	186
Cash flow hedges – liabilities	**(610)**	(454)
Fair value through income statement – assets	**–**	1
Fair value through income statement – liabilities	**(109)**	(115)
	(713)	(382)

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

	2017 €'000	2016 €'000
Effective portion of changes in fair value of cash flow hedges	**375**	1,880
Fair value of cash flow hedges transferred to income statement	**(867)**	(1,923)
	(492)	(43)

The Group uses foreign currency borrowings to hedge the net investment in foreign entities. The carrying value of borrowings which are designated as net investment hedges at the year-end amounts to €137,437,000 (2016: €116,004,000). The gains or losses on the effective portions of such borrowings are recognised in other comprehensive income. Ineffective portions of the gains and losses on such borrowings are recognised in the income statement although no ineffectiveness has been recognised in the current or prior period. Gains and losses accumulated in other comprehensive income are included in the income statement on the disposal of a foreign entity.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

35. CASH GENERATED FROM OPERATIONS

	Notes	2017 €'000	2016 €'000
Operating activities			
Profit for the year		**61,507**	39,304
Non-cash adjustments to reconcile profit to net cash flows:			
Income tax expense	8	**10,971**	11,324
Income tax paid		**(16,471)**	(11,531)
Depreciation of property, plant and equipment	11	**15,764**	17,423
Reversal of impairment of property, plant and equipment	3	**(362)**	–
Exceptional items	7	**(8,610)**	1,409
Exceptional cash flow relating to defined ETV contributions and costs	7	**(7,254)**	–
Fair value movements on contingent consideration	26	**(4,174)**	73
Amortisation of intangible assets – acquisition related	13	**10,499**	7,675
Amortisation of intangible assets – development costs capitalised	13	**299**	407
Amortisation of intangible assets – computer software	13	**1,443**	1,356
Amortisation of government grants	25	**(81)**	(602)
Defined benefit pension scheme expense – normal	31	**2,298**	3,237
Contributions to defined benefit pension schemes – normal	31	**(4,290)**	(5,010)
Other post-employment benefit scheme expense	31	**536**	–
Net payments for other employee benefit scheme	31	**(107)**	–
Share-based payment expense	31	**596**	436
Net gain on disposal of property, plant and equipment		**(432)**	(416)
Financial income	5	**(2,046)**	(1,309)
Financial expense	5	**7,800**	6,833
Financial income received		**1,327**	1,349
Financial expense paid		**(7,464)**	(7,093)
(Gain)/loss on non-hedging derivative financial instruments	3	**(434)**	31
Loss on disposal of trading assets and subsidiaries	30	**39**	943
(Gain)/loss on disposal of joint venture	14	**(5)**	–
Fair value movements on biological assets	17	**(289)**	128
Share of profit of joint ventures	14	**(11,427)**	(7,258)
Share of profit of associates	14	**(782)**	(5,012)
Net cash flows from operating activities before working capital movements		**48,851**	53,697
Movements in working capital:			
Movements in inventories		**(10,409)**	1,695
Movements in biological assets		**(2,127)**	–
Movements in receivables		**(4,253)**	(24,537)
Movements in payables		**14,501**	13,293
Total movements in working capital		**(2,288)**	(9,549)
Net cash flows from operating activities		**46,563**	44,148

36. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Particular areas which are subject to accounting estimates and judgments in these financial statements are as follows:

- Note 31 – measurement of defined benefit pension obligations require the use of actuaries and determination of appropriate assumptions such as discount rates and mortality rates.
- Note 13 – impairment testing of goodwill requires assumptions in calculating underlying recoverable amounts including cash flows generated by operating units and discount rates used to discount future cash flows.
- Note 13 – The valuation of intangible assets acquired as part of a business combination at fair value requires assumptions about the future cash flows that these assets are expected to generate and the discount rates used to discount future cash flows.
- Note 26 and Note 27 – measurement of contingent consideration and put option liabilities require assumptions to be made regarding profit forecasts and discount rates to be used to discount these forecasts to net present value.
- Note 29 – recognition of deferred tax assets requires assessment of availability of future taxable profit against which carry forward tax losses can be used.

Measurement of fair value

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

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

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

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

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

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

Note 11 – Property, Plant and Equipment
Note 12 – Investment Property
Note 17 – Biological Assets
Note 26 – Contingent Consideration
Note 27 – Put Option Liability
Note 31 – Employee Benefits

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

37. TRANSLATION OF FOREIGN CURRENCIES

The presentation currency of the Group is Euro, which is the functional currency of the Company. Results and cash flows of foreign currency denominated operations have been translated into Euro at the average exchange rates for the period, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. Adjustments arising on the translation of the results of foreign currency denominated operations at average rates, and on the restatement of the opening net assets at closing rates, are accounted for within a separate translation reserve within equity, net of differences on related foreign currency borrowings designated as hedges of those net investments. All other translation differences are taken to the income statement. The principal rates used in the translation of results and balance sheets into Euro were as follows:

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

38. POST BALANCE SHEET EVENTS

Investment in Dole Food Company

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

In addition, and at any time after closing of the First Tranche, the Group has the right, but not the obligation, to acquire (in any one or more tranches of 1%) up to an additional 6% of Dole common stock (the 'Second Tranche'). The Group has no present intention to exercise its option to acquire the Second Tranche. In the event the Group exercises the right to acquire the additional 6% the total cash consideration for the 51% stake would 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 9x the three year average historical Dole Adjusted EBITDA less net debt. However, in no event shall the Third Tranche purchase price be less than $250 million or exceed $450 million (such cap subject to increase after six years). The Third Tranche consideration is payable in cash or, if the parties mutually agree, Total Produce stock.

From the fifth anniversary of completion of the 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.

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

The Group has committed acquisition financing in place to secure funding of the acquisition of the First Tranche with a balance of equity and bank financing. As detailed below, the Group raised c.$180 million from a share placing on 1 February 2018 with the balance to be 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.

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 and until an exercise of the Third Tranche.

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

Share Placing

On 1 February 2018 a total of 63 million new ordinary shares were issued at a price of €2.30 per share, raising gross proceeds of €145 million or c.$180 million (before expenses) to finance the Dole transaction. The 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).

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

39. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The list of subsidiaries, joint ventures and associates forms part of the notes to financial statements. The principal areas of operations are the countries of incorporation.

Subsidiaries	Principal activity	Group share %	Country of incorporation	Registered office
Total Produce Ireland Limited*	Fresh produce company	100	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth
Allegro Limited*	Consumer products distribution	90	Ireland	1 Beresford Street, Dublin 7
Total Produce International Holdings Limited*	Investment holding company	100	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth
Total Produce Belfast Limited	Fresh produce company	100	United Kingdom	231 City Business Park, Dunmurry, Belfast, BT17 8HY
R Group Holdings Limited	Investment holding company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Redbridge Holdings Limited	Fresh produce company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
TPH (UK) Limited	Investment holding company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Total Produce Holdings (UK) Limited	Investment holding company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Total Produce Limited	Fresh produce company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Provenance Partners Limited	Fresh produce company	50	United Kingdom	c/o Shelly Stock Hunter LLP, 1st Floor, 7-10 Chandos Street, London W1G 9DQ
Total Produce Holdings B.V.	Investment holding company	100	Netherlands	Klappolder 224, 2665 MR Bleiswijk
Total Produce B.V.	Fresh produce company	72.5	Netherlands	Port City I, Waalhaven Zuidzijde 21, 3089 JH Rotterdam
Haluco B.V.	Fresh produce company	60	Netherlands	Klappolder 224, 2665 MR Bleiswijk
Nedalpac B.V.	Fresh produce company	60	Netherlands	Venrayseweg 198, 5928 RH Venlo
Total Produce Direct B.V.	Fresh produce company	100	Netherlands	Handelsweg 150, 2988 DC Ridderkerk
ASF Holding B.V.	Fresh produce company	100	Netherlands	Venrayseweg 126, 5928 RH Venlo
EurobananCanarias S.A.	Fresh produce company	50	Spain	Avda. de Anaga Nº11, 38001 Santa Cruz de Tenerife
Hortim International s.r.o.	Fresh produce company	75	Czech Republic	Breclao, ZIP 690 02, Haskova 18, ICO 47915528
Nordic Fruit Holding AB[1]	Investment holding company	100	Sweden	Långebergavägen 190, 256 69 Helsingborg
Total Produce Nordic A/S	Fresh produce company	100	Denmark	Sleipnersvej 3, DK- 4600, Koge
Total Produce Indigo S.A.S.	Fresh produce company	51	France	Route de la Seds, Parc du Griffon Bat 14, Vitrolles F-13127
Total Produce USA Holdings Inc.	Investment holding company	100	USA	c/o National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Kent, Delaware, 19904
Progressive Produce LLC	Fresh produce company	65	USA	5790 Peachtree Street, Los Angeles, California 90040
TP Canada Holdings Inc.	Investment holding company	100	Canada	P.O. Box 10424, Pacific Centre, 1300-777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K2
Grandview Ventures Limited	Fresh produce company	65	Canada	2800 Park Place, 666 Burrard Street Vancouver, BC V6C 2Z7
Argofruta Comercial Exportadora Limitada	Fresh produce company	60	Brazil	Lote 165, nucleo 2, PISC, Zona Rural, Petrolina, Pernambuco 56332-175

* denotes subsidiaries owned directly by Total Produce plc.

1 Nordic Fruit Holding AB is the holding company of the Group's principal Swedish trading subsidiaries Everfresh AB and Interbanan Scandinavia AB.

Notes to the Group Financial Statements (continued)
for the year ended 31 December 2017

39. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

Joint ventures and associates	Principal activity	Group share %	Country of incorporation	Registered office
2451487 Ontario Inc.	Fresh produce company	50	Canada	302 Dwight Avenue, Toronto, ON, M8V 2W7
2451490 Ontario Inc.	Property holding company	50	Canada	302 Dwight Avenue, Toronto, ON, M8V 2W7
Frankort & Koning Beheer Venlo B.V.	Fresh produce company	50	Netherlands	Venrayseweg 126, 5928 RH Venlo
Anaco & Greeve International B.V.	Fresh produce company	50	Netherlands	Postbus 31, 2685 ZG Poeldijk
Organic Trade Company Holland B.V.	Fresh produce company	60	Netherlands	Bronsweg 7, 8211 AL, Lelystad
Peviani SpA	Fresh produce company	50	Italy	Largo Augusto 8, 20122, Milan
Suri Agro Fresh Pvt. Limited	Fresh produce company	50	India	C-129, New Subzi Mandi, Azadpur, Delhi – 110033
Frutas IRU S.A.	Fresh produce company	50	Spain	Puestos 326-330, Mercabilbao, 48970 Basauri – Bilbao
African Blue Limited	Fresh produce company	10	Morocco	Boite Postale No 1, Moula Bousselham, Kenitra
The Fresh Connection LLC	Fresh produce company	50	USA	3722 Mt. Diablo Blvd, Lafayette, CA 94549
Eco Farms Investments Holdings LLC	Fresh produce company	37.5	USA	28790 Las Haciendas Street, Temecula, California 92590
Delica North America Inc	Fresh produce company	32.5	USA	1995 W 190th St. Suite 100, Torrance, CA90504
Exportadora y Servicios El Parque Limitada	Fresh produce company	50	Chile	Los Acantos 1320, Vitacura, Santiago

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

Company Balance Sheet
as at 31 December 2017

	Notes	2017 €'000	2016 €'000
Assets			
Non-current			
Intangible assets	40	**5**	7
Investments in subsidiaries	41	**248,078**	248,475
Total non-current assets		**248,083**	248,482
Current			
Trade and other receivables	42	**35,428**	29,915
Cash and cash equivalents	43	**217**	212
Total current assets		**35,645**	30,127
Total assets		**283,728**	278,609
Equity			
Share capital		**3,468**	3,429
Share premium		**150,763**	148,204
Other reserves		**(6,996)**	(6,668)
Retained earnings		**135,982**	132,460
Total equity		**283,217**	277,425
Liabilities			
Current			
Trade and other payables	44	**511**	1,184
Total current liabilities		**511**	1,184
Total liabilities		**511**	1,184
Total liabilities and equity		**283,728**	278,609

On behalf of the Board

C P McCann
Chairman

F J Davis
Finance Director

Company Statement of Changes in Equity
for the year ended 31 December 2017

	Share capital €'000	Share premium €'000	Own shares reserve €'000	Share option reserve €'000	Undenominated capital €'000	Retained earnings €'000	Total €'000
As at 1 January 2016	3,446	254,512	(8,580)	1,987	99	24,805	276,269
Profit for the year	–	–	–	–	–	14,090	14,090
Other comprehensive income	–	–	–	–	–	–	–
Other comprehensive income:	–	–	–	–	–	–	–
Total other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	14,090	14,090
Transactions with equity holders							
New shares issued	24	1,763	–	(651)	–	651	1,787
Capital reduction (Note a)	–	(108,071)	–	–	–	107,963	(108)
Own shares acquired and cancelled	(41)	–	–	–	41	(5,973)	(5,973)
Dividends paid	–	–	–	–	–	(9,076)	(9,076)
Share-based payment transactions	–	–	–	436	–	–	436
Total transactions with equity holders	(17)	(106,308)	–	(215)	41	93,565	(12,934)
As at 31 December 2016	**3,429**	**148,204**	**(8,580)**	**1,772**	**140**	**132,460**	**277,425**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**12,663**	**12,663**
Other comprehensive income							
Other comprehensive income:	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**12,663**	**12,663**
Transactions with equity holders							
New shares issued	**39**	**2,559**	**–**	**(924)**	**–**	**924**	**2,598**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(10,065)**	**(10,065)**
Share-based payment transactions	**–**	**–**	**–**	**596**	**–**	**–**	**596**
Total transactions with equity holders	**39**	**2,559**	**–**	**(328)**	**–**	**(9,141)**	**(6,871)**
As at 31 December 2017	**3,468**	**150,763**	**(8,580)**	**1,444**	**140**	**135,982**	**283,217**

(a) On 25 May 2016 and pursuant to Section 84 of the Companies Act 2014, the shareholders of the Company approved the passing of a special resolution authorising the Directors of the Company to apply to the High Court of Ireland for approval under Section 85 of the Companies Act 2014 to proceed with a Capital Reduction in the amount of €108,071,000. On 8 July 2016, the High Court confirmed the approval of this resolution and following the registration of this Court order with the Companies Registration Office on 11 July 2016, the Company reduced its Share Premium by the sum of €108,071,000 and transferred this sum to retained earnings, net of associated professional fees of €108,000.

Company Statement of Cash Flows
for the year ended 31 December 2017

	Notes	2017 €'000	2016 €'000
Operating activities			
Profit for the year		**12,663**	14,090
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Share-based payment expense		**59**	44
Amortisation of intangible assets – computer software		**2**	3
Impairment of investment in subsidiaries	41	**–**	743
Movement in trade and other receivables		**(5,513)**	2,361
Movement in trade and other payables		**(673)**	(3,707)
Net cash flows from operating activities		**6,538**	13,534
Investing activities			
Capital contribution repaid	41	**934**	–
Net cash flows from investing activities		**934**	–
Financing activities			
Capital reduction costs		**–**	(108)
New shares issued		**2,598**	1,787
Buyback of own shares		**–**	(5,973)
Dividends paid to equity holders		**(10,065)**	(9,076)
Net cash flows from financing activities		**(7,467)**	(13,370)
Net increase in cash, cash equivalents and bank overdrafts		**5**	164
Cash, cash equivalents and bank overdrafts at 1 January		**212**	48
Cash, cash equivalents and bank overdrafts at 31 December	43	**217**	212

Notes to the Company Financial Statements
for the year ended 31 December 2017

40. INTANGIBLE ASSETS

	Computer software €'000	Total €'000
Cost		
Balance at 1 January 2017	12	12
Balance at 31 December 2017	**12**	**12**
Accumulated amortisation		
Balance at 1 January 2017	5	5
Software amortisation	2	2
Balance at 31 December 2017	**7**	**7**
Carrying amount		
Balance at 31 December 2016	7	7
Balance at 31 December 2017	**5**	**5**

41. INVESTMENTS IN SUBSIDIARIES

	Investments in subsidiaries €'000	Total €'000
Balance at 1 January 2016	248,826	248,826
Investment in subsidiaries	392	392
Impairment of investment in subsidiary	(743)	(743)
Balance at 31 December 2016	**248,475**	**248,475**
Capital contribution repaid	**(934)**	**(934)**
Investment in subsidiaries	**537**	**537**
Balance at 31 December 2017	**248,078**	**248,078**

The principal subsidiaries and joint ventures and associates are set out on pages 143 and 144.

42. TRADE AND OTHER RECEIVABLES

	2017 €'000	2016 €'000
Current		
Amounts due from subsidiaries	**35,394**	29,873
Other receivables	**25**	33
Prepayments	**9**	9
	35,428	29,915

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

43. CASH AND CASH EQUIVALENTS

	2017 €'000	2016 €'000
Bank balances	**217**	212

44. TRADE AND OTHER PAYABLES

	2017 €'000	2016 €'000
Amounts due to group undertakings	**–**	723
Accruals	**511**	461
	511	1,184

45. RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its subsidiaries, joint ventures and associates and with the Directors of the Company. Details of the remuneration of the Company's individual Directors, together with the number of Total Produce plc shares owned by them and their outstanding share options are set out in the Compensation Committee report on pages 52 to 56.

	2017 €'000	2016 €'000
Dividends received from group undertakings	**11,000**	15,467

46. EMPLOYEE BENEFITS

The aggregate employee costs for the Company were as follows:

	2017 €'000	2016 €'000
Wages and salaries	**1,632**	1,441
Social security contributions	**128**	108
Pension costs	**116**	100
Share-based payment transactions	**59**	44
	1,935	1,693

The average number of employees of the Company in 2017 was 7 (2016: 6).

47. CAPITAL COMMITMENTS AND CONTINGENCIES

The Company has no capital commitments at 31 December 2017 (2016: €Nil).

Details in relation to contingencies and guarantees, including guarantees to avail of exemptions under Section 357 of the Companies Act, 2014, are outlined in Note 32 of the Group Financial Statements on pages 127 to 128.

48. STATUTORY AND OTHER INFORMATION

Auditors' remuneration

	2017 €'000	2016 €'000
Audit services	**232**	189
Other non-audit services	**65**	67

Notes to the Company Financial Statements (continued)
for the year ended 31 December 2017

49. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Accounting classifications and fair values

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

	Loans and receivables 2017 €'000	Liabilities at amortised cost 2017 €'000	Total 2017 €'000	Fair value 2017 €'000
Trade and other receivables – current (Note 42)*	**35,419**	**–**	**35,419**	**n/a**
Cash and cash equivalents (Note 43)	**217**	**–**	**217**	**n/a**
	35,636	**–**	**35,636**	
Trade and other payables – current (Note 44)	**–**	**(511)**	**(511)**	**n/a**
	–	**(511)**	**(511)**	

	Loans and receivables 2016 €'000	Liabilities at amortised cost 2016 €'000	Total 2016 €'000	Fair value 2016 €'000
Trade and other receivables – current (Note 42)*	29,906	–	29,906	n/a
Cash and cash equivalents – (Note 43)	212	–	212	n/a
	30,118	–	30,118	
Trade and other payables – current (Note 44)	–	(1,184)	(1,184)	n/a
	–	(1,184)	(1,184)	

* For the purpose of this analysis prepayments have not been included.

The Company has the same risk exposures as those of the Group as outlined in Note 34.

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

Credit risk

Trade and other receivables above includes €35,394,000 (2016: €29,873,000) due from subsidiary undertakings. All are repayable on demand and there were no impairment provisions against these balances at year-end. The €217,000 (2016: €212,000) of cash and cash equivalents is managed in accordance with the overall Group credit risk policy as outlined in Note 34.

Liquidity risk

The €511,000 (2016: €1,184,000) within trade and other payables is all due for repayment within six months.

Currency risk

All financial assets and liabilities are denominated in Euro (the functional currency of the Company) and hence no currency risk is present at year-end.

50. POST BALANCE SHEET EVENTS

As referred to in detail in Note 38, 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'). Refer to Note 38 for further details.

Share Placing

On 1 February 2018 a total of 63 million new ordinary shares were issued at a price of €2.30 per share, raising gross proceeds of €145 million or c.$180 million (before expenses) to finance the Dole transaction. The 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).

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

51. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved these financial statements on 28 February 2018.

Directors and Other Information

TOTAL PRODUCE PLC

Directors
C P McCann, *Chairman*
R P Byrne, *Chief Executive*
F J Davis
J F Gernon
R B Hynes
J J Kennedy
S J Taaffe
K E Toland

Company Secretary
J F Devine (appointed 1 June 2017)
M T Reid (changed roles within the Group
and resigned as Company Secretary on 1 June 2017)

Registered Office
Charles McCann Building
Rampart Road
Dundalk
Co. Louth

AUDITOR

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

REGISTRAR

Computershare Investor Services (Ireland) Limited
P.O. Box 954
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18

SOLICITOR

Arthur Cox
10 Earlsfort Terrace
Dublin 2

STOCKBROKERS AND NOMINATED ADVISER

Davy
49 Dawson Street
Dublin 2

PRINCIPAL BANKERS

Allied Irish Banks plc
Bankcentre
Ballsbridge
Dublin 4

Bank of Ireland
Lower Baggot Street
Dublin 2

Caixa Bank
8th floor
63 St Mary Axe
EC3A 8AA
London
United Kingdom

Danske Bank A/S
3 Harbourmaster Place
IFSC
Dublin 1

HSBC Ireland
1 Grand Canal Square
Grand Canal Harbour
Dublin 2

Rabobank Dublin
Georges Dock House
2 Georges Dock
IFSC
Dublin 1

Ulster Bank
George's Quay
Dublin 2

Shareholder Information

Total Produce plc is an Irish registered company. Its ordinary shares are quoted on the Emerging Securities Market ('ESM') on the Irish Stock Exchange and on the Alternative Investments Market ('AIM') on the London Stock Exchange.

FINANCIAL CALENDAR

Record date for 2017 final dividend	4 May 2018
Annual General Meeting	31 May 2018
Payment date for 2017 final dividend	1 June 2018
2018 interim results announcement	September 2018
Interim dividend payment	October 2018
Financial year end	31 December 2018
2018 preliminary results announcement	March 2019

SHARE PRICE (EURO CENT)

Year	High	Low	31 December
2017	256	176	256

INVESTOR RELATIONS

Frank Davis
Group Finance Director
Total Produce plc
29 North Anne Street
Dublin 7, Ireland
Telephone: +353 1 887 2600
Fax: +353 1 887 2731
Email: fdavis@totalproduce.com

REGISTRAR

Administrative queries about holdings of Total Produce plc shares can be directed to the Company's registrar:
Computershare Investor Services (Ireland) Limited
P.O. Box 954, Heron House, Corrig Road
Sandyford Industrial Estate
Dublin 18, Ireland
Telephone: +353 1 216 3100
Fax: +353 1 216 3151
Email: webqueries@computershare.ie

WEBSITE

Further information on the Total Produce Group is available at www.totalproduce.com

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will take place on 31 May 2018 in the Marker Hotel, Grand Canal Square, Docklands Dublin 2 at 10.30 a.m. Notice of this meeting with explanations of the resolutions to be proposed will be circulated to shareholders in April 2018.

AMALGAMATION OF ACCOUNTS

Shareholders receiving multiple copies of Company mailings as a result of a number of accounts being maintained in their name should write to the Company's Registrar, at the given address, to request that their accounts be amalgamated.

PAYMENTS OF DIVIDENDS

Shareholders may elect to have future dividends paid directly to a nominated bank account by completing the mandate form which accompanies each dividend payment or by writing to the Company's Registrar at the above address. Dividends are normally paid in Euro; however, for the convenience of shareholders with addresses in the United Kingdom, dividends are paid in Sterling unless requested otherwise.

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Let's Grow Together

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Keyword: Totalproduce