



Fyffes plc

Transition to International Financial Reporting Standards (IFRS)

Restatement of 2004 financial information under IFRS

8 September 2005

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1. Overview

1.1 Introduction

Fyffes plc, in common with all other listed companies in Europe, is required to prepare its 2005 consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The Group previously reported in accordance with Irish/UK Generally Accepted Accounting Practices (Irish/UK GAAP). As part of the transition to IFRS, this document outlines the key changes arising for Fyffes and provides a detailed reconciliation of the Group's financial information as previously reported under Irish/UK GAAP and as restated in accordance with the recognition and measurement principles of IFRS.

Section 2 of this document explains the main issues affecting Fyffes as a result of the transition to IFRS.

Section 3 outlines the impact of the resulting changes in accounting policies on the 2004 preliminary interim and full year financial information – focusing on the impact on Profit before Tax, Earnings per Share and Net Assets.

Schedule 1 sets out the revised Provisional Group Accounting Policies which are expected to be applied in preparing the Group's consolidated financial statements for the year ended 31 December 2005.

Schedule 2 is a reconciliation of the Group's consolidated balance sheet as originally prepared under Irish/UK GAAP to the equivalent figures prepared in accordance with these IFRS accounting policies, as at 1 January 2004 (the date of transition to IFRS).

Schedule 3 is a reconciliation of the summary preliminary financial information (Income Statement, and Balance Sheet) for the six months period ended 30 June 2004, as originally reported under Irish/UK GAAP to the equivalent prepared in accordance with the Group's IFRS accounting policies.

Schedule 4 is a reconciliation of the summary financial information (Income Statement and Balance Sheet) for the year ended 31 December 2004, as originally prepared under Irish/UK GAAP to the equivalent prepared in accordance with the Group's IFRS accounting policies.

The restated interim financial information for the six month ended 30 June 2004 is unaudited. The restatement of the preliminary financial information for the year ended 31 December 2004 has been audited by the Group's auditors, KPMG Chartered Accountants. Their audit opinion in this regard is set out in Schedule 5.

1.2 Summary of impact on key financial information

The following table summarises the impact of the transition to IFRS on the Group's key consolidated financial information for the year ended 31 December 2004.

	Irish/UK GAAP €	IFRS €	Change %	Comment
Revenue (incl share of joint venture and associates)	2,145.7m	1,953.8m	-8.9%	Reclassification of certain subsidiaries as joint ventures
Profit before tax	96.3m	93.6m	-2.8%	Reclassification of subsidiaries, no goodwill amortisation
Adjusted profit before tax	94.7m	90.4m	-4.6%	Reclassification of subsidiaries
Fully diluted EPS	20.06 cent	21.47 cent	+7.0%	No goodwill amortisation
Adjusted fully diluted EPS	19.77 cent	19.79 cent	+0.1%	No material change
Shareholders' equity	353.4m	354.4m	+0.3%	Pension deficit on balance sheet, less proposed dividend

Adjusted profit before tax excludes separately reportable items (formerly exceptional items under Irish/UK GAAP – see Section 3.2 below), amortisation charges and, in the case of the IFRS financial information, the Group's share of the tax charge of its joint ventures and associates.

1.3 Basis of Preparation

The Group's consolidated financial statements for the year ended 31 December 2005 will be prepared, for the first time, in accordance with the International Financial Reporting Standards and the International Accounting Standards (together IFRS) issued by the International Accounting Standards Board (IASB), and its predecessor, as endorsed by the European Commission. The Group's interim financial information for the six months ended 30 June 2005, issued separately today, has been prepared in accordance with the recognition and measurement principles of IFRS. The comparative figures for the six month period ended 30 June 2004 and the year ended 31 December 2004, presented in this document and the Group's interim results announcement, have been restated on a consistent basis.

As explained in the Basis of Preparation note in the Group's revised Provisional Accounting Policies (set out in Schedule 1 attached), these accounting policies are based on the recognition and measurement principles of the IFRS which are expected to apply as at 31 December 2005. While the European Commission has endorsed most of the IFRS issued by the IASB, some remain outstanding. Consequently the Group's provisional accounting policies and the financial information included in the Group's interim results may be subject to change as a result of a delay by the Commission in endorsing certain

standards or if the IASB issues further interpretations of standards, having retrospective effect, before the end of 2005. In particular, the Commission has not yet approved the amendment to IAS 19 *Actuarial Gains and Losses, Group Plans and Disclosures*, which allows the recognition of actuarial gains and losses on defined benefit pension schemes in the Statement of Recognised Income and Expense. Notwithstanding this, the Group has elected to adopt this amendment in preparing these summary financial statements.

1.4 *Principal exemptions availed of on transition to IFRS*

In restating the Group's 2004 preliminary financial information, Fyffes, in common with most other listed companies, is availing of the following relevant mandatory and optional exemptions in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards* and a number of other standards:

- Business combinations before 1 January 2004 have not been restated. Consequently, goodwill at the transition date is carried forward at its net book value and, along with goodwill on subsequent acquisitions, is subject to annual impairment testing. Goodwill was assessed for impairment at the transition date and no impairment charges arose from this exercise. Goodwill on acquisitions prior to 1998, which was set-off against revenue reserves under Irish/UK GAAP is deemed to be permanently written off under IFRS and not subject to impairment testing or write-off on disposal.
- Cumulative currency translation differences have been reset at zero at the transition date. The currency translation reserve mainly comprises the retranslation of the net assets of the Group's non-Euro denominated subsidiaries and joint ventures net of exchange differences on related borrowings. Going forward, cumulative currency translation differences will be included in the profit or loss on disposal of any subsidiary, joint venture or associate.
- Cumulative actuarial gains or losses on the Group's defined benefit pension schemes have been recognised in full in the transition balance sheet. Fyffes is not applying the corridor approach to recognising actuarial gains or losses.
- IFRS 2 *Share-based Payment* is being applied in respect of share options granted after 7 November 2002.
- The Group is applying IAS 32 *Financial Instruments: Presentation and Disclosure* and IAS 39 *Financial Instruments: Recognition and Measurement* prospectively from 1 January 2005. Consequently, financial instruments are recognised in accordance with Irish/UK Generally Accepted Accounting Practice (Irish/UK GAAP) in the 2004 (interim and full year) financial information and in accordance with IAS 32 and IAS 39 in the 2005 interim financial information, which has been separately issued today.
- Fyffes is electing to continue to account for its joint ventures under equity accounting rules rather than applying proportionate consolidation rules.

2. Main changes in accounting policies

2.1 Pension and other post retirement benefits

Under IAS 19 *Employee Benefits*, defined benefit pension scheme surpluses or deficits must be recognised on the Balance Sheet. The operating and financial costs of these schemes, calculated in accordance with IAS 19 principles, are accounted for in the Income Statement. Under Irish/UK GAAP, the SSAP 24 cost of pensions, which broadly speaking was the same as the annual funding contribution, was charged to the profit and loss account.

IAS 19 permits a number of alternatives in relation to the recognition of actuarial gains and losses. Fyffes is adopting a policy of the immediate recognition of such gains or losses (rather than the permitted 'corridor approach'), in the Statement of Recognised Income and Expense. As noted earlier, this option is in an amendment to IAS 19 that has not yet been endorsed by the European Commission. The adjustments arising from the adoption of IAS 19, including the impact on the Group's share of the net assets of its joint ventures and associates, are as follows:

	01/01/04	30/06/04	31/12/04
Balance Sheet	€000	€000	€000
Gross pension deficit	(14,643)	(17,462)	(26,108)
Deferred tax asset (net)	4,781	5,849	7,077
Group share of pension deficit of joint ventures & associates (net of deferred tax)	(3,043)	(3,428)	(2,760)
Net impact on shareholders' funds	(12,905)	(15,041)	(21,791)

	30/06/04	31/12/04
Income Statement	€000	€000
Net (increase) in operating costs including share of joint ventures	(223)	(108)

2.2 Consolidation of subsidiaries

The determination of whether an entity should be treated as a subsidiary under IAS 27 *Consolidated and Separate Financial Statements* is based on the parent company's power to control the entity. Irish/UK GAAP had broader criteria which included the actual exercise of dominant influence over the operating and financial policies of the entity or where an entity was managed on a unified basis with other Group companies. Following a detailed review of each of the Group's non-wholly owned businesses, in the context of this alternative definition, a number of entities have been reclassified as joint ventures under IFRS.

This change has no impact on earnings per share. The following is the impact on the headline figures in the Income Statement:

	30/06/04	31/12/04
Income Statement	€000	€000
Total turnover including share of joint ventures and associates	(98,807)	(191,920)
Profit before tax	(2,762)	(5,063)
Tax charge	921	1,524
Profit after tax	(1,841)	(3,539)
Minority interest	1,841	3,539
Net impact on retained profit for EPS purposes	Nil	Nil

The Group's share of profit after tax of its joint ventures and associates is presented as a single figure in arriving at profit before tax under the presentation requirements of IAS 1, see 2.3 below.

In the Balance Sheet, the reduction in net assets is offset by a reduction in the minority interest, resulting in no net impact on shareholders' funds.

2.3 Accounting for joint ventures and associates

Under Irish/UK GAAP the Group's share of profit from its joint ventures and associates was analysed in the profit and loss account, under equity accounting rules, between operating profit, interest income/expense and taxation. Under IFRS, the Group must account for its associates under equity accounting rules but has the option of accounting for its joint ventures under either proportionate consolidation rules or equity accounting rules. Fyffes has elected to continue to apply equity accounting in relation to its joint ventures. However, under IAS 1 *Presentation of Financial Statements*, the Group's share of the profit after tax of entities accounted for under equity accounting rules must be presented as a single item in the Group's profit before tax line, with no separate analysis of interest or tax charges.

This required presentation does not impact profit attributable to shareholders or earnings per share. For the purposes of its headline 'adjusted profit before tax' Fyffes intends to continue to exclude the Group's share of the tax charge of its joint ventures and associates from this figure. The Group's share of interest income/(expense) and tax of its joint ventures and associates, including those entities reclassified as joint ventures under IFRS (see 2.2 above) is as follows:

	30/06/04	31/12/04
Income Statement	€000	€000
<i>The following items are netted in Operating profit in the Income Statement</i>		
Group share of interest income/(expense) of its joint ventures and associates	(220)	(582)
Group share of tax charge of joint ventures and associates netted in operating profit		
- original joint ventures and associates	(681)	(1,358)
- share of tax of reclassified subsidiaries*	(461)	(762)
- increase in tax charge of joint ventures	-	(1,217)
Total Group share of the tax charge of its joint ventures and associates	(1,142)	(3,337)

* This presents the Group's share of the original tax charge of the subsidiaries reclassified as joint ventures which was €1.5m for the full year in 2004 and €0.9m for the half year.

2.4 Goodwill and intangible assets

Under IFRS 3 *Business Combinations*, goodwill amortisation is prohibited. The goodwill amortisation charged in the 2004 interim and full year financial statements, originally prepared under Irish/UK GAAP, has been reversed in the revised IFRS financial information. Under IFRS, capitalised goodwill is now subject to annual impairment testing, as explained more fully in the relevant accounting policy in Schedule 1 attached. These tests did not give rise to any impairment charges on transition or in 2004.

Also under IFRS 3, it is now necessary to determine the fair value of intangible assets acquired as part of any business combination, after 1 January 2004, where these are identifiable and can be measured reliably. Such intangible assets include, where appropriate, customer contracts, lists or relationships, technology, patents etc. Intangible assets so identified must be amortised to the Income Statement over their estimated useful economic lives.

In accordance with IFRS 3, Fyffes has reviewed its acquisition of Everfresh, in May 2004, identifying intangible assets amounting to €18.5m at the date of acquisition. As a result, the residual goodwill on this transaction has been reduced to €34.9m from €33.4m under Irish/UK GAAP. The intangible assets arising in this case relate entirely to customer relationships and are being amortised over a ten year period.

Fyffes excludes amortisation charges on these intangible assets from its headline adjusted profit before tax and earnings per share, in the same way that goodwill amortisation was previously similarly excluded in its Irish/UK GAAP financial statements.

The impact of IFRS 3 on the Group's Income Statement is as follows:

	30/06/04	31/12/04
Income Statement	€000	€000
Reversal of goodwill amortisation – subsidiaries	1,897	5,507
Reversal of goodwill amortisation – joint ventures	502	1,004
Amortisation of intangible assets	(308)	(1,233)
Net impact on profit before tax	2,091	5,278

There is no impact on net assets other than a reclassification from goodwill to intangible assets and the difference in the amortisation charges.

2.5 Expensing share options

Under IFRS 2 *Share-based Payment*, the fair value of share options granted to employees, after 7 November 2002, must be recognised as an expense in the Income Statement, on a straight line basis over the vesting period of the options. The impact of IFRS 2 in the Income Statement, which has been determined using the binomial lattice model in accordance with the accounting policy set out in Schedule 1 attached, with the assistance of an external specialist, is as follows:

	30/06/04	31/12/04
Income Statement	€000	€000
Share option expense under IFRS 2	(95)	(257)

There is no impact on the shareholders' funds as there is a matching reserve in equity.

2.6 Dividend recognition

Under IAS 10 *Events after the Balance Sheet*, proposed dividends are not recognised in the Balance Sheet.

Consequently, the proposed dividends of €5.3m and €18.1m provided in the Balance Sheets of 30 June 2004 and 31 December 2004, respectively, as originally prepared under Irish/UK GAAP have been reversed in the restated IFRS Balance Sheets. These are purely timing differences as both these dividends were subsequently paid.

2.7 Taxation

Other than reclassification adjustments, particularly in relation to the presentation of the tax charges of joint ventures and associates under IFRS 1, the Group's underlying tax rate is not significantly affected by IFRS. The main difference in IAS 12 *Income Taxes* compared to Irish/UK GAAP relates to the basis of accounting for deferred tax. Under IAS 12, deferred tax is based on the concept of temporary differences, which are calculated by comparing the book value of each balance sheet item to its tax base. This is a broader concept than in Irish/UK GAAP where, under FRS 19 *Deferred Tax*, deferred tax arose on timing differences between the recognition of items in the Income Statement and in the tax computation.

The main adjustments arising in relation to tax are as follows:

- Recognition of deferred tax assets/liabilities in relation to the Group's defined benefit pension schemes, see 2.1 above.
- Recognition of deferred tax assets and liabilities on temporary differences in relation to fair value adjustments arising from acquisitions and other similar items, which would not have arisen under FRS 19.
- Deferred tax was not recognised on timing differences arising on gains on the sale or revaluation of assets, under FRS 19, if it was more likely than not that such gains would be rolled over. Deferred tax must be provided on all rolled over gains under IAS 12.
- As explained in 2.3 above, the Group's share of the tax charge of its joint ventures and associates is netted against the Group's share of profit of these entities rather than included in the total tax charge, when accounted for under IFRS equity accounting rules.
- Similarly, the corporation and deferred tax liabilities of entities which were subsidiaries under Irish/UK GAAP but are joint ventures under IFRS (see 2.2 above), now form part of the Group's share of the net assets of these entities.
- There are other classification adjustments between deferred tax and corporation tax which have no net impact on the Group's net assets. In addition, under IAS 12, deferred tax assets and liabilities are shown separately where it is not possible or not intended to settle on a net basis.

There are no deferred tax implications in relation to the payment of dividends to the Group by joint ventures and associates and consequently no deferred tax arises. No provision for deferred tax is required in respect of the unremitted earnings of the Group's subsidiaries where it controls the timing of such distributions and has no present intention to repatriate funds.

The impact of the tax adjustments arising from the application of IAS 12 on the Income Statement for the first half and full year in 2004 is summarised in the following table:

	30/06/04	31/12/04
Impact on Income Statement	€000	€000
Tax charge as originally stated under Irish/UK GAAP	8,271	14,333
<i>Adjustments</i>		
Tax charge of joint ventures/associates - netted in PBT		
- original joint ventures/associates, Irish/UK GAAP	(681)	(1,358)
- new joint ventures under IFRS	(921)	(2,664)
Tax impact of increase in pension charges	(130)	(260)
Tax on additional temporary differences under IAS 12		
- subsidiaries	-	(241)
- joint ventures/associates	-	(77)
Total reduction in tax charge under IFRS	<u>(1,732)</u>	<u>(4,600)</u>
Restated tax charge under IFRS	<u>6,539</u>	<u>9,733</u>
<i>(excludes share of tax charge of joint ventures/associates)</i>		

The impact on the Balance Sheet is summarised as follows:

	01/01/04	30/06/04	31/12/04
Corporation tax – current and non-current	€000	€000	€000
As originally stated under Irish/UK GAAP	30,945	30,545	32,510
Reclassified from deferred tax	8,580	8,580	4,708
Reclassification of subsidiaries as joint ventures	<u>2,553</u>	<u>2,540</u>	<u>624</u>
As restated under IFRS	<u>42,078</u>	<u>41,665</u>	<u>37,842</u>

	01/01/04	30/06/04	31/12/04
Net deferred tax liability	€000	€000	€000
As originally stated under Irish/UK GAAP	14,467	15,024	12,128
Deferred tax in subsidiaries reclassified as joint ventures	412	424	73
Impact of temporary difference in joint ventures	(1,140)	(1,140)	(2,280)
Deferred tax asset on net pension deficit	(4,781)	(5,849)	(7,077)
Reclassified to non-current corporation tax	(8,580)	(8,580)	(4,708)
Net temporary differences re fair value adjustments	241	241	(321)
Deferred tax on roll over gains	<u>245</u>	<u>245</u>	<u>245</u>
Net deferred tax liability/(asset) under IFRS	<u>864</u>	<u>365</u>	<u>(1,940)</u>

Certain tax balances, unrelated to temporary differences, which had been included within the deferred tax provision under Irish/UK GAAP do not meet the definition of deferred tax under IFRS and have consequently been reclassified as corporation tax. Similarly, certain corporation tax balances have been reclassified from current to non-current liabilities.

2.8 *Derivatives and other financial instruments*

As noted earlier, Fyffes is electing to apply IAS 32 *Financial Instruments: Disclosure and Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement* prospectively from 1 January 2005, as permitted by IFRS 1. Consequently, there is no restatement of the Group's financial information for 2004 in this regard.

2.9 *Other matters including disclosure issues*

- Under Irish/UK GAAP, profits or losses on disposal of property, plant and equipment and businesses were separately presented in the profit and loss account as exceptional items. In addition, other material non-trading or unusual items were disclosed, either on the face of the profit and loss account or in the notes to the accounts as exceptional as appropriate. IFRS does not recognise exceptional items. However, in order to continue to provide shareholders and other users of its financial statements with meaningful information on the underlying performance of its business, Fyffes intends to report items that would have been classified as exceptional items under Irish/UK GAAP as 'separately disclosable items'.
- Bank deposits with maturities of greater than three months are not regarded as cash or cash equivalents under IFRS. These balances are reclassified as liquid investments in the Balance Sheet. Fyffes will continue to include these balances in its reconciliation of net funds.
- In contrast to Irish/UK GAAP, IAS 40 *Investment Properties*, requires sublet parts of properties, otherwise used in the business, to be classified as investment properties. Fyffes, in its efforts to maximise the return on its property assets, endeavours to sublet any unused space in its warehouses. Consequently, property with a net book value of €54.3m, at 30 June 2005 has been classified as investment property. The equivalent amounts for earlier periods were €18.1m at 1 January 2004, €30m at 30 June 2004 and €45.2m at 31 December 2004, compared to the €20m originally classified as investment property under Irish/UK GAAP at 31 December 2004. Investment property is carried at depreciated cost, as permitted under IAS 40.

3 Summary of impact of transition to IFRS – restatement of 2004 results

3.1 Profit before tax (PBT)

The table below reconciles Fyffes' profit before tax for both the half year and full year in 2004 from the figures as originally reported under Irish/UK GAAP to the figures now reported under IFRS.

	Ref.	30/06/04	31/12/04
		€000	€000
PBT as originally reported under Irish/UK GAAP		60,613	96,289
<i>IFRS adjustments</i>			
Reversal of goodwill amortisation - subsidiaries	2.4	1,897	5,507
Reversal of goodwill amortisation – joint ventures	2.4	502	1,004
Amortisation of intangible assets	2.4	(308)	(1,233)
Share options expense	2.5	(95)	(257)
Increase in pension costs	2.1	(223)	(108)
Subsidiaries reclassified as joint ventures	2.2	(2,762)	(5,063)
Tax charge of joint ventures/associates - netted in PBT			
- original joint ventures/associates, Irish/UK GAAP	2.3	(681)	(1,358)
- increase in tax charge of joint ventures	2.3	-	(1,217)
Other		<u>1</u>	<u>-</u>
Total adjustments under IFRS		<u>(1,669)</u>	<u>(2,725)</u>
PBT as revised in accordance with IFRS		<u>58,944</u>	<u>93,564</u>

3.2 Adjusted profit before tax (Adjusted PBT)

In common with most other listed companies, Fyffes highlights its Adjusted PBT as the underlying measure of its performance. Adjusted PBT, in the previously reported Irish/UK GAAP financial information, excluded exceptional items and goodwill amortisation. Adjusted PBT, in the IFRS financial information will, similarly, exclude separately disclosable items and amortisation of intangible assets, but will also exclude the tax charge of the Group's joint ventures and associates. The tables below show the reconciliation of PBT to Adjusted PBT in accordance with both Irish/UK GAAP and IFRS.

	30/06/04	31/12/04
Adjusted PBT under Irish/UK GAAP	€000	€000
PBT under Irish/UK GAAP	60,613	96,289
<i>Adjustments</i>		
Goodwill amortisation – subsidiaries	1,897	5,507
Goodwill amortisation - joint ventures	502	1,004
Profit on disposal of property, plant and equipment	(2,287)	(2,505)
Profit on disposal of joint ventures	(11,995)	(11,609)
Profit on disposal and termination of subsidiaries	-	(582)
Other exceptional items		
- costs of legal action against DCC plc	2,077*	4,130
- costs of uncompleted acquisitions	-	2,493
Adjusted PBT – under Irish/UK GAAP	<u>50,807*</u>	<u>94,727</u>

	30/06/04	31/12/04
Adjusted PBT under IFRS	€000	€000
PBT under IFRS	58,944	93,564
<i>Adjustments</i>		
Amortisation of intangibles	308	1,233
<i>Separately disclosable items</i>		
Profit on disposal of property, plant and equipment	(2,231)	(2,189)
Profit on disposal of joint ventures	(11,995)	(11,609)
Profit on disposal/termination of subsidiaries	-	(582)
Costs of legal action against DCC plc	2,077*	4,130
Costs of uncompleted acquisitions	-	2,493
<i>Total separately disclosable items</i>	<u>(12,149)</u>	<u>(7,757)</u>
Tax charge of joint ventures/associates (section 2.3)	1,142	3,337
Adjusted PBT – under IFRS	<u>48,245*</u>	<u>90,377</u>

* Adjusted PBT as originally reported for the first half of 2004, under Irish/UK GAAP, was €48.7m as the costs of the legal action against DCC plc were not separately disclosed at that time. This figure has now been restated on a consistent basis with the full year 2004 figures and the half year 2005 figures, in which the costs of the legal action against DCC plc are separately disclosed.

In summary, the following table reconciles adjusted PBT for the first half and full year in 2004 under Irish/UK GAAP and under IFRS:

Reconciliation of Adjusted PBT – Irish/UK GAAP to IFRS	30/06/04 €000	31/12/04 €000
Adjusted PBT under Irish/UK GAAP	50,807	94,727
<i>Adjustments</i>		
Share options expense	(95)	(257)
Increase in pension costs	(223)	(108)
Gain in disposal of property, plant and equipment in reclassified subsidiaries	56	316
Profit before tax of reclassified subsidiaries (2.2 above)	(2,762)	(5,063)
Share of tax of subsidiaries reclassified (2.3 above)	461	762
Other	<u>1</u>	<u>-</u>
Total adjustments under IFRS	<u>(2,562)</u>	<u>(4,350)</u>
Adjusted PBT – under IFRS	<u>48,245</u>	<u>90,377</u>

3.3 Earnings per share (EPS)

The table below reconciles Fyffes' fully diluted EPS for both the half year and full year in 2004 from the figures as originally reported under Irish/UK GAAP to the figures now reported under IFRS.

	Ref.	30/06/04 €000	31/12/04 €000
Earnings for EPS calculation – after tax and minority interest share			
As originally reported under Irish/UK GAAP		45,201	70,318
<i>IFRS adjustments</i>			
Reversal of goodwill amortisation - subsidiaries	2.4	1,897	5,507
Reversal of goodwill amortisation – joint ventures	2.4	502	1,004
Minority share of goodwill amortisation		-	(254)
Amortisation of intangible assets	2.4	(308)	(1,233)
Share options expense	2.5	(95)	(257)
Increase in pension cost – after tax & minority interest	2.1	(98)	142
Other – mainly tax		<u>1</u>	<u>112</u>
Earnings for EPS under IFRS		<u>47,100</u>	<u>75,339</u>
No. of shares – fully diluted ('000)		349,760	350,498
Fully diluted EPS under Irish/UK GAAP		<u>12.92</u>	<u>20.06</u>
Fully diluted EPS under IFRS		<u>13.47</u>	<u>21.49</u>

3.4 Adjusted EPS

The table below reconciles Fyffes' head line Adjusted fully diluted EPS for both the half year and full year in 2004 from the figures as originally reported under Irish/UK GAAP to the figures now reported under IFRS.

Under Irish/UK GAAP, Fyffes' Adjusted fully diluted EPS was calculated, similar to many other companies, after excluding goodwill amortisation and the impact of exceptional items (after tax and minority interest). Fyffes is adopting a similar approach under IFRS by excluding amortisation charges on intangible assets and the impact of separately disclosable items (after tax and minority interest). Consequently, the small difference in the Adjusted EPS under IFRS relates mainly to the impact of the share option expense, the revised pension charge (net of tax and minority interest) and the changes in the tax charge (after minority interest).

As can be seen below, the impact of these changes on restatement of Adjusted EPS for the half year and full year in 2004 is insignificant. The reclassification of certain entities from subsidiaries to joint ventures under IFRS, which has an impact on PBT, has no impact on EPS as there is a corresponding reduction in the minority charge.

	Ref.	30/06/04	31/12/04
Earnings for Adjusted EPS calculation – after tax and minority interest share		€000	€000
As originally reported under Irish/UK GAAP*		36,716	69,305
<i>IFRS adjustments</i>			
Share options expense	2.5	(95)	(257)
Increase in pension cost – after tax & minority interest	2.1	(98)	142
Other – mainly tax		<u>57</u>	<u>174</u>
Earnings for EPS under IFRS		<u>36,580</u>	<u>69,364</u>
No. of shares – fully diluted ('000)		349,760	350,498
Fully diluted EPS under Irish/UK GAAP*		<u>10.50</u>	<u>19.77</u>
Fully diluted EPS under IFRS		<u>10.46</u>	<u>19.79</u>

* As noted earlier, Adjusted PBT as originally reported for the first half of 2004, under Irish/UK GAAP, has been restated to exclude the costs of the legal action against DCC plc were not separately disclosed at that time, consistent with the treatment for the full year.

3.5 Net assets

The table below summarises the impact of the transition to IFRS on shareholders' funds and the minority interests.

	01/01/04	30/06/04	31/12/04
Balance Sheet	€000	€000	€000
<i>Shareholders' funds as originally reported under Irish/UK GAAP</i>	305,889	358,207	353,414
<i>Adjustments under IFRS</i>			
Gross pension deficit	(14,643)	(17,462)	(26,108)
Related deferred tax asset (net)	4,781	5,849	7,077
Group share of pension deficit of joint ventures & associates (net of deferred tax)	(3,043)	(3,428)	(2,760)
Reversal of proposed dividend	14,982	5,304	18,100
Other – mainly deferred tax & reversal of goodwill amortisation	<u>(564)</u>	<u>1,574</u>	<u>4,677</u>
<i>Shareholders' equity under IFRS</i>	<u>307,402</u>	<u>350,044</u>	<u>354,400</u>
<i>Minority interest liability as originally stated under Irish/UK GAAP</i>	49,558	54,340	54,900
Minority share of net assets of entities now classified as joint ventures	(10,759)	(11,243)	(12,980)
Other – mainly minority share of deferred tax	<u>137</u>	<u>80</u>	<u>408</u>
<i>Minority interest liability under IFRS</i>	<u>38,936</u>	<u>43,177</u>	<u>42,328</u>
<i>Total equity and minority interest</i>			
Under Irish/UK GAAP	355,447	412,547	408,314
Under IFRS	<u>346,338</u>	<u>393,221</u>	<u>396,728</u>
Difference	<u>(9,109)</u>	<u>(19,326)</u>	<u>(11,586)</u>

Schedule 1

Revised Provisional Group Accounting Policies under IFRS

Basis of Preparation

The consolidated financial information of the Group has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The Group's first consolidated financial statements prepared in accordance with IFRS will be for the year ended 31 December 2005. An explanation of how the transition to IFRS has affected the reported financial position and performance of the Group is provided in sections 2 and 3 of this document. In accordance with the exemptions in IFRS 1, *First-time Adoption of International Financial Reporting Standards*, the Group did not apply IAS 32, *Financial Instruments: Presentation and Disclosure* nor IAS 39, *Financial Instruments: Recognition and Measurement* retrospectively in the restated 2004 financial information. Financial instruments are recognised in accordance with Irish GAAP in 2004 and in accordance with IAS32 and 39 in the 2005 interim financial information.

A substantial number of IFRS have been endorsed by the European Commission. However, some still remain to be endorsed, and any delay in approving these standards in time for the 2005 full year financial statements could result in changes to the Group's accounting policies. Furthermore, the restated 2004 preliminary financial information is subject to the issuance by the IASB of additional interpretations prior to the end of 2005, which could have retrospective effect. As a result it is possible that further changes may be required to the 2004 financial information prior to its inclusion as comparatives in the 2005 financial statements. The Commission has yet to approve the amendment to IAS 19, *Actuarial Gains and Losses, Group Plans and Disclosures*, which allows the recognition of actuarial gains and losses on defined benefit schemes in the Statement of Recognised Income and Expense. Notwithstanding this, the Group has elected to adopt this amendment in preparing its preliminary financial information.

They are prepared on the historical cost basis except that biological assets, held in joint ventures, financial instruments and share based payments are stated at fair value. The financial statements are presented in euro, rounded to the nearest thousand.

The preparation of financial information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated preliminary financial information and in preparing an opening preliminary IFRS balance sheet at 1 January 2004, for the purposes of the transition to IFRS. The accounting policies have been applied consistently by Group entities.

Basis of consolidation

The Group's preliminary financial information consolidates the financial information of the company and all of its subsidiaries and equity accounts for its joint ventures and associates.

Subsidiaries

Subsidiaries are those entities over which the Group has the power to control the operating and financial policy so as to obtain economic benefit from its activities. Subsidiaries are consolidated 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 the consolidated preliminary financial information in respect of the subsidiaries are taken from their latest financial information prepared up to their respective year ends, together with management accounts for the intervening periods to the period end, where necessary, although all significant subsidiaries have coterminous financial year ends. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

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

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. Investments in joint ventures are accounted for by the equity method of accounting. Associates are those entities in which the Group has a participating interest and significant influence over, but not control of the financial and operating policies. Investments in associates are accounted for by 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 consolidated 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 31, *Interests in Joint Ventures*, and IAS 28, *Investments in Associates*. The Group's interest in their net assets is included as investments in joint ventures and associates in the consolidated 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 profits or losses. The Group's investment in joint ventures and associates includes goodwill on acquisition. The

amounts included in the consolidated preliminary financial information in respect of the post acquisition profits of joint ventures and associates are taken from their latest financial statements prepared up to their respective year ends together with management accounts for the intervening periods to the period end, where necessary, although all significant joint ventures and associates have coterminous financial year ends. Where necessary, the accounting policies of joint ventures and associates have been changed to ensure consistency with the policies adopted by the Group.

Property, plant and equipment

Property, 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 cost of property, plant and equipment, other than freehold land, on a straight line basis, by reference to the following estimated useful lives:-

- Freehold properties: 30 - 50 years
- Leasehold properties: Over the lesser of 40 years or the unexpired portion of the lease
- Plant and equipment: 5 - 20 years
- Motor vehicles: 5 years

The residual value of assets, if not insignificant, and the useful life of assets is reassessed annually.

Gains and losses on disposals of property, plant and equipment are recognised on the ultimate 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.

Grants

Grants that compensate the Group for the cost of an asset are recognised in the income statement as revenue on a systematic basis over the useful life of the asset. Under the terms of EU legislation, certain group companies are granted rights to import bananas in the normal course of trading. In accordance with paragraph 23 of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, these rights have been accounted for as grants, at nominal value.

Investment property

Investment property, principally comprising 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 treated as a long term investment and is carried at historic cost less accumulated depreciation and impairment losses. Freehold and leasehold investment properties are depreciated on a straight line basis over their estimated useful lives which range from 30 to 50 years. When investment properties are identified, following a change in use, properties are recognised as investment properties based on net book value at the date of transfer.

Leases

Leases of property, plant and equipment, where the Group has 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 property or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing loans and borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

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 are charged to the income statement as incurred.

Inventory

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.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at the average exchange rate for the financial period. Foreign exchange differences arising on translation of the net assets of a foreign operation are recognised directly in equity, in a translation reserve. They are released to the income statement upon disposal.

Exchange gains or losses on foreign currency borrowings and long term intra-group loans, used to finance or provide a hedge against Group equity investments in non-euro denominated operations, are taken to the translation reserve to the extent that they are an effective hedge of the net investment. Any differences that have arisen since 1 January 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are recycled 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.

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, joint ventures and associates. In respect of business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, i.e. original cost less accumulated amortisation since acquisition up to 31 December 2003, which represents the amount recorded under Irish GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 January 2004 has not been reconsidered in preparing the Group's opening IFRS balance sheet at 1 January 2004. Goodwill is allocated to cash generating units and is now no longer amortised but is tested annually for impairment at a consistent time each year. Goodwill is now stated at cost or deemed cost 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.

Goodwill which arose on acquisitions prior to 1 November 1998 was eliminated against reserves on acquisition as a matter of accounting policy. In preparing the Group's IFRS balance sheet at 1 January 2004 this goodwill is considered to have been permanently offset against retained earnings and, on any subsequent disposal, will not form part of the gain or loss on the disposal of the business.

Intangible Assets

Trademarks are measured initially at purchase cost. The directors are of the opinion that the Fyffes trademark has an indefinite useful life and therefore it is not amortised, but subject to annual impairment testing. Other identifiable intangible assets, that are acquired by the Group, are stated at cost less accumulated amortisation and impairment losses, when separable or arising from contractual or other legal rights and reliably measurable.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite, from the date they are available for use. Intangible assets currently represent customer relationships and are amortised over ten years.

Impairment reviews and testing

The carrying amounts of the Group's assets, other than biological assets, (which are stated at fair value), inventories, (which are carried at the lower of cost and net realisable value), certain financial assets (which are carried at fair value) and deferred tax assets, (which are recognised based on recoverability), are reviewed to determine whether there is any indication of impairment when an event or transaction indicates that there may be, except for goodwill and long life intangibles which are reviewed annually. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount.

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

Goodwill and intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. 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.

Revenue

Revenue comprises the fair value of the sale of goods and services, 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.

Employee benefits

Pension obligations

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred. The Group's net obligation in respect of defined benefit pension plans is calculated, separately for each plan, by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality credit rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. All actuarial gains and losses as at 1 January 2004, the date of transition to IFRS, were recognised in full against retained earnings. Actuarial gains and losses for subsequent periods are recognised in the statement of recognised income and expense. Current and past service costs, interest on scheme liabilities and expected return on assets are recognised in the income statement as a single charge against operating profit.

Equity settled compensation

The fair value of options granted under the Group's equity settled share option scheme is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

Agriculture

Certain of the Group's joint ventures, involved in the production of fresh produce, recognise biological assets, which includes agricultural produce due for harvest on plantations. Biological assets are stated at fair value less estimated point-of-sale costs, 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 get the assets to market.

Taxation

Taxation on the profit or loss for the 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 equity, in which case the related tax is recognised in equity.

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. If the deferred tax arises from 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 nor 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. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet 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.

Cash and cash equivalents

Cash and cash equivalents, comprise cash balances and call deposits, including bank deposits of less than three months maturity. 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 statement of cash flows.

Financial instruments – for the year ended 2005

Derivative financial instruments

Derivative financial instruments, used to manage the Group's exposure to foreign currency risk, are measured at fair value. These derivatives are normally classified as cash flow hedges, under IAS 39 *Financial Instruments: Recognition and Measurement*. The Group does not enter into speculative derivative transactions. Derivatives are measured at fair value.

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, cash flow hedges are accounted for under hedge accounting rules. In such cases, any gain or loss arising on the effective portion of the derivative instrument is recognised in the hedging reserve, 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.

Derivatives used to hedge recognised foreign currency monetary assets or liabilities are not accounted for under hedge accounting but rather any gains or losses arising are recognised in the Income Statement.

Other financial instruments

Bank deposits of greater than three months maturity are stated at fair value and are classified as liquid investments held for trading in the balance sheet. Equity investments in other entities, of less than 20%, are classified as other available for sale financial assets, within non-current assets in the balance sheet, and measured at fair value. Movements in the fair value of these equity investments, other than impairment charges which are recognised in the income statement, are recognised through the statement of recognised income and expense until such time as the investment is disposed of, at which time, the cumulative balance is recycled through the income statement.

Financial instruments – for the year ended 2004

The Group is a party to derivative financial instruments (derivatives), primarily to manage its exposure to fluctuations in foreign currency exchange rates and interest rates.

Gains and losses on derivative contracts used to hedge foreign exchange exposures arising on future planned transactions are recognised in the profit and loss account when the hedged transactions occur.

Interest rate swap agreements and similar contracts are used to manage interest rate exposures. Amounts payable or receivable in respect of these derivatives are recognised as adjustments to interest expense over the period of the contracts.

Financial income and expense

Financial income and expense is recognised on an accruals basis. Dividend income is recognised when the right to receive payment is established.

Schedule 2

Fyffes IFRS transition Balance Sheet on 1 January 2004

ASSETS	Original under GAAP €'000	Subsidiaries reclassified €000	IAS 19 Pension €000	Proposed Dividend €000	Other incl tax €000	Other Reclassifications €000	Restated under IFRS €'000
Non-current assets:							
Property, Plant and Equipment	130,068	(16,476)	0	0	0	(18,107)	95,485
Intangible Assets	47,284	(23,704)	0	0	0	0	23,580
Investment Property	0	0	0	0	0	18,107	18,107
Other receivables	2,433	(898)	0	0	0	0	1,535
Investments using equity accounting	25,575	43,999	(3,043)	0	(1,080)	0	65,451
Investments (Available-for-sale)	17,742	(39)	0	0	0	0	17,703
Employee post employment benefits	0	0	3,782	0	0	0	3,782
Deferred tax assets	731	0	5,367	0	1,194	0	7,292
Total non-current assets	223,833	2,882	6,106	0	114	0	232,935
Current assets:							
Inventory	36,739	(3,846)	0	0	0	0	32,893
Trade debtors and other receivables	188,236	(34,892)	0	0	(5)	0	153,339
Liquid investments	0	0	0	0	0	83,217	83,217
Cash and cash equivalents	359,594	(10,881)	0	0	0	(83,217)	265,496
Total current assets	584,569	(49,619)	0	0	(5)	0	534,945
TOTAL ASSETS	808,402	(46,737)	6,106	0	109	0	767,880
EQUITY							
Called-up share capital	21,302	0	0	0	0	0	21,302
Share premium	94,508	0	0	0	0	0	94,508
Treasury Shares	(16,582)	0	0	0	0	0	(16,582)
Capital redemption reserve fund	70,652	0	0	0	0	0	70,652
Capital conversion reserve fund	1,034	0	0	0	0	0	1,034
Goodwill write-off reserve	(216,891)	0	0	0	0	216,891	0
Currency reserve	(11,430)	0	0	0	0	11,430	0
Retained earnings	363,296	0	(12,905)	14,982	(564)	(228,321)	136,488
Total shareholders equity	305,889	0	(12,905)	14,982	(564)	0	307,402
MINORITY INTEREST	49,558	(10,759)	0	0	137	0	38,936
TOTAL EQUITY AND MINORITY	355,447	(10,759)	(12,905)	14,982	(427)	0	346,338
LIABILITIES							
Non-current liabilities							
Interest-bearing loans and borrowings	141,811	(2,477)	0	0	0	0	139,334
Employee benefits	0	0	18,425	0	0	0	18,425
Deferred government grants	2,980	0	0	0	0	0	2,980
Other payables	9,721	0	0	0	(33)	0	9,688
Corporation tax payable	0	0	0	0	0	34,266	34,266
Deferred tax liabilities	15,198	412	586	0	540	(8,580)	8,156
Total non-current liabilities	169,710	(2,065)	19,011	0	507	25,686	212,849
Current liabilities							
Interest bearing borrowings	45,410	(2,623)	0	0	0	0	42,787
Trade payables and other payables	206,890	(33,843)	0	(14,982)	29	0	158,094
Corporation tax payable	30,945	2,553	0	0	0	(25,686)	7,812
Total current liabilities	283,245	(33,913)	0	(14,982)	29	(25,686)	208,693
Total liabilities	452,955	(35,978)	19,011	(14,982)	536	0	421,542
TOTAL LIABILITIES AND EQUITY	808,402	(46,737)	6,106	0	109	0	767,880

Schedule 3.1

Restatement of Group Income Statement for the year ended 31 December 2004

	Original under GAAP €'000	Subsidiaries becoming JV's €'000	Presentation of JV's €'000	Amortisation €'000	Share Options Expense €'000	Pension charge incl JV's €'000	Other incl tax €'000	Restated under IFRS €'000
Revenue including share of JV and associates	2,145,735	(77,424)	0	0	0	0	(114,496)	1,953,815
Group revenue	1,832,877	(320,609)	0	0	0	0	0	1,512,268
Cost of sales	(1,520,806)	262,695					(8,701)	(1,266,812)
Gross profit	312,071	(57,914)	0	0	0	0	(8,701)	245,456
Distribution expenses	(158,490)	17,650				(253)	8,111	(132,982)
Administrative expenses	(75,471)	29,005			(257)	(172)	362	(46,533)
Other operating income/expense	3,014	(305)					228	2,937
Goodwill amortisation - subsidiaries	(5,507)	0		5,507				0
Goodwill amortisation - joint ventures	(1,004)			1,004				0
Gain on disposal of fixed assets	2,505	(316)						2,189
Gain on disposal of joint venture	11,609	0						11,609
Gain on disposal of subsidiaries	582	0						582
Other separately disclosable items	(6,623)	0						(6,623)
Intangible amortisation	0	0		(1,233)				(1,233)
Share of profit of joint ventures and associates	8,075	6,799	(1,922)			317	(1,217)	12,052
Profit from operations before financing costs	90,761	(5,081)	(1,922)	5,278	(257)	(108)	(1,217)	87,454
Net financing costs - Group	6,092	18	0					6,110
Net financing costs - joint ventures/associates	(564)	0	564					0
Profit before tax	96,289	(5,063)	(1,358)	5,278	(257)	(108)	(1,217)	93,564
Corporation tax	(14,333)	1,524	1,358			260	1,458	(9,733)
Profit for the year	81,956	(3,539)	0	5,278	(257)	152	241	83,831
<i>Attributable as follows:</i>								
Equity Shareholders	70,318	0	0	5,024	(257)	142	112	75,339
Minority Interest	11,638	(3,539)	0	254	0	10	129	8,492
	81,956	(3,539)	0	5,278	(257)	152	241	83,831
Earnings per share								
Basic	20.28							21.73
Fully diluted	20.06							21.49
Adjusted fully diluted	19.77							19.79

Schedule 3.2
Restatement of Balance Sheet as at 31 December 2004

ASSETS	Original under GAAP €'000	Subsidiaries reclassified €000	IFRS 3 Amortisation €000	IAS 19 Pension €000	Proposed Dividend €000	Other incl tax €000	Other Reclass €000	Restated IFRS €'000
Non-current assets:								
Property, Plant and Equipment	149,204	(15,598)	0	0	0	0	(25,236)	108,370
Intangible Assets	95,826	(21,891)	3,070	0	0	(244)	0	76,761
Investment Property	20,000	0	0	0	0	0	25,236	45,236
Other receivables	2,579	(1,290)	0	0	0	0	0	1,289
Investments using equity accounting	35,700	44,739	2,208	(2,760)	0	(2,297)	0	77,590
Investments (Available-for-sale)	18,018	(39)	0	0	0	0	0	17,979
Employee post employment benefits	0	0	0	0	0	0	0	0
Deferred tax assets	557	0	0	7,077	0	1,756	0	9,390
Total non-current assets	321,884	5,921	5,278	4,317	0	(785)	0	336,615
Current assets:								
Inventory	36,968	(4,035)	0	0	0	0	0	32,933
Trade debtors and other receivables	231,799	(39,063)	0	0	0	0	0	192,736
Liquid investments	0	0	0	0	0	0	172,191	172,191
Cash and cash equivalents	399,964	(17,232)	0	0	0	0	(172,191)	210,541
Total current assets	668,731	(60,330)	0	0	0	0	0	608,401
TOTAL ASSETS	990,615	(54,409)	5,278	4,317	0	(785)	0	945,016
EQUITY								
Called-up share capital	21,426	0	0	0	0	0	0	21,426
Share premium	96,457	0	0	0	0	0	0	96,457
Treasury Shares	(16,582)	0	0	0	0	0	0	(16,582)
Capital redemption reserve fund	70,652	0	0	0	0	0	0	70,652
Capital conversion reserve fund	1,034	0	0	0	0	0	0	1,034
Goodwill write-off reserve	(216,891)	0	0	0	0	0	216,891	0
Currency reserve	(12,892)	0	0	0	0	0	11,564	(1,328)
Share option reserve	0	0	0	0	0	257	0	257
Retained earnings	410,210	0	5,024	(21,791)	18,100	(604)	(228,455)	182,484
Total shareholders equity	353,414	0	5,024	(21,791)	18,100	(347)	0	354,400
MINORITY INTEREST	54,900	(12,980)	254	0	0	154	0	42,328
TOTAL EQUITY AND MINORITY	408,314	(12,980)	5,278	(21,791)	18,100	(193)	0	396,728
LIABILITIES								
Non-current liabilities								
Interest-bearing loans and borrowings	117,973	(3,732)	0	0	0	0	0	114,241
Employee benefits	0	0	0	26,108	0	0	0	26,108
Deferred government grants	2,548	0	0	0	0	0	0	2,548
Other payables	29,127	0	0	0	0	(33)	0	29,094
Corporation tax payable	0	0	0	0	0	0	30,011	30,011
Deferred tax liabilities	12,685	73	0	0	0	(600)	(4,708)	7,450
Total non-current liabilities	162,333	(3,659)	0	26,108	0	(633)	25,303	209,452
Current liabilities								
Interest bearing borrowings	118,430	(2,020)	0	0	0	0	0	116,410
Trade payables and other payables	269,028	(36,374)	0	0	(18,100)	41	0	214,595
Corporation tax payable	32,510	624	0	0	0	0	(25,303)	7,831
Total current liabilities	419,968	(37,770)	0	0	(18,100)	41	(25,303)	338,836
Total liabilities	582,301	(41,429)	0	26,108	(18,100)	(592)	0	548,288
TOTAL LIABILITIES AND EQUITY	990,615	(54,409)	5,278	4,317	0	(785)	0	945,016

Schedule 4.1

Restatement of Group Income Statement for the six months ended 30 June 2004

	Original under GAAP €'000	Subsidiaries becoming JV's €'000	Presentation of JV's €'000	Amortisation €'000	Share Options Expense €'000	Pension charge incl JV's €'000	Other incl tax €'000	Restated under IFRS €'000
Revenue including share of JV and associates	1,042,838	(43,805)	0	0	0	0	(55,002)	944,031
Group Revenue	881,485	(171,693)	0	0	0	0	0	709,792
Group operating profits	44,673	(6,243)	0		(95)	(213)	(1)	38,121
Gain on disposal of property, plant and equipment	2,287	(56)	0					2,231
Gain on disposal of joint venture	11,995	0	0					11,995
Other separately disclosable items	(2,077)	0	0					(2,077)
Goodwill amorisation	(2,399)	0	0	2,399				0
Intangible amortisation	0	0	0	(308)				(308)
Share of profit of joint ventures and associates	3,534	3,534	(898)			(10)	2	6,162
Profit from operations before financing costs	58,013	(2,765)	(898)	2,091	(95)	(223)	1	56,124
Net financing costs - Group	2,817	3	0					2,820
Net financing costs - JV\Assoc	(217)	0	217					0
Profit before tax	60,613	(2,762)	(681)	2,091	(95)	(223)	1	58,944
Corporation tax	(8,271)	921	681			130		(6,539)
Profit for the year	52,342	(1,841)	0	2,091	(95)	(93)	1	52,405
<i>Attributable as follows:</i>								
Equity Shareholders	45,201	0	0	2,091	(95)	(98)	1	47,100
Minority Interest	7,141	(1,841)	0	0	0	5	0	5,305
	52,342	(1,841)	0	2,091	(95)	(93)	1	52,405
Earnings per share								
Basic	13.05							13.60
Fully diluted	12.92							13.47
Adjusted fully diluted	9.90							10.46

Schedule 4.2
Restatement of Balance Sheet as at 30 June 2004

ASSETS	Original under GAAP €'000	Subsidiaries reclassified €000	IFRS 3 Amortisation €000	IAS 19 Pension €000	Proposed Dividend €000	Other incl tax €000	Other Reclass €000	Restated IFRS €'000
Non-current assets:								
Property, Plant and Equipment	154,332	(15,552)	0	0	0	0	(29,990)	108,790
Intangible Assets	95,513	(23,158)	975	0	0	0	0	73,330
Investment Property	0	0	0	0	0	0	29,990	29,990
Other receivables	1,036	374	0	0	0	0	0	1,410
Investments using equity accounting	34,882	45,554	1,116	(3,428)	0	(1,080)	0	77,044
Investments (Available-for-sale)	17,755	(37)	0	0	0	0	0	17,718
Employee post employment benefits	0	0	0	4,556	0	0	0	4,556
Deferred tax assets	0	0	0	6,508	0	1,194	0	7,702
Total non-current assets	303,518	7,181	2,091	7,636	0	114	0	320,540
Current assets:								
Inventory	39,493	(3,726)	0	0	0	0	0	35,767
Trade debtors and other receivables	246,718	(42,202)	0	0	0	0	0	204,516
Liquid investments	0	0	0	0	0	0	27,997	27,997
Cash and cash equivalents	395,737	(15,423)	0	0	0	0	(27,997)	352,317
Total current assets	681,948	(61,351)	0	0	0	0	0	620,597
TOTAL ASSETS	985,466	(54,170)	2,091	7,636	0	114	0	941,137
EQUITY								
Called-up share capital	21,340	0	0	0	0	0	0	21,340
Share premium	95,072	0	0	0	0	0	0	95,072
Treasury Shares	(16,582)	0	0	0	0	0	0	(16,582)
Capital redemption reserve fund	70,652	0	0	0	0	0	0	70,652
Capital conversion reserve fund	1,034	0	0	0	0	0	0	1,034
Goodwill write-off reserve	(216,891)	0	0	0	0	0	216,891	0
Currency reserve	389	(11)	0	0	0	0	10,290	10,668
Share option reserve	0	0	0	0	0	95	0	95
Retained earnings	403,193	0	2,091	(15,041)	5,304	(601)	(227,181)	167,765
Total shareholders equity	358,207	(11)	2,091	(15,041)	5,304	(506)	0	350,044
MINORITY INTEREST	54,340	(11,243)	0	0	0	80	0	43,177
TOTAL EQUITY AND MINORITY	412,547	(11,254)	2,091	(15,041)	5,304	(426)	0	393,221
LIABILITIES								
Non-current liabilities								
Interest-bearing loans and borrowings	143,754	(4,151)	0	0	0	0	0	139,603
Employee benefits	0	0	0	22,018	0	0	0	22,018
Deferred government grants	2,718	0	0	0	0	0	0	2,718
Other payables	30,248	0	0	0	0	(33)	0	30,215
Corporation tax payable	0	0	0	0	0	0	34,266	34,266
Deferred tax liabilities	15,024	424	0	659	0	540	(8,580)	8,067
Total non-current liabilities	191,744	(3,727)	0	22,677	0	507	25,686	236,887
Current liabilities								
Interest bearing borrowings	99,695	(7,685)	0	0	0	0	0	92,010
Trade payables and other payables	250,935	(34,044)	0	0	(5,304)	33	0	211,620
Corporation tax payable	30,545	2,540	0	0	0	0	(25,686)	7,399
Total current liabilities	381,175	(39,189)	0	0	(5,304)	33	(25,686)	311,029
Total liabilities	572,919	(42,916)	0	22,677	(5,304)	540	0	547,916
TOTAL LIABILITIES & EQUITY	985,466	(54,170)	2,091	7,636	0	114	0	941,137

Schedule 5

Independent auditors' report to the Directors of Fyffes plc on its consolidated preliminary International Financial Reporting Standards ('IFRS') financial information

In accordance with the terms of our engagement letter, we have audited the accompanying consolidated preliminary IFRS balance sheet of the Company and its subsidiaries ('the Group') as at 1 January 2004 and 31 December 2004, the related consolidated preliminary IFRS income statement for the year ended 31 December 2004 and related basis of preparation, accounting policies and other notes as set out on pages 18 to 29 ('the preliminary IFRS financial information').

Included with the preliminary IFRS financial information set out on pages 30 and 31 are the consolidated preliminary balance sheet as at 30 June 2004 and the related consolidated preliminary income statement for the six-month period then ended ('the preliminary IFRS interim financial information'). We have not audited this preliminary IFRS interim financial information and therefore it is not covered by this opinion.

Respective responsibilities of Directors and KPMG

The directors of the Company have accepted responsibility for the preparation of the preliminary IFRS financial information which has been prepared as part of the Group's conversion to IFRS.

As part of its conversion to IFRS, the Group has prepared the preliminary IFRS financial information for the year ended 31 December 2004 to establish the financial position and results of operations of the Group necessary to provide the comparative financial information expected to be included in the Group's first complete set of IFRS consolidated financial statements as at 31 December 2005. The preliminary IFRS financial information does not include comparative financial information for the prior period. As explained in the basis of preparation note on pages 18 and 19, this preliminary IFRS financial information has been prepared on the basis of the recognition and measurement criteria of IFRS in issue that either are endorsed by the EU and effective (or available for early adoption) at 31 December 2005 or are expected to be endorsed and effective (or available for early adoption) at 31 December 2005.

As explained in the basis of preparation on pages 18 and 19, there is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRS endorsed for use by the European Union. This is because, as disclosed in the basis of preparation, the directors have anticipated that a standard, which has yet to be formally endorsed for use in the EU, will be so endorsed in time to be applicable to the next annual financial statements. Similarly changes may arise from further interpretations issued between now and the year end date which may result in the directors revising the accounting policies applied. The directors have applied IFRS in accordance with IFRS 1

First-time Adoption of International Financial Reporting Standards and have taken advantage of certain exemptions available in that standard and, in particular, IAS 32 *Financial Instruments: Disclosure and Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement* have not been applied to the preliminary IFRS financial information relating to 2004.

As explained in the basis of preparation on pages 18 and 19, no adjustments have been made for any changes in estimates made at the time of approval of the 2004 consolidated financial statements under Irish generally accepted accounting principles on which the preliminary IFRS financial information is based.

Our responsibilities, as independent auditors, are established in Ireland by the Auditing Practices Board, our profession's ethical guidance and the terms of our engagement.

Under the terms of engagement we are required to report to you our opinion as to whether the preliminary IFRS financial information has been properly prepared, in all material respects, in accordance with the respective accounting policy notes to the preliminary IFRS financial information. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the other information accompanying the preliminary IFRS financial information and consider whether it is consistent with the preliminary IFRS financial information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the preliminary IFRS financial information.

Our report has been prepared for the Company solely in connection with the Company's conversion to IFRS. Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG will accept no responsibility or liability in respect of our report to any other party.

Basis of audit opinion

We conducted our audit having regard to Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the preliminary IFRS financial information. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the preliminary IFRS financial information, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the preliminary IFRS financial information has been prepared in accordance with the basis of preparation on pages 18 and 19 and is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our

opinion we also evaluated the overall adequacy of the presentation of information in the preliminary IFRS financial information.

Opinion

In our opinion, the accompanying preliminary IFRS financial information on pages 18 to 29 has been prepared, in all material respects, in accordance with the basis of preparation and accounting policy notes which describe how IFRS have been applied under IFRS 1 *First-time Adoption of International Financial Reporting Standards* and the assumptions made by the directors of the Company about the standards and interpretations expected to be effective, and the policies expected to be adopted, when they prepare the first complete set of consolidated IFRS financial statements of the Group for the year ended 31 December 2005.

KPMG

Chartered Accountants

Dublin

8 September 2005