NORISH

# ANNUAL
# REPORT & ACCOUNTS
# 2015

# ANNUAL REPORT 2015



# FINANCIAL CALENDAR 2016

| | |
|---|---|
| Announcement of preliminary results | 30 March 2016 |
| Annual Report posted to shareholders | 31 March 2016 |
| Annual General Meeting | 18 May 2016 |
| Announcement of interim results | 15 September 2016 |

# CORPORATE PROFILE

**Background**

*Norish plc* is a leading warehousing company dedicated to serving the food manufacturing, distribution and retailing sectors. Norish was founded in 1975 and became a public company in 1986. Its shares are listed on the Alternative Investment Market of the London Stock Exchange.

Norish mainly operates strategically located temperature controlled storage centres, each of which provides storage, freezing, picking, order assembly services to food companies engaged in processing, wholesaling and retailing.

Norish is also involved in commodity trading (Meat, Dairy and Fish).

## Group Operations

*Kieran Mahon – Managing Director* - kieran.mahon@norish.com

Northern Industrial Estate
Bury St Edmunds
Suffolk IP32 6NL
Tel: 01293 862498
Mob: 00 353 87 987 9111

**Locations and Segments**

**North West**

- Brierley Hill, West Midlands (Cold store)
- Wrexham, Clwyd (Cold store)

**South East**

- Bury St. Edmunds, Suffolk (Cold store)
- Braintree, Essex (Cold store)
- Lympne, Kent (Cold store)
- Gillingham, Kent (Cold store)

**Commodity Trading**

- Newry, Northern Ireland (Townview Foods Limited offices)
- Dublin, Ireland (Foro International Connections Limited offices)

**Discontinued Operations**

- Leeds, Yorkshire (Cold store) - discontinued

## FINANCIAL HIGHLIGHTS

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Revenue - Continuing operations | 27,515 | 23,645 |
| Operating profit-continuing | 836 | 1,132 |
| Profit before tax-continuing | 557 | 762 |
| Basic earnings per share - continuing | 2.8p | 4.0p |
| Diluted earnings per share – continuing | 2.8p | 4.0p |
| Net debt to ebitda | 2.2 | 4.1 |
| Dividend paid per share | | |
| - interim for current year | Nil | Nil |
| - final for previous year | 1.50c | 1.50c |
| | 1.50c | 1.50c |

| **Capital employed** | **£'000** | £'000 |
|---|---|---|
| Shareholders' funds | 15,327 | 10,370 |
| Net borrowings | 3,212 | 7,016 |
| | 18,539 | 17,386 |
| Gearing – excluding goodwill (see Note 1 below) | 25% | 87% |

**Note 1**
The above gearing figures are expressed as net borrowings (total borrowings less cash) divided by net assets (excluding goodwill).

# CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report of Norish Plc for 2015.

**Financial Highlights**

- Total Revenue up 16.5% to £27.5m (2014: £23.6m).
- Revenue from Commodity trading up 33% to £15.7m (2014: £11.8m).
- Revenue from our continuing temperature controlled business increased to £11.8m (2014: £11.7m).
- Profit after Tax from continuing operations £509,000 (2014: £598,000)
- Net assets up 47% to £15.3m (2014: £10.4m).
- Net debt down by 54% to £3.2m (2014: £7.0m).
- Earnings per share decreased to 2.8p from 4p partially due to the increased number of shares in issue.
- Dividend per share unchanged at 1.5 €cent (2014: 1.5 €cent).

**Operational Highlights**

- Group raised £5.1m million (gross) through a placing in December 2015 to pursue investment opportunities in both its existing business and new developments particularly relating to the dairy and food sectors. The fund raise has fundamentally changed the balance sheet and growth opportunity for the group.
- Sale of Leeds site completed in March 2016 for a consideration of £0.4m
- In line with the company's objectives, the operating performance of the Temperature Controlled Division continues to improve in 2016. We are investing some of the funds raised in December 2015, in quite a number of short payback projects, within the cold store division. This process will continue throughout 2016.
- The performance of the Commodity Division has been very encouraging in the first ten weeks of 2016.
- Management are actively engaged in discussions with a number of businesses, who are seeking investment in areas of interest to us. However, we will remain disciplined with respect to required returns, scalability and quantum of capital required for each project We expect to complete the signing of a lease for a dairy farming opportunity in Kilkenny (Ireland) in the coming weeks. Stock has already been purchased and we plan to be milking cows in Spring 2017.

**Operations**

North West Division

The North West cold store division which comprises of the freehold sites at Wrexham and Birmingham, performed below 2014 levels. This was mainly due to issues at one of our main customers plants which reduced the amount of product into our Birmingham site. These issues have now been rectified.

This division focuses mainly on exports to China. China is the UK's biggest export market for fifth quarter pig meat. Exports of pig meat have grown more than fourfold since Britain started to export to China, in 2011. There are only three cold stores in Britain licenced for the export of pig meat to China and the Group owns two of them (Wrexham and Birmingham). Exports of fifth quarter pigmeat add substantially to the value of the pig carcass. The rapid growth in the Chinese fifth quarter segment of the market is recasting the operating canvass of our North West division. The emergence of new customers, the requirement for investment in both blast freezing capacity and electricity generation and shortly perhaps cold storage capacity itself makes it a really interesting phase in this divisions' development.

South East Division

The South East Cold Stores, which comprises of the sites at Bury St. Edmunds (freehold), Braintree (leasehold), Gillingham (long term leasehold at a peppercorn rent) and East Kent (leasehold) performed on par with 2014.

The South East division operates to a very different dynamic, to that of the North West, driven by activity of the London marketplace. We are actively pursuing initiatives to improve both revenue mix and margin mix in this division. These initiatives should become apparent in 2017.

Commodity Trading

Our commodity trading division which consists of Townview Foods Limited and Foro International Connections Limited contributed £0.3m for the period, unchanged from last year.

Town View Foods trades in protein products mainly beef, pork, lamb and chicken. Sales from lamb and chicken increased by £1.8m during the year while sales from beef and pork decreased by £1.1m.

Foro International Connections accounted for the increased sales of £3.4m in 2015. Foro traded mainly in fish, soft drinks and infant formulae in 2015.

Discontinued

During the year the Group agreed the sale of the Leeds site for £0.4m net. The sale completed in March 2016. This site was not part of the future plans for the business. Losses in respect of this property are included in discontinued activities of £0.2m, which include an impairment of £0.1m. This property is classed as an asset held for sale.

# CHAIRMAN'S STATEMENT *(CONTINUED)*

**Financial Review**

The Group has strengthened its balance sheet, following the equity fund raising of £4.9m (net), in December 2015. Total Equity at 31 December 2015 stood at £15.3m( 2014 : £10.4m). The funds will be used to execute a number of investment opportunities. Net debt at 31 December 2015 was £3.2m compared to £7m at 31 December 2014

**Dividend**

The board recommends the payment of a final dividend of 1.50 €cent per share. This will be paid on 21 October 2016 to those shareholders on the register on the 30 September 2016. It will bring the total dividend in respect of the financial year to 1.50 €cent per share, unchanged from last year.

**Personnel**

The board would like to express its thanks to Norman Hatcliff, who retired as Managing Director on 31 December 2015, having spent 15 years with the company. Norman made a very significant contribution to the development of the company and we wish both himself and Carol every happiness and success in their future lives.

The board are very pleased to welcome Kieran Mahon to the newly created post of Group Managing Director. Kieran's experience in finance, agriculture and logistics will be of real value to the company in the years ahead.

On behalf of the board, I would like to thank the management team and staff for their commitment and contribution in 2015.

**Ted O'Neill**
**Chairman**
**30 March 2016**

# FINANCIAL REVIEW

**The number of pallets handled in dropped by 13%, but we handled 12% additional pallets for blast freezing in 2015. This will allow the Group to positively position for future growth. Norish plc is one of only two companies in Britain who can presently provide blast freezing services for pig meat for China.**

**The significant feature of the year is the fund raising which has greatly strengthened the balance sheet.**

## Sales

Total Group revenue increased by 16.5% to £27.5m (2014: £23.6m). Temperature controlled revenues increased by 1% to £11.8m (2014: £11.7m). Revenues were up mainly as a result of an increase in blast freezing volumes. Revenues in the commodity division increased by 33% to £15.7m (2014: £11.8m). Foro International mainly accounted for the increased sales.

## Gross profit

Gross profit decreased by 19% to £1.3m (2014: £1.6m). The results were impacted by a one off cost in the commodity trading division of £0.1m and unforeseen production issues at one of our largest customers plants which reduced both activities and revenues at our Birmingham Site.

## Operating profit

Operating profit decreased to £0.8m (2014: £1.1m), reflecting the decrease in gross profit.

## Finance expense (net)

Finance expense decreased to £0.28m (2014: £0.37m). The decrease is mainly attributable to the non cash movement in the valuation of the swap instruments of £0.07m. A swap is used by the Group to protect itself against interest rate rises. As a swap is classed as a financial instrument it is required to be valued and accounted for at each reporting date.

## Loss from discontinued operations

As part of the Group's strategy to exit the ambient sector we recorded a loss of £0.2m (2014: £0.3m). The loss for 2015 includes an impairment of £0.1m in respect of the property at Leeds. In 2014 the loss includes an impairment of £0.2m for the property at Leeds.

## Earnings per share

The basic earnings per share fell to 2.8p (2014: 4p). Additional shares of 11,427,317 were issued in December 2015.

## Capital

During the year we invested £0.5m (2014: £3.6m) in routine capital expenditure in the temperature controlled division.

# FINANCIAL REVIEW *(CONTINUED)*

## Cash Position

Net debt reduced by 54% to £3.2m (2014: £7m). Operating activities obsorbed £0.2m (2014: generated £1.2m) and financing activities generated £4.7m (2014: £1.2m). A net investment in assets was made of £0.5m (2014: £2.1m).

## Dividend

The board recommends the payment of a final dividend of 1.50 €cent per share. This will be paid on the 21 October 2016 to those shareholders on the register on the 30 September 2016. It will bring the total dividend in respect of the financial year to 1.50 €cent per share unchanged from last year.

## Treasury policy and management

The treasury function, which is managed centrally, handles all Group funding, debt, cash, working capital and foreign exchange exposures. Group treasury policy concentrates on the minimisation of risk in all of the above areas and is overseen and approved by the Board. Speculative positions are nottaken.

## Financial risk management

The Group's financial instruments comprise borrowings, cash, derivatives, and various items, such as trade receivables, trade payables etc, that arise directly from its operations. The main purpose of the financial instruments not arising directly from operations is to raise finance for the Group's operations.

The Group may enter into derivative transactions such as interest rate swaps, caps or forward foreign currency transactions in order to minimise its risks. The purpose of such transactions is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk and, liquidity risk. The Group's policies for managing each of these risks are summarised below.

## Interest rate risk

The Group finances its operations through a mixture of retained profits, bank and other borrowings at both fixed and floating rates of interest, and working capital. The Group determines the level of borrowings at fixed rates of interest having regard to current market rates and future trends. At the year-end, £4.595m term loans of which, £1.7m are at floating base rate plus a bank margin of 1.2% and £0.968m are at floating base rate plus a bank margin of 1.75% and £0.582m are floating at bank base rate plus a bank margin of 2.75% and £1.345m are floating at bank base rate plus a margin of 3%. The Group holds an interest rate swap on £3m at 1.45% against Bank of England base rate which expires in August 2016 and £3m at 1.03% against Bank of England base rate which expires in June 2017.

## Liquidity risk

The Group's policy is that, in order to ensure continuity of funding, a significant portion of its borrowings should mature in more than one year. At the year-end, 54% of the Group's borrowings were due to mature in more than one year. The Group achieves short-term flexibility by means of invoice finance and overdraft facilities.

**Aidan Hughes**
**Finance Director**

# SHAREHOLDERS INFORMATION

**Shareholder analysis at 30 March 2016**

| Number of shares | Number of accounts | Percentage of accounts | Number of shares (000) | Percentage of shares |
|---|---|---|---|---|
| 1 – 1,000 | 109 | 36 | 46 | 0 |
| 1,001 – 10,000 | 84 | 28 | 345 | 1 |
| 10,001 – 100,000 | 50 | 17 | 1,897 | 6 |
| Over 100,000 | 58 | 19 | 27,672 | 93 |
| **Total** | **301** | **100** | **29,960** | **100.0** |

**Share price data (€)**

| | **High** | **Low** | **31 December** |
|---|---|---|---|
| Year ended 31 December 2015 | 56.75p (€0.78) | 35p (€0.45) | 42.5p (€0.58) |
| Year ended 31 December 2014 | 46.5p (€0.58) | 33.5p (€0.42) | 35p (€0.45) |

The market capitalisation of Norish plc at 31 December 2015 was £12.1m (€16.5m) compared with £6.0m (€7.7m) at 31 December 2014, and £10.6 (€13m) at 30 March 2016.

**Investor relations**

Investor enquiries should be addressed to Aidan Hughes, Company Secretary, at:

- Norish plc, Northern Industrial Estate, Bury St Edmunds, Suffolk, IP32 6NL
- Email: aidan.hughes@norish.com

**Registrars**

Administrative enquiries relating to the holding of Norish shares should be directed to the Company's Registrars whose address is:

- Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA.
- Telephone: +44 (0121) 585 1131

**Amalgamation of accounts**

Shareholders who have multiple accounts in their name and who receive duplicate mailings should contact the Company's Registrars in order to have these accounts amalgamated.

**Dividends**

Dividends when payable to shareholders will be paid net of withholding tax, which is currently 20%. Provided certain administrative procedures are adhered to, a withholding tax exemption will apply to certain classes of shareholder.

Individuals who are tax resident in Ireland are not entitled to a withholding tax exemption.

**CREST**

Norish participates in the CREST share settlement scheme. Shareholders may continue to hold paper share certificates or they may hold their shares electronically.

**Annual General Meeting**

The Annual General Meeting will be held at the premises South Bank House, Barrow Street, Dublin 4 on Wednesday 18 May 2016 at 11am.

# BOARD OF DIRECTORS

**Executive Directors**

*Executive Chairman*

*Ted O'Neill (64)* was appointed to the board and became Chairman in 2003. He is an investor in a number of other companies based in Ireland.

*Managing Director*

*Norman Hatcliff (60)* joined the group in January 2000 as Operations Director of the Temperature Controlled Division and was appointed Managing Director in September 2006. He has been a member of the board since August 2004. He has extensive experience in the temperature controlled storage industry, initially with Tempco Severnside and subsequently with Exel Logistics. He joined TDG plc in 1990, and was Operations and Commercial Director of TDG Novacold from 1996 to 1999. He retired from the Board on 31 December 2015.

*Managing Director Designate*

*Kieran Mahon (50)* Kieran was appointed to the Board on 19 August 2015 and joins Norish from J+E Davy, where he was an equity analyst. Kieran holds a Masters Degree in Business Administration from Dublin City University.

*Finance Director & Company Secretary*

*Aidan Hughes (51)* joined Norish as Group Accountant in 1996 and was appointed Finance Director in September 2006. He has carried out the role of Company Secretary since 2004. He is a Chartered Accountant and has previous experience in the travel industry.

**Non-Executive Directors**

*Torgeir Mantor (59)* was appointed to the board in 1993. He is Chairman of Norse Group, USA and VisionMonitor Software LLC, both in Houston, Texas, and is a director of Tore B. Mantor AS and ProPac AS, both in Norway.

*Willie McCarter (68)* was appointed to the board in 2004, and was subsequently appointed as the Senior Independent Non-Executive Director. He was a director of Cooley Distillery plc up to January 2012 and was formerly Chief Executive of Fruit Of The Loom International, Chairman of the International Fund for Ireland and the Enterprise Equity Venture Capital Group.

*Seán Savage (69*) was appointed to the board in 2012 and has previous experience in the food industry, having started his career in 1970 with Cadbury plc, where he worked as a plant manager and supervisor across a number of Cadbury's Irish plants. He was general manager of Manor Farm Chickens from 1985 to 1994, before establishing Eatwell UK in 1995. He sold the company to Goodman Group in 2003 and remained with the company until 2004. In 2005, Seán established Deasuin Teoranta, a food and environmental investment consultancy practice, which has undertaken projects on behalf of Enterprise Ireland amongst others.

# CORPORATE INFORMATION

**Directors**
Ted O'Neill - Executive Chairman
Norman Hatcliff – Managing Director*
Kieran Mahon – Managing Director Designate**
Aidan Hughes – Finance Director
Torgeir Mantor (Norwegian) ***
Willie McCarter ***
Seán Savage***
* *Retired 31 December 2015*
** *Appointed 19 August 2015*
*** *non-executive*

**Company Secretary**
Aidan Hughes

**Audit Committee**
Torgeir Mantor
Willie McCarter

**Remuneration Committee**
Torgeir Mantor
Willie McCarter

**Nomination Committee**
Consists of all Directors

**Registered Office**
6th Floor
South Bank House
Barrow St
Dublin 4

**Operational Head Office**
Northern Industrial Estate
Bury St Edmunds
Suffolk
IP32 6NL

**Domicile**
Republic of Ireland

**Company Registration**
Registered in Ireland under
Registration number - 51842

**Solicitors**
Mason Hayes & Curran
South Bank House
Barrow St
Dublin 4

**Nomand and Brokers**
Davy
Davy House
49 Dawson Street
Dublin 2

**Bankers**
HSBC Bank plc
Bank of Ireland plc

**Auditor**
Grant Thornton
Chartered Accountants
Molyneux House
Bride Street
Dublin 8

**Registrars**
Neville Registrars Limited
Neville House
18 Laurel Lane
West Midlands
B63 3DA

# DIRECTORS' REPORT

The Directors present their Annual Report together with the audited financial statements of the Group for the financial year ended 31 December 2015.

**Principal Activities and Review of Business**

Norish plc is a provider of temperature controlled, ambient storage, commodity trading and related services to the food industry in the United Kingdom.

Townview Foods Limited is a commodity trading company based in Newry, Northern Ireland. It procures supplies of raw and cooked beef, mutton, lamb, pork and poultry products from around the world in order to supply major food manufacturing and wholesale companies across the UK, including Northern Ireland.

Townview Foods Limited, the main component of our commodity division, which we purchased in October 2012 contributed £376,000 (2014: £501,000). The performance in 2015 was impacted by one off costs of £110,000 in respect of legal disputes they were resolved during the year.

The North West cold store division which comprises of the freehold sites at Wrexham and Birmingham, performed below 2014 levels. This was mainly due to issues at one of our main customers plants which reduced the amount of product into our Birmingham site. These issues have now been rectified.

The South East Cold Stores, which comprises of the sites at Bury St. Edmunds (freehold), Braintree (leasehold), Gillingham (leasehold) and East Kent (leasehold) performed on par with 2014.

Across our two temperature controlled divisions the number of pallets into our stores decreased by 13%, blast freezing volumes increased 12% and our closing customer stocks increased 1%.

Details of the Group's subsidiary undertakings are set out in Note 29 to the financial statements.

Further commentaries on the Group's development and performance, including the principal risks and uncertainties facing the business, are contained in the Chairman's Statement and the Financial Review on pages 6 to 7.

**Dividends**

The board recommends the payment of a final dividend of 1.50 €cent per share. This will be paid on the 21 October 2016 to those shareholders on the register on the 30 September 2016. It will bring the total dividend in respect of the financial year to 1.50 €cent per share compared with 1.50 €cent per share last year.

**Post Balance Sheet Events**

The Leeds property which is part of the discontinued operations was disposed in March 2016 for a consideration of £450,000 gross (£425,000 net). This is part of the Group's strategy to exit the ambient division.

**Transactions with Related Parties**

Consultancy services totalling £1,000 (2014: £1,000) were provided by a relative of a director during the year. There was £Nil outstanding as at 31 December 2015 (2014: £nil).

**Creditor payment policy**

It is the Group's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with agreed terms and conditions.

The average supplier payment terms for 2015 for the Group was 44 days (2014: 37 days). This was calculated by taking the year end creditors listing as a percentage of the total supplies and services invoiced during the year, multiplied by 365 days.

**Key risks and uncertainties**

Please refer to the Financial Review on pages 6 to 7 to understand the key financial risks facing the Group and management's approach to same.

In respect of operational risks our largest customer accounts for 11.2% (2014 – 12.8%) of the Group's turnover from continuing operations. However, the directors are satisfied that this business could be replaced if it was ever lost.

In the event of there being a power supply failure at one of our storage sites, the majority of the operations in our storage business will come to a standstill. Refrigeration plant, lights, computer and telephone systems will not operate. Contingencies in place include alternative site operation for computer systems, portable power generation for systems and lighting, commitment by power network operators to supply emergency power generation.

In the event of a food related health concern in respect of key products bought and sold by Townview Foods Limited, there could be a significant decrease in customer demand. To mitigate against this, a range of products are bought and sold so as not to unnecessarily concentrate risk into one particular food group.

The majority of our commercial arrangements are non contractual. As a result, there is a risk that customers could terminate agreements to either use Norish facilities or buy Norish goods without giving notice, thus placing revenue streams at risk. To mitigate against this, regular review meetings are held with all major customers in order to determine trends and changes in customer's requirements.

**Key performance indicators**

For our continuing operations, the number of pallets into our sites decreased by 13% to 316,914, blast freezing volumes increased by 12% to 107,257 pallets and closing customer stocks at the year end increased by 1% to 48,522 pallets. Our average energy price per unit decreased by 6% in 2015 and the number of units consumed increased by 4% due mainly to the additional blast freezing volumes.

# DIRECTORS' REPORT *(CONTINUED)*

**Directors**

The Board currently comprises the Executive Chairman, Managing Director, Finance Director and three non-executive Directors. Kieran Mahon replaced Norman Hatcliff as Managing Director on 1 January 2016. Under the criteria adopted by the Committee on Corporate Governance, Torgeir Mantor and Sean Savage would not be perceived to be independent due to their interests in the Company's shares. None of the non-executive Directors are involved in the day-to-day management of the Group.

The names of the Group's Directors at 31 December 2015 together with brief biographical notes are set out on page 10.

In accordance with regulation 90 (a) of the Company's Constitution, Mr Ted O'Neill, Mr Torgeir Mantor and Mr Willie McCarter retire by rotation, and being eligible, offer~~s~~ themselves for re-election. In accordance with regulation 90 (b) of the Company's Constitution, Mr Sean Savage retires, and being eligible, offers himself for re-election. Kieran Mahon was appointed a director on 19 August 2016 and in accordance with regulation 97(b) of the Company's Constitution retires and offers himself for re-election.

The Executive Chairman, Group Managing Director and Finance Director have service contracts with the Group company's that are terminable by either party giving 12 months' notice. None of the non-executive Directors have service contracts.

All directors have third party indemnity insurance in place.

**Interests of Directors and Secretary**

There were no contracts or arrangements during the year in which a Director of the Company was materially interested and which were significant in relation to the Group's business.

The interests, all of which are beneficial, of the Directors and the Secretary who held office at 31 December 2015 (including their respective family interests) in the share capital of Norish plc were as follows:

| | **31 December 2015 Ordinary Shares** | **31 December 2014 Ordinary Shares** |
|---|---|---|
| Ted O'Neill | **2,920,000** | **2,860,000** |
| Norman Hatcliff | **56,870** | **56,870** |
| Kieran Mahon | **446,102** | **-** |
| Aidan Hughes | **207,500** | **207,500** |
| Torgeir Mantor * | **12,600** | **12,600** |
| Willie McCarter | **-** | **-** |
| Seán Savage | **1,003,333** | **893,333** |

* *Torgeir Mantor is a director of T. B. Mantor AS, which also holds 1,243,027 (2014: 1,243,027) shares and is owned by the Mantor family.Torgeir Mantor is also a director and shareholder of Vestergyllen AS, which holds 24,152 shares (2014: 24,152).*

The interests of the Directors and Secretary in options, granted in accordance with the Company's share option scheme, to subscribe for ordinary shares in the Company, are as follows:

| | 1 Jan 2015 | Cancelled /Lapsed in year | Grant in year | 31 Dec 2015 | Exercise Price | Exercisable from | Expiry date |
|---|---|---|---|---|---|---|---|
| Norman Hatcliff | 140,000 | - | - | 140,000 | 58p | June 2011 | June 2018 |
| Total | 140,000 | - | - | 140,000 | | | |
| Aidan Hughes | 110,000 | - | - | 110,000 | 58p | June 2011 | June 2018 |
| Total | 110,000 | - | - | 110,000 | | | |

The mid-market price of an ordinary share on 31 December 2015 was 42.5p (€0.58) and the price range during the year was between 35p (€0.45) and 56.75p (€0.78). Apart from the interests disclosed above, neither the Directors nor the Secretary had an interest at any time during the year in the share capital of the Company or Group companies. There have been no changes in the above interests between 31 December 2015 and the date of this Report.

**Pensions**

Executive Directors are entitled to become members of the Group's defined contribution pension scheme or, if preferred, to receive payment of a fixed percentage of salary into an approved personal pension scheme.

### Substantial shareholdings

At 30 March 2016 the Company had been advised of the following shareholdings in excess of 3% of its issued share capital:

| | Number of shares | Percentage held |
|---|---|---|
| Miton Group Plc | 4,765,237 | 15.9 |
| Ted O'Neill | 2,920,000 | 9.75 |
| Kieran Mahon | 1,872,787 | 6.25 |
| John Teeling | 1,364,465 | 4.55 |
| T.B. Mantor AS | 1,243,027 | 4.15 |
| Tom Cunningham | 1,049,497 | 3.50 |
| Societe Generale Newedge UK Ltd | 1,040,253 | 3.47 |
| Seán Savage | 1,000,333 | 3.33 |

Apart from these holdings, the Company has not been notified of any other interest of 3% or more in its issued share capital.

### Executive share option scheme

The percentage of share capital that can be issued under the scheme and the individual grant limits comply with the published guidelines of the Irish Association of Investment Managers.

The aggregate nominal value of shares issued under the scheme may not exceed 10% of the nominal value of the issued ordinary share capital. Between 1989 and 2011 the Company issued a total of 1,252,237 ordinary options. In 2015 the Company issued no share options.

To date 46,000 options have been exercised and 956,237 options have expired. At 31 December 2015 options were outstanding over 250,000 ordinary shares.

During the year the Group approved the establishment of a Joint Share Ownership Plan (JSOP) whereby employees or directors may be invited to acquire, jointly with a trust, shares in the company. The employee or director benefits from future growth in the share price subject to certain performance criteria being met. There were no transactions connected with the JSOP during the year.

**Group website**

Our website, *www.norish.com,* provides our customers, shareholders and the general public with useful information on the Group's facilities and services, together with key financial data, company announcements, etc.

**Personnel development**

The Group is committed to ensuring that its employees are capable of achieving the highest standards in their employment by providing training at all levels for current and future business needs. Emphasis is placed on training in key areas such as computer skills, safe driving of vehicles and the proper utilisation of materials handling equipment. The Group seeks to ensure that all employees receive up-to-date information on current business events and developments pertaining to their own work place.

**Disabled employees**

The policy of Norish plc is to offer the same opportunities to disabled people as to all employees in respect of recruitment, promotion and career development depending on their skills and abilities. Employees who become disabled will, wherever possible, be rehabilitated, retrained and redeployed if necessary.

**Electoral Act, 1997**

The Group did not make any political contributions during the year.

**Environmental policies**

The Group continues to implement improved working practices with a view to minimising harmful environmental impacts. It is committed to maintaining its efforts in the area of energy conservation by way of improving the insulation within the cold store sites and replacing refrigeration doors with modern highly efficient refrigeration doors. It is has also replaced one of its larger sites, West Midlands in 2012, with a new highly efficient ammonia refrigeration system which will significantly reduce the power consumption at the site.

**Country of Incorporation**

Norish plc was incorporated and is domiciled in the Republic of Ireland under company number 51842.

**Significant Customers**

During 2015, £3.123m or 11.2% (2014: £3.025m or 12.8%) of the Group's revenues from continued operations depended on a single customer in the cold storage segment.

# DIRECTORS' REPORT *(CONTINUED)*

**Corporate governance**

The Directors are committed to the UK Corporate Governance Code (2014).

**Principles of good corporate governance**

The Directors are accountable to the shareholders for good corporate governance and the following voluntary statement describes how the relevant principles of good governance set out in the 2014 UK Corporate Governance Code in Norish plc.

**Board of Directors**

The Board of Directors comprises an Executive Chairman, Group Managing Director and Finance Director and three Non-Executive Directors. On appointment all non-executive directors receive comprehensive briefing documents on the Group and its operations, and further appropriate briefings are provided to non-executive directors on an ongoing basis. Willie McCarter is the Senior Independent Non-Executive Director.

It is the practice of the Group that the Board comprises at least two non-executive Directors.

Due to the small size of the board, all Directors are members of the Nomination Committee.

The Board takes the major strategic decisions and retains full effective control while allowing operating management sufficient flexibility to run the business efficiently and effectively within a centralised reporting framework.

Torgeir Mantor or Sean Savage would not be considered to be independent due to their interests in the Company's shares. However, it is the opinion of the Board that the Non-Executive Directors are independent of management and have no business or other relationship which could interfere materially with the exercise of their judgement.

The Board delegates to committees, which have specific terms of reference and which are reviewed periodically, the responsibility in relation to audit and senior executive remuneration issues. Minutes of these committees are supplied to all Directors for information and to provide the Board with an opportunity to have its views taken into account.

The Board has a regular schedule of meetings together with further meetings when required. In addition, there is a formal schedule of matters reserved specifically to the Board for its decision, including the approval of the annual financial statements, budgets, significant contracts, significant capital expenditure and senior management appointments.

The Non-Executive Directors meet with the Executive Chairman separately during the year to discuss the business and strategy.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Group's professional advisors are available for consultation by the Board as required. Individual Directors may take independent professional advice, if necessary, at the Group's expense.

The Executive Chairman holds regular business review meetings with Senior Management.

**Attendance**

The Board meets regularly and details of attendances by individual Directors at meetings of the Board and its Committees during the year ended 31 December 2015 are as follows:

*Table of attendance*

| | **Board** | **Remuneration** | **Audit** |
|---|---|---|---|
| **Meetings held** | **7** | **0** | **1** |
| ***Meetings Attended:*** | | | |
| Ted O'Neill | **7** | **N/A** | **N/A** |
| Norman Hatcliff (Resigned 31 December 2015) | **6** | **N/A** | **N/A** |
| Aidan Hughes | **7** | **N/A** | **N/A** |
| Torgeir Mantor | **5** | **0** | **1** |
| Willie McCarter | **4** | **0** | **1** |
| Seán Savage | **6** | **N/A** | **N/A** |
| Kieran Mahon (Joined 19 August 2015) | **3** | **N/A** | **N/A** |

One nomination meeting was held during the year.

**Directors' Remuneration**

The remuneration of Directors and senior management is determined by the Remuneration Committee consisting of 2 of the non-executive Directors whose names are listed on page 10. The Remuneration Committee is chaired by Mr Willie McCarter. This committee also recommends the granting of share options to Executive Directors and senior management. In considering and agreeing salaries and benefits as well as performance related incentives the Committee aims to ensure that remuneration packages are competitive and that individuals are fairly rewarded relative to their responsibilities, experience and value to the Group. The committee takes advice where appropriate from external professional advisors in assessing salary levels and determining its remuneration policy and practice.

Norish plc's remuneration policies and procedures meet with the Best Practice Provisions of the Irish Stock Exchange's requirements on Directors' remuneration. In particular the Company has applied all of the relevant principles set out in UK Corporate Governance Code (2014). In designing schemes of performance-related remuneration, the Remuneration Committee has given full consideration to the provisions in UK Corporate Governance Code (2014).

Details of the interests of Directors and Secretary in shares and options are set out earlier in this Report and details of Directors' remuneration are given in Note 26 to the financial statements.

**Relations with Shareholders**

Recognising the importance of communications with shareholders the Board seeks to provide through its Annual Report a clear and balanced assessment of Group performance and prospects. The Group's Internet website, *www.norish.com*, provides investors with the full text of the Annual and Interim Reports.

The Chairman and Directors maintain an ongoing dialogue with the Company's institutional shareholders on strategic issues. All shareholders are encouraged to attend the Annual General Meeting.



**Internal control**

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that an ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been put in place for the year under review and up to the date of approval of the annual report and accounts, and that this process is regularly reviewed by the board and accords with the 2014 UK Corporate Governance Code.

The Board has reviewed the effectiveness of the system of internal control. In particular it 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.

The Group's overall internal control system includes:

- an organisation structure with clearly defined lines of authority and accountability;
- appropriate terms of reference for Board committees with clearly stated responsibilities;
- a budgeting and monthly financial reporting system for all Group business units, which enables close monitoring of performance against plan and facilitates remedial action where necessary; and
- comprehensive policies and procedures in relation to financial controls, capital expenditure, operational risk and treasury and credit risk management.

The Group's system of internal financial controls is established to provide reasonable assurance of:

- the maintenance of proper accounting records and the reliability of financial information;
- the safeguarding of assets against unauthorised use or disposal; and
- the prevention or early detection of material errors or irregularities.

The Group's internal controls, including financial controls, are reviewed systematically by the Audit Committee. In these reviews the emphasis is placed on areas of significant risk. The Finance Director is responsible for carrying out detailed risk assessments in all business units and for reporting to divisional and ultimately senior management on the effectiveness of the internal control system.

**Annual report and accounts**

The Directors consider 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 Group's performance, business model and strategy.

# DIRECTORS' REPORT *(CONTINUED)*

**Audit Committee and Auditors**

The Audit Committee is chaired by Willie McCarter. The other member is Torgeir Mantor. Its written terms of reference deal clearly with its authority and duties. The committee meets to review the Group's annual financial statements before their submission to the Board, to review the appropriateness and effectiveness of the Group's internal controls, accounting policies and procedures and financial reporting, to assess the effectiveness of the external audit and the Group Internal Audit function and to report back to the Board how it has discharged its responsibilities.

The Group's policy regarding external auditor independence and the provision of non-audit services by the external auditors is that, where appropriate, non-audit related work is put out to competitive tender. Details of the year's fees payable to the external auditors are given in Note 9 to the financial statements.

The Directors and senior management, the Group's external auditors and internal audit, as appropriate, attend meetings of the committee.

**Nomination committee**

The Nomination Committee comprises the Executive Chairman, the Managing Director and Sean Savage. The Nomination Committee met once during the year. The purpose of the Nomination Committee is to ensure a rigorous process is adhered to in relation to both the selection and appointment of new directors having considered the capabilities required for any given role based on an evaluation of the balance of skills, knowledge and experience required by the Board. The Nomination Committee also considers the structure, size and composition of the Board and satisfies itself with regards to succession planning.

**Compliance statement**

Norish has complied during the year to 31 December 2015 with all provisions of the Principles of Good Governance and Code of Best Practice as contained in the 2014 UK Corporate Governance Code except for the following matters:

- The Board's Nomination Committee consists of all members of the Board. This decision was taken because of the small size of the board.

- Due to the small size of the Board, performance evaluation of the Board, its Committees and Directors has not been conducted.

- Most of the directors have a direct interest in the share capital of Norish plc as detailed on page 14. Willie McCarter is the only director who does not have any beneficial interest in the share capital.

**Going concern**

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group as a whole has adequate resources to continue in operation for the foreseeable future.

The Group borrowings are underpinned by a portfolio of freehold and long leasehold properties and at the financial year end there were agreed, but undrawn facilities of £1.1m along with cash reserves of £4.4m. The Group also has the ability to raise equity funds through the London Stock Exchange (AIM) market.

Taking into account all of the above, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

# DIRECTORS' REPORT *(CONTINUED)*

**Future developments**

The Group is committed to developing the Commodity trading business together with improving the profitability of the Temperature controlled business. It sold the Leeds property in March 2016 and applied the funds to reduce the debt.

In December 2015, the Group raised £4.9m net of fees through the issue of new shares. The plan is to use these funds to pursue investment opportunities.

**Accounting records**

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at Northern Industrial Estate, Bury St Edmunds, Suffolk, IP32 6NL.

**Auditor**

In accordance with Section 383(2) of the Companies Act 2014 the auditors, Grant Thornton, Registered Auditors, will continue in office.

On behalf of the board:

**T.J. O'Neill**
*Chairman*

**A.V..Hughes**
*Finance Director*

**30 March 2016**

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and the parent company financial statements in accordance with applicable law and Irish Accounting Standards (Irish Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;

- make judgments and estimates that are reasonable and prudent;

- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group'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

| | |
|---|---|
| **T.J. O'Neill** | **A. Hughes** |
| ***Chairman*** | ***Finance Director*** |

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORISH PLC

We have audited the group and parent company financial statements of Norish plc for the year ended 31December 2015 which comprise of the Consolidate Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity, the Company Statement of Financial Position and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The financial reporting framework that has been applied in the preparation of the parent company financial statements is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, including FRS 101 "Reduced Disclosure Framework" (Generally Accepted Accounting Practice in Ireland).

This 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 this report, or for the opinions we have formed.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the Annual Report and the group financial statements giving a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORISH PLC *(CONTINUED)*

## OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- the group financial statements give a true and fair view in accordance with IFRSs as adopted by the European Union, of the state of the assets, liabilities and financial position of the company as at 31 December 2015 and of its profit for the year then ended; and

- the parent financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the assets, liabilities and financial position of the Company as at 31 December 2015 and of its profit for the financial year then ended; and

- the group and parent company financial statements have been properly prepared in accordance with the requirements of the Companies Act, 2014.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACT 2014

- We have obtained all the information and explanations which we consider necessary for the purposes 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.

- The financial statements are in agreement with the accounting records.

- In our opinion the information given in the Directors' report is consistent with the financial statements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Stephen Murray

**STEPHEN MURRAY**
**For and on behalf of**
**Grant Thornton**
**Chartered Accountants**
**Registered Auditors**

**30 March 2016**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the financial year ended 31 December 2015*

| | Notes | 2015 £'000 | 2014 £'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 5 | **27,515** | 23,645 |
| Cost of sales | | **(26,232)** | (22,046) |
| **Gross profit** | | **1,283** | 1,599 |
| Administrative expenses | | **(447)** | (467) |
| **Operating profit from continuing operations** | | **836** | 1,132 |
| Finance income – fair value non-cash gain/(loss) swaps | 7 | **26** | (44) |
| Finance expenses – interest paid | 7 | **(272)** | (275) |
| Finance expenses – notional interest | 7 | **(33)** | (51) |
| **Profit on continuing activities before taxation** | 8 | **557** | 762 |
| Income taxes – Corporation tax | 9 | **(60)** | (71) |
| Income taxes – Deferred tax | 9 | **12** | (93) |
| **Profit for the financial year from continuing operations** | | **509** | 598 |
| Loss from discontinued operations | 30 | **(220)** | (300) |
| **Profit for the financial year** | | **289** | 298 |
| Other comprehensive income | | **-** | **-** |
| **Total comprehensive income for the year** | | **289** | 298 |
| Profit for the financial year attributable to owners of the parent | | **291** | 307 |
| Loss for the financial year attributable to non-controlling interest | | **(2)** | (9) |
| Total comprehensive income for the financial year attributable to owners of the parent | | **291** | 307 |
| Total comprehensive expense for the financial year attributable to non-controlling interest | | **(2)** | (9) |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the financial year ended 31 December 2015*

| | Notes | **2015** | 2014 |
|---|---|---|---|
| **Earnings per share expressed in pence per share:** | | | |
| From continuing operations | 10 | | |
| - basic | | **2.8p** | 4.0p |
| - diluted | | **2.8p** | 4.0p |
| | | | |
| From discontinued operations | 10 | | |
| - basic | | **(1.2)p** | (2.0)p |
| - diluted | | **(1.2)p** | (2.0)p |

The notes on page 31 to 74 are an integral part of these consolidated financial statements.

Approved on behalf of the board on 30 March 2016 by:

T.J. O'Neill
*Chairman*

A. Hughes
*Finance Director*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*at 31 December 2015*

| | Notes | **2015** | 2014 |
|---|---|---|---|
| | | **£'000** | £'000 |
| **Non current assets** | | | |
| Goodwill | 11 | **2,338** | 2,338 |
| Property, plant and equipment | 12 | **15,885** | 15,998 |
| | | **18,223** | 18,336 |
| **Current assets** | | | |
| Trade and other receivables | 13 | **5,314** | 3,812 |
| Inventories | 14 | **386** | 52 |
| Cash and cash equivalents | 23 | **4,383** | 385 |
| Assets of disposal group classified as held for sale | 30 | **518** | 700 |
| | | **10,601** | 4,949 |
| **TOTAL ASSETS** | | **28,824** | 23,285 |
| **Equity attributable to equity holders of the patent and non-controlling interest** | | | |
| Share capital | 21 | **5,344** | 3,280 |
| Share premium account | 21 | **6,990** | 4,198 |
| Capital conversion reserve fund | 22 | **23** | 23 |
| Retained earnings | | **2,981** | 2,878 |
| **Equity attributable to equity holders of the parent** | | **15,338** | 10,379 |
| Non controlling Interest | | **(11)** | (9) |
| **TOTAL EQUITY** | | **15,327** | 10,370 |
| **Non-current liabilities** | | | |
| Borrowings | 19 | **4,123** | 5,085 |
| Financial liabilities at fair value through profit or loss | 15 | **199** | 425 |
| Deferred tax | 20 | **942** | 954 |
| | | **5,264** | 6,464 |
| **Current liabilities** | | | |
| Trade and other payables | 16 | **4,348** | 3,319 |
| Financial liabilities at fair value through profit or loss | 15 | **311** | 262 |
| Current tax liabilities | 17 | **44** | 79 |
| Borrowings | 18 | **3,473** | 2,316 |
| Liabilities of disposal group classified as held for sale | 30 | **57** | 475 |
| | | **8,233** | 6,451 |
| **TOTAL EQUITY AND LIABILITIES** | | **28,824** | 23,285 |

The notes on page 31 to 74 are an integral part of these consolidated financial statements.

Approved on behalf of the board on 30 March 2016 by:

T.J. O'Neill
*Chairman*

A. Hughes
*Finance Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the financial year ended 31 December 2015*

| | Share capital £'000 | Share premium £'000 | Capital Conversion Reserve £'000 | Retained earnings £'000 | Total £'000 | Non-Controlling interest £'000 | Total Equity £'000 |
|---|---|---|---|---|---|---|---|
| **At 1 January 2014** | **2,056** | **3,463** | **23** | **2,740** | **8,282** | **-** | **8,282** |
| Net profit/(loss) for the financial year | - | - | - | 307 | 307 | (9) | 298 |
| **Total comprehensive income for the financial year** | **-** | **-** | **-** | **307** | **307** | **(9)** | **298** |
| Issue of share capital | 1,224 | 856 | - | - | 2,080 | - | 2,080 |
| **Transactions with owners** | **1.224** | **856** | **-** | **307** | **2,387** | **(9)** | **2,378** |
| Share issue costs | - | (121) | - | - | (121) | - | (121) |
| Equity dividends paid (recognised directly in equity) | - | - | - | (169) | (169) | - | (169) |
| **At 31 December 2014** | **3,280** | **4,198** | **23** | **2,878** | **10,379** | **(9)** | **10,370** |
| Net profit/(loss) for the financial year | - | - | - | 291 | 291 | (2) | 289 |
| **Total comprehensive income for the financial year** | **-** | **-** | **-** | **291** | **291** | **(2)** | **289** |
| Issue of share capital | 2,064 | 3,078 | - | - | 5,142 | - | 5,142 |
| **Transactions with owners** | **2,064** | **3,078** | **-** | **291** | **5,433** | **(2)** | **5,431** |
| Share issue costs | - | (286) | - | - | (286) | - | (286) |
| Equity dividends paid (recognised directly in equity) | - | - | - | (188) | (188) | - | (188) |
| **At 31 December 2015** | **5,344** | **6,990** | **23** | **2,981** | **15,338** | **(11)** | **15,327** |

The notes on page 31 to 74 are an integral part of these consolidated financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

| *for the financial year ended 31 December 2015* | Notes | 2015 | 2014 |
|---|---|---|---|
| | | **£'000** | £'000 |
| Profit on continuing activities before taxation | | **557** | 762 |
| Loss on discontinued activities | | **(220)** | (300) |
| Finance expenses | | **305** | 370 |
| Finance income | | **(26)** | - |
| Depreciation – property, plant and equipment-net | | **615** | 798 |
| | | **1,231** | 1,630 |
| **Changes in working capital and provisions:** | | | |
| Increase in inventories | | **(334)** | (47) |
| Increase in trade and other receivables | | **(1,320)** | (269) |
| (Decrease)/increase in current liabilities held for sale | | **(418)** | 383 |
| Increase in payables | | **1,029** | 5 |
| Decrease in provisions | | **-** | (185) |
| **Cash generated from operations** | | **188** | 1,517 |
| Interest paid – bank loans and overdrafts | | **(272)** | (275) |
| Taxation paid | | **(95)** | (21) |
| **Net cash (used in)/generated from operating activities** | | **(179)** | 1,221 |
| **Investing activities** | | | |
| Disposal of property, plant and equipment | | **-** | 1,550 |
| Purchase of property, plant and equipment | | **(502)** | (3,645) |
| **Net cash used in investing activities** | | **(502)** | (2,095) |
| **Financing activities** | | | |
| Dividends paid to shareholders | **24** | **(188)** | (169) |
| Deferred consideration payments | | **(185)** | (174) |
| Share issue proceeds | | **5,142** | 2,080 |
| Share issue costs | | **(286)** | (121) |
| Invoice finance receipts/(payments) | | **1,141** | (420) |
| Overdraft payments | | **-** | (128) |
| Finance lease capital repayments | | **(124)** | (112) |
| Finance lease advance | | **-** | 695 |
| Term loan advance | | **-** | 1,500 |
| Term loan repayments | | **(821)** | (1,941) |
| **Net cash from financing activities** | | **4,679** | 1,210 |
| **Net increase in cash and cash equivalents** | | **3,998** | 336 |
| Cash and cash equivalents and bank overdrafts, Beginning of period | | **385** | 49 |
| Cash and cash equivalents end of period | **23** | **4,383** | 385 |

The notes on page 31 to 74 are an integral part of these consolidated financial statements.

# NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 General information

Norish plc is a provider of temperature controlled, ambient storage, supplies of commodity to major food manufacturing and wholesale companies and other related services to the food industry in the United Kingdom.

The Group is listed on the Alternative Investments Market ("AIM"), and is incorporated and domiciled in the Republic of Ireland. The address of its registered office is Norish plc, 6th Floor, South Bank House, Barrow Street, Dublin 4, Republic of Ireland.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

The consolidated financial statements of Norish plc have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, applicable Irish law and the AIM rules.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

**Going concern**

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group as a whole has adequate resources to continue in operation for the foreseeable future.

The group borrowings are underpinned by a portfolio of freehold and long leasehold properties and at the year end there were agreed, but undrawn facilities of £1.1m along with cash reserves of £4.4m. The group also has the ability to raise equity funds through the London Stock Exchange (AIM) market.

Taking into account all of the above the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

**Changes in accounting policies**
The Group has adopted the following new standards, interpretations, revision and amendments to IFRS issued by the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 January 2015:

***Annual Improvements to IFRSs 2010–2012 Cycle – various standards & Annual Improvements to IFRSs 2011–2013 Cycle – various standards***
These are a collective of amendments to IFRSs resulting from issues discussed and subsequently included in Exposure Drafts which are effective for the Group as at 31 December 2015. Management have assessed the impact of each of the amendments and concluded that there is no impact of the Group's accounting policies as a result.

***Amendments to IAS 19: Defined Benefit Plans: Employee Contributions***
The IASB has amended the requirements of IAS 19 relating to contributions from either employees or third parties that are linked to service. The amendment allows entities to obtain relief by deducting contributions from service cost in the period that service is rendered. As the Group does not operate a defined benefit pension arrangement this amendment has no impact on the Group.

**Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group**
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Certain standards and interpretations that have been issued but are not expected to have a material impact on the Group's consolidated financial statements include:

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Accounting for acquisitions in Joint Operations
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Equity method in separate financial statements (amendments to IAS 27)
- Investment entities: Applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)

Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below.

***IFRS 9 Financial Instruments (effective from 1 January 2018)***

The IASB have completed its project to replace IAS 39 with IFRS 9 which includes requirements for the classification and measurement of financial assets and liabilities, impairment methodology and general hedge accounting. The Group's main area of focus in assessing the impact of IFRS 9 will be the classification of the Group's financial assets and the implementation of the expected credit loss model for recognising impairment losses in respect of the Group's financial assets such as trade receivables. While the Board have started to assess the impact of IFRS 9 it is not yet in a position to provide quantitative information in this regard.

***IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)***

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue from customers. It will supersede a numbers of standards and interpretations including IAS 18, IAS 11 as well as IFRC 13, IFRC 15, IFRIC 18 and SIC 31.

***Amendments to IAS 7 Cash Flow Statement (effective from 1 January 2017)***

The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

***IFRS 16 Leases (effective for periods beginning on or after 1 January 2019 subject to EU endorsement)***

The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations. The Group has a number of operating lease arrangements and will consider the financial impact of IFRS 16 in due course.

***Amendment to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)***

The amendment introduces a rebuttable assumption that revenue is not an appropriate amortisation method for intangible assets. Furthermore, it prohibits the use of revenue-based depreciation for property, plant and equipment. The Group does not base rates of depreciation or amortisation rates on revenue. Accordingly, the impact of this amendment on the Group is limited.

***Amendment to IAS 1: Disclosure Initiative (effective from 1 January 2016)***

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their annual reports.

***Annual Improvements to IFRSs: 2012-2014 Cycle (effective from 1 January 2016)***

This is a collective of amendments to IFRSs resulting from issues discussed and subsequently included in an Exposure Draft published during 2013.

Unless otherwise stated above, Management have yet to assess the impact that these amendments are likely to have on the financial statements of the Group.

**Basis of consolidation**
The Group's Consolidated Financial Statements include the results of Norish plc and its subsidiary undertakings for that period.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated using the equity method from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

The accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Where necessary, consolidation adjustments have been made to ensure that the Group accounts apply consistent accounting policies.

**Business combinations and goodwill**
The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Goodwill represents the excess of the fair value of the purchase consideration for the subsidiary undertakings over the fair value of the identifiable assets, including any intangible assets identified, and liabilities of a subsidiary at the date of acquisition. Contingent consideration is recognised at its fair value at the acquisition date. It is both classified and subsequently measured in accordance with the Group's accounting policy for financial instruments. Transactions costs that are directly attributable to the business combination are expensed as incurred and included within administrative expenses.

Goodwill arising on acquisitions is capitalised and subject to impairment review at least annually, but also when there are indications that the carrying value may not be recoverable. Any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income and is not subsequently reversed.

Prior to 1 January 1997, goodwill was written off to reserves in the year of acquisition. Goodwill after this date until the adoption of IFRS on 1 January 2006 was capitalised and amortised over its useful economic life, which was presumed to be 20 years. The Group has elected not to apply IFRS 3 "Business combinations" (as updated by IFRS 3(R)) retrospectively to business combinations that took place before 1 January 2006 and, as a result, all goodwill arising from prior business combinations has been frozen at this date. Any goodwill remaining on the consolidated statement of financial position at transition is no longer being amortised but is subject to impairment review.

**Property, plant and equipment**
Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes all expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the costs provide enhancement, it is probable that future economic benefits associated from the item will flow to the Group and the cost of the enhancement can be measured reliably. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than the estimated recoverable amount. All other repair and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

With the exception of freehold land, depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal annual instalments over their estimated useful economic lives (or lease terms if shorter) which are as follows:

| | |
|---|---|
| Freehold buildings | 50 to 55 years |
| Leasehold buildings | 35 years |
| Plant and equipment | 3 to 10 years |

Freehold land is not depreciated.

**Impairment charges**
An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Impairment reviews of goodwill are carried out annually and any impairment recognised is recorded in the Consolidated Statement of Comprehensive Income.

**Revenue recognition**
Revenue, which arises principally from storage and handling income and the sale of goods, represents net sales to customers outside the Group, and excludes Value Added Tax. Income from sub-letting of warehouses is also included in revenue.

Handling revenue when invoiced relates to the receipt and eventual delivery of goods. The portion that relates to the delivery is recognised when the goods are delivered out of store. Revenue in respect of the storage is invoiced in advance and is recognised over the period that the storage is provided. Revenue from the sale of goods in the commodity trading business is recognised on an invoice basis which coincides with dispatch of goods and is the point when the Group earns its right to consideration.

Revenue from all other activities is recognised in the periods in which the services are provided.

**Financial assets/liabilities and available for sale assets**
The Group classifies its financial assets/liabilities in the following categories: at fair value through profit or loss, loans and receivables, or available for sale. The classification depends on the purpose for which the financial assets/liabilities were acquired. Management determines the classification of its financial assets/liabilities at initial recognition.

An assessment of whether a financial asset is impaired is made at least at each reporting date. Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are considered for impairment on a case for case basis when they are past due at the Consolidated Statement of Financial Position date or when objective evidence is received that a specific counterparty will default.

a) Financial assets/liabilities at fair value through profit or loss
The financial assets/liabilities relate to derivatives. The Group utilises interest rate swaps to hedge against its interest rate exposure. The interest rate swaps are initially recorded at fair value and the fair value is re-measured at each consolidated statement of financial position date. Fair value is obtained from external market valuations on the basis that there is an active market for the the interest rate swaps and caps. Gains and losses arising from changes in fair value are recognised in the profit or loss in the period in which they arise. All recognised gains or losses resulting from the settlement of the interest rate swap contract are recorded within finance expenses in the profit or loss. All recognised gains or losses resulting from the option to purchase refrigerant gas are recorded in Other Income in profit or loss. Contingent consideration has been classified as a financial liability at fair value through profit or loss. All gains and losses resulting from changes in the fair value of contingent consideration are recognised in Other Income in profit or loss. The Group does not use hedging.

b) Loans and receivables
These are non derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities greater than 12 months after the Consolidated Statement of Financial Position date, which are classified as non-current assets. Loans and receivables are carried at amortised cost.

Purchases and sales of financial assets are recognised on the trade date (the date at which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive the cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any impairment recognised are recorded in the Consolidated Statement of Comprehensive Income.

**Trade receivables**
Trade receivables are recognised initially at fair value and subsequently re-measured at amortised cost, less provision for impairment. Trade receivables are first assessed individually for impairment, or collectively where the receivables are not individually significant. Where there is no objective evidence of impairment for an individual receivable, it is included in a group of receivables with similar credit risk characteristics and these are collectively assessed for impairment. Movements in the provision for impairment of trade receivables are recorded in the profit or loss.

**Taxation**

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

The Group have applied the dual recovery method of deferred tax, where deemed appropriate, with regard to properties which are expected to be disposed of in the near future. This allows the Group to calculate the basis of recovery of the depreciable amount through use, followed by the recovery of the residual value through disposal.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the profit or loss, except where they relate to items that are charged or credited directly to other comprehensive income in which case the related deferred tax is also charged or credited directly to other comprehensive income.

**Foreign currencies**

Transactions in foreign currencies by individual entities are recorded using the rate of exchange ruling at the date of the transaction. The gains or losses on translation are included in the profit and loss. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Statement of Financial Position date and the gains or losses on translation are included in other comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined. The gains or losses on translation are included in the other comprehensive income.

**Leased assets**
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Expenditure on operating leases is charged to the profit or loss on a basis representative of the benefit derived from the asset, normally on a straight-line basis over the lease period. Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Assets held under finance leases are capitalised and included in property, plant and equipment at fair value. Leases of land and buildings are classified separately and are split into a land and building element in accordance with the relative fair values of the leasehold interest at the date the asset is recognised initially. Depreciation is calculated using expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. The capital elements of obligations under finance leases are recorded as liabilities. The interest element is charged to the profit or loss over the lease term to give a constant periodic rate of interest on the outstanding liability.

**Pension costs**
The costs of providing defined contribution pensions are charged to administrative expenses as they fall due. The scheme funds are administered by trustees and are independent of the Group's finances. Differences between the amounts charged to the profit or loss and payments made to the pension scheme are treated as prepayments or accruals, as necessary.

**Dividends**
Distributions to equity holders are not recognised in the profit or loss, but are disclosed as a component of the movement in shareholders' equity. Dividends unpaid at the consolidated statement of financial position date are only recognised as a liability at that date to the extent that they are appropriately authorised and no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements. Dividends are paid in Euros. Under the Twin Share Scheme Shareholders can opt to receive their dividends in Sterling if they make the appropriate election in time to the company register. The Euro amount is converted to Sterling at the official exchange rate 14 days before the payment date.

**Net cash and cash equivalents**
Net cash and cash equivalents in the Consolidated Statement of Financial Position and Consolidated Cash Flow Statement comprise of cash at bank and in hand and short-term deposits with an original maturity of less than three months.

**Inventories**
Inventories are valued at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition.

**Share based payments**
The Group issues equity-settled share-based payments to certain employees. In accordance with IFRS 2, "Share-based payments", equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

The Group has applied the exemption available, and has applied the provisions of IFRS 2 only to those options granted after 7 November 2002 and which were outstanding at 1 January 2006 and all options issued since that date.

The share-based payments charge is allocated to administrative expenses on the basis of headcount.

**Employer's taxes on share options**
Employer's National Insurance in the UK and equivalent taxes in other jurisdictions are payable on the exercise of certain share options. In accordance with IFRS 2, this is treated as a cash-settled transaction. A provision is made, calculated using the fair value of the Group's shares at the Consolidated Statement of Financial Position date, pro-rated over the vesting period of the options.

**Equity**
Share capital represents the nominal value of shares that have been issued.

Share Premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

All transactions with owners of the parent are recorded separately with equity.

## 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, contingent consideration and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. The Group uses certain derivative instruments to minimise certain risk exposures.

a) Market risk
i) Foreign exchange risk
The Group has exposure to foreign exchange risk in respect of its commodity trading division. It manages this risk by mainly purchasing euros at a fixed rate forward and using this rate in establishing a selling price for its goods in order to maintain an acceptable margin.

ii) Fair value and cashflow interest rate risk
As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes to market interest rates.

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2015 and 2014, the Group's borrowings at variable rate were denominated in Pounds Sterling.

The Group manages its cash flow interest rate risk by using interest rate swaps and caps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swap, the Group agrees with HSBC Bank plc to exchange, at quarterly intervals, the difference between fixed contract rates and floating-rate interest amounts by reference to the agreed notional amounts.

At 31 December 2015, if interest rates had been 1% higher with all other variables held constant, post tax profit for the year would have been £18,000 lower, mainly as a result of higher interest expenses on floating rate borrowings.

At 31 December 2014, if interest rates had been 1% higher with all other variables held constant, post tax profit for the year would have been £13,000 lower, mainly as a result of higher interest expenses on floating rate borrowings.

iii) Contingent consideration market risk
The Group recognised contingent consideration of £1,588,000 in connection with the acquisition of Townview Foods Limited (see note 29). Following a re-assessment of the performance of the acquired business this was reduced to £754,000 at 31 December 2013. Based on the performance of Townview Foods Limited during 2014 and expected performance over the next three years, the directors considered that there had not been a significant change in the value of the liability at 31 December 2014. Following further re-assessment, the Board concluded that there has not been a significant change in the value of the liability at 31 December 2015.

The directors have valued the contingent consideration using a probability weighted discounted cash flow model. The most significant assumption is the quantum of earnings before interest and tax of Townview Foods Limited for each of the next three years. Should the expected level of earnings before interest and tax of Townview Foods Limited be 5% lower than that modelled, post tax profit for the year would be £16,000 higher (2014: £18,000 higher).

b) Credit risk
Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk in relation to trade receivables is reduced because, in most cases, the Group has physical custody of the customer's inventory. While this does not legally constitute collateral in respect of trade receivables, it does provide the Group with a degree of leverage over customers with overdue receivables balances.

c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group aims to ensure that a significant portion of its borrowings should mature in more than one year.

The table below analyses the Group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the Consolidated Statement of Financial Position to the contractual maturity period. The amounts disclosed in the table below are the contractual undiscounted cash flows.

At 31 December 2015:

| | **Within 1 year £'000** | **1 to 2 years £'000** | **2 to 5 years £'000** | **Greater than 5 years £'000** | **Total £'000** |
|---|---|---|---|---|---|
| Trade payables | 2,927 | - | - | - | 2,927 |
| Invoice finance | 2,511 | - | - | - | 2,511 |
| Finance Leases | 135 | 300 | 54 | - | 489 |
| Term loan Interest | 113 | 105 | 209 | 34 | 461 |
| SWAP Interest | 60 | 15 | - | - | 75 |
| Bank loans | 827 | 833 | 2,522 | 414 | 4,596 |
| Deferred consideration | 168 | 258 | 53 | - | 479 |
| | **6,741** | **1,511** | **2,838** | **448** | **11,538** |

At 31 December 2014:

| | Within 1 year £'000 | 1 to 2 years £'000 | 2 to 5 years £'000 | Greater than 5 years £'000 | Total £'000 |
|---|---|---|---|---|---|
| Trade payables | 2,237 | - | - | - | 2,237 |
| Bank overdraft | 198 | - | - | - | 198 |
| Invoice finance | 1,174 | - | - | - | 1,174 |
| Finance Leases | 124 | 135 | 355 | - | 614 |
| Term loan Interest | 130 | 124 | 265 | 58 | 577 |
| SWAP Interest | 74 | 60 | 15 | - | 149 |
| Bank loans | 823 | 824 | 3,111 | 663 | 5,421 |
| Deferred consideration | 206 | 218 | 264 | - | 688 |
| | **4,966** | **1,361** | **4,010** | **721** | **11,058** |

## 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, to return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio, calculated as net borrowings (cash less total borrowings) divided by shareholders equity (excluding goodwill). The Group has managed to increase shareholders funds from £10.4m to £15.3m. In 2015, we managed to reduce the Gearing ratio from 87% to 25%.

The Group's strategy is to reduce the net borrowings as soon as possible.

The gearing ratios at 31 December 2015 and 2014 were as follows:

| | **2015 £'000** | 2014 £'000 |
|---|---|---|
| Total borrowings | **7,595** | 7,401 |
| Less cash and cash equivalents | **(4,383)** | (385) |
| Net borrowings | **3,212** | 7,016 |
| | | |
| Net assets | **15,327** | 10,370 |
| Less goodwill | **(2,338)** | (2,338) |
| Capital employed | **12,989** | 8,032 |
| | | |
| Gearing ratio | **25%** | 87% |

### 3.3 Fair value estimation

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short term nature of trade receivables and payables.

**Assets measured at fair value as at 31 December 2015**

| | Total £'000 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 |
|---|---|---|---|---|
| Financial assets/liabilities at fair Value through profit or loss | | | | |
| *Interest rate swaps/caps* | 31 | - | 31 | - |
| *Contingent consideration* | 479 | - | | 479 |
| **Total** | **510** | - | **31** | 479 |

**Assets measured at fair value as at 31 December 2014**

| | Total £'000 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 |
|---|---|---|---|---|
| Financial assets/liabilities at fair Value through profit or loss | | | | |
| *Interest rate swaps/caps* | 56 | - | 56 | - |
| *Contingent consideration* | 631 | - | - | 631 |
| **Total** | **687** | - | **56** | 631 |

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of carrying a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to the impairment review of goodwill.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy set out in Note 2. Further details are set out in Note 11.

The Group recognises revenue in the period which the services are provided. An appropriate proportion of handling revenue invoiced in advance is deferred until the inventory is despatched.

## 4 Critical accounting estimates and judgements(continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Freehold property - 50-55 years
Plant and machinery - 10 years
Fixtures and fittings - 10 years
Equipment - 5-20 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

The Group has made a critical judgement and applied the dual recovery method with regard to deferred tax in respect of its property portfolio. This could materially impact on future results if this fails to materialise. It is expected to sell one of its freehold properties within the next 3 years, which if this does not materialise then it will have an impact on the deferred tax calculation in future years.

The Group recognised contingent consideration of £1,588,000 in the year 31 December 2012, in connection with the acquisition of Townview Foods Limited (see note 30). This was re-evaluated and resulted in a credit to the income statement of £737,000 during the year ended 31 December 2013. The directors considered that the value of the liability had not changed significantly during 2014. Further re-assessment by the Board concluded that the value of the liability had not changed significantly at 31 December 2015. The directors have valued the contingent consideration using a probability weighted discounted cash flow model. A key assumption used in the calculation was an annual discount factor of 8.5%. The most significant assumption is the quantum of earnings before interest and tax of Townview Foods Limited for each of the next two years. Initially, the directors used the acquisition model to determine the fair value as this provided the business case to support the acquisition of Townview Foods Limited. Subsequently, budgets and forecasts have been prepared as part of the Group’s financial planning activities which in turn have allowed the estimated amount of contingent consideration that the Group will need to pay to be recalculated. Actual performance to date was below that initially forecast resulting in a reduction in the liability. The Board will continue to assess the performance of Townview Foods Limited, both in the light of actual performance to date and expected future performance, which may require further adjustments to contingent consideration.

The Group values its swaps arrangements with the bank using the Mark to market for the period representing the unexpired period of the swaps. The basis of the formula for calculating a swaps valuation is that current swap rate on the "bid" side against the Group swaps rate.

## 5 Segmental information

The three continuing operating segments during the year are disclosed below. During 2013 the Group discontinued operations from the north segment (see note 30). These operating segments are monitored and strategic decisions are made on the basis of segment operating results. The Group operates principally in the United Kingdom. Since the year ended 31 December 2014, the Group also had operations in the Republic of Ireland. These operations generated revenues of £3.3m (2014: £0.1m) with no fixed assets.

Segment information can be analysed as follows for the reporting periods under review:

- Commodity trading business
- North west cold storage
- South east cold storage

During 2015, £3.123m or 11.2% (2014: £3.025m or 12.8%) of the Group's revenues from continued operations depended on a single customer in the cold storage segment.

Revenue from continuing operations in 2015 includes £Nil (2014: £210,000) in relation to the sub-letting of Felixstowe warehouses.

The segment results from continuing operations for the year ended 31 December 2015 are:

| | Commodity Trading | North West | South East | Unallocated | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total segment revenue | 15,686 | 5,866 | 5,963 | - | 27,515 |
| **Revenue** | **15,686** | **5,866** | **5,963** | **-** | **27,515** |
| Operating profit | **362** | **680** | **1,089** | **(1,295)** | **836** |
| Finance income-fair value gain | - | - | - | 26 | 26 |
| Finance cost-Interest paid | (19) | - | - | (253) | (272) |
| Finance cost – notional interest | (33) | - | - | - | (33) |
| **Profit before income tax** | 310 | 680 | 1,089 | (1,522) | 558 |
| Income tax – corporation tax | (44) | - | - | (16) | (60) |
| Income tax – deferred tax | - | - | - | 12 | 12 |
| **Profit for the year** | **266** | **680** | **1,089** | **(1,526)** | **509** |

**Other segment items:**

| | Commodity Trading £'000 | North West £'000 | South East £'000 | Unallocated £'000 | Total £'000 |
|---|---|---|---|---|---|
| Depreciation – continuing operations (Note 12) | - | 357 | 220 | 38 | **615** |

The segment results for the year ended 31 December 2014 are:

| | Commodity Trading £'000 | North West £'000 | South East £'000 | Unallocated £'000 | Total £'000 |
|---|---|---|---|---|---|
| Total segment revenue | 11,760 | 5,959 | 5,716 | 210 | 23,645 |
| **Revenue** | **11,760** | **5,959** | **5,716** | **210** | **23,645** |
| Operating profit | **414** | **866** | **1,169** | **(1,317)** | **1,132** |
| Finance income-fair value loss | - | - | - | (44) | (44) |
| Finance cost-Interest paid | - | - | - | (275) | (275) |
| Finance cost – notional interest | (51) | - | - | - | (51) |
| **Profit before income tax** | 363 | 866 | 1,169 | (1,636) | 762 |
| Income tax – corporation tax | (70) | (10) | (21) | 30 | (71) |
| Income tax – deferred tax | - | - | - | (93) | (93) |
| **Profit for the year** | **293** | **856** | **1,148** | **(1,699)** | **598** |

**Other segment items:**

| | Commodity Trading £'000 | North West £'000 | South East £'000 | Unallocated £'000 | Total £'000 |
|---|---|---|---|---|---|
| Depreciation – continuing operations (Note 12) | - | 331 | 228 | 39 | **598** |

Segment assets in respect of the trading divisions, consists primarily of property, plant and equipment, goodwill, refrigerant gas, trade and other receivables. Unallocated assets comprise financial assets at fair value through profit or loss.

Segment liabilities consist primarily of trade and other payables. Unallocated liabilities comprise items such as current tax liabilities, deferred tax, and financial liabilities at fair value through consolidated statement of comprehensive income, provisions and borrowings.

Capital expenditure comprises additions to property, plant and equipment.

The segment assets and liabilities at 31 December 2015 and the capital expenditure for the year then ended are as follows:

| | Commodity Trading | North West | South East | Unallocated | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Assets | 5,513 | 11,573 | 6,953 | 1,142 | 28,824 |
| Liabilities | 4,336 | 4,929 | 1,516 | 2,716 | 13,497 |
| Capital expenditure (Note 12) | - | 185 | 263 | 54 | 502 |

The segment assets and liabilities at 31 December 2014 and the capital expenditure for the year then ended are as follows:

| | Commodity Trading | North West | South East | Unallocated | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Assets | 4,167 | 11,234 | 6,742 | 1,142 | 23,285 |
| Liabilities | 2,709 | 5,742 | 1,856 | 2,608 | 12,915 |
| Capital expenditure (Note 12) | - | 3,324 | 244 | 77 | 3,645 |

## 6 Staff costs

The average number of persons employed by the Group including executive directors is analysed into the following categories:

| | 2015 | 2014 |
|---|---|---|
| Management | **16** | 16 |
| Administration | **22** | 21 |
| Technical | **8** | 8 |
| Operational | **107** | 102 |
| | **153** | 147 |

The aggregate payroll costs of these persons were as follows:

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Wages and salaries | **3,705** | 3,634 |
| Social security costs | **333** | 332 |
| Other pension costs | **167** | 131 |
| | **4,205** | 4,097 |

There was an accrual for £42,000 (2014 £13,000) included above for pension costs at 31 December 2015.

There group has no capitalised employee costs in the balance sheet.

**Key management personnel**
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Group is of the opinion that there are no other key management personnel other than the executive and non-executive directors. Details of directors' remuneration are set out in note 26.

## 7 Financial income and expenses

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Fair value gains on interest rate swaps/caps | **26** | - |
| Fair value losses on interest rate swaps/caps | **-** | (44) |
| Interest expense on bank overdrafts and loans | **(272)** | (275) |
| Notional interest on deferred consideration | **(33)** | (51) |
| Finance costs | **(305)** | (370) |
| Net finance costs | **(279)** | (370) |

## 8 Profit before tax

The following items have been charged/(credited) to the Consolidated Statement of Comprehensive Income in arriving at profit before tax:

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Depreciation of property, plant and equipment (Cost of Sales) | **615** | 598 |
| Depreciation of property, plant and equipment (discontinued) | **125** | 200 |
| Staff costs (Note 6) | **4,205** | 4,097 |
| Foreign exchange loss | **4** | 3 |
| Rental Income | **-** | (210) |
| Rentals payable under operating leases | | |
| - Buildings | **643** | 871 |
| - Plant and machinery | **899** | 873 |
| Auditors' remuneration - audit service | **29** | 28 |

## 9 Income taxes

| (a) Analysis of charge in year | 2015 £'000 | 2014 £'000 |
|---|---|---|
| **UK** | | |
| Corporation tax at 20.25% (2014: 21.5%) | **43** | 86 |
| **Ireland** | | |
| Corporation tax at 12.5% (2014: 12.5%) | **-** | 5 |
| Adjustment in respect of previous periods | **17** | (20) |
| Current tax charge | **60** | 71 |
| Deferred tax charge (Note 20) | **(12)** | 83 |
| Deferred tax in respect of industrial buildings allowance (IBA) | - | 10 |
| Deferred tax charge | **(12)** | 93 |

| (b) Factors affecting tax charge for year | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Profit on ordinary activities before taxation | **557** | 764 |
| Profit on ordinary activities multiplied by standard UK tax rate 20.25% (2014: 21.5%) | **113** | 164 |
| *Effects of:* | | |
| Other expenses not deductible for tax purposes | **8** | 16 |
| Adjustment for tax effect of discontinued operations | **(44)** | (64) |
| Adjustment in respect tax payable on Irish Income (12.5%) | **-** | 21 |
| Adjustments in respect of previous periods | **17** | (20) |
| Adjustments in respect of IBA and tax rate change | **(46)** | 47 |
| Total tax charge for year | **48** | 164 |

The deferred tax credit of £12,000 (2014: charge £93,000) has arisen under IAS 12. In 2009 the company applied the dual recovery method in respect of one of its main assets which triggered a tax credit. The charge in 2015 relates to the temporary difference between the carrying value of the asset in the consolidated statement of financial position and its tax base. The dual recovery method continues to be applied as disposal of the asset is anticipated.

### 10 Earnings per share

Basic earnings per share figures are calculated by dividing the weighted average number of Ordinary Shares in issue during the period into the profit after taxation attributable to the owners of the parent for the year.

| | **2015** | 2014 |
|---|---|---|
| Profit attributable to owners of parent – continuing (£'000) | **511** | 607 |
| Loss attributable to owners of parent – discontinuing (£'000) | **(220)** | (300) |
| | **291** | 307 |
| Weighted average number of ordinary shares outstanding | **17,842,013** | 15,037,642 |
| Basic earnings per share – continuing operations | **2.8p** | 4.0p |
| Basic loss per share – discontinuing operations | **(1.2)p** | (2.0)p |
| Basic earnings per share | **1.6p** | 2.0p |

For the purposes of calculating diluted earnings per share, dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the period.

| | **2015** | 2014 |
|---|---|---|
| Profit attributable to owners of parent – continuing (£'000) | **511** | 607 |
| Loss attributable to owners of parent – discontinuing (£'000) | **(220)** | (300) |
| | **291** | 307 |
| Weighted average number of ordinary shares outstanding | **17,842,013** | 15,037,642 |
| Dilutive effect of share options | **-** | - |
| Weighted average number of shares for the calculation of diluted earnings per share | **17,842,013** | 15,037,642 |
| Diluted earnings per share -continuing operations | **2.8p** | 4.0p |
| Diluted loss per share – discontinuing operations | **(1.2)p** | (2.0)p |
| Diluted earnings per share- total | **1.6p** | 2.0p |

The exercise prices of all share options in issue were above the average market share price and hence have no dilutive effect in the current year or the prior year.

## 11 Goodwill

The net book value of goodwill at 31 December 2015 was £2,338,000 (31 December 2014: £2,338,000) and relates to the Commodity Trading business segment. The goodwill arose on the acquisition of Townview Foods Limited in 2012 and this is the cash generating units (CGUs) to which the goodwill has been allocated.

The recoverable amount of the CGU is based upon value in use. The key assumption in determining value in use is the underlying profitability of the acquired business which depends upon a number of factors including prices and volumes negotiated with both key suppliers and customers. The business has an established trading history, which together with input from both the board and existing management team of Townview Foods Limited, is forecast to generate net cash flows for each of the next ten years. A discount rate of 8.5% has been used.

## 12 Property, plant and equipment

| | Freehold Land | Leasehold Buildings | Plant and Equipment | Total |
|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **Cost** | | | | |
| At 1 January 2015 | 3,544 | 13,190 | 8,650 | 25,384 |
| Additions | - | - | 502 | 502 |
| At 31 December 2015 | 3,544 | 13,190 | 9,152 | 25,886 |
| **Depreciation** | | | | |
| At 1 January 2015 | - | 3,956 | 5,430 | 9,386 |
| Charge for year | - | 242 | 373 | 615 |
| At 31 December 2015 | - | 4,198 | 5,803 | 10,001 |
| **Net book value** | | | | |
| **31 December 2015** | **3,544** | **8,992** | **3,349** | **15,885** |

| | Freehold Land £'000 | Leasehold Buildings £'000 | Plant and Equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2014 | 2,553 | 11,797 | 7,389 | 21,739 |
| Additions | 991 | 1,393 | 1,261 | 3,645 |
| At 31 December 2014 | 3,544 | 13,190 | 8,650 | 25,384 |
| **Depreciation** | | | | |
| At 1 January 2014 | - | 3,728 | 5,060 | 8,788 |
| Charge for year | - | 228 | 370 | 598 |
| At 31 December 2014 | - | 3,956 | 5,430 | 9,386 |
| **Net book value** | | | | |
| **31 December 2014** | **3,544** | **9,234** | **3,220** | **15,998** |

Included within the net book value of £16m is £614,000 (2014: £679,000) relating to assets held under finance lease. The depreciation charged in the financial statements in the year in respect of such assets amount to £35,000 (2014: £28,000).

The company has carried out impairment reviews on a number of its properties. In carrying out the review an annual discount factor of 8.5% was applied to future cash flows and best estimates were used for realisable values at the end of the period. It was concluded that there were no impairments necessary in 2015 (2014 £Nil).

## 13 Trade and other receivables

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Trade receivables | **4,133** | 3,270 |
| Less: Provision for impairment of trade receivables | (1) | (1) |
| Trade receivables - net | **4,132** | 3,269 |
| Other receivables | **511** | 17 |
| Prepayments | **764** | 676 |
| Transfer to disposal group (note 30) | **(93)** | (150) |
| | **5,314** | 3,812 |

All amounts fall due within one year therefore the fair value is considered to be approximately equal to the carrying value. All of the Group's trade and other receivables are denominated in Pounds sterling.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The group has entered into a confidential invoice discounting facility. This facility is secured on the trade receivables above.

As at 31 December 2015 trade receivables of £1,000 (2014: £1,000) were impaired. The other classes within trade and other receivables do not contain impaired assets.

As of 31 December 2015, trade receivables of £805,000 (2014: £522,000), were past due of which £1,000 (2014: £2,000) were impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Up to 3 Months | **730** | 105 |
| Over 3 Months | **75** | 417 |
| | **805** | 522 |

## 14 Inventories

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Goods for resale | 386 | 52 |
| | **386** | 52 |

Goods for resale consist of commodity products purchased by Townview Foods Limited and Foro International Connections Limited for resale. There were no write downs of stock during the financial year.

## 15 Financial liabilities

| | **Contingent Consideration** | **Caps/ Swaps** | **Total** |
|---|---|---|---|
| | **£'000** | **£'000** | **£'000** |
| At 1 January 2014 | 754 | 12 | 766 |
| Deferred consideration paid | (174) | - | (174) |
| Charged to the Consolidated Statement of Comprehensive Income | 51 | 44 | 95 |
| At 31 December 2014 | 631 | 56 | 687 |
| Deferred consideration paid | (185) | - | (185) |
| Charged to the Consolidated Statement of Comprehensive Income | 33 | (25) | 8 |
| **At 31 December 2015** | **479** | **31** | **510** |
| Current fair value financial liabilities | 168 | 31 | 199 |
| Non-current fair value financial liabilities | 311 | - | 311 |
| **At 31 December 2015** | **479** | **31** | **510** |

**Fair value of interest rate swaps/caps**

The notional principal amount of the outstanding interest rate swaps contract at 31 December 2015 was £6m (2014: £6m).

Financial assets/liabilities at fair value though profit or loss are presented within the section on investing activities in the Cash Flow Statement.

Changes in fair value of financial assets/liabilities through profit or loss are recorded within finance income/expense in the Consolidated Statement of Comprehensive Income - see note 8.

The above assessment has been performed applying valuation techniques derived from quoted prices.

This assessment has been consistent between periods and as such it is considered that level 2 of the fair value hierarchy as defined in IFRS 13 has been applied consistently.

**Contingent consideration**

At 31 December 2012, the Group recognised contingent consideration of £1,588,000 in connection with the acquisition of Townview Foods Limited (see note 30). The directors valued the contingent consideration using a probability weighted discounted cash flow model. The most significant assumption is the quantum of earnings before interest and tax of Townview Foods Limited for each of the next three years.

At date of acquisition the Group paid £2,750,000 for the net assets on completion. The net assets acquired were £2,858,000 and the balance of £110,000 was paid in January 2013. During the year ended 31 December 2015 £185,000 (2014: £174,000) of contingent consideration was paid.

As explained in note 30, the Board re-assessed the remaining amount of contingent consideration to be paid at 31 December 2013 resulting in a credit of £737,000 to the Consolidated Statement of Comprehensive Income. The Board re-assessed the remaining amount of contingent consideration to be paid at 31 December 2014 and concluded that that there had not been a significant change in the value of the liability. The Board have also re-assessed the remaining amount of contingent consideration to be paid at 31 December 2015 and concluded that there has not been a significant change in the value of the liability. Interest of £33,000 (2014: £51,000) has been charged to the Consolidated Statement of Comprehensive Income representing unwinding of the discount. There has been no change to the fair value on the contingent consideration as a result of changes in the assessment of credit risk.

Of the total amount of contingent consideration recognised at 31 December 2015, £211,000 (2014: £206,000) has been included within current liabilities and £268,000 (2014: 425,000) has been included in non-current liabilities. The gross undiscounted payments equate to £597,000.

In respect of the above assessment it is considered that level 3 of the fair value hierarchy as defined in IFRS 13 has been applied.

## 16 Trade and other payables

| | 2015 | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Trade payables | **2,927** | 2,237 |
| Value added tax and payroll taxes | **348** | 665 |
| Accruals | **1,119** | 801 |
| Deferred Income | **11** | 90 |
| Transfer to disposal group (note 30) | **(57)** | (475) |
| | **4,348** | 3,319 |

All amounts are short term. The net carrying value of trade payables is considered a reasonable approximation of fair value.

## 17 Current tax liabilities

| | 2015 | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Corporation tax - UK | **54** | 87 |
| Corporation tax - Ireland | **(10)** | (9) |
| | **44** | 79 |

The above liabilities are all payable within 1 year.

## 18 Borrowings

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| **Current** | | |
| Finance Leases | **135** | 124 |
| Invoice finance | **2,511** | 1,243 |
| Bank overdraft | **0** | 128 |
| Term Loans | **827** | 821 |
| | **3,473** | 2,316 |
| **Non Current** | | |
| Finance Leases | **354** | 489 |
| Non-current bank borrowings | **3,769** | 4,596 |
| | **4,123** | 5,085 |
| **Total Borrowings** | **7,596** | 7,401 |

The Group arranged the following borrowing facilities with HSBC Bank plc and its subsidiary HSBC Invoice Finance Limited.

(a) HSBC Bank plc agreed to a term loan of £7.5 million drawn down in December 2005 over a maximum period of 15 years and an overdraft facility of £0.4 million which is reviewed annually.

(b) HSBC Bank plc agreed to a term loan of £2 million drawn down in March 2008 over a maximum period of 15 years.

(c) HSBC Bank plc agreed to a term loan of £0.9 million drawn down in January 2012 over a maximum period of 10 years.

(d) HSBC Bank plc agreed to a term loan of £1.5 million drawn down in May 2014 over a maximum period of 5 years with a 15 year repayment profile.

(e) HSBC Invoice Finance Limited agreed to allow the Group to borrow up to an amount equivalent to 90% of trade debtors in respect of Norish Limited debtors, 90% in respect of Townview Foods Limited debtors, and 90% in respect of Foro International Connections Limited subject to an overall maximum limit of £4.25m (2014: £3.25m) which is reviewed annually.

# NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
***(CONTINUED)***

Overdraft interest is charged quarterly at an interest rate of bank base rate plus 2.25% (2014: 2.25%). Invoice finance interest is charged on a daily basis at bank base rate plus 2.2% (2014: 2.2%). Term Loan (a) above is charged quarterly at an interest rate of bank base rate plus 1.2% (2014: 1.2%). Term Loan (b) above is charged quarterly at an interest rate of bank base rate plus 1.75% (2014:1.75%).Term Loan (c) above is charged quarterly at an interest rate of bank base rate plus 2.75% (2014: 2.75%). Term Loan (d) above is charged quarterly at an interest rate of bank base rate plus 3% (2014: n/a).

The group has the following swaps in place:

(a) £3m (2014: £3m) swap at a fixed rate of 1.45% against base expiring on the 10 August 2016.

(b) £3m (2014: £3m) at a fixed rate of 1.03% expiring on the 14 June 2017.

The liabilities of Norish Plc pursuant to these facilities agreements are secured by:

(1) debentures creating first fixed and floating charges over all the assets, past present and future of Norish Limited and its subsidiaries;

(2) unlimited multilateral guarantees given by all Group companies each guaranteeing payment of the liabilities of the other;

(3) legal mortgages held over the Bury St. Edmunds, Wrexham, York, Gillingham and Leeds properties.

The fair value of the Group's financial liabilities as at 31 December 2015 was as follows:

| | **2015** | | 2014 | |
|---|---|---|---|---|
| | **Book Value £'000** | **Fair Value £'000** | Book Value £'000 | Fair Value £'000 |
| Current bank borrowings | **3,473** | **3,473** | 2,316 | 2,316 |
| Non-current bank borrowings | **4,123** | **4,123** | 5,085 | 5,085 |
| | **7,596** | **7,596** | 7,401 | 7,401 |

The Group pays interest at the base rate plus a margin of 1.2% to 3.0% which is reviewed quarterly. It is assumed that the Book Value reflects the Fair Value.

The carrying amounts of the Group's borrowings are all denominated in Pounds Sterling.

The un-drawn committed facilities available to the Group are set out below:

| | **2015 £'000** | 2014 £'000 |
|---|---|---|
| Floating rate, expiring within one year | | |
| Invoice finance | **705** | 942 |
| Bank overdraft | **400** | 400 |
| | **1,105** | 1,342 |

## 19 Provisions

| | **2015 £'000** | 2014 £'000 |
|---|---|---|
| At 1 January | **-** | 185 |
| Released to the Consolidated Statement of Comprehensive income | **-** | (185) |
| At 31 December | **Nil** | Nil |

## 20 Deferred tax

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Deferred tax liabilities: | | |
| Deferred tax liabilities to be recovered after more than 12 months | **922** | 934 |
| Deferred tax liabilities to be recovered within 12 months | **20** | 20 |
| | **942** | 954 |

The movement in deferred tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

| **Deferred tax liabilities** | **Accelerated capital allowances £'000** | **Fair value gains £'000** | **Total £'000** |
|---|---|---|---|
| At 1 January 2014 | 866 | (3) | 863 |
| Credited to the Consolidated Statement of Comprehensive Income | 99 | (8) | 91 |
| At 31 December 2014 | 965 | (11) | 954 |
| Charged (credited) to the Consolidated Statement of Comprehensive Income | (29) | 5 | (12) |
| **At 31 December 2015** | **936** | **6** | **942** |

The deferred tax liability due after more than one year prior to offsetting is £922,000 (2014: £934,000)

As a result of using the deferred tax dual recovery method in regard to the sale of assets it could potentially give rise to a deferred tax asset totalling £102,000 (2014: £102,000). However, the board feels that it is highly unlikely that this will ever be recoverable and have not provided this amount in the accounts.

## 21 Share capital

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| *Authorised* | | |
| 60,000,000 (2014: 25,000,000) Ordinary shares of €25c each | **10,836** | 4,556 |

| *Allotted, called up and fully paid* | **Number** | **£'000** |
|---|---|---|
| Ordinary shares of €25c each | | |
| At 1 January 2014 | 11,160,803 | 2,056 |
| Issued during the year | 5,945,573 | 1,224 |
| At 31 December 2014 | 17,106,376 | 3,280 |
| Issued during the year | 11,427,317 | 2,064 |
| **At 31 December 2015** | **28,533,693** | **5,344** |

During the year, the company issued 11,427,317 (2014: 5,945,573) Ordinary shares of €25c each for a total cash consideration of £5,142,000 (2014: £2,081,000). The excess over nominal value of £3,078,000 (2014: £856,000) less share issue costs of £286,000 (2014: £121,000) has been transferred to the share premium account.

**Share Premium**

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| At 1 January | **4,198** | 3,463 |
| Share Issue | **3,078** | 856 |
| Issue costs | **(286)** | (121) |
| At 31 December | **6,990** | 4,198 |

**Share options**

The Board shall in its absolute discretion select any number of individuals who may at the intended date of grant be participants and invite them to apply for the grant of options to acquire shares in the company. The subscription price at which shares may be acquired on the exercise of any option granted in response to the application shall be determined by the Board but shall not be less than the mid-market value of the share on the day the invitation to apply for the option is issued or the nominal value of the share.

The shares can be exercised between the third and the tenth anniversary of the date of grant, provided the Board is satisfied that there has been an increase in the earnings per share at least equivalent to the percentage increase in the Consumer Price Index plus 5% (or such greater percentage as is fixed by the Board) compound per annum.

The Group has applied the exemption available, and has applied the provisions of IFRS 2 only to those options granted after 7 November 2002 and which were not vested at 1 January 2006 and all options granted since that date.

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

| | **2015** | | 2014 | |
|---|---|---|---|---|
| | **Options Number** | **Weighted Average Exercise Price** | Options Number | Weighted Average Exercise Price |
| Outstanding at 1 January | **250,000** | **0.58** | 250,000 | 0.58 |
| Outstanding at 31 December | **250,000** | **0.58** | 250,000 | 0.58 |
| Exercisable at 31 December | **250,000** | **0.58** | 250,000 | 0.58 |

The share options outstanding at the end of the year expire June 2018 at an exercise price of 58p. The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model. While the Black-Scholes model does not take into account the performance conditions attached to the award, the directors are of the opinion that the charge recorded would not be materially different if a lattice model (which would take such conditions into account) had been employed. The following assumptions were used for the option grant in 2007:

| | |
|---|---|
| Modification date | 27 June 2008 |
| Grant date | 18 September 2007 |
| Share price at grant date | £0.58 |
| Exercise price | £0.58 |
| Shares under option | 250,000 |
| Vesting period (years) | 3 |
| Expected volatility | 40% |
| Expected life (years) | 3.5 |
| Risk free rate | 5% |
| Dividend yield | 3% |
| Fair value | £42,500 |

A modification was carried out on 27 June 2008 so that the shares would qualify under the Enterprise Management Incentive Scheme (EMI). The original shares issued under a HMRC unapproved company share option scheme were cancelled and new shares were issued to replace these under the EMI scheme. Expected volatility was calculated at 40% which was relatively typical at the time of the grant of shares for a FTSE 100 company. The company has an 18% volatility over the 5 years between September 2008 and November 2010.

During the year the Group agreed to establish a Joint Share Ownership Plan (JSOP) whereby employees or directors may be invited to acquire, jointly with a trust, shares in the company. The employee or director benefits from future growth in the share price subject to certain performance criteria being met. There were no transactions connected with the JSOP during the year.



### 22 Capital conversion reserve fund

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Capital conversion reserve fund | **23** | 23 |

During 1999 the company re-denominated the authorised share capital of the company from Irish Punts to Euro in accordance with Section 26 of the European Monetary Union Act 1998. This resulted in a reduction in respect of the issued shares which was transferred to the Capital conversion fund.

### 23 Cash and cash equivalents

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Cash at bank and on hand | **4,383** | 385 |
| | **4,383** | 385 |

### 24 Dividends

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Final dividend paid in respect of the previous year of 1.50 cent (2014: 1.50 cent) per ordinary share | **188** | 169 |

The Board recommends the payment of a final dividend of 1.50 cent per share. This will be paid on 21 October 2016 to those shareholders on the register on 30 September 2016. It will bring the total dividend in respect of the financial year to 1.50 cent per share compared with 1.50 cent last year.

## 25 Commitments and contingencies

(a) Operating leases

The Group leases various warehouses under non-cancellable operating lease agreements. The leases have varying lease terms, escalation clauses and renewal rights.

The Group also leases various plant and equipment under operating lease agreements. The lease expenditure charged in the year is shown in Note 8.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

| | **2015 Land and Buildings £'000** | **2015 Other operating leases £'000** | **2015 Total £'000** | 2014 Land and Buildings £'000 | 2014 Other operating leases £'000 | 2014 Total £'000 |
|---|---|---|---|---|---|---|
| *Expiring:* | | | | | | |
| Within one year | **373** | **777** | **1,150** | 366 | 697 | 1,063 |
| Between two and five years | **1,322** | **1,178** | **2,500** | 1,346 | 1,203 | 2,549 |
| Beyond five years | **1,890** | **22** | **1,912** | 1,228 | 804 | 2,032 |
| | **3,585** | **1,977** | **5,562** | 2,940 | 2,704 | 5,644 |

(b) Guarantees on leasehold properties

The annual operating lease commitment on land and buildings of £373,000 (2014: £366,000) arises on leasehold properties.

The operating lease commitment is stated gross of annual sub-lease income of £Nil (2014: £194,000).

(c) Capital commitments

At 31 December 2015, the Group had £Nil (2014: £Nil) of capital projects authorised of which £Nil (2014: £Nil) was contracted at 31 December 2015.

(d) Finance leases

The future aggregate minimum lease payments under non-cancellable finance leases are as follows:

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Within one year | **135** | 124 |
| Between two and five years | **301** | 280 |
| Beyond five years | **54** | 210 |
| | **489** | 614 |

## 26 Directors' remuneration

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Ted O'Neill | **101** | 118 |
| Kieran Mahon (Joined 19th August 2015) | **41** | - |
| Norman Hatcliff (Retired 31st December 2015) | **214** | 155 |
| Aidan Hughes | **111** | 114 |
| Torgeir Mantor | **14** | 14 |
| Willie McCarter | **14** | 14 |
| Sean Savage | **14** | 14 |
| | **509** | 429 |

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Aggregate emoluments | **431** | 382 |
| Company pension contributions | **78** | 47 |
| | **509** | 429 |

Details of directors' interests in shares and share options are set out on pages 14 and 15.

Directors' remuneration shown above comprises all of the fees, salaries, pensions and other benefits and emoluments paid to Directors.

The basis of the Directors' remuneration and the level of bonuses paid are fixed by the Remuneration Committee of the Board.

## 27 Pensions

The Group operates a defined contribution scheme. The assets of the scheme are independent of the assets of Norish plc and are invested with assurance companies and are held in trusts for the employees concerned.

Total pension costs for the year were £167,000 (2014: £131,000).

There was an accrual for £42,000 (2014: £13,000) included above for pension costs at 31 December 2015.

## 28 Group undertakings

| Subsidiary undertakings | Holding Direct | Nature of business |
|---|---|---|
| *Incorporated in Republic of Ireland* | | |
| Roebuck Investments Limited | 95% (Note 1) | Intermediate holding company |
| Foro International Connections Ltd | 90% | Commodity trading |
| *Incorporated in Northern Ireland* | | |
| Norish (U.K.) plc | 100% | Investment company |
| Norish (N.I.) Limited | 100% | Property management |
| Townview Foods Limited (subsidiary of Roebuck Investments Limited) | 100% | Commodity trading |
| *Incorporated in England* | | |
| Norish Limited (subsidiary of Norish (N.I.) Limited) | 100% | Cold storage |
| Belvedere Warehousing Limited (subsidiary of Norish Limited) | 100% | Non-trading |
| Norish Warehousing Limited (subsidiary of Belvedere Warehousing Limited) | 100% | Non-trading |

Note 1: As part of the transaction to acquire Townview Foods Limited in 2012, the vendor acquired a 5% interest in the ordinary shares of the acquisition vehicle, Roebuck Investments Limited, a subsidiary undertaking of Norish plc. Subject to certain conditions, Norish plc has the right to acquire these shares at their nominal value (£5) on or after 1 August 2018. Furthermore, through the ownership of the preferred ordinary shares in Roebuck Investments Limited, Norish plc has secured the entire equity interest in Townview Foods Limited to 1 August 2018 and beyond. Accordingly, the board consider that a financial liability of £5 should be recorded in these consolidated financial statements in respect of the vendor's interest and that Norish plc should account for 100% of the equity interest in Townview Foods Limited.

(a) *The registered offices of Norish plc and its subsidiary undertakings are set out below:*

| | |
|---|---|
| Norish plc<br>Roebuck Investments Limited<br>Foro International Connections Limited | South Bank House,<br>Barrow Street, Dublin 4, Republic of Ireland |
| Norish (U.K.) plc,<br>Norish (N.I.) Limited | 79 Chichester Street<br>Belfast BT1 4JE |
| Norish Limited, | Northern Industrial Estate |
| Belvedere Warehousing Limited,<br>Norish Warehousing Limited | Bury St Edmunds, Suffolk, IP32 6NL |
| Townview Foods Limited | 7 Carrivekeeney Road<br>Newry, County Down, BT35 7LU |

(b) *The issued share capital of the subsidiary undertakings is as follows:*

| | |
|---|---|
| Norish (U.K.) plc | 50,000 Ordinary shares of £1 each<br>10,146,180 A Ordinary shares of £0.0001 each |
| Norish (N.I.) Limited | 480,000 Ordinary shares of £1 each<br>1 A Ordinary share of £1 each |
| Norish Limited | 60,000 Ordinary shares of £1 each |
| Belvedere Warehousing Limited | 8,000 Ordinary shares of £1 each |
| Norish Warehousing Limited | 4,000 Ordinary shares of £0.25 each |
| Townview Foods Limited | 100 Ordinary shares of £1 each |
| Roebuck Investments Limited | 95 Ordinary shares of €1 each<br>5 Preferred ordinary shares of €1 each |
| Foro International Connections Ltd | 1,000 Ordinary shares of £1each<br>200,000 Preferred shares of £1 each |

## 29 Contingent Consideration

In 2012, the Group acquired the entire issued share capital of Townview Foods Limited, a meat import company based in Newry, Northern Ireland.

At date of acquisition the Group paid £2,750,000 for the net assets on completion. The net assets acquired were £2,858,000 and the balance of £110,000 was paid in January 2013. During the year ended 31 December 2015, £185,000 (2014: £174,000; 2013: £170,000) of contingent consideration was paid.

Contingent consideration is payable at the rate of 50% of Townview Foods Limited's earnings before interest and tax payable in six monthly instalments for each of the five years ending following the acquisition subject to a maximum amount payable to the vendor of £8.25m. In addition to these amounts, in the six month periods ending 30 June 2014 and 31 December 2014 amounts became payable to the vendor if earnings before interest and tax in any given six month period exceeded £868,000 and £970,000 respectively. No payments have been made in respect of these amounts.

The amount included as consideration above represented the Board's estimate of fair value of the purchase consideration, valuing the contingent consideration using a probability weighted discounted cash flow model consistent with level 3 of the fair value hierarchy as defined in IFRS 13. Earnings before interest and tax were initially extracted from the acquisition model and a discount rate of 8.5% was applied. Subsequently, budgets and forecasts have been prepared as part of the Group's financial planning activities which in turn have allowed the estimated amount of contingent consideration that the Group will need to pay to be recalculated. Based on performance during 2015 and that expected over the remaining measurement period, the Board estimated that the fair value of contingent consideration still to be paid at 31 December 2015 was £479,000 (2014 : £631,000).

The Board has re-assessed the remaining amount of contingent consideration to be paid at 31 December 2015 and have concluded that that there has not been a significant change in the value of the liability. Interest of £33,000 (2014: 51,000) has been charged to the Consolidated Statement of Comprehensive Income representing unwinding of the discount.

The undiscounted range of outcomes can range from a low of £607,000 to a high of £4,642,000.
At 31 December 2015 liabilities include £479,000 (2014: £631,000).

## 30 Discontinued operations and assets classified as held for sale

During 2013, the Board made the decision to focus the Group's storage operations exclusively on cold storage in both the South East and North West of the United Kingdom. Consequently, the Board agreed to exit the Group's storage operations in the North of England comprising both the York ambient storage site and Leeds cold store. The York ambient storage site's carrying value was to be recovered by a sale of the site and accordingly, these activities were classified as held for sale. The disposal of the site completed during 2014. The Leeds site is currently being marketed for sale which was originally expected to complete in 2014. However, market conditions have meant that the site remains unsold. The Board have taken the necessary actions during 2015 to respond to changes in market conditions and the site continues to be actively marketed at a price considered reasonable against current market conditions. The Board remain committed to the plan to sell the site and believe it is reasonable that a sale will complete within one year of the balance sheet date.

Prior to the transfer of these sites to assets held for sale in 2013, the group impaired the carrying value by £677,022 to £2.3m. During 2014, the group impaired a further £200,000. Financial information in respect of this component of the Group is summarised below.

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Operating cash flows | **(475)** | (100) |
| Investing cash flows | - | 1,550 |
| Financing cash flows | - | (1,308) |
| Total cash flows | **(475)** | 142 |

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Property, plant and equipment | **425** | 550 |
| Other current assets | **93** | 150 |
| Total assets of the disposal group classed as held for sale | **518** | 700 |

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Trade and other payables | **518** | 475 |
| Total liabilities of the disposal group classed as held for sale | **57** | 475 |

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Revenue | **519** | 497 |
| Expenses | **(739)** | (797) |
| **Loss after tax of discontinued operations** | **(220)** | (300) |

## 32 Post-reporting date events

No significant events have taken place since the year-end that would result in adjustment to the financial statements or the inclusion of a note thereto.

## 33 Related party transactions

Consultancy services totalling £1,000 (2014:£1,000) were provided by a relative of a director during the year. There was £nil outstanding as at 31 December 2015 (2014:£nil).

## 34 Approval of financial statements

The Board of Directors approved these financial statements on 30 March 2016.

# COMPANY BALANCE SHEET

*at 31 December 2015*

| | *Note* | **2015** **£'000** | 2014 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments – Shares in group undertakings | *5* | **852** | 752 |
| **Current assets** | | | |
| Debtors | *6* | **11,955** | 7,428 |
| **Creditors:** amounts falling due within one year | *7* | **(388)** | (388) |
| **Net current assets** | | **11,567** | 7,040 |
| **Net assets** | | **12,419** | 7,792 |
| **Equity** | | | |
| Called up share capital | *8* | **5,344** | 3,280 |
| Share premium account | | **6,990** | 4,198 |
| Capital conversion reserve fund | | **23** | 23 |
| Profit and loss account | | **62** | 291 |
| **Shareholders' funds** | | **12,419** | 7,792 |

Approved on behalf of the board on 30March 2016 by:

T.J. O'Neill
*Chairman*

A. Hughes
*Finance Director*

# COMPANY STATEMENT OF CHANGES IN EQUITY

| | Share Capital £'000 | Share Premium Account £'000 | Capital Conversion Reserve Fund £'000 | Profit and Loss Account £'000 | Total £'000 |
|---|---|---|---|---|---|
| At 1 January 2014 | 2,056 | 3,463 | 23 | 152 | 5,694 |
| Profit for the financial year | - | - | - | 297 | 297 |
| Dividends paid (Note 4) | - | - | - | (158) | (158) |
| Share issue | 1,224 | 856 | - | - | 2,080 |
| Share issue costs | - | (121) | - | - | (121) |
| **At 31 December 2014** | **3,280** | **4,198** | **23** | **291** | **7,792** |
| Loss for the financial year | - | - | - | (51) | (51) |
| Dividends paid (Note 4) | - | - | - | (178) | (178) |
| Share issue | 2,064 | 3,078 | - | - | 5,142 |
| Share issue costs | - | (286) | - | - | (286) |
| **At 31 December 2015** | **5,344** | **6,990** | **23** | **62** | **12,419** |

**Share premium account:** This represents the net proceeds from issuing shares in excess of the nominal value of those shares.

**Capital conversion fund:** During 1999 the company re-denominated the authorised share capital of the company from Irish Punts to Euro in accordance with Section 26 of the European Monetary Union Act 1998. This resulted in a reduction in respect of the issued shares which was transferred to the Capital conversion fund.

**Profit and loss account:** The represents cumulative retained profits and losses net of distributions to shareholders.

# NOTES TO THE ACCOUNTS

## 1 Accounting policies

Norish plc is the parent company of the Norish plc group of companies. The company is listed on the Alternative Investments Market ("AIM"), and is incorporated and domiciled in the Republic of Ireland. The address of its registered office is Norish plc, 6th Floor, South Bank House, Barrow Street, Dublin 4, Republic of Ireland.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company financial statements.

**Basis of preparation**
The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and Irish statute comprising of the Companies Act 2014.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

***First time application of FRS 100 and FRS 101***

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with financial reporting standards of the Financial Reporting Council, as promulgated by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with Generally Accepted Accounting Practice in Ireland. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with comply with Generally Accepted Accounting Practice in Ireland.

*Exemptions taken*

The following exemptions from the requirements of EU adopted IFRS have been applied in the preparation of these financial statements in accordance with FRS 101:

(a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment because this information is given in the notes to the consolidated financial statement for the Group;
(b) IFRS 7 ‘Financial Instruments: Disclosures’;
(c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
(d) Paragraph 38 of IAS 1, ‘Presentation of financial statements’ comparative information requirements in respect of paragraph 79 (a) (iv).
(e) The following paragraphs of IAS 1, ‘Presentation of financial statements’:
    i. 10 (d) (statement of cash flows);
    ii. 10 (f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
    iii. 16 (statement of compliance with all IFRS);
    iv. 38A (requirement for a minimum of two primary statements, including cash flow statements);
    v. 38B-D (additional comparative information);
    vi. 40A-D (requirements for a third statement of financial position);
    vii. 111 (cash flow statement information); and
    viii. 134-136 (capital management disclosures).
(f) IAS 7 ‘Statement of cash flows’;
(g) Paragraphs 30 and 31 of IAS 8 ‘Accounting policies, changes in accounting estimates and errors’;
(h) Paragraph 17 of IAS 24 ‘Related party disclosures; and
(i) The requirements in IAS 24 ‘Related party disclosures’ to disclose related party transactions entered into between two or more members of a group.

**Going concern**

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group as a whole has adequate resources to continue in operation for the foreseeable future.

The group borrowings are underpinned by a portfolio of freehold and long leasehold properties and at the year end there were agreed, but undrawn facilities of £1.1m along with cash reserves of £4.4m. The group also has the ability to raise equity funds through the London Stock Exchange (AIM) market.

Taking into account all of the above the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

**Financial fixed assets**
Investments in subsidiary undertakings are shown at cost less accumulated impairment losses.

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

***Financial assets***
The Company classifies all of its financial assets as loans and receivables.

***Loans and receivables***
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

***Financial liabilities***
The Company classifies all of its financial liabilities as liabilities at amortised cost.

***Amortised cost***
Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

**Taxation**
The tax expense for the financial comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.
-

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**Foreign currencies**
Transactions in foreign currencies by individual entities are recorded using the rate of exchange ruling at the date of the transaction. The gains or losses on translation are included in the profit and loss. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated).

The Company's functional currency is Pounds Sterling.

**Dividends**
Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**Share based payments**
The Company issues equity-settled share-based payments to certain employees. In accordance with IFRS 2, “Share-based payments”, equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of the number of shares that will eventually vest.

The Group has applied the exemption available, and has applied the provisions of IFRS 2 only to those options granted after 7 November 2002 and which were outstanding at 1 January 2006 and all options issued since that date.

It is the company policy to debit the annual charge to investments and credit reserves.

Details of share options that were granted by the company are presented in note 21 to the consolidated IFRS financial accounts within these financial statements.

### 2 Judgments in applying accounting policies and key sources of estimation uncertainty

***Impairment***
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### 3 (Loss)/profit of the company

In accordance with Section 304 of the Companies Act, 2014 a separate profit and loss account for the Company has not been presented. The loss for the year arising in Norish plc amounted to £51,000 (2014: profit of £297,000).

### 4 Dividends paid and proposed

| | **2015** | 2014 |
|---|---|---|
| | **£’000** | £’000 |
| Final dividend paid in respect of the previous year of 1.50 cent (2014: 1.50cent) per ordinary share | **(178)** | (158) |

The group paid a total dividend in 2015 of £188,000 (2014: £169,000), of which £178,000 (2014: £158,000) was paid through the company and £10,000 (2014: £11,000) was paid through Norish UK plc under the Twin Share Option Scheme.

### 5 Investments – Shares in group undertakings

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Cost and net book value at 1 January 2015 | 752 | 651 |
| Additions | 100 | 101 |
| Cost and net book value at 31 December 2015 | **852** | **752** |

In the opinion of the Directors, the value of shares in subsidiary undertakings is not less than the original book value.

Details of the Company's subsidiary undertakings are presented in Note 29 to the consolidated IFRS accounts within these financial statements.

### 6 Debtors

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Amount receivable from subsidiary undertakings | **11,945** | 7,426 |
| Corporation tax | **10** | 2 |
| | **11,955** | 7,428 |

Amounts due from Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 7 **Creditors**: Amounts falling due within one year

| | **2015** | 2014 |
|---|---|---|
| | **£'000** | £'000 |
| Amounts owed to subsidiary undertakings | **388** | 388 |
| | **388** | 388 |

Amounts due to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 8 Called up share capital

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| *Authorised* | | |
| 60,000,000 (2014: 25,000,000) Ordinary shares of €25c each | **10,836** | 4,556 |
| *Allotted, called up and fully paid* | **Number** | **£'000** |
| Ordinary shares of €25c each | | |
| At 1 January 2014 | 11,160,803 | 2,056 |
| Issued during the year | 5,945,573 | 1,224 |
| At 31 December 2014 | 17,106,376 | 3,280 |
| Issued during the year | 11,427,317 | 2,064 |
| **At 31 December 2015** | **28,533,693** | **5,344** |

The total Ordinary shares in issue are 28,533,693 (2014: 17,106,376). These are all fully paid up. During the year, the company issued 11,427,317 Ordinary shares of €25c each for a total cash consideration of £5,142,000 (2014: £2,081,000). The excess over nominal value of £3,078,000 (2014: £856,000) less share issue costs of £286,000 (2014: £121,000) has been transferred to the share premium account. The proceed will be used to fund a number of investment opportunities.

Details of share options that were granted by the company are presented in note 22 to the consolidated IFRS financial accounts within these financial statements.

### 9 Financial commitments and contingencies

At the 31 December 2015, the Group had £Nil (2014: £Nil) of capital projects authorised of which £Nil (2014: £Nil) was contracted at 31 December 2015.

At the 31 December 2015, the Company has exposure for the debts of Norish Limited and Townview Foods Limited totalling £7,107,000 (2014: £6,788,000) to HSBC Bank plc.

The liabilities of Norish Limited pursuant to these facilities agreements are secured by:

(1) debentures creating first fixed and floating charges over all the assets, past present and future of Norish Limited and its subsidiaries;

(2) unlimited multilateral guarantees given by all Group companies each guaranteeing payment of the liabilities of the other;

(3) legal mortgages held over the Bury St. Edmunds, Wrexham, York , Gillingham and Leeds properties.

# HISTORICAL FINANCIAL SUMMARY

## Consolidated income statement

| | 2011 £'000 | 2012 £'000 | 2013 £'000 | 2014 £'000 | 2015 £'000 |
|---|---|---|---|---|---|
| Revenue – continuing | 11,213 | 13,552 | 22,811 | 23,645 | 27,515 |
| – discontinuing | - | 1,324 | 720 | 497 | 519 |
| Trading profit – continuing | 1,045 | 1,035 | 1,151 | 1,730 | 1,451 |
| – discontinued | - | - | (946) | (300) | (220) |
| Other Income | 190 | 109 | 315 | - | - |
| Other exceptional items | - | (317) | - | - | - |
| Net finance expenses | (260) | (287) | (147) | (370) | (279) |
| Depreciation | (569) | (595) | (556) | (598) | (615) |
| Profit/(loss) before taxation | 406 | (55) | (183) | 462 | 337 |
| Taxation | (44) | (24) | 104 | (164) | (48) |
| Profit/(loss) for the financial year | 362 | (79) | (79) | 298 | 289 |
| Dividends | (92) | (93) | (108) | (169) | (188) |

## Consolidated balance sheet

| | 2011 £'000 | 2012 £'000 | 2013 £'000 | 2014 £'000 | 2015 £'000 |
|---|---|---|---|---|---|
| **Total assets less current liabilities** | | | | | |
| Non-current assets | 16,264 | 19,275 | 15,289 | 18,336 | 18,223 |
| Current assets | 2,877 | 4,431 | 6,048 | 4,949 | 10,601 |
| Current liabilities | (4,066) | (7,136) | (7,512) | (6,451) | (8,233) |
| | 15,075 | 16,570 | 13,825 | 16,834 | 20,591 |
| **Financed by** | | | | | |
| Share capital | 1,674 | 1,841 | 2,056 | 3,280 | 5,344 |
| Share premium account | 3,229 | 3,276 | 3,463 | 4,198 | 6,990 |
| Capital conversion reserve fund | 23 | 23 | 23 | 23 | 23 |
| Retained earnings | 3,099 | 2,927 | 2,740 | 2,878 | 2,981 |
| Non-controlling interest | - | - | - | (9) | (11) |
| **Shareholders' funds - equity** | 8,025 | 8,067 | 8,282 | 10,370 | 15,327 |
| Provisions | 139 | 145 | 185 | - | - |
| Deferred tax | 1,055 | 1,046 | 863 | 954 | 942 |
| Deferred consideration | - | 1,422 | 594 | 425 | 199 |
| Long term liabilities | 5,856 | 5,890 | 3,901 | 5,085 | 4,123 |
| | 15,075 | 16,570 | 13,825 | 16,834 | 20,591 |

# NORISH PLC

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6th Floor
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Dublin 4

**Operational Head Office**
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