

CHAIRMAN'S STATEMENT

Norish plc results for the year ended 31 December 2015 as follows:

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 have already been purchased and we plan to be milking cows in Spring 2017.

CHAIRMAN'S STATEMENT (*CONTINUED*)

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 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.

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 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.

FINANCIAL REVIEW (CONTINUED)

Capital

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

Cash Position

Net debt reduced by 54% to £3.2m (2014: £7m). Operating activities generated £Nil (2014: £1.2m) and financing activities generated £4.6m (2014: £1.2m). A net investment in assets was made of £0.5m (2014: £2m).

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.



Aidan Hughes
Finance Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2015

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2015

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2015

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

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

CONSOLIDATED CASH FLOW STATEMENT

<i>for the financial year ended 31 December 2015</i>	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	(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	4,383	385

