

# **Norish plc**

## **Preliminary Statement of Annual Results 2014**

### **Results**

Norish plc results for the year ended 31<sup>st</sup> December 2014 as follows:

#### **Financial Highlights**

- Total Revenue up 3.5% to £23.6m (2013 : £22.8m).
- Revenue from Commodity trading up 3.5% to £11.8m (2013 : £11.4m).
- Revenue from our continuing temperature controlled business increased up 4.5% to £11.7m (2013 : £11.2m ).
- Gross profit up 50% to £1.6m (2013 : £1.07m).
- Net assets up 25% to £10.4m (2013 : £8.3m).
- Net debt decreased by 10% to £7.0m (2013 : £7.8m).
- Dividend per share up 20% to 1.5 ¢cent (2013 : 1.25 ¢cent).

#### **Operational Highlights**

- Group raised £2.1 million (gross) through a Placing and Open Offer in May 2014
- Group agreed a bank term loan of £1.5 million.
- Birmingham site acquired in May 2014 for £2.4m, eliminating rental and landlord costs of £400,000 per annum.
- Blast Freezing facility investment of £665,000, eliminating £165,000 annual rental costs.

# CHAIRMAN'S STATEMENT

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## Operations

### North West Division

The North West cold store division which comprises of the freehold sites at Wrexham and Birmingham performed well against last year. The increase of pork exports to China was a significant factor in the improved performance. During the year we purchased the Birmingham Cold Store for £2.4m gross and invested in Blast Freezing Facilities of £0.7m. This was financed by an equity raising of £2.1m and a Bank term loan of £1.5m. This investment has helped improve the performance of the division.

### South East Division

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 2013.

Across our two temperature controlled divisions the number of pallets into our stores decreased by 10%, blast freezing volumes increased 21% and our closing stocks increased 5%.

### Commodity Trading

Our commodity trading division which consists of Town View Foods Limited and Foro International Connections Limited contributed £0.4m for the year. This is similar to the 2013 performance but includes start up costs of £0.1m incurred in setting up the new trading division in the Republic of Ireland.

Town View Foods trades in protein products mainly Beef, Pork and Lamb. During 2014 the sales of Lamb products increased reducing the reliance on Beef and Pork.

Foro International Connections Limited commenced trading in Fish Products.

### Discontinued

During the year the group sold the York ambient site for £1.55m net of fees. This site was not part of the future plans for the business. As part of our strategy to exit the ambient business, the warehouse at Leeds is being marketed for sale. We expect this property to sell in 2015. Losses in respect of these properties are included in discontinued activities of £0.3m, which include an impairment of £0.2m in respect of the York site. The Leeds property is classed as an asset held for sale.

## Financial Review

The Group has shown a strong improvement in financial performance in 2014 with increased gross profits of £1.6m (2013: £1.1m). Shareholders funds at 31 December 2014 were up to £10.4m (2013: £8.3m ). Net debt at 31 December 2014 was £7m compared to £7.8m at 31 December 2013.

## Dividend

The board recommends the payment of a final dividend of 1.50 ¢cent per share. This will be paid on the 23 October 2015 to those shareholders on the register on the 25 September 2015. It will bring the total dividend in respect of the financial year to 1.50 ¢cent per share which is a 20% increase on last year.

**Personnel**

On behalf of the board, I would like to thank the management team and staff for their commitment and contribution in 2014.

A handwritten signature in black ink, appearing to read "Ted O'Neill". The signature is written in a cursive style with a prominent initial stroke.

**Ted O'Neill**  
**Chairman**  
**4 March 2015**

The results herein do not represent full accounts. Full accounts for the year ended 31 December 2014, upon which the Auditors have given an unqualified audit report, have not yet been filed with the Registrar of Companies. Full accounts for the year ended 31 December 2013 containing an unqualified audit report from the Auditors have been delivered to the Registrar of Companies.

The audited Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement in sterling currency, with comparatives, are attached.

## **FINANCIAL REVIEW**

**The significantly improved financial performance in 2014 was a result of increased sales and capital investment in the purchase of the Freehold Cold Store at Birmingham and the investment in blast freezing facilities.**

### **Sales**

Total Group revenue increased by 3.5% to £23.6m (2013: £22.8m). Temperature controlled revenues increased by 4.5% to £11.7m (2013: £11.2m). Revenues were up mainly as a result of an increase of 21% in blast freezing volumes. Revenues in the commodity division increased by 3.5% to £11.8m (2013: £11.4m). This was a result of additional lamb sales.

### **Gross profit**

Gross profit increased by 50% to £1.6m (2013: £1.07m). This resulted from the improved sales performance and the purchase of the Cold Store at Birmingham together with the investment in blast freezing facilities. The investment in blast freezing facilities has allowed us eliminate £0.165m in annual rental costs.

### **Operating profit**

Operating profit increased to £1.1m (2013: £0.9m). Adjusting for the other income included in 2013 of £0.3m, this performance is a significant improvement year on year. The other income in 2013 included a net non cash credit of £315,000 which was made up of an adjustment on the deferred consideration in respect of the purchase of Town View Foods of £737,000 and a write off on the R22 derivative option of £422,000. R22 is a refrigeration gas and during 2013 we held an option in excess of our own use requirement to purchase this product. At 31 December 2013 the fair value of this option was Nil and Under IAS39 we accounted for the fair value loss.

### **Finance expense (net)**

Finance expense increased to £0.37m (2013: £0.15m). This was impacted by the non cash movement in the valuation of the swap instruments of £0.2m. 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.

### **Taxation**

Deferred tax charge increased to £0.1m (2013: £0.2m credit). The credit in 2013 arose mainly as a result of the write off on the R22 option and the movement in the swap valuation.

### **Loss from discontinued operations**

As part of the Groups strategy to exit the ambient sector we recorded a loss of £0.3m (2013: £0.9m). The loss for 2014 includes an impairment of £0.2m in respect of the property at York. In 2013 the loss includes an impairment of £0.7m for the properties at York and Leeds in 2013.

### **Earnings per share**

The basic earnings per share fell to 4p (2013: 8.4p). The reduction was impacted by other income in 2013 of £0.3m, the non cash movements in swaps of £0.2m and a deferred tax credit of £0.2m. This would account for 4.5p per share. Additional shares of 5,945,573 were issued in May 2014.

### **Capital**

During the year we invested £3.6m (2013: £0.3m) which was mainly made up of £2.4m in respect of the purchase of the cold store at Birmingham and £0.7m invested in blast freezing facilities. We disposed of our property at York for £1.5m and impaired the asset by £0.2m which is included in discontinued operations. The proceeds were used to reduce our term loan facilities by £1.2m.

### **Net debt**

This reduced by 10% to £7m (2013: £7.8m). Operating activities generated £1.2m (2013: £0.5m) and financing activities generated £1.2m (2013: £Nil). A net investment in assets was made of £2m (2013: £0.4m).

### **Dividend**

The board recommends the payment of a final dividend of 1.50 €cent per share. This will be paid on the 23 October 2015 to those shareholders on the register on the 25 September 2015. It will bring the total dividend in respect of the financial year to 1.50 €cent per share which is a 20% increase on last year.

**Aidan Hughes**  
**Finance Director**  
**4 March 2015**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the year ended 31 December 2014*

	2014 £'000	2013 £'000
<b>Continuing operations</b>		
Revenue	23,645	22,811
Cost of sales	(22,046)	(21,744)
<b>Gross profit</b>	<u>1,599</u>	<u>1,067</u>
Other income	-	315
Administrative expenses	(467)	(472)
<b>Operating profit from continuing operations</b>	<u>1,132</u>	<u>910</u>
Finance income – fair value non-cash (loss)/gain swaps	(44)	134
Finance expenses – interest paid	(275)	(236)
Finance expenses – notional interest	(51)	(45)
<b>Profit on continuing activities before taxation</b>	<u>762</u>	<u>763</u>
Income taxes – Corporation tax	(71)	(79)
Income taxes – Deferred tax	(93)	183
<b>Profit for the period from continuing operations</b>	<u>598</u>	<u>867</u>
Loss from discontinued operations	(300)	(946)
<b>Profit/(loss) for the year</b>	<u>298</u>	<u>(79)</u>
Other comprehensive income	-	-
<b>Total comprehensive income/(expense) for the year</b>	<u>298</u>	<u>(79)</u>
Profit/(loss) for the year attributable to owners of the parent	307	(79)
Loss for the year attributable to non-controlling interest	<u>9</u>	<u>-</u>
Total comprehensive Income/(expense) for the year attributable to owners of the parent	307	(79)
Total comprehensive expense for the year attributable to non-controlling interest	(9)	-

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the year ended 31 December 2014*

	2014	2013
<b>Earnings per share expressed in pence per share:</b>		
From continuing operations		
- basic	<b>4.0p</b>	8.4p
- diluted	<b>4.0p</b>	8.4p
From discontinued operations		
- basic	<b>(2.0)p</b>	(9.1)p
- diluted	<b>(2.0)p</b>	(9.1)p

In May 2014 the group issued increased its shares in issue by 5,945,573 ordinary shares to 17,106,376.

The weighted average number of shares used in computing basic and diluted earnings per share was 15,053,932.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2014

	2014	2013
	£'000	£'000
<b>Assets</b>		
<b>Non current assets</b>		
Goodwill	2,338	2,338
Property, plant and equipment	15,998	12,951
	<u>18,336</u>	<u>15,289</u>
<b>Current assets</b>		
Trade and other receivables	3,812	3,560
Inventories	52	5
Cash and cash equivalents	385	49
Assets of disposal group classified as held for sale	700	2,434
	<u>4,949</u>	<u>6,048</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	(3,319)	(3,314)
Financial liabilities at fair value through profit or loss	(262)	(172)
Current tax liabilities	(79)	(28)
Borrowings	(2,316)	(2,531)
Borrowings of disposal group classified as held for sale	-	(1,375)
Liabilities of disposal group classified as held for sale	(475)	(92)
	<u>(6,451)</u>	<u>(7,512)</u>
<b>Net current liabilities</b>	<u>(1,502)</u>	<u>(1,464)</u>
<b>Non-current liabilities</b>		
Borrowings	(5,085)	(3,901)
Financial liabilities at fair value through profit or loss	(425)	(594)
Provisions	-	(185)
Deferred tax	(954)	(863)
	<u>(6,464)</u>	<u>(5,543)</u>
<b>Net assets</b>	<u>10,370</u>	<u>8,282</u>
<b>Equity</b>		
Share capital	3,280	2,056
Share premium account	4,198	3,463
Capital conversion reserve fund	23	23
Retained earnings	2,878	2,740
<b>Equity attributable to equity holders of the parent</b>	<u>10,379</u>	<u>8,282</u>
Non controlling Interest	(9)	-
<b>Total Equity</b>	<u>10,370</u>	<u>8,282</u>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2014*

	Share capital £'000	Share premium £'000	Capital Conversion Reserve £'000	Retained earnings £'000	Total £'000	Non- Controlling interest £'000	Total equity £'000
<b>At 1 January 2013</b>	<b>1,841</b>	<b>3,276</b>	<b>23</b>	<b>2,927</b>	<b>8,067</b>	<b>-</b>	<b>8,067</b>
Net loss for the year	-	-	-	(79)	(79)	-	(79)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(79)</b>	<b>(79)</b>	<b>-</b>	<b>(79)</b>
Issue of share capital	215	190	-	-	405	-	405
<b>Transactions with owners</b>	<b>215</b>	<b>190</b>	<b>-</b>	<b>(79)</b>	<b>326</b>	<b>-</b>	<b>326</b>
Share issue costs	-	(3)	-	-	(3)	-	(3)
Equity dividends paid (recognised directly in equity)	-	-	-	(108)	(108)	-	(108)
<b>At 31 December 2013</b>	<b>2,056</b>	<b>3,463</b>	<b>23</b>	<b>2,740</b>	<b>8,282</b>	<b>-</b>	<b>8,282</b>
Net profit for the year	-	-	-	307	307	(9)	298
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>307</b>	<b>307</b>	<b>(9)</b>	<b>298</b>
Issue of share capital	1,224	856	-	-	2,080	-	2,080
<b>Transactions with owners</b>	<b>1,224</b>	<b>856</b>	<b>-</b>	<b>307</b>	<b>2,387</b>	<b>(9)</b>	<b>2,378</b>
Share issue costs	-	(121)	-	-	(121)	-	(121)
Equity dividends paid (recognised directly in equity)	-	-	-	(169)	(169)	-	(169)
<b>At 31 December 2014</b>	<b>3,280</b>	<b>4,198</b>	<b>23</b>	<b>2,878</b>	<b>10,379</b>	<b>(9)</b>	<b>10,370</b>

## CONSOLIDATED CASH FLOW STATEMENT

<i>for the year ended 31 December 2014</i>	<b>2014</b>	2013
	<b>£'000</b>	£'000
Profit on continuing activities before taxation	<b>762</b>	763
Loss on discontinued activities	<b>(300)</b>	(946)
Finance expenses	<b>370</b>	281
Finance income	-	(134)
Other Income	-	-
Unrealised gain on derivative financial instrument	-	422
Deferred consideration	-	(737)
Goodwill impairment	-	216
Depreciation – property, plant and equipment-net	<b>798</b>	1,331
	<b>1,630</b>	1,196
<b>Changes in working capital and provisions:</b>		
(Increase )/decrease in inventories	<b>(47)</b>	79
(Increase)/decrease in trade and other receivables	<b>(269)</b>	550
Increase in current liabilities held for sale	<b>383</b>	92
Increase/ (decrease) in payables	<b>5</b>	(589)
(Decrease)/increase in provisions	<b>(185)</b>	40
<b>Cash generated from operations</b>	<b>1,517</b>	1,368
R22 income received	-	-
Interest paid – bank loans and overdrafts	<b>(275)</b>	(236)
Taxation paid	<b>(21)</b>	(617)
<b>Net cash from operating activities</b>	<b>1,221</b>	515
<b>Investing activities</b>		
Payments to acquire subsidiary	-	(110)
Disposal of property, plant and equipment	<b>1,550</b>	41
Purchase of property, plant and equipment	<b>(3,645)</b>	(324)
<b>Net cash used in investing activities</b>	<b>(2,095)</b>	(393)
<b>Financing activities</b>		
Dividends paid to shareholders	<b>(169)</b>	(108)
Deferred consideration payments	<b>(174)</b>	(171)
Share issue proceeds	<b>2,080</b>	405
Share issue costs	<b>(121)</b>	(3)
Invoice finance (payments)/ receipts	<b>(420)</b>	370
Overdraft (payments)/receipts	<b>(128)</b>	128
Finance lease capital repayments	<b>(112)</b>	(51)
Finance lease advance	<b>695</b>	-
Term loan advance	<b>1,500</b>	-
Term loan repayments	<b>(1,941)</b>	(746)
<b>Net cash from/(used) in financing activities</b>	<b>1,210</b>	(176)
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>336</b>	(54)
Cash and cash equivalents and bank overdrafts, Beginning of period	<b>49</b>	103
Cash and cash equivalents end of period	<b>385</b>	49

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