

## **Norish plc**

### **Interim results 2015**

#### **Results**

Norish plc (AIM: NSH), is pleased to announce its interim results for the six months ended 30 June 2015.

#### **Financial Highlights**

- Total Revenue up 6% to £11.8m (2014 : £11.1m).
- Revenue from Commodity trading up 13% to £6.1m (2014 : £5.4m).
- Revenue from our continuing temperature controlled divisions was unchanged at £5.7m
- Gross profit up 11% to £0.6m (2014 : £0.54m).
- Operating profit up 25% to £0.39m ( 2014 : £0.3m)
- Net assets up 2% to £10.5m (June 2014 : £10.3m).
- Net debt was reduced by £1.3m to £7.1m compared to June 2014

#### **Operations**

##### North West Division

The North West cold store division which comprises the freehold sites at Wrexham and Birmingham performed well against last year. The investment in the purchase of the Birmingham site in 2014 has helped improve the performance of the division. Occupancy levels remain unchanged from the previous year, whilst Blast Freezing movements were up 3.5%.

##### South East Division

The South East Cold Stores, which comprises of the sites at Bury St. Edmunds (freehold), Braintree (leasehold), Gillingham (long leasehold with peppercorn rent) and East Kent (leasehold) performed better than the same period in 2014. Occupancy levels remain unchanged from the previous year, whilst Blast Freezing volumes were up 58%. The improvement in the result was mainly as a result of the improved performance at Bury St Edmunds, which handled the increased Blast Freezing volumes.

##### Commodity Trading

Our commodity trading division which consists of Town View Foods Limited and Foro International Connections Limited contributed £0.1m for the period. This is down from the same period last year which accounted for £0.2m. The results were affected by an investment in both personnel and process, in order to build a stronger and more diverse business to achieve future growth.

Town View Foods trades in protein products mainly Beef, Pork and Lamb. Sales from these products were similar to 2014.

Foro International Connections accounted for the increased sales of £0.7m in 2015. Foro traded mainly in Fish and Infant formulae in 2015.

### Discontinued

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. Trading losses in respect of these properties are included in discontinued activities of £0.03m. The Leeds property is classed as an asset held for sale.

### Outlook

The Group is focused on removing the seasonality in the temperature controlled divisions and has started the second half of the year with high occupancy levels.

The Commodity Trading Business is focused on increasing sales of protein products.

### **Financial Review**

The Group has shown a strong improvement in financial performance in 2015 with increased gross profits of £0.6m (2014: £0.54m). Shareholders' funds at 30 June 2015 were up to £10.5m (December 2014: £10.4m). Net debt at 30 June 2014 was reduced by £1.3m to £7.1m compared to £8.4m at 30 June 2014.

### **Dividend**

The board does not recommend the payment of an interim dividend, unchanged from last year.

## **FINANCIAL REVIEW**

**The improved financial performance in 2015 was a result of the 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 6% to £11.8m (2014: £11.1m). Temperature controlled revenues were unchanged at £5.7m (2014: £5.7m). Revenues in the commodity division increased by 13% to £6.1m (2014: £5.4m). This was a result of additional sales generated by the new trading company Foro International Connections.

### **Gross profit**

Gross profit increased by 11% to £0.6m (2014: £0.54m). This was mainly achieved from the purchase of the Cold Store at Birmingham together with the investment in blast freezing facilities.

### **Operating profit**

Operating profit increased to £0.38m (2014: £0.3m).

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

Finance expense unchanged at £0.14m (2014: £0.14m).

### **Loss from discontinued operations**

As part of the Group's strategy to exit the ambient sector we recorded a trading loss of £0.03m (2014: £0.02m). The loss in 2015 relates solely to the property at Leeds.

### **Earnings per share**

The basic earnings per share was unchanged at 1.1p (2014: 1.1p). The weighted average number of diluted ordinary shares was 17,106,376 (2014 : 11,069,070). 5,945,573 ordinary shares were issued in May 2014 to raise equity to help finance the purchase of the cold store at Birmingham and invest in blast freezing facilities. This impacted the weighted average number of shares in 2014.

### **Capital**

During the period we invested £0.3m (2014: £3.6m) in ongoing capital investment in the temperature controlled divisions. In 2014 we invested £2.4m in respect of the purchase of the cold store at Birmingham and £0.7m invested in blast freezing facilities.

### **Net debt**

This was reduced by £1.3m to £7.1m (June 2014: £8.4m). The reduction was mainly as a result of the sale of York for £1.55m net of fees.



**Norish plc**  
**Consolidated income statement**  
**For the six months ended 30 June 2015**

	<b>Six months ended 30 June 2015 (Unaudited) £'000</b>	Six months ended 30 June 2014 (Unaudited) £'000	Year ended 31 December 2014 (Audited) £'000
<b>Continuing operations</b>			
Revenue	11,814	11,144	23,645
Cost of sales	(11,214)	(10,602)	(22,046)
<b>Gross profit</b>	<b>600</b>	<b>542</b>	1,599
Administrative expenses	(217)	(236)	(467)
<b>Operating profit from continuing operations</b>	<b>383</b>	<b>306</b>	1,132
Finance expenses - interest paid	(132)	(118)	(275)
Finance expenses - fair value gain/(loss) swaps/caps	18	-	(51)
Finance expenses – notional interest	(24)	(24)	(44)
<b>Profit on continuing activities before taxation</b>	<b>245</b>	<b>164</b>	762
Tax on profit on ordinary activities	(54)	(41)	(164)
<b>Profit for the period attributable to owners of the parent from continuing operations</b>	<b>191</b>	<b>123</b>	598
Loss from discontinued activities	(29)	(16)	(300)
<b>Profit for the period</b>	<b>162</b>	<b>107</b>	298
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>162</b>	<b>107</b>	298
Profit for the period attributable to owners of parent	164	107	307
Total comprehensive expense for the period attributable to non-controlling interest	(2)	-	(9)
<b>Earnings per share expressed in pence per share:</b>			
From continuing operations			
- basic	1.1p	1.1p	4.0p
- diluted	1.1p	1.1p	4.0p
From discontinued operations			
- basic	(0.2)p	(0.1)p	(2.0)p
- diluted	(0.2)p	(0.1)p	(2.0)p
Weighted average number of diluted ordinary shares	17,106,376	11,069,070	15,053,932

**Norish plc**  
**Interim balance sheet**  
**As at 30 June 2015**

	<b>As at 30 June 2015 (Unaudited) £'000</b>	As at 30 June 2014 (Unaudited) £'000	As at 31 December 2014 (Audited) £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	2,338	2,338	2,338
Property, plant and equipment	16,033	15,987	15,998
	<b>18,371</b>	<b>18,325</b>	<b>18,336</b>
<b>Current assets</b>			
Trade and other receivables	4,220	3,886	3,812
Inventories	108	8	52
Cash and cash equivalents	129	109	385
Assets of disposal group classified as held for sale	659	2,458	700
	<b>5,116</b>	<b>6,461</b>	<b>4,949</b>
<b>TOTAL ASSETS</b>	<b>23,487</b>	<b>24,786</b>	<b>23,285</b>
<b>Equity attributable to equity holders of the parent And non-controlling interest</b>			
Share capital	3,280	3,280	3,280
Share premium account	4,198	4,139	4,198
Capital conversion reserve fund	23	23	23
Retained earnings	3,042	2,847	2,878
<b>Equity attributable to equity holders of the parent</b>	<b>10,543</b>	<b>10,289</b>	<b>10,379</b>
Non-controlling Interest	(11)	-	(9)
<b>TOTAL EQUITY</b>	<b>10,532</b>	<b>10,289</b>	<b>10,370</b>
<b>Non-current liabilities</b>			
Borrowings	4,592	5,485	5,085
Financial Liabilities at fair value through profit or loss	398	546	425
Provisions	-	200	-
Deferred tax	954	863	954
	<b>5,944</b>	<b>7,094</b>	<b>6,464</b>
<b>Current liabilities</b>			
Trade and other payables	3,967	4,005	3,319
Financial Liabilities at fair value through profit or loss	181	172	262
Current tax liabilities	133	69	79
Borrowings	2,681	1,762	2,316
Borrowings of disposal group classified as held for sale	-	1,300	-
Liabilities of disposal group classified as held for sale	49	95	475
	<b>7,011</b>	<b>7,403</b>	<b>6,451</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,487</b>	<b>24,786</b>	<b>23,285</b>

**Norish plc**  
**Consolidated statement of changes in**  
**equity**  
**For the six months ended 30 June 2015**

	<b>Share capital (Unaudited) £'000</b>	<b>Share premium (Unaudited) £'000</b>	<b>Capital Conversion Reserve (Unaudited) £'000</b>	<b>Retained Earnings (Unaudited) £'000</b>	<b>Total (Unaudited) £'000</b>	<b>Non- Controlling Interest (Unaudited) £'000</b>	<b>Total (Unaudited) £'000</b>
At 1 January 2014	2,056	3,463	23	2,740	8,282	-	8,282
Net profit for the period	-	-	-	107	107	-	107
Issue of share capital	1,224	857	-	-	2,081	-	2,081
Share issue costs	-	(181)	-	-	(181)	-	(181)
Equity dividends paid (recognised directly in equity)	-	-	-	-	-	-	-
At 30 June 2014	<u>3,280</u>	<u>4,139</u>	<u>23</u>	<u>2,847</u>	<u>10,289</u>	<u>-</u>	<u>10,289</u>
Net loss for the period	-	-	-	200	200	(9)	191
Issue of share capital	-	-	-	-	-	-	-
Share issue costs	-	59	-	-	59	-	59
Equity dividends paid (recognised directly in equity)	-	-	-	(169)	(169)	-	(169)
At 31 December 2014	<u>3,280</u>	<u>4,198</u>	<u>23</u>	<u>2,878</u>	<u>10,379</u>	<u>(9)</u>	<u>10,370</u>
Net profit for the period	-	-	-	164	164	(2)	162
Issue of share capital	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-
Equity dividends paid (recognised directly in equity)	-	-	-	-	-	-	-
<b>At 30 June 2015</b>	<u><b>3,280</b></u>	<u><b>4,198</b></u>	<u><b>23</b></u>	<u><b>3,042</b></u>	<u><b>10,546</b></u>	<u><b>(11)</b></u>	<u><b>10,532</b></u>

**Norish plc**  
**Consolidated cash flow statement**  
**For the six months ended 30 June 2015**

	<b>Six months Ended 30 June 2015 (Unaudited) £'000</b>	Six months ended 30 June 2014 (Unaudited) £'000	Year Ended 31 December 2014 (Audited) £'000
Profit on continuing activities before taxation	245	164	762
Loss on discontinued activities	(29)	(16)	(300)
Finance expenses	156	142	370
Finance income	(18)	-	-
Unrealised gain on derivative financial instrument	-	-	-
Deferred consideration	-	-	-
Goodwill impairment	-	-	-
Depreciation – property, plant and equipment	302	287	798
	<b>656</b>	<b>577</b>	<b>1,630</b>
<b>Changes in working capital:</b>			
Increase in inventories	(56)	(3)	(47)
Increase in trade and other receivables	(367)	(350)	(269)
(Decrease)/increase in current liabilities held for sale	(433)	2	383
Increase in payables	655	692	5
Increase in provisions	-	15	(185)
<b>Cash generated from operations</b>	<b>455</b>	<b>933</b>	<b>1,517</b>
Interest paid - bank loans and overdrafts	(132)	(118)	(275)
Taxation paid	-	-	(21)
<b>Net cash from operating activities</b>	<b>323</b>	<b>815</b>	<b>1,221</b>
<b>Investing activities</b>			
Payments to acquire subsidiary	-	-	-
Disposal of plant	-	-	1,550
Purchase of property, plant and equipment	(337)	(3,323)	(3,645)
<b>Net cash used in investing activities</b>	<b>(337)</b>	<b>(3,323)</b>	<b>(2,095)</b>
<b>Financing activities</b>			
Dividends paid to shareholders	-	-	(169)
Deferred consideration payments	(115)	(71)	(174)
Share issue proceeds	-	2,081	2,080
Share issue costs	-	(181)	(121)
Invoice finance receipts/(payments)	336	(892)	(420)
Overdraft receipts	-	(128)	(128)
Finance lease capital repayments	(60)	(36)	(112)
Finance Lease advance	-	663	695
Term loan advance	-	1,500	1,500
Term loan repayments	(403)	(367)	(1,941)
<b>Net cash used in financing activities</b>	<b>(242)</b>	<b>2,568</b>	<b>1,210</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(256)</b>	<b>60</b>	<b>336</b>
Cash and cash equivalents, at beginning of period	385	49	49
<b>Cash and cash equivalents end of period</b>	<b>129</b>	<b>109</b>	<b>385</b>



**Note:** The accounting policies applied throughout the period are consistent with those applied for the year ended 31 December 2014, as set out in the 2014 Annual Report.

Enquiries:

Norish

Aidan Hughes, Finance Director

Davy

Anthony Farrell

Telephone: + 44 1293 862 498

Telephone: + 353 1 679 6363