



NORISH

**ANNUAL
REPORT & ACCOUNTS
2016**

ANNUAL REPORT 2016

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FINANCIAL CALENDAR 2017

Announcement of preliminary results	23 March 2017
Annual Report posted to shareholders	30 March 2017
Annual General Meeting	10 May 2017
Announcement of interim results	14 September 2017

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).

Norish has commenced a dairy farming operation in Kilkenny, Ireland.

Group Operations

Kieran Mahon – Group 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)

Dairy Farming

- Kilkenny, Ireland (Cantwellscourt Farm)

Discontinued Operations

- Leeds, Yorkshire (Cold store) – sold during 2016
- Dublin, Ireland (FMCG business based at Foro International Connections Limited offices)

FINANCIAL HIGHLIGHTS

	2016	2015
	£'000	£'000
Revenue - Continuing operations	32,098	25,145
Operating profit-continuing	872	839
Profit before tax-continuing	633	560
Basic earnings per share – continuing (pence)	1.5p	2.8p
Diluted earnings per share – continuing (pence)	1.5p	2.8p
Net debt to EBITDA (times)	3.5	2.2
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	15,261	15,327
Net borrowings	5,244	3,212
	—————	—————
	20,505	18,539
	=====	=====
Gearing – excluding goodwill (see Note 1 below)	41%	25%

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 2016.

Financial Highlights

- Total revenue increased by 27.9% to £32.1m (2015: £25.1m).
- Revenue from commodity trading increased by 46.6% to £19.5m (2015: £13.3m).
- Revenue from our continuing temperature controlled divisions increased by 6.8% to £12.6m (2015: £11.8m).
- Operating profit increased by 3.6% to £0.87m (2015: £0.84m).
- Net assets unchanged at £15.3m (2015: £15.3m).
- Net debt increased to £5.2m (2015: £3.2m).

Operational Highlights

- The performance of the cold store division was ahead of 2015 by 9.4%
- The performance of the commodity division was ahead of 2015 by 48%
- We invested £1.7m of the funds raised in December 2015 by the end of December 2016. We invested £0.8m in our temperature controlled division, £0.6m in dairy infrastructure along with £0.3m in the herd for the dairy farm in Kilkenny
- We continue to invest in projects which provide short term payback and in the build out of our dairy business.

North West Division

The North West cold store division which comprises the freehold sites at Wrexham and Birmingham performed well in 2016. This was mainly as a result of a buoyant market in China for most of 2016.

China is the U.K.'s biggest export market for fifth quarter pig meat. Exports of pig meat to China have increased more than fourfold since the UK started to export there in 2011. Two of the three licensed cold stores in the U.K. are the Norish plc owned properties at Wrexham, North Wales and Brierley Hill, Birmingham.

South East Division

The South East division, which comprises the sites at Bury St. Edmunds (freehold), Braintree (leasehold), Gillingham (long term leasehold at a peppercorn rent) and East Kent (leasehold) performed below the same period last year. Contribution was mainly impacted by a refurbishment programme at the Bury St Edmunds site, which we completed in December 2016.

Commodity Trading

Our commodity trading division which consists of Townview Foods Limited and Foro International Connections Limited ("Foro") contributed £0.5m for the period, up from £0.4m for the same period last year.

Townview Foods Limited trades in protein products, mainly beef, pork, lamb and chicken. Sales from pork increased by £3m during the year, sales from beef increased by £1.9m, and sales from lamb increased by £0.6m. Townview Foods Limited generated a contribution of £0.6m for the period, against £0.4m for the same period last year, and sales of £18.5m, against £12.3m for the same period last year.

CHAIRMAN'S STATEMENT (*CONTINUED*)

Foro accounted for £1m of the sales, unchanged from 2015. Foro broke even, unchanged from last year. Foro trades mainly in fish, dairy and its currently developing a product to sell to the ready to drinks market.

We are continually investing in people to grow this division.

Dairy

Our low cost grass based dairy farm was successfully converted from a tillage/suckler farm in the second half of 2016.

Discontinued

During 2015 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.

During 2016, Foro discontinued trading in the FMCG market due to high working capital requirements, currency fluctuations, and unacceptable margins. The 2015 comparative figures have been adjusted to reflect the reclassification.

Outlook

2016 was a year of considerable progress for the group. Commercial decisions made in previous years, combined with a new, focused, management approach and a strengthening of the Group's Statement of Financial position, has ensured that Norish is now in a position to develop its business in ways that were previously unavailable to the group.

We have been very encouraged by the excellent start made in the first two months of 2017 by our two main Trading Divisions - Temperature Controlled Storage and Protein Trading (Townview Foods).

The dairy division is in the early stages of developing its business model and is putting in place an experienced senior executive team to manage and grow this business.

Through our subsidiary, Foro International Connections Limited, we are developing retail and food service markets, both in Ireland and the U.K. in conjunction with three significant European manufacturers of fruit drinks, health smoothies and RTD (ready to drink) coffee. This development fits in well with our existing U.K. cold store locations.

At this juncture, our cold stores comprise the greatest proportion of our property, plant and equipment (97%). The cold store division also represents the most immediate opportunity to improve profitability and returns for the group, something the Board is acutely aware of. Through active management of our cold store division, we are looking at every facet of our cost base, implementing changes and building an ever better, more balanced, more diversified business.

At this juncture we consider it appropriate to increase guidance for 2017 to a range of 2.75p to 3p (fully diluted adjusted eps).

CHAIRMAN'S STATEMENT (*CONTINUED*)

Financial Review

Total equity at 31 December 2016 stood at £15.3m (2015: £15.3m). Net debt at 31 December 2016 was £5.2m compared to £3.2m at 31 December 2015.

Dividend

The board recommends the payment of a final dividend of 1.50 €cent per share. This will be paid on 20 October 2017 to those shareholders on the register on the 29 September 2017. It will bring the total dividend in respect of the financial year to 1.50 €cent per share, unchanged from last year.

Brexit

The United Kingdom voted to leave the EU on the 23rd of June, last year. As of now we have not seen any appreciable change to our business, as a result of that vote.

On behalf of the board, I would like to thank the management team and staff for their commitment and contribution in 2016.



Ted O'Neill
Chairman
22 March 2017

FINANCIAL REVIEW

The number of pallets handled in increased by 9%, and we handled 18% additional pallets for blast freezing in 2016. 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 investment in the dairy farming business in Kilkenny.

Sales

Total Group revenue increased by 27.9% to £32.1m (2015: £25.1m). Temperature controlled revenues increased by 6.8% to £12.6m (2015: £11.8m). Revenues were up mainly as a result of an increase in blast freezing volumes. Revenues in the commodity division increased by 46.6% to £19.5m (2015: £13.3m). Townview Foods mainly accounted for the increased sales.

Gross profit

Gross profit unchanged at £1.3m (2015: £1.3m).

Operating profit

Operating profit increased to £0.9m (2015: £0.8m).

Finance expense (net)

Finance expense decreased to £0.27m (2015: £0.30m). The decrease is mainly attributable to the cash generated from the fund raise in December 2015.

Loss from discontinued operations

As part of the Group's strategy to exit the ambient sector we recorded a loss of £0.1m (2015: £0.3m).

In 2016, The Group has exited the FMCG market and recorded a loss of £0.1m (2015: £Nil).

Earnings per share

The basic earnings per share fell to 1.5p (2015: 2.8p). The earning per share was impacted by the additional shares issued in December 2015.

Capital

During the year we invested £1.7m (2015: £0.5m) £0.6m in capital outlay along with £0.3m in the herd for the dairy farm in Kilkenny and £0.8m in routine capital expenditure in the temperature controlled division.

Cash Position

Net debt increased to £5.2m (2015: £3.2m). Operating activities generated £0.3m (2015: absorbed £0.2m) and financing activities absorbed £0.9m (2015 generated: £4.7m). Investment in assets was made of £1.7m (2015: £0.5m). Investment of £0.3m was made in the dairy herd.

FINANCIAL REVIEW (CONTINUED)

Dividend

The board recommends the payment of a final dividend of 1.50 €cent per share. This will be paid on the 20 October 2017 to those shareholders on the register on the 29 September 2017. 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 not taken.

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, £3.47m term loans of which, £0.9m are at floating base rate plus a bank margin of 1.2% and £0.83m are at floating base rate plus a bank margin of 1.75% and £0.5m are floating at bank base rate plus a bank margin of 2.75% and £1.24m are floating at bank base rate plus a margin of 3%. The Group holds an interest rate swap on £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, 59% 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 22 March 2017

Number of shares	Number of accounts	Percentage of accounts	Number of shares (000)	Percentage of shares
1 – 1,000	108	36	48	0
1,001 – 10,000	82	27	321	1
10,001 – 100,000	57	19	2,089	7
Over 100,000	568	18	27,502	92
Total	303	100	29,960	100.0

Share price data (€)

	High	Low	31 December
Year ended 31 December 2016	46p (€0.52)	32.5p (€0.42)	43.5p (€0.51)
Year ended 31 December 2015	56.75p (€0.78)	35p (€0.45)	42.5p (€0.58)

The market capitalisation of Norish plc at 31 December 2016 was £12.4m (€14.6m) compared with £12.1m (€16.5m) at 31 December 2015, and £11m (€12.6m) at 22 March 2017.

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

SHAREHOLDERS INFORMATION (CONTINUED)

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 10 May 2017 at 11am.

BOARD OF DIRECTORS

Executive Directors

Executive Chairman

Ted O'Neill (65) 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

Kieran Mahon (51) Kieran was appointed to the Board on 19 August 2015 and joined 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 (52) 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 (60) 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, a company based in Norway.

Willie McCarter (69) 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 (70) 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
Kieran Mahon – Group Managing Director
Aidan Hughes – Finance Director
Torgeir Mantor (Norwegian) *
Willie McCarter *
Seán Savage*
* *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

Nomad and Brokers

Davy
Davy House
49 Dawson Street
Dublin 2

Bankers

HSBC Bank plc
Bank of Ireland plc

Chartered Accountants and Statutory

Audit Firm

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 2016.

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 £556,000 (2015: £376,000). Increased turnover at lower margins helped to improve the contribution.

The North West cold store division which comprises the freehold sites at Wrexham and Birmingham performed well in 2016. This was mainly as a result of growth in exports of pig meat to China.

The South East division, which comprises the sites at Bury St. Edmunds (freehold), Braintree (leasehold), Gillingham (long term leasehold at a peppercorn rent) and East Kent (leasehold) performed below last year, reflecting the short term costs of preparing for a new longer term contracted customer.

Across our two temperature controlled divisions the number of pallets into our stores increased by 9%, blast freezing volumes increased 18% and our closing customer stocks decreased by 7%.

Details of the Group's subsidiary undertakings are set out in Note 28 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 3 to 7.

Dividends

The board recommends the payment of a final dividend of 1.50 €cent per share. This will be paid on the 20 October 2017 to those shareholders on the register on the 29 September 2017. 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

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.

DIRECTORS' REPORT (CONTINUED)

Transactions with Related Parties

Consultancy services totalling £Nil (2015: £1,000) were provided by a relative of a director during the year. There was £Nil outstanding as at 31 December 2016 (2015: £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 2016 for the Group was 43 days (2015: 44 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 12.8% (2015 – 11.2%) 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 increased by 9% to 346,379, blast freezing volumes increased by 18% to 126,855 pallets and closing customer stocks at the year end decreased by 11% to 42,507 pallets. Our average energy price per unit increased by 15% in 2016 and the number of units consumed increased by 17% 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. 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 2016 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, offers themselves for re-election. In accordance with regulation 90 (b) of the Company's Constitution, Mr Aidan Hughes retires, and being eligible, offers himself for re-election.

The Executive Chairman, Group Managing Director and Finance Director have service contracts with the Group companies 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 2016 (including their respective family interests) in the share capital of Norish plc were as follows:

	31 December 2016	31 December 2015
	Ordinary Shares	Ordinary Shares
Ted O'Neill	2,950,000	2,920,000
Kieran Mahon	1,985,286	446,102
Aidan Hughes	207,500	207,500
Torgeir Mantor *	12,600	12,600
Willie McCarter	-	-
Seán Savage	1,000,333	1,000,333

* *Torgeir Mantor is a director of T. B. Mantor AS, which also holds 1,243,027 (2015: 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 (2015: 24,152).*

DIRECTORS' REPORT (CONTINUED)

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 2016	Cancelled /Lapsed in year	Grant in year	31 Dec 2016	Exercise Price	Exercisable from	Expiry date
Aidan Hughes	<u>110,000</u>	_____ -	_____ -	<u>110,000</u>	58p	June 2011	June 2018
Total	<u>110,000</u>	_____ -	_____ -	<u>110,000</u>			

The mid-market price of an ordinary share on 31 December 2016 was 43.5p (€0.51) and the price range during the year was between 32.5p (€0.42) and 46p (€0.52). 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 2016 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.

DIRECTORS' REPORT (CONTINUED)

Substantial shareholdings

At 22 March 2017 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	2,950,000	9.80
Kieran Mahon	1,985,286	6.25
John Teeling	1,364,465	4.55
Societe Generale Newedge UK Ltd	1,410,253	4.71
T.B. Mantor AS	1,243,027	4.15
Tom Cunningham	1,049,497	3.50
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.

To date 46,000 options have been exercised and 956,237 options have expired. At 31 December 2016 options were outstanding over 110,000 ordinary shares.

DIRECTORS' REPORT (CONTINUED)

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 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 2016, £4.12m or 12.8% (2015: £3.123m or 11.2%) of the Group's revenues from continued operations depended on a single customer in the commodity segment. (2015 : 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.

DIRECTORS' REPORT (CONTINUED)

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 2016 are as follows:

Table of attendance

	Board	Remuneration	Audit
Meetings held	5	1	1
Meetings Attended:			
Ted O'Neill	5	N/A	N/A
Kieran Mahon	5	N/A	N/A
Aidan Hughes	5	N/A	N/A
Torgeir Mantor	5	1	1
Willie McCarter	5	1	1
Seán Savage	5	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.

DIRECTORS' REPORT (CONTINUED)

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 8 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 2016 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.

Each of the persons who are directors at the time when this Directors' report is approved acknowledged that they are responsible for securing the group's compliance with its relevant obligations.

DIRECTORS' REPORT (CONTINUED)

To ensure that the group has achieved material compliance with its relevant obligations, the directors confirm that they have:

- drawn up a compliance policy statement setting out the group's policies respecting compliance by the group with its relevant obligations.
- put in place appropriate arrangements and structures that are designed to secure material compliance with the group's relevant obligations.
- conducted a review, during the financial year, of the arrangements and structures, referred to above.

Relevant Audit Information

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 £1.3m along with cash reserves of £2m. 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.

Future developments

The Group is committed to developing the Commodity trading business together with improving the profitability of the Temperature controlled business.

The Group has embarked on a new dairy farming project in 2016.

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 6th Floor, South Bank House, Barrow Street, Dublin 4.

DIRECTORS' REPORT (CONTINUED)

Auditor

In accordance with Section 383(2) of the Companies Act 2014 the Chartered Accountants and Statutory Audit Firm, Grant Thornton, will continue in office.

On behalf of the board:



T.J. O'Neill
Chairman



A.V. Hughes
Finance Director

22 March 2017

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. 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
Chairman



A. Hughes
Finance Director

22 March 2017

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORISH PLC

We have audited the financial statements of Norish plc for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Statements of Financial Position, the Consolidated Cash Flow Statement, the Consolidated and Parent Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

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 financial statements and for being satisfied that they give 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 group and 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:

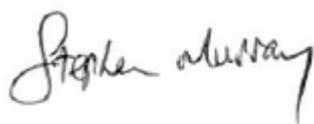
- the group financial statements give a true and fair view in accordance with IFRSs as adopted by the European Union, of the state of the assets, liabilities and financial position of the group as at 31 December 2016 and of its profit for the year then ended;
- the parent company statement of financial position gives a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014, of the state of the parent company's assets, liabilities and financial position at 31 December 2016; and
- the 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 parent company financial statements to be readily and properly audited.
- The parent company statement of financial position is 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
For and on behalf of
Grant Thornton
Chartered Accountants
Statutory Audit Firm

22 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Continuing operations			
Revenue	5	32,098	25,145
Cost of sales		(30,757)	(23,859)
Gross profit		1,341	1,286
Other income		238	-
Administrative expenses		(707)	(447)
Operating profit from continuing operations		872	839
Finance income – fair value gain on swaps	7	20	26
Finance income – interest receivable	7	10	-
Finance expenses – interest paid	7	(240)	(272)
Finance expenses – notional interest	7	(29)	(33)
Profit on continuing activities before taxation	8	633	560
Income taxes – Corporation tax	9	(210)	(60)
Income taxes – Deferred tax	9	18	12
Profit for the financial year from continuing operations		441	512
Loss from discontinued operations	30	(161)	(223)
Profit for the financial year		280	289
Other comprehensive income		-	-
Total comprehensive income for the year		280	289
Profit for the financial year attributable to owners of the parent		291	291
Loss for the financial year attributable to non-controlling interest		(11)	(2)
Total comprehensive income for the financial year attributable to owners of the parent		291	291
Total comprehensive expense for the financial year attributable to non-controlling interest		(11)	(2)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2016

	Notes	2016	2015
Earnings per share expressed in pence per share:			
From continuing operations	10		
- basic		1.5p	2.8p
- diluted		1.5p	2.8p
From discontinued operations	10		
- basic		(0.6)p	(1.2)p
- diluted		(0.6)p	(1.2)p

The notes on page 31 to 76 are an integral part of these consolidated financial statements.

Approved on behalf of the board on 22 March 2017 by:



T.J. O'Neill
Chairman



A. Hughes
Finance Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2016

	Notes	2016 £'000	2015 £'000
Non current assets			
Goodwill	11	2,338	2,338
Intangible assets	11	65	-
Property, plant and equipment	12	16,635	15,885
Biological assets	13	540	-
		19,578	18,223
Current assets			
Trade and other receivables	14	6,264	4,815
Inventories	15	483	386
Cash and cash equivalents	23	2,044	4,383
Assets of disposal group classified as held for sale	30	698	1,017
		9,489	10,601
TOTAL ASSETS		29,067	28,824
Equity attributable to equity holders of the parent and non-controlling interest			
Share capital	21	5,616	5,344
Share premium account	21	7,281	6,990
Capital conversion reserve fund	22	23	23
Treasury shares		(563)	-
Retained earnings		2,926	2,981
Equity attributable to equity holders of the parent		15,283	15,338
Non controlling Interest		(22)	(11)
TOTAL EQUITY		15,261	15,327
Non-current liabilities			
Borrowings	19	3,006	4,123
Financial liabilities at fair value through profit or loss	16	44	199
Deferred tax	20	925	942
		3,975	5,264
Current liabilities			
Trade and other payables	17	5,082	4,198
Financial liabilities at fair value through profit or loss	16	255	311
Current tax liabilities	18	205	44
Borrowings	19	4,282	3,473
Liabilities of disposal group classified as held for sale	30	7	207
		9,831	8,233
TOTAL EQUITY AND LIABILITIES		29,067	28,824

The notes on page 31 to 76 are an integral part of these consolidated financial statements.

Approved on behalf of the board on 22 March 2017 by:

T.J. O'Neill
Chairman

A. Hughes
Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

	Share capital £'000	Share premium £'000	Capital Conversion Reserve £'000	Treasury shares £'000	Retained earnings £'000	Total £'000	Non- Controlling interest £'000	Total Equity £'000
At 1 January 2015	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
Share issue costs	-	(286)	-	-	-	(286)	-	(286)
Equity dividends paid (recognised directly in equity)	-	-	-	-	(188)	(188)	-	(188)
Transactions with owners	2,064	2,792	-	-	(188)	4,668	-	4,668
At 31 December 2015	5,344	6,990	23	-	2,981	15,338	(11)	15,327
Net profit/(loss) for the financial year	-	-	-	-	291	291	(11)	280
Total comprehensive income for the financial year	-	-	-	-	291	291	(11)	280
Issue of share capital	272	291	-	-	-	563	-	563
Equity dividends paid (recognised directly in equity)	-	-	-	-	(346)	(346)	-	(346)
Treasury shares acquired	-	-	-	(563)	-	(563)	-	(563)
Transactions with owners	272	291	-	(563)	(55)	(55)	(11)	(66)
At 31 December 2016	5,616	7,281	23	(563)	2,926	15,283	(22)	15,261

The notes on page 31 to 76 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

<i>for the financial year ended 31 December 2016</i>	Notes	2016 £'000	2015 £'000
Profit on continuing activities before taxation		633	560
Gain on biological assets		(238)	-
Loss on discontinued activities		(161)	(223)
Finance expenses		269	305
Finance income		(30)	(26)
Depreciation – property, plant and equipment-net		625	615
		1,098	1,231
Changes in working capital and provisions:			
Increase in inventories		(97)	(334)
Increase in trade and other receivables		(1,130)	(1,320)
Decrease in current liabilities held for sale		(200)	(418)
Increase in payables		885	1,029
Cash generated from operations		556	188
Interest paid		(240)	(272)
Interest received		10	-
Taxation paid		(49)	(95)
Net cash generated/(used in) from operating activities		277	(179)
Investing activities			
Investment in Intangible assets		(65)	-
Purchase of property, plant and equipment		(1,375)	(502)
Purchase of biological assets		(302)	-
Net cash used in investing activities		(1,742)	(502)
Financing activities			
Dividends paid to shareholders	24	(346)	(188)
Deferred consideration payments		(220)	(185)
Share issue proceeds		-	5,142
Share issue costs		-	(286)
Invoice finance receipts		440	1,141
Overdraft receipt		304	-
Finance lease capital repayments		(147)	(124)
Finance lease advance		218	-
Term loan repayments		(1,123)	(821)
Net cash (outflow)/inflow from financing activities		(874)	4,679
Net (decrease)/increase in cash and cash equivalents		(2,339)	3,998
Cash and cash equivalents and bank overdrafts, Beginning of period		4,383	385
Cash and cash equivalents end of period	23	2,044	4,383

The notes on page 31 to 76 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.

The financial statements are presented in Pounds Sterling which is both the Group’s functional and presentational currency, rounded to the nearest thousand pounds.

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 £1.3m along with cash reserves of £2m. 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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2016:

Annual Improvements to IFRSs 2012–2014 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 2016. 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.

Amendment to IAS 1: Disclosure Initiative

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their annual reports. Management have assessed the impact of this amendment and applied its principles in preparing this annual report.

Amendment to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendment introduced 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.

Certain standards and interpretations that have been issued and are effective from 1 January 2016 but Management do not consider that they have a material impact on the Group's consolidated financial statements. These standards and interpretations are:

- 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)

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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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 number of standards and interpretations including IAS 18, IAS 11 as well as IFRIC 13, IFRIC 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.

Amendments to IFRS 2 Share Based Payment

The amendments address the following areas: the effect of vesting conditions on the measurement of both cash and share based payments; the classification of a share-based payment transactions with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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.

Treasury shares represent shares of the Company held by the Group. Treasury shares are recognised in equity in accordance with IAS 32 Financial Instruments: Presentation and subsequently carried at cost less impairment charges.

Retained earnings include all current and prior period retained profits.

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

Joint share ownership plan (JSOP)

The JSOP is a trust based arrangement established to hold shares in the Company that may vest, dependent on certain vesting conditions, to employees of the Group. The JSOP was established for the benefit of the Group through the remuneration of key employees. Furthermore, the Group funds the JSOP and is exposed to both upside and downside risk associated with holding the shares. Accordingly, Management consider that the Group exercises control over the JSOP which has been included in these consolidated financial statements.

Biological assets

Biological assets are measured on initial recognition and at each subsequent balance sheet date at fair value less estimated point of sale costs. Agricultural produce which is harvested from biological assets is measured at its fair value less estimated point of sale costs at the point of harvest.

Intangible assets

The Company recognises internally generated intangible assets to the extent that they are both identifiable and can be measured reliably. Recognition only occurs when the Company is satisfied that the project is feasible such that the asset will be available for use or sale; that the Company has the intention to complete the intangible asset and either use or sell it; that the Company has the ability to either use or sell the intangible asset; that it is probable that the intangible asset will generate future economic benefits; and that the Company has available sufficient resources to complete the development of the intangible asset.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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 2016 and 2015, 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 2016, if interest rates had been 1% higher with all other variables held constant, post tax profit for the year would have been £39,000 lower, mainly as a result of higher interest expenses on floating rate borrowings.

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.

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 2016.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 the next 9 months. 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 £15,000 higher (2015: £16,000 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 2016:

	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Greater than 5 years £'000	Total £'000
Trade payables	3,581	-	-	-	3,581
Invoice finance	3,254	-	-	-	3,254
Finance Leases	183	196	181	-	560
Term loan Interest	84	72	74	6	236
SWAP Interest	15	-	-	-	15
Bank loans	845	744	1,718	167	3,474
Deferred consideration	244	44	-	-	288
	8,206	1,056	1,973	173	11,408

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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 shareholders' funds of £15.3m unchanged from last year. In 2016, we increased the Gearing ratio from 25% to 41%.

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

The gearing ratios at 31 December 2016 and 2015 were as follows:

	2016	2015
	£'000	£'000
Total borrowings	7,288	7,595
Less cash and cash equivalents	(2,044)	(4,383)
Net borrowings	5,244	3,212
Net assets	15,261	15,327
Less goodwill	(2,338)	(2,338)
Capital employed	12,923	12,989
Gearing ratio	41%	25%

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2016

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets/liabilities at fair Value through profit or loss				
<i>Interest rate swaps/caps</i>	10	-	10	-
<i>Contingent consideration</i>	289	-	-	289
Total	299	-	10	289

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				
<i>Interest rate swaps/caps</i>	31	-	31	-
<i>Contingent consideration</i>	479	-	-	479
Total	510	-	31	479

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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 29). This was re-evaluated and resulted in a credit to the income statement of £737,000 during the year ended 31 December 2013. Further re-assessment by the Board concluded that the value of the liability had not changed significantly at 31 December 2016. 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 9.1%. The most significant assumption is the quantum of earnings before interest and tax of Townview Foods Limited for 2017. 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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Segmental information

The three continuing operating segments during the year are disclosed below. During 2013 the Group discontinued operations from the north segment and the FMCG market (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 £1m (2015: £1m) with no fixed assets. During 2016, the Group established a dairy farming business in the Republic of Ireland. These operations generated nil revenues with fixed assets of £1.4m.

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

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

During 2016, £4.12m or 12.8% (2015: £3.123m or 11.2%) of the Group's revenues from continued operations depended on a single customer in the commodity trading business. (2015 : cold storage segment).

The segment results from continuing operations for the year ended 31 December 2016 are:

	Dairy Farming	Commodity Trading	North West	South East	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Total segment revenue	-	19,504	6,642	5,952	-	32,098
Revenue	-	19,504	6,642	5,952	-	32,098
Operating profit	8	546	1,083	1,023	(1,788)	872
Finance income – fair value gain	-	-	-	-	20	20
Finance income – interest receivable	-	-	-	-	10	10
Finance cost – Interest paid	-	(34)	-	-	(206)	(240)
Finance cost – notional interest	-	(29)	-	-	-	(29)
Profit before income tax	8	483	1,083	1,023	(1,964)	633
Income tax – corporation tax	(1)	(95)	-	-	(114)	(210)
Income tax – deferred tax	-	-	-	-	18	18
Profit for the year	7	388	1,083	1,023	(2,060)	441

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Other segment items:

	Dairy Farming £'000	Commodity Trading £'000	North West £'000	South East £'000	Unallocated £'000	Total £'000
Depreciation – continuing operations (Note 12)	-	-	350	228	47	625

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

	Dairy Farming £'000	Commodity Trading £'000	North West £'000	South East £'000	Unallocated £'000	Total £'000
Total segment revenue	-	13,316	5,866	5,963	-	25,145
Revenue	-	13,316	5,866	5,963	-	25,145
Operating profit	-	365	680	1,089	(1,295)	839
Finance income-fair value gain	-	-	-	-	26	26
Finance cost-Interest paid	-	(19)	-	-	(253)	(272)
Finance cost – notional interest	-	(33)	-	-	-	(33)
Profit before income tax	-	313	680	1,089	(1,522)	560
Income tax – corporation tax	-	(44)	-	-	(16)	(60)
Income tax – deferred tax	-	-	-	-	12	12
Profit for the year	-	269	680	1,089	(1,526)	512

Other segment items:

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2016 and the capital expenditure for the year then ended are as follows:

	Dairy Farming	Commodity Trading	North West	South East	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets	1,375	5,996	11,759	7,223	2,016	28,369
Liabilities	173	4,291	3,706	1,531	4,098	13,799
Capital expenditure (Note 12)	573	-	330	395	77	1,375

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

	Dairy Farming	Commodity Trading	North West	South East	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets	-	4,983	11,581	6,940	4,303	27,807
Liabilities	-	4,189	4,929	1,516	2,656	13,290
Capital expenditure (Note 12)	-	-	185	263	54	502

Segmental information for the year ended 31 December 2015 has been restated to reclassify the Fast Moving Consumer Goods (FMCG) division of commodity trading business to discontinued activities (see note 30).

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Staff costs

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

	2016	2015
Management	20	16
Administration	24	22
Technical	9	8
Operational	106	107
	—	—
	159	153
	=====	=====

The aggregate payroll costs of these persons were as follows:

	2016 £'000	2015 £'000
Wages and salaries	4,005	3,705
Social security costs	362	333
Other pension costs	46	167
	—	—
	4,413	4,205
	=====	=====

There was an accrual for £10,000 (2015 £42,000) included above for pension costs at 31 December 2016.

There group capitalised employee costs of £41,797 in respect of the Foro Juice business as an intangible asset.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

	2016 £'000	2015 £'000
Fair value gains on interest rate swaps/caps	20	26
Interest receivable	10	-
	———	———
Finance income	30	26
	———	———
Interest expense on bank overdrafts and loans	(240)	(272)
Notional interest on deferred consideration	(29)	(33)
	———	———
Finance costs	(269)	(305)
	———	———
Net finance costs	(239)	(279)
	=====	=====

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 Profit before tax

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

	2016 £'000	2015 £'000
Depreciation of property, plant and equipment (Cost of Sales)	625	615
Depreciation of property, plant and equipment (discontinued)	-	125
	<u> </u>	<u> </u>
Staff costs (Note 6)	4,413	4,205
	<u> </u>	<u> </u>
Foreign exchange loss	9	4
	<u> </u>	<u> </u>
Rentals payable under operating leases		
- Buildings	536	643
- Plant and machinery	915	899
	<u> </u>	<u> </u>
Auditors' remuneration - audit service	33	29
- non audit services	-	-
	<u> </u>	<u> </u>

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 Income taxes

(a) Analysis of charge in year	2016 £'000	2015 £'000
UK		
Corporation tax at 20% (2015: 20.25%)	157	43
Adjustment in respect of previous periods	9	-
Ireland		
Corporation tax at 12.5% (2015: 12.5%)	44	-
Adjustment in respect of previous periods	-	17
Current tax charge	<u>210</u>	<u>60</u>
Deferred tax credit (Note 20)	<u>(18)</u>	<u>(12)</u>
Deferred tax credit	<u>(18)</u>	<u>(12)</u>
(b) Factors affecting tax charge for year	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	<u>633</u>	<u>560</u>
Profit on ordinary activities multiplied by standard UK tax rate 20% (2015: 20.25%)	127	113
<i>Effects of:</i>		
Other expenses not deductible for tax purposes	8	8
Adjustment for tax effect of discontinued operations	(32)	(44)
Adjustment in respect tax payable on Irish Income (12.5%)	(26)	-
Adjustments in respect of previous periods	9	17
Adjustments in respect of IBA and tax rate change	<u>106</u>	<u>(46)</u>
Total tax charge for year	<u>192</u>	<u>48</u>

The deferred tax credit of £18,000 (2015: credit of £12,000) 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 2016 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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

	2016	2015
Profit attributable to owners of parent – continuing (£'000)	441	512
Loss attributable to owners of parent – discontinuing (£'000)	(161)	(223)
	<u>280</u>	<u>289</u>
Weighted average number of ordinary shares outstanding	<u>29,851,233</u>	<u>17,842,013</u>
Basic earnings per share – continuing operations	1.5p	2.8p
Basic loss per share – discontinuing operations	(0.6)p	(1.2)p
Basic earnings per share	<u>0.9p</u>	<u>1.6p</u>

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.

	2016	2015
Profit attributable to owners of parent – continuing (£'000)	441	512
Loss attributable to owners of parent – discontinuing (£'000)	(161)	(223)
	<u>280</u>	<u>289</u>
Weighted average number of ordinary shares outstanding	29,851,233	17,842,013
Dilutive effect of share options	-	-
Weighted average number of shares for the calculation of diluted earnings per share	<u>29,851,233</u>	<u>17,842,013</u>
Diluted earnings per share – continuing operations	1.5p	2.8p
Diluted loss per share – discontinuing operations	(0.6)p	(1.2)p
Diluted earnings per share- total	<u>0.9p</u>	<u>1.6p</u>

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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Goodwill

The net book value of goodwill at 31 December 2016 was £2,338,000 (31 December 2015: £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 9.1% has been used.

Other intangible assets

Other intangible assets amounting to £65,000, comprise the rights to use brands under contractual arrangements from third parties. Work was on going to secure these rights at the balance sheet date and the amount capitalised represents an intangible asset under development. Accordingly, no amortisation has been charged in the year.

12 Property, plant and equipment

	Freehold Land £'000	Leasehold Buildings £'000	Plant and Equipment £'000	Total £'000
Cost				
At 1 January 2016	3,544	13,190	9,152	25,886
Additions	-	536	839	1,375
	-----	-----	-----	-----
At 31 December 2016	3,544	13,726	9,991	27,261
	=====	=====	=====	=====
Depreciation				
At 1 January 2016	-	4,198	5,803	10,001
Charge for year	-	242	383	625
	-----	-----	-----	-----
At 31 December 2016	-	4,440	6,186	10,626
	=====	=====	=====	=====
Net book value				
31 December 2016	3,544	9,286	3,805	16,635
	=====	=====	=====	=====

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Freehold Land £'000	Leasehold Buildings £'000	Plant and Equipment £'000	Total £'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
	=====	=====	=====	=====

Included within the net book value of £16.6m is £799,000 (2015: £614,000) relating to assets held under finance lease. Security of these financed assets are held with the relevant finance companies. The depreciation charged in the financial statements in the year in respect of such assets amount to £35,000 (2015: £35,000).

The company has carried out impairment reviews on a number of its properties. In carrying out the review an annual discount factor of 9.1% 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 2016 (2015 £Nil).

13 Biological Assets

During the year the Group acquired a dairy herd which was initially measured at fair value less point of sale costs of £302,000. The herd will produce calves in Spring 2017 and be used for milk production thereafter. There was no agricultural produce during the period. The fair value less point of sale costs of the herd at the balance sheet date was £540,000 resulting in a movement in fair value of £238,000 which has been recognised in the Consolidated Statement of Comprehensive Income.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	5,356	4,133
Less: Provision for impairment of trade receivables	(8)	(1)
Trade receivables - net	<u>5,348</u>	<u>4,132</u>
Other receivables	907	511
Prepayments	707	764
Transfer to disposal group (note 30)	(698)	(592)
	<u>6,264</u>	<u>4,815</u>

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 2016 trade receivables of £8,000 (2015: £1,000) were impaired. The other classes within trade and other receivables do not contain impaired assets.

As of 31 December 2016, trade receivables of £1,416,000 (2015: £805,000), were past due of which £8,000 (2015: £1,000) 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:

	2016 £'000	2015 £'000
Up to 3 Months	1,393	730
Over 3 Months	23	75
	<u>1,416</u>	<u>805</u>

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Inventories

	2016 £'000	2015 £'000
Goods for resale	483	386
	<u>483</u>	<u>386</u>

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. A credit of £97,000 was taken to the Statement of Comprehensive Income during the year.

16 Financial liabilities

	Contingent Consideration £'000	Caps/ Swaps £'000	Total £'000
At 1 January 2015	631	56	687
Deferred consideration paid	(185)	-	(185)
Charged to the Consolidated Statement of Comprehensive Income	33	(25)	8
	<u>479</u>	<u>31</u>	<u>510</u>
At 31 December 2015	479	31	510
Deferred consideration paid	(220)	-	(220)
Charged to the Consolidated Statement of Comprehensive Income	29	(20)	9
	<u>288</u>	<u>11</u>	<u>299</u>
At 31 December 2016	288	11	299
	<u>244</u>	<u>11</u>	<u>255</u>
Current fair value financial liabilities	244	11	255
Non-current fair value financial liabilities	44	-	44
	<u>288</u>	<u>11</u>	<u>299</u>
At 31 December 2016	288	11	299

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

Fair value of interest rate swaps/caps

The notional principal amount of the outstanding interest rate swaps contract at 31 December 2016 was £3m (2015: £6m).

Financial assets/liabilities at fair value through 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 7.

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 29). 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 2016 £220,000 (2015: £185,000) of contingent consideration was paid.

As explained in note 29, 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 31 December 2015 and concluded 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 2016 and concluded that there has not been a significant change in the value of the liability. Interest of £29,000 (2015: £33,000) 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 2016, £244,000 (2015: £211,000) has been included within current liabilities and £44,000 (2015: £268,000) has been included in non-current liabilities. The gross undiscounted payments equate to £297,000.

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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Trade and other payables	2016	2015
	£'000	£'000
Trade payables	3,581	2,927
Value added tax and payroll taxes	388	348
Accruals	1,083	1,119
Deferred Income	37	11
Transfer to disposal group (note 30)	(7)	(207)
	<hr/>	<hr/>
	5,082	4,198
	<hr/> <hr/>	<hr/> <hr/>

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

18 Current tax liabilities	2016	2015
	£'000	£'000
Corporation tax - UK	165	54
Corporation tax - Ireland	40	(10)
	<hr/>	<hr/>
	205	44
	<hr/> <hr/>	<hr/> <hr/>

The above liabilities are all payable within 1 year.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Borrowings	2016 £'000	2015 £'000
Current		
Finance Leases	182	135
Invoice finance	2,951	2,511
Bank overdraft	304	-
Term Loans	845	827
	<u>4,282</u>	<u>3,473</u>
Non Current		
Finance Leases	378	354
Non-current bank borrowings	2,628	3,769
	<u>3,006</u>	<u>4,123</u>
Total Borrowings	<u><u>7,288</u></u>	<u><u>7,596</u></u>

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 (2015: £4.25m) 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% (2015: 2.25%). Invoice finance interest is charged on a daily basis at bank base rate plus 2.25% (2015: 2.25%). Term Loan (a) above is charged quarterly at an interest rate of bank base rate plus 1.2% (2015: 1.2%). Term Loan (b) above is charged quarterly at an interest rate of bank base rate plus 1.75% (2015:1.75%).Term Loan (c) above is charged quarterly at an interest rate of bank base rate plus 2.75% (2015: 2.75%). Term Loan (d) above is charged quarterly at an interest rate of bank base rate plus 3% (2015:3%).

The group has the following swap in place:

- (a) £3m (2015: £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, and Gillingham properties.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The fair value of the Group's financial liabilities as at 31 December 2016 was as follows:

	2016		2015	
	Book Value £'000	Fair Value £'000	Book Value £'000	Fair Value £'000
Current bank borrowings	4,282	4,282	3,473	3,473
Non-current bank borrowings	3,006	3,006	4,123	4,123
	<u>7,288</u>	<u>7,288</u>	<u>7,596</u>	<u>7,596</u>

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:

	2016 £'000	2015 £'000
Floating rate, expiring within one year		
Invoice finance	1,187	705
Bank overdraft	96	400
	<u>1,283</u>	<u>1,105</u>

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Deferred tax

	2016 £'000	2015 £'000
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	905	922
Deferred tax liabilities to be recovered within 12 months	20	20
	<u>925</u>	<u>942</u>

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 2015	965	(11)	954
(Credited) charged to the Consolidated Statement of Comprehensive Income	(29)	17	(12)
	<u>936</u>	<u>6</u>	<u>942</u>
At 31 December 2015	936	6	942
Charged (credited) to the Consolidated Statement of Comprehensive Income	(12)	(5)	(17)
	<u>924</u>	<u>1</u>	<u>925</u>
At 31 December 2016	924	1	925

The deferred tax liability due after more than one year prior to offsetting is £905,000 (2015: £922,000).

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 £97,000 (2015: £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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Share capital	2016	2015
	£'000	£'000
<i>Authorised</i>		
60,000,000 (2015: 60,000,000) Ordinary shares of €25c each	10,836	10,836
	=====	=====
<i>Allotted, called up and fully paid</i>	Number	£'000
Ordinary shares of €25c each		
At 1 January 2015	17,106,376	3,280
Issued during the year	11,427,317	2,064
	-----	-----
At 31 December 2015	28,533,693	5,344
Issued during the year	1,426,685	272
	-----	-----
At 31 December 2016	29,960,378	5,616
	=====	=====

During the year, the company issued 1,426,685 (2015: 11,427,317) Ordinary shares of €25c each for a total cash consideration of £564,000 (2015: £5,142,000). The excess over nominal value of £291,000 (2015: £3,078,000) less share issue costs of £nil (2015: £286,000) has been transferred to the share premium account.

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at a shareholders' meeting.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Share Premium

	2016 £'000	2015 £'000
At 1 January	6,990	4,198
Share Issue	291	3,078
Issue costs	(-)	(286)
	<hr/>	<hr/>
At 31 December	7,281	6,990
	<hr/> <hr/>	<hr/> <hr/>

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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

	2016		2015	
	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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Capital conversion reserve fund

	2016 £'000	2015 £'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

	2016 £'000	2015 £'000
Cash at bank and on hand	2,044	4,383
	<u>2,044</u>	<u>4,383</u>

24 Dividends

	2016 £'000	2015 £'000
Final dividend paid in respect of the previous year of 1.50 cent (2015: 1.50 cent) per ordinary share	346	188

The Board recommends the payment of a final dividend of 1.50 cent per share. This will be paid on 20 October 2017 to those shareholders on the register on 29 September 2017. 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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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:

	2016	2016	2016	2015	2015	2015
	Land and	Other		Land and	Other	
	Buildings	leases	Total	Buildings	leases	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Expiring:</i>						
Within one year	468	655	1,123	373	777	1,150
Between two and five years	1,715	829	2,544	1,322	1,178	2,500
Beyond five years	2,283	-	2,283	1,890	22	1,912
	-----	-----	-----	-----	-----	-----
	4,466	1,484	5,950	3,585	1,977	5,562
	=====	=====	=====	=====	=====	=====

(b) Guarantees on leasehold properties

The annual operating lease commitment on land and buildings of £468,000 (2015: £373,000) arises on leasehold properties.

(c) Capital commitments

At 31 December 2016, the Group had £344,000 (2015: £Nil) of capital projects authorised of which £344,000 (2015: £Nil) was contracted at 31 December 2016.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(d) Finance leases

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

	2016 £'000	2015 £'000
Within one year	182	135
Between two and five years	295	300
Beyond five years	83	54
	<u>560</u>	<u>489</u>

26 Directors' remuneration

	2016 £'000	2015 £'000
Ted O'Neill	114	101
Kieran Mahon	151	41
Norman Hatcliff (Retired 31 st December 2015)	-	214
Aidan Hughes	111	111
Torgeir Mantor	14	14
Willie McCarter	14	14
Sean Savage	14	14
	<u>418</u>	<u>509</u>

	2016 £'000	2015 £'000
Aggregate emoluments	409	431
Company pension contributions	9	78
	<u>418</u>	<u>509</u>

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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 £46,000 (2015: £167,000).

There was an accrual for £10,000 (2015: £42,000) included above for pension costs at 31 December 2016.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28 Group undertakings

Subsidiary undertakings	Holding Direct	Nature of business
<i>Incorporated in Republic of Ireland</i>		
Roebuck Investments Limited	95% (Note 1)	Intermediate holding company
Foro International Connections Ltd	90%	Commodity trading
Cantwellscourt Farm Limited	100%	Dairy Farming
<i>Incorporated in Northern Ireland</i>		
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
<i>Incorporated in England</i>		
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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Norish (U.K.) plc	50,000 Ordinary shares of £1 each 10,146,180 A Ordinary shares of £0.0001 each
Norish (N.I.) Limited	480,000 Ordinary shares of £1 each 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 5 Preferred ordinary shares of €1 each
Foro International Connections Ltd	1,000 Ordinary shares of £1 each 322,120 Preferred shares of £1 each
Cantwellscourt Farm Ltd	100,000 Ordinary shares of £1 each

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2016, £220,000 (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 9.1% 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 2016 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 2016 was £288,000 (2015 : £479,000).

The Board has re-assessed the remaining amount of contingent consideration to be paid at 31 December 2016 and have concluded that that there has not been a significant change in the value of the liability. Interest of £29,000 (2015: £33,000) 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 2016 liabilities include £288,000 (2015: £479,000).

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 was sold in March 2016 for £425,000 (net of fees of £25,000) of which £300,000 has been paid and £150,000 is due before March 2018. £100,000 due March 2017 and £50,000 due March 2018.

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.

During the year ended 31 December 2016 the Group discontinued the FMCG business in the commodity trading division.

Financial information in respect of this component of the Group is summarised below.

	2016 £'000	2015 £'000
Operating cash flows	(62)	(478)
Investing cash flows	-	-
Financing cash flows	-	-
	-----	-----
Total cash flows	(62)	(478)
	=====	=====
	2016 £'000	2015 £'000
Property, plant and equipment	-	425
Other current assets	698	592
	-----	-----
Total assets of the disposal group classed as held for sale	698	1,017
	=====	=====

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	2016 £'000	2015 £'000
Trade and other payables	(7)	(207)
	—————	—————
Total liabilities of the disposal group classed as held for sale	(7)	(207)
	=====	=====
	2016 £'000	2015 £'000
Revenue	491	519
Expenses	(652)	(742)
	—————	—————
Loss after tax of discontinued operations	(161)	(223)
	=====	=====

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 £Nil (2015:£1,000) were provided by a relative of a director during the year. There was £nil outstanding as at 31 December 2016 (2015:£nil).

34 Approval of financial statements

The Board of Directors approved these financial statements on 22 March 2017.

COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2016

	<i>Note</i>	2016 £'000	2015 £'000
Fixed assets			
Investments – Shares in group undertakings	5	1,056	852
Current assets			
Debtors	6	11,769	11,955
Creditors: amounts falling due within one year	7	(426)	(388)
Net current assets		11,343	11,567
Net assets		12,399	12,419
Equity			
Called up share capital	8	5,616	5,344
Share premium account		7,281	6,990
Capital conversion reserve fund		23	23
Treasury shares		(563)	-
Profit and loss account		42	62
Shareholders' funds		12,399	12,419

Approved on behalf of the board on 22 March 2017 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	Treasury Shares £'000	Profit And Loss Account £'000	Total £'000
At 1 January 2015	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
Profit for the financial year	-	-	-	-	341	341
Dividends paid(note 4)	-	-	-	-	(361)	(361)
Treasury shares acquired	-	-	-	(563)	-	(563)
Share issue	272	291	-	-	-	563
At 31 December 2016	5,616	7,281	23	(563)	42	12,399

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 individual financial statements of Norish plc have been prepared in accordance with IFRS as adopted by the European Union, applicable Irish law and the AIM rules. The accounting policies applied are described in the Basis of Preparation contained in the consolidated IFRS financial accounts within these financial statements.

The preparation of financial statements in conformity with IFRS 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).

NOTES TO THE ACCOUNTS (CONTINUED)

Exemptions taken

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

- (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.

NOTES TO THE ACCOUNTS (CONTINUED)

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 profit for the year arising in Norish plc amounted to £341,000 (2015: loss of £51,000).

4 Dividends paid and proposed

	2016	2015
	£'000	£'000
Final dividend paid in respect of the previous year of 1.50 cent (2015: 1.50cent) per ordinary share	(361)	(178)
	=====	=====

The group paid a total dividend in 2016 of £361,000 (2015: £188,000), of which £346,000 (2015: £178,000) was paid through the company and £nil (2015: £10,000) was paid through Norish UK plc under the Twin Share Option Scheme.

NOTES TO THE ACCOUNTS (CONTINUED)

5 Investments – Shares in group undertakings

	2016 £'000	2015 £'000
Cost and net book value at 1 January	852	752
Additions	204	100
Cost and net book value at 31 December	<u>1,056</u>	<u>852</u>

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 28 to the consolidated IFRS accounts within these financial statements.

6 Debtors

	2016 £'000	2015 £'000
Amount receivable from subsidiary undertakings	11,764	11,945
Other debtors	5	-
Corporation tax	-	10
	<u>11,769</u>	<u>11,955</u>

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

	2016 £'000	2015 £'000
Amounts owed to subsidiary undertakings	388	388
Corporation tax	38	-
	<u>426</u>	<u>388</u>

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

NOTES TO THE ACCOUNTS (CONTINUED)

8 Called up share capital

	2016 £'000	2015 £'000
<i>Authorised</i>		
60,000,000 (2015: 60,000,000) Ordinary shares of €25c each	10,836	10,836
<i>Allotted, called up and fully paid</i>		
	Number	£'000
Ordinary shares of €25c each		
At 1 January 2015	17,106,376	3,280
Issued during the year	11,427,317	2,064
	-----	-----
At 31 December 2015	28,533,693	5,344
Issued during the year	1,426,685	272
	-----	-----
At 31 December 2016	29,960,378	5,616
	=====	=====

The total Ordinary shares in issue are 29,960,378 (2015: 28,533,693). These are all fully paid up. During the year, the company issued 1,426,685 Ordinary shares of €25c each for a total cash consideration of £564,000 (2015: £5,142,000). The excess over nominal value of £291,000 (2015: £3,078,000) less share issue costs of £nil (2015: £286,000) has been transferred to the share premium account.

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.

9 Financial commitments and contingencies

At 31 December 2016, the Group had £344,000 (2015: £Nil) of capital projects authorised of which £344,000 (2015: £Nil) was contracted at 31 December 2016.

At the 31 December 2016, the Company has exposure for the debts of Norish Limited and Townview Foods Limited totalling £7,288,000 (2015: £7,107,000) 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 and Gillingham properties.

HISTORICAL FINANCIAL SUMMARY

Consolidated income statement

	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000
Revenue – continuing	13,552	22,811	23,645	25,145	32,098
– discontinuing	1,324	720	497	2,889	491
Trading profit – continuing	1,035	1,151	1,730	1,454	1,259
– discontinued	-	(946)	(300)	(223)	(161)
Other Income	109	315	-	-	238
Other exceptional items	(317)	-	-	-	-
Net finance expenses	(287)	(147)	(370)	(279)	(239)
Depreciation	(595)	(556)	(598)	(615)	(625)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) before taxation	(55)	(183)	462	337	472
Taxation	(24)	104	(164)	(48)	(192)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) for the financial year	(79)	(79)	298	289	280
	<hr/> <hr/>				
Dividends	(93)	(108)	(169)	(188)	(346)
	<hr/> <hr/>				

Consolidated Statement of Financial Position

	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000
Total assets less current liabilities					
Non-current assets	19,275	15,289	18,336	18,223	19,578
Current assets	4,431	6,048	4,949	10,601	9,489
Current liabilities	(7,136)	(7,512)	(6,451)	(8,233)	(9,831)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	16,570	13,825	16,834	20,591	19,236
	<hr/> <hr/>				
Financed by					
Share capital	1,841	2,056	3,280	5,344	5,616
Share premium account	3,276	3,463	4,198	6,990	7,281
Capital conversion reserve fund	23	23	23	23	23
Treasury shares	-	-	-	-	(563)
Retained earnings	2,927	2,740	2,878	2,981	2,926
Non-controlling interest	-	-	(9)	(11)	(22)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' funds – equity	8,067	8,282	10,370	15,327	15,261
Provisions	145	185	-	-	-
Deferred tax	1,046	863	954	942	925
Deferred consideration	1,422	594	425	199	44
Long term liabilities	5,890	3,901	5,085	4,123	3,006
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	16,570	13,825	16,834	20,591	19,236
	<hr/> <hr/>				



NORISH PLC

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