NORISH

ANNUAL
REPORT & ACCOUNTS
2017

ANNUAL REPORT 2017

FINANCIAL CALENDAR 2018

Announcement of preliminary results	28 March 2018
Annual Report posted to shareholders	13 April 2018
Annual General Meeting	23 May 2018
Announcement of interim results	19 September 2018

CORPORATE PROFILE

Background

Norish plc is a leading provider of temperature controlled warehousing and related services to the food manufacturing, distribution, retail and food service 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 both commodity trading (Meat, Dairy and Fish) and 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

	2017	2016
	£'000	£'000
Revenue - Continuing operations	42,183	32,098
Operating profit-continuing	1,710	872
Profit before tax-continuing	1,507	633
Basic earnings per share – continuing (pence)	3.6p	1.5p
Diluted earnings per share – continuing (pence)	3.6p	1.5p
Net debt to EBITDA (times)	2.2	3.5
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	15,953	15,261
Net borrowings	5,387	5,244
	21,340	20,505
Gearing – excluding goodwill (see Note 1 below)	40%	41%

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 2017.

Financial Highlights

- Total revenue increased by 31.5% to £42.2m (2016: £32.1m)
- Revenue from the Cold Store division increased by 13.3% to £14.3m (2016: £12.6m)
- Revenue from the Sourcing division increased by 41% to £27.4m (2016: £19.5m)
- Revenue from the Dairy division amounted to £0.5m (2006: Nil)
- Operating profit for the Group increased by 96% to £1.71m (2016: £0.87m)
- Profit before tax increased by 138% to £1.5m (2016 : £0.6m)
- Diluted adjusted Eps increased by 140% to 3.6p (2016 : 1.5p)
- Dividend increased by 10% to 1.65 €cent (2016: 1.50 €cent)
- Net debt was £5.4m at year end (2016: £5.2m)

Operational Highlights

- Cold stores comprise, by far the greatest proportion of our capital employed. This division recorded sales growth of 13.3%, when compared with 2016. Divisional contribution increased from £2.1m to £3.3m

- The North West Cold store division recorded sales growth of 15.9% and contribution growth of 85% in 2017, compared to the prior year. The South East Cold store division recorded sales growth of 10.8% and contribution growth of 28.5% on the same basis. This growth, at both divisions, is the result of a combination of increased volumes, improved profile of work and improved pricing.

- The contribution of Town View Foods which is a Protein Sourcing business, was ahead of the last year, with sales growth of 29% and contribution ahead by 12%.

- Our start-up businesses, including dairy and Foro International Connections Limited generated a combined loss of £0.3m in 2017. We expect both businesses to be profitable in 2018.

Operations

<u>Cold Store Division</u>

The North West cold store division which comprises the freehold sites at Wrexham and Birmingham performed strongly in 2017, reflecting a combination of increased intakes, greater blast freezing volumes, improved pricing with an increasing focus on costs, particularly towards the back end of the year.

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 ahead of the same period last year. Within the mix Bury saw strong growth in profitability, albeit from a low base, which helped overall divisional performance. Sales in the South East increased by 10.8%, reflecting higher intakes and greater blast freezing volumes.

CHAIRMAN'S STATEMENT *(CONTINUED)*

Sourcing Division

Our Sourcing division which was previously known as the Commodity division consists of Town View Foods Limited and Foro International Connections Limited. Sales for the division accounted for £27.4m and £19.5m last year. The division contributed £0.53m for the period unchanged from the same period last year.

Town View Foods Limited accounted for sales of £23.8m, against £18.5m last year. It contributed £0.62m for the period, up from £0.56m for the same period last year. Town View Foods sources protein products mainly beef, pork, lamb and chicken. Sales from pork and chicken increased by £3.7m during the period, while sales from beef and lamb increased by £1.6m.

Foro International Connections Limited trades in the sale of juice to the ready to drinks market along with other retail goods. Sales increased to £3.5m from £1m. It recorded a loss of £0.1m against a breakeven in 2016.

Dairy

The dairy division continues to make progress. We have completed our capital investment phase in the business - we now have a high quality leased asset which should deliver attractive returns on capital out over the next decade and beyond. Our asset utilization and operational efficiency will continue to improve as we build our dairy herd at Cantwellscourt Farm, through 2018. Our 2018 Spring calving experience has been very good with all key KPI's delivered on.

Capital

During the period we invested £1.8m (2016: £1.7m), £1.3m in the dairy farm in Kilkenny and £0.5m in routine capital expenditure in the cold store division.

Outlook

We anticipate another strong year of profit growth in 2018, underpinned by the initiation of a continuous improvement programme across the business.

In our Cold Store Divisions , both our North West and South East Divisions have delivered profit growth in the first two months of 2018. We are actively engaged in programmes to both control and, where appropriate reduce costs.

Despite the current volatility in its underlying markets, our protein sourcing division had a good start to the year. We are confident that its low risk operating model can continue to deliver in line with expectation.

Our dairy farming division is expected to increase asset utilisation and operational efficiency in 2018 as we build our herd at Cantwellscourt Farm. Our Spring calving experience in 2018 has been very good with all key KPIs delivered on. We believe our dairy business has significant scope to grow from its existing asset base but also via adjacent opportunities along the value chain in the years ahead.

We expect the group's cash conversion metrics to continue to improve through 2018, driven by an improved operating performance, lower tax rate and reduced capital expenditures.

CHAIRMAN'S STATEMENT *(CONTINUED)*

Financial Review

Total equity at 31 December 2017 stood at £16m (2016: £15.3m). Net debt at 31 December 2017 was £5.4m compared to £5.2m at 31 December 2016.

Dividend

The board recommends the payment of a final dividend of 1.65€cent per share. This will be paid on 19 October 2018 to those shareholders on the register on the 28 September 2018. It will bring the total dividend in respect of the financial year to 1.65 €cent per share, against 1.50€cent per share last year, an increase of 10%.

Brexit

The United Kingdom is due to leave the EU on the 29 March 2019. It is difficult to pin point any direct impacts from the ongoing Brexit discussions other than to say they are hardly positive for business generally. However, our balance sheet is in good shape and leaves us well positioned to benefit from any disruption and consequent opportunity which may arise.

On behalf of the board, I would like to thank the management team and staff for their commitment and contribution in 2017.

Ted O'Neill
Chairman
27 March 2018

FINANCIAL REVIEW

The number of pallets handled in increased by 8%, and we handled 15% additional pallets for blast freezing in 2017. The average occupancy increased from 85% to 92%.

The significant feature of the year was the improvement of the profitability and returns at our cold stores.

Sales

Total Group revenue increased by 31.5% to £42.2m (2016: £32.1m). Cold store revenues increased by 13.3% to £14.3m (2015: £12.6m). Revenues were up mainly as a result of an increase in blast freezing volumes. Revenues in the sourcing division increased by 41% to £27.4m (2016: £19.5m). Townview Foods mainly accounted for the increased sales. Revenues in the Dairy division accounted for £0.5m (2016 : £Nil).

Gross profit

Gross profit increased to £2.6m (2016: £1.3m).

Deferred consideration

During the year we provided £0.1m (2016 : nil) in respect of the additional payments required in respect of the acquisition of Townview Foods.

Operating profit

Operating profit increased to £1.7m (2016: £0.9m).

Finance expense (net)

Finance expense decreased to £0.21m (2016: £0.27m).

Loss from discontinued operations

As part of the Group's strategy to exit the ambient sector we recorded a loss of Nil (2016: £0.1m).

In 2016, the Group exited the FMCG market and recorded a loss of £0.1m during 2017 (2016: £0.1m).

Earnings per share

The basic adjusted earnings per share increased to 3.6p (2016: 1.5p).

Capital

During the year we invested £1.9m (2016: £1.7m): £1.3 in capital outlay in the dairy farm in Kilkenny and £0.6m in routine capital expenditure in the cold store division.

Cash Position

Net debt increased to £5.4m (2016: £5.2m). Operating activities generated £2.5m (2016: used £0.3m) and financing activities absorbed £1.1m (2016: absorbed £0.9m). Investment in assets was made of £1.9m (2016: £1.7m).

FINANCIAL REVIEW *(CONTINUED)*

Dividend

The board recommends the payment of a final dividend of 1.65 €cent per share. This will be paid on 19 October 2018 to those shareholders on the register on the 28 September 2018. It will bring the total dividend in respect of the financial year to 1.65 €cent per share, against 1.50 €cent per share last year, an increase of 10%.

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, £2.9m term loans of which, £0.4m are at floating base rate plus a bank margin of 1.2% and £0.7m are at floating base rate plus a bank margin of 1.75% and £0.41m are floating at bank base rate plus a bank margin of 2.75% and £1.12m are floating at bank base rate plus a margin of 3% and £0.27m are at a floating rate of 3.75%.

In February 2018 the Group renegotiated its terms loans and have refinanced £2.2m of the above term loans at floating base rate plus a margin of 1.85%.

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, 66% 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.

Aidan Hughes
Finance Director

SHAREHOLDERS INFORMATION

Shareholder analysis at 27 March 2018

Number of shares	Number of accounts	Percentage of accounts	Number of shares (000)	Percentage of shares
1 – 1,000	109	34	49	0
1,001 – 10,000	86	27	368	1
10,001 – 100,000	69	21	2,438	8
Over 100,000	57	18	27,105	91
Total	**321**	**100**	**29,960**	**100.0**

Share price data (€)

	High	Low	31 December
Year ended 31 December 2017	48.5p (€0.55)	37p (€0.43)	48.5p (€0.55)
Year ended 31 December 2016	46p (€0.52)	32.5p (€0.42)	43.5p (€0.51)

The market capitalisation of Norish plc at 31 December 2017 was £14.6m (€16.5m) compared with £12.4m (€14.6m) at 31 December 2016, and £23.4m (€26.6m) at 27 March 2018.

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 23 May 2018 at 11am.

BOARD OF DIRECTORS

Executive Directors

Executive Chairman

Ted O'Neill (66) was appointed to the board and became Chairman in 2003. He is a Chartered Accountant and an investor and director of private companies, based in Ireland.

Managing Director
Kieran Mahon (52) Kieran was appointed to the Board on 19 August 2015 and joined Norish from 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 (53) 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 (61) 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 (70) 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 (71) 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.

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 2017.

Principal Activities and Review of Business

Norish plc is a provider of temperature controlled services, protein and product sourcing, and dairy farming in the United Kingdom and Ireland.

Townview Foods Limited is a protein sourcing 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, which we purchased in October 2012 contributed £622,000 (2016: £556,000). 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 2017. 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 ahead of the same period last year. Within the mix Bury saw strong growth in profitability, albeit from a low base, which helped overall divisional performance.

Across our two temperature controlled divisions the number of pallets into our stores increased by 8%, blast freezing volumes increased 15% and our average occupancy increased from 85% to 92%.

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 1.65 €cent per share. This will be paid on the 19 October 2018 to those shareholders on the register on the 28 September 2018. It will bring the total dividend in respect of the financial year to 1.65 €cent per share compared with 1.50 €cent per share last year.

Post Balance Sheet Events

Subsequent to the year end, the Group replaced its existing financing facilities for three of its four term loans resulting in more favourable terms for the Group.

Transactions with Related Parties

Marketing services totalling £16,000 (2016:£Nil) were provided where one of our Directors held a shareholding during the year. There was £8,000 outstanding as at 31 December 2017 (2016:£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 2017 for the Group was 42 days (2016: 43 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 14.6% (2016 – 12.8%) of the Group's turnover from continuing operations. However, the directors are satisfied that this business could be replaced if it was ever lost.

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

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

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

Key performance indicators

For our cold store operations, the number of pallets into our sites increased by 8% to 372,658, blast freezing volumes increased by 15% to 145,389 pallets and closing customer stocks at the year end increased by 11% to 47,221 pallets. Our average electricity price per unit increased by 4% in 2017 and the number of units consumed decreased by 1%.

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 2017 together with brief biographical notes are set out on page 10.

In accordance with regulation 90 (a) of the Company's Constitution, Mr Ted O'Neill, Mr Torgeir Mantor and Mr Willie McCarter retire by rotation, and being eligible, offer themselves for re-election. In accordance with regulation 90 (b) of the Company's Constitution, Mr Kieran Mahon 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 2017 (including their respective family interests) in the share capital of Norish plc were as follows:

	31 December 2017 Ordinary Shares	31 December 2016 Ordinary Shares
Ted O'Neill	**3,000,000**	**2,920,000**
Kieran Mahon	**1,985,286**	**1,985,286**
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 (2016: 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 (2016: 24,152).*

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

	1 Jan 2017	Cancelled /Lapsed in year	Grant in year	31 Dec 2017	Exercise Price	Exercisable from	Expiry date
Aidan Hughes	110,000	-	-	110,000	58p	June 2011	June 2018
Total	110,000	-	-	110,000			

The mid-market price of an ordinary share on 31 December 2017 was 48.5p (€0.55) and the price range during the year was between 37p (€0.43) and 48.5p (€0.55). 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 2017 and the date of this Report.

Pensions

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

Substantial shareholdings

At 27 March 2018 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	15.91
Ted O'Neill	3,000,000	10.21
Kieran Mahon	1,985,286	6.25
John Teeling	1,364,465	4.55
BNY GCM	1,400,000	4.67
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 1,096,237 options have expired. At 31 December 2017 options were outstanding over 250,000 ordinary shares.

Group website

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

Personnel development

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

Disabled employees

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

Electoral Act, 1997

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

Environmental policies

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

Country of Incorporation

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

Significant Customers

During 2017, £6.17m or 14.6% (2016: £4.12m or 12.8%) of the Group's revenues from continued operations depended on a single customer in the sourcing segment (2016 : sourcing segment).

Corporate governance

The Directors are committed to the UK Corporate Governance Code (2016).

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 2016 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. Torgeir Mantor has also served on the Board for more than 9 years, 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.

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.

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 2017 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	**4**	**1**	**1**
Willie McCarter	**5**	**1**	**1**
Seán Savage	**5**	**1**	**1**

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 (2016). In designing schemes of performance-related remuneration, the Remuneration Committee has given full consideration to the provisions in UK Corporate Governance Code (2016).

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

Relations with Shareholders

Recognising the importance of communications with shareholders the Board seeks to provide through its Annual Report a clear and balanced assessment of Group performance and prospects. The Group's Internet website, *www.norish.com*, provides investors with the full text of the Annual and Interim Reports. The Chairman and Directors maintain an ongoing dialogue with the Company's institutional shareholders on strategic issues. All shareholders are encouraged to attend the Annual General Meeting.

Internal control

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

The Board confirms that an ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been put in place for the year under review and up to the date of approval of the annual report and accounts, and that this process is regularly reviewed by the board and accords with the 2016 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.

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 2017 with all provisions of the Principles of Good Governance and Code of Best Practice as contained in the 2016 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.

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 £1.7m along with cash reserves of £1.6m. 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 dairy division continues to make progress. We have completed our capital investment phase in the business - we now have a high quality leased asset which should deliver attractive returns on capital out over the next decade and beyond. Our asset utilization and operational efficiency will continue to improve as we build our dairy herd at Cantwellscourt Farm, through 2018. Our 2018 Spring Calving experience has been very good with all key KPI's delivered on.

DIRECTORS' REPORT *(CONTINUED)*

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.

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	**A.V. Hughes**	**27 March 2018**
Chairman	***Finance Director***	

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 Companies (Accounting) Act 2017 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.V Hughes
Finance Director

27 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORISH PLC

Opinion

We have audited the financial statements of Norish Plc for the financial year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Statements of Financial Position, the Consolidated Statement of Cash Flows, and the Consolidated and Parent Statement of Changes in Equity and the related notes, including the summary of significant accounting policies.
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.

In our opinion, Norish Plc's financial statements:

- give a true and fair view in accordance with IFRSs as adopted by the European Union of the financial position of the Group and of the Company as at 31 December 2017 and of the Group financial performance and cash flows for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and the Companies (Accounting) Act 2017.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Under the Listing Rules we are required to review the directors' statement, set out on page 22, in relation to going concern. We have nothing to report having performed our review.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and the directing of efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and therefore we do not provide a separate opinion on these matters.

Overall audit strategy

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example the selection of pricing sources to value the investment portfolio. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias that could result in a risk of material misstatement due to fraud.

How we tailored the audit scope

The Group has three operating segments that are operated principally in the United Kingdom, with operations in the Republic of Ireland since 2014.
We tailored the scope of our audit taking into account the areas where the risk of misstatement was considered material to the Group.
In establishing the overall approach to our audit we assessed the risk of material misstatement at a Group level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the control environment in place at Norish plc.

Materiality and audit approach

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.
Based on our professional judgement, we determined materiality for the Group as follows: 1% of Revenue for the financial year ended 31 December 2017.
We agreed with the board of directors that we would report to them misstatements identified during our audit above 5% of materiality as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Significant risks identified

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out below as significant risks together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

a. Carrying value of Goodwill
Under International Financial Reporting Standards, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test was significant to our audit because the carrying value of goodwill is £2,338,000, as of 31 December 2017, which is material to the financial statements. In addition, management's assessment process is complex and highly judgemental and is based on assumptions, specifically 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, as well as the impact of expected future market conditions, particularly those in the United Kingdom.
We assessed management's calculations for reasonableness and recalculated the Weighted Average Cost of Capital (WACC) applying industry averages and available data. In addition, we performed sensitivity analysis, challenging the underlying assumptions, and corroborating based on our understanding of the business and industry. Based on our testing, we did not identify any issues with the carrying value of goodwill.

b. Valuation of properties – value in use

The Group owns properties from which the cold storage division operates. Given the significance of the carrying value of these properties, £12,065,000, as of 31 December 2017, this matter is material to the financial statements. In addition, management's assessment process is complex and highly judgemental and is based on assumptions, specifically the underlying profitability of the various cold store sites, which depends upon a number of factors including prices and intake volumes negotiated with customers, as well as the impact of expected future market and economic conditions, particularly those in the United Kingdom.

We assessed management's calculations for reasonableness and recalculated the Weighted Average Cost of Capital (WACC) applying industry averages and available data. In addition, we performed sensitivity analysis, challenging the underlying assumptions, and corroborating based on our understanding of the cold store division.

Based on our testing, we did not identify any issues with the carrying value of the properties.

c. Existence and impairment of trade receivables

Given the significance of the net trade receivables balance, £6,533,000, as of 31 December 2017, it is material to the financial statements. We have considered the risk of impairment of the trade receivable balances and have reviewed management's assessment of the impairment of the trade receivables balance in addition to performance of substantive procedures over existence and recoverability of the trade receivables.

Our audit approach involved the use of sampling and Computer Assisted Auditing Techniques (CAAT) to select a sample of trade receivable balances for testing to determine existence and recoverability by verification to relevant post year end cash receipts. Furthermore, we reviewed trade receivables outside normal credit terms to assess likelihood of recoverability in conjunction with management's impairment provision.

Based on our testing, we did not identify any issues with the recoverability of trade receivables.

Other information

Other information comprises information included in the Annual Report, other than the financial statements and our auditor's report thereon, including the Directors' Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by the Companies Act 2014 & the Companies (Accounting) Act 2017

- 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 Group and the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.
- Based solely on the work undertaken in the course of our audit, in our opinion, the directors' report has been prepared in accordance with the requirements of the Companies Act 2014 and the Companies (Accounting) Act 2017.

Matters on which we are required to report by exception

Under the Companies Act 2014 and the Companies (Accounting) Act 2017 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of these Acts have not been made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

In our opinion, based on the work undertaken in the course of our audit of the financial statements, the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with section 1373(2)(c) of the Companies Act 2014.
Based on our knowledge and understanding of the Group and the Company and its environment obtained in the course of our audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement.
In our opinion, based on the work undertaken during the course of our audit of the financial statements, the information required by section 1373(2)(a),(b),(e) and (f) is contained in the Corporate Governance Statement.

The directors' assessment of the prospects of the Group and the Company and the principal risks that would threaten the solvency or liquidity of the Group and the Company

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Company and the Directors' statement in relation to the longer term viability of the Group and the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as they determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs Ireland will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs Ireland, the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. The auditor will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a matter that achieves a true and fair view.

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

The auditor shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

The auditor also provides those charged with governance with a statement that they have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on their independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the auditor determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. These matters are described in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We were appointed by the Board of Directors on 16 January 2017 to audit the financial statements for the year ended 31 December 2017. This is the eleventh year we have been engaged to audit the financial statements of the Group and the Company.
We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs Ireland. Our audit approach is a risk-based approach and is explained more fully in the 'responsibilities of the auditor for the audit of the financial statements' section of our report.
We have not provided non-audit services prohibited by the IAASA's Ethical Standard and have remained independent of the entity in conducting the audit.
The audit opinion is consistent with the additional report to the audit committee.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Group and 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 Group and 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 Group and the Company and the Group and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

STEPHEN MURRAY
For and on behalf of
Grant Thornton
Chartered Accountants
Statutory Audit Firm

27 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Continuing operations			
Revenue	5	**42,183**	32,098
Cost of sales		**(39,550)**	(30,757)
Gross profit		**2,633**	1,341
Other income		**66**	238
Deferred Consideration		**(100)**	-
Administrative expenses		**(889)**	(707)
Operating profit from continuing operations		**1,710**	872
Finance income – fair value gain on swaps	7	**10**	20
Finance income – interest receivable	7	**1**	10
Finance expenses – interest paid	7	**(201)**	(240)
Finance expenses – notional interest	7	**(13)**	(29)
Profit on continuing activities before taxation	8	**1,507**	633
Income taxes – Corporation tax	9	**(413)**	(210)
Income taxes – Deferred tax	9	**(28)**	18
Profit for the financial year from continuing operations		**1,066**	441
Loss from discontinued operations	30	**(73)**	(161)
Profit for the financial year		**993**	280
Other comprehensive income		-	-
Total comprehensive income for the year		**993**	280
Profit for the financial year attributable to owners of the parent		**993**	291
Loss for the financial year attributable to non-controlling interest		**-**	(11)
Total comprehensive income for the financial year attributable to owners of the parent		**993**	291
Total comprehensive expense for the financial year attributable to non-controlling interest		**-**	(11)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2017

	Notes	**2017**	2016
Earnings per share expressed in pence per share:			
From continuing operations	10		
- basic		**3.6p**	1.5p
- diluted		**3.6p**	1.5p
From discontinued operations	10		
- basic		**(0.2)p**	(0.6)p
- diluted		**(0.2)p**	(0.6)p

The notes on page 36 to 79 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2017

	Notes	2017 £'000	2016 £'000
Non current assets			
Goodwill	11	**2,338**	2,338
Intangible assets	11	**141**	65
Property, plant and equipment	12	**17,759**	16,635
Biological assets	13	**624**	540
		20,862	19,578
Current assets			
Trade and other receivables	14	**7,537**	6,264
Inventories	15	**709**	483
Cash and cash equivalents	23	**1,558**	2,044
Assets of disposal group classified as held for sale	30	**279**	698
		10,083	9,489
TOTAL ASSETS		**30,945**	29,067
Equity attributable to equity holders of the patent and non-controlling interest			
Share capital	21	**5,616**	5,616
Share premium account	21	**7,281**	7,281
Other reserves	22	**103**	23
Treasury shares		**(563)**	(563)
Retained earnings		**3,516**	2,926
Equity attributable to equity holders of the parent		**15,953**	15,283
Non controlling Interest		**-**	(22)
TOTAL EQUITY		**15,953**	15,261
Non-current liabilities			
Borrowings	19	**2,390**	3,006
Financial liabilities at fair value through profit or loss	16	**-**	44
Deferred tax	20	**953**	925
		3,343	3,975
Current liabilities			
Trade and other payables	17	**6,680**	5,082
Financial liabilities at fair value through profit or loss	16	**29**	255
Current tax liabilities	18	**367**	205
Borrowings	19	**4,555**	4,282
Liabilities of disposal group classified as held for sale	30	**18**	7
		11,649	9,831
TOTAL EQUITY AND LIABILITIES		**30,945**	29,067

The notes on page 36 to 79 are an integral part of these consolidated financial statements.

Approved on behalf of the board on 27 March 2018 by:

T.J. O'Neill — *Chairman*

A. Hughes — *Finance Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Share capital £'000	Share premium £'000	Other Reserves £'000	Treasury shares £'000	Retained earnings £'000	Total £'000	Non-Controlling interest £'000	Total Equity £'000
At 1 January 2016	**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**
Net profit for the financial year	-	-	-		993	993	-	993
Total comprehensive income for the financial year	**-**	**-**	**-**		**993**	**993**	**-**	**993**
Issue of share capital	-	-	-		-	-	-	-
Equity dividends paid (recognised directly in equity)	-	-	-		(381)	(381)	-	(381)
Foreign Exchange gain	-	-	80	-	-	80	-	80
Minority Interest acquired	-	-	-	-	(22)	(22)	22	-
Transactions with owners	**-**	**-**	**80**	**-**	**590**	**670**	**22**	**692**
At 31 December 2017	**5,616**	**7,281**	**103**	**(563)**	**3,516**	**15,953**	**-**	**15,953**

The notes on page 36 to 79 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 31 December 2017	**Notes**	**2017**	2016
		£'000	£'000
Profit on continuing activities before taxation		**1,507**	633
Gain on biological assets		**(66)**	(238)
Amortisation of Intangible assets		**6**	-
Foreign exchange gain		**63**	-
Loss on discontinued activities		**(73)**	(161)
Deferred consideration		**100**	-
Finance expenses		**214**	269
Finance income		**(11)**	(30)
Depreciation – property, plant and equipment-net		**709**	625
		2,449	1,098
Changes in working capital and provisions:			
Increase in inventories		**(226)**	(97)
Increase in trade and other receivables		**(854)**	(1,130)
Increase/(decrease) in current liabilities held for sale		**11**	(200)
Increase in payables		**1,598**	885
Cash generated from operations		**2,978**	556
Interest paid		**(201)**	(240)
Interest received		**1**	10
Taxation paid		**(251)**	(49)
Net cash generated/(used in) from operating activities		**2,527**	(277)
Investing activities			
Investment in Intangible assets		**(82)**	(65)
Purchase of property, plant and equipment		**(1,816)**	(1,375)
Purchase of biological assets		**(19)**	(302)
Net cash used in investing activities		**(1,917)**	(1,742)
Financing activities			
Dividends paid to shareholders	**24**	**(381)**	(346)
Deferred consideration payments		**(372)**	(220)
Invoice finance receipts		**487**	440
Overdraft receipt		**(94)**	304
Finance lease capital repayments		**(189)**	(147)
Term loan advance		**266**	-
Finance lease advance		**24**	218
Term loan repayments		**(837)**	(1,123)
Net cash outflow from financing activities		**(1,096)**	(874)
Net decrease in cash and cash equivalents		**(486)**	(2,339)
Cash and cash equivalents and bank overdrafts, Beginning of period		**2,044**	4,383
Cash and cash equivalents end of period	**23**	**1,558**	2,044

The notes on page 36 to 79 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, dairy farming and other related services to the food industry in the United Kingdom and Republic of Ireland.

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. Norish plc is registered in Republic of Ireland under registration number 51842.

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 £1.7m along with cash reserves of £1.6m. The group also has the ability to raise equity funds through the London Stock Exchange (AIM) market.

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

Changes in accounting policies
The Group has adopted the following new standards, interpretations, revision and amendments to IFRS issued by the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 January 2017:

Amendments to IAS 7 Cash Flow Statement
The amendments 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. Movements in the Group's liabilities arising from financing activities derive solely from cash flow movements. Accordingly the amendments have no impact on the Group.

Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
The amendment focuses on the recognition of deferred tax assets in respect of unrealised losses on debt instruments. The Group does not have any such unrealised losses and, accordingly, the amendment has no impact on the Group.

Amendment to IFRS 12: Disclosure of Interests in Other Entities
Annual Improvements to IFRS Standards 2014–2016 Cycle clarified that the disclosures required in IFRS 12 also apply to interests held for sale and discontinued operations in accordance with IFRS 5. This has no impact on the Group.

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

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

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

IFRS 9 Financial Instruments (effective from 1 January 2018)
The IASB have completed its project to replace IAS 39 with IFRS 9 which includes requirements for the classification and measurement of financial assets and liabilities, impairment methodology and general hedge accounting. The Group's main area of focus in assessing the impact of IFRS 9 will be the classification of the Group's financial assets and the implementation of the expected credit loss model for recognising impairment losses in respect of the Group's financial assets such as trade receivables. While the Board have started to assess the impact of IFRS 9 it is not yet in a position to provide quantitative information in this regard.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)
IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue from customers. It will supersede a numbers of standards and interpretations including IAS 18, IAS 11 as well as IFRC 13, IFRC 15, IFRIC 18 and SIC 31. The Board are currently assessing the impact on the Group.

IFRS 16 Leases (effective from 1 January 2019)
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 (effective from 1 January 2018 – yet to be endorsed by the EU)

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 transaction 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.

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

- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 1 and IAS 28 (effective from 1 January 2018 – yet to be endorsed by the EU)
- IFRS 17 Insurance Contracts (effective from 1 January 2021)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective from 1 January 2018 – yet to be endorsed by the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective from 1 January 2019 – yet to be endorsed by the EU)
- Amendments to IFRS 4: Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective as per IFRS 9)
- Clarifications to IFRS 15 'Revenue from Contracts with Customers' (effective as per IFRS 15)
- Annual Improvements to IFRS Standards 2015-2017 Cycle – Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (effective from 1 January 2019 – yet to be endorsed by the EU)
- Amendments to IAS 40: Transfers of Investment Property (effective from 1 January 2018 – yet to be endorsed by the EU)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective from 1 January 2019 – yet to be endorsed by the EU)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (effective retrospectively from 1 January 2019)

Basis of consolidation
The Group's Consolidated Financial Statements include the results of Norish plc and its subsidiary undertakings for that period. As of 31 December 2017, all subsidiary undertakings have a reporting date of 31 December.

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

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

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

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

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

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

Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes all expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the costs provide enhancement, it is probable that future economic benefits associated from the item will flow to the Group and the cost of the enhancement can be measured reliably. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than the estimated recoverable amount. All other repair and maintenance costs are charged to 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. Gains or losses arising on disposal of property, plant and equipment are recognised in the Income Statement.
Impairment charges
An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

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

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

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

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

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

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

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

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

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

Trade receivables

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

Taxation

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

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

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

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

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

Discontinued operations

Where a component of the Group is classified as a discontinued operation, that component is stated at the lower if its carrying amount and fair value less cost to sell. The post-tax profit or loss or the component, together with any post-tax gain or loss in relation to remeasuring the carrying amount of the component, are recognised is a single line item in the Statement of Comprehensive Income. Assets and liabilities relating to the component are presented separately in the Statement of Financial Position.

Foreign currencies

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

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

Leased assets

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

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

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

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

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

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

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

Share based payments
The Group issues equity-settled share-based payments to certain employees. In accordance with IFRS 2, "Share-based payments", equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instrument granted. 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. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

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

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

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

Equity
Share capital represents the nominal value of shares that have been issued. Share Premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

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 it fair value less estimated point of sale costs at the point of harvest. Movements in fair value less estimated point of sale cost are recognised in the Consolidated Statement of Comprehensive Income.

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.

Intangible assets are written off in equal annual instalments over their useful economic life which has been assessed at 5 years. Amortisation is included within administrative expenses.

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 cash flow 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 2017 and 2016, 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 2017, if interest rates had been 1% higher with all other variables held constant, post tax profit for the year would have been £42,000 lower, mainly as a result of higher interest expenses on floating rate borrowings.

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.

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 2017:

	Within 1 year £'000	**1 to 2 years £'000**	**2 to 5 years £'000**	**Greater than 5 years £'000**	**Total £'000**
Trade payables	4,684	-	-	-	4,684
Invoice finance	3,438	-	-	-	3,438
Overdraft	210	-	-	-	210
Finance Leases	203	105	87	-	395
Term loan interest	68	51	111	17	247
Bank loans	705	348	1,043	807	2,903
Deferred consideration	29	-	-	-	29
	9,337	**504**	**1,241**	**824**	**11,906**

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**

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 £16m up from £15.3m last year. In 2017, we decreased the Gearing ratio from 41% to 40%.

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

The gearing ratios at 31 December 2017 and 2016 were as follows:

	2017 £'000	2016 £'000
Total borrowings	**6,945**	7,288
Less cash and cash equivalents	**(1,558)**	(2,044)
Net borrowings	**5,387**	5,244
Net assets	**15,953**	15,261
Less goodwill	**(2,338)**	(2,338)
Capital employed	**13,615**	12,923
Gearing ratio	**40%**	41%

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 2017

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets/liabilities at fair Value through profit or loss				
Interest rate swaps/caps	-	-	-	-
Contingent consideration	29	-	-	29
Total	**29**	-	-	29

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				
Interest rate swaps/caps	10	-	10	-
Contingent consideration	289	-	-	289
Total	**299**	-	**10**	289

4 Critical accounting estimates and judgements

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

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

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

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

4 Critical accounting estimates and judgements(continued)

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

The estimated useful lives range as follows:

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

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

Amortisation is charged so as to allocate the cost of other intangible assets over their estimated useful economic lives, using the straight-line method. The estimated useful economic life has been estimated as 5 years.

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 values its biological assets at fair value less estimated point of sale costs.

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 £3.5m (2016: £1m) with no fixed assets. During 2016, the Group established a dairy farming business in the Republic of Ireland. These operations generated revenues of £0.5m (2016:nil) with fixed assets of £1.8m (2016 : £0.6m).
Segment information can be analysed as follows for the reporting periods under review:

- Product Sourcing business
- North west cold storage
- South east cold storage
- Dairy farming

During 2017, £6.17m or 14.6% (2016: £4.12m or 12.8%) of the Group's revenues from continued operations depended on a single customer in the commodity trading business (2016 : commodity trading business).

The segment results from continuing operations for the year ended 31 December 2017 are:

	Dairy Farming	**Product Sourcing**	**North West**	**South East**	**Unallocated**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Total segment revenue	488	27,403	7,697	6,595	-	42,183
Revenue	**488**	**27,403**	**7,697**	**6,595**	**-**	**42,183**
Operating profit/(loss)	**(148)**	**535**	**2,008**	**1,315**	**(2,000)**	**1,710**
Finance income – fair value gain	-	-	-	-	10	10
Finance income – interest receivable	-	-	-	-	1	1
Finance cost – Interest paid	-	(34)	-	-	(167)	(201)
Finance cost – notional interest	-	(13)	-	-	-	(13)
Profit/(loss) before income tax	**(148)**	488	2,008	1,315	(2,156)	1,507
Income tax – corporation tax	-	(113)	-	-	(300)	(413)
Income tax – deferred tax	-	-	-	-	(28)	(28)
Profit/(loss) for the year	**(148)**	**375**	**2,008**	**1,315**	**(2,484)**	**1,066**

Other segment items:

	Dairy Farming £'000	Product Sourcing £'000	North West £'000	South East £'000	Unallocated £'000	Total £'000
Depreciation – continuing operations (Note 12)	37	-	354	253	65	**709**

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

	Dairy Farming £'000	Product Sourcing £'000	North West £'000	South East £'000	Unallocated £'000	Total £'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**

Other segment items:

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

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 2017 and the capital expenditure for the year then ended are as follows:

	Dairy Farming	Product Sourcing	North West	South East	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets	2,814	7,827	11,600	7,296	1,129	30,666
Liabilities	499	5,889	2,619	1,487	4,481	14,975
Capital expenditure (Note 12)	1,241	18	173	329	55	1,816

The segment assets and liabilities at 31 December 2016 and the capital expenditure for the year then ended are as follows:

	Dairy Farming	Product Sourcing	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

6 Staff costs

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

	2017	2016
Management	**20**	20
Administration	**24**	24
Technical	**9**	9
Operational	**121**	106
	174	159

The aggregate payroll costs of these persons were as follows:

	2017 £'000	2016 £'000
Wages and salaries	**4,682**	4,005
Social security costs	**419**	362
Other pension costs	**67**	46
	5,168	4,413

There was an accrual for £13,000 (2016: £10,000) included above for pension costs at 31 December 2017.

There group capitalised employee costs of £37,689 (2016: £41,797) in respect of the Foro Juice business as an intangible asset.

NOTES ON THE CONSOLIDATED FINANCIALSTATEMENTS
(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

	2017	2016
	£'000	£'000
Fair value gains on interest rate swaps/caps	**10**	20
Interest receivable	**1**	10
Finance income	**11**	30
Interest expense on bank overdrafts and loans	**(201)**	(240)
Notional interest on deferred consideration	**(13)**	(29)
Finance costs	**(214)**	(269)
Net finance costs	**(203)**	(239)

8 Profit before tax

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

	2017	2016
	£'000	£'000
Depreciation of property, plant and equipment (Cost of Sales)	**709**	625
Staff costs (Note 6)	**5,168**	4,413
Foreign exchange (gain)/loss	**(96)**	9
Rentals payable under operating leases		
- Buildings	**476**	536
- Plant and machinery	**792**	915
Auditors' remuneration - audit service	**45**	33
- non audit services	-	-

9 Income taxes

(a) Analysis of charge in year

	2017	2016
	£'000	£'000
UK		
Corporation tax at 19.25% (2016: 20%)	**369**	157
Adjustment in respect of previous periods	**-**	9
Ireland		
Corporation tax at 12.5% (2016: 12.5%)	**44**	44
Adjustment in respect of previous periods	**-**	-
Current tax charge	**413**	210
Deferred tax charge/(credit) (Note 20)	**28**	(18)
Deferred tax charge/(credit)	**28**	(18)

(b) Factors affecting tax charge for year

	2017	2016
	£'000	£'000
Profit on ordinary activities before taxation	**1,507**	633
Profit on ordinary activities multiplied by standard UK tax rate 19.25% (2016: 20%)	**290**	127
Effects of:		
Other expenses not deductible for tax purposes	**10**	8
Adjustment for tax effect of discontinued operations	**(14)**	(32)
Adjustment in respect tax payable on Irish Income (12.5%)	**(20)**	(26)
Adjustments in respect of previous periods	**-**	9
Adjustments in respect of Deferred Consideration	**19**	-
Adjustments in respect of IBA and tax rate change	**156**	106
Total tax charge for year	**441**	192

The deferred tax charge of £28,000 (2016: credit of £18,000) 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 2017 relates to the temporary difference between the carrying value of the asset in the consolidated statement of financial position and its tax base. The dual recovery method continues to be applied as disposal of the asset is anticipated.

10 Earnings per share

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

	2017	2016
Profit attributable to owners of parent – continuing (£'000)	**1,066**	441
Loss attributable to owners of parent – discontinuing (£'000)	**(73)**	(161)
	993	280
Weighted average number of ordinary shares outstanding	**29,851,233**	29,851,233
Basic earnings per share – continuing operations	**3.6p**	1.5p
Basic loss per share – discontinuing operations	**(0.2)p**	(0.6)p
Basic earnings per share	**3.4p**	0.9p

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.

	2017	2016
Profit attributable to owners of parent – continuing (£'000)	**1,066**	441
Loss attributable to owners of parent – discontinuing (£'000)	**(73)**	(161)
	993	280
Weighted average number of ordinary shares outstanding	**29,851,233**	29,851,233
Dilutive effect of share options	**-**	-
Weighted average number of shares for the calculation of diluted earnings per share	**29,851,233**	29,851,233
Diluted earnings per share -continuing operations	**3.6p**	1.5p
Diluted loss per share – discontinuing operations	**(0.2)p**	(0.6)p
Diluted earnings per share- total	**3.4p**	0.9p

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

11 Goodwill and intangible assets

The net book value of goodwill at 31 December 2017 was £2,338,000 (31 December 2016: £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 9.4% has been used.

Other intangible assets

During 2017 we secured the rights to use a juice brand under a contractual arrangement with a third party. During the year we capitalised £83,000 (2016 : £65,000) and amortised £7,000 (2016 : nil).

	2017	2016
	£'000	£'000
At 1 January	**65**	-
Additions	**83**	65
Amortisation	**(7)**	-
At 31 December	**141**	65

12 Property, plant and equipment

	Freehold Land £'000	Buildings £'000	Plant and Equipment £'000	Total £'000
Cost				
At 1 January 2017	3,544	13,726	9,991	27,261
Additions	-	761	1,055	1,816
Foreign exchange	-	16	1	17
At 31 December 2017	3,544	14,503	11,047	29,094
Depreciation				
At 1 January 2017	-	4,440	6,186	10,626
Charge for year	-	242	467	709
At 31 December 2017	-	4,682	6,653	11,335
Net book value				
31 December 2017	**3,544**	**9,771**	**4,444**	**17,759**

Included within the net book value of £17.8m is £761,000 (2016: £828,000) 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 £55,000 (2016: £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 9.4% 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 2017 (2016: £Nil).

13 Biological Assets

During 2016 the Group acquired a dairy herd which was measured at fair value less point of sale costs of £302,000. During 2017 £25,000 of additional stock were acquired and £25,000 were disposed. The herd produced calves in Spring 2017 to be used for milk production thereafter. The fair value less point of sale costs of the herd at the balance sheet date was £624,000 (2016 : £540,000) resulting in a movement in fair value of £66,000 (2016 : £238,000) which has been recognised in the Consolidated Statement of Comprehensive Income.

	2017	2016
	£'000	£'000
At 1 January	**540**	-
Foreign exchange	**18**	-
Additions	**25**	302
Disposals	**(25)**	-
Movement in fair value less estimated point of sale costs	**66**	238
At 31 December	**624**	540

14 Trade and other receivables

	2017	2016
	£'000	£'000
Trade receivables	**6,558**	5,356
Less: Provision for impairment of trade receivables	**(25)**	(8)
Trade receivables - net	**6,533**	5,348
Other receivables	**429**	907
Prepayments	**854**	707
Transfer to disposal group (note 30)	**(279)**	(698)
	7,537	6,264

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 2017 trade receivables of £25,000 (2016: £8,000) were impaired. The other classes within trade and other receivables do not contain impaired assets.

As of 31 December 2017, trade receivables of £2,272,000 (2016: £1,416,000), were past due of which £25,000 (2016: £8,000) 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:

	2017	2016
	£'000	£'000
Up to 3 Months	**2,139**	1,393
Over 3 Months	**133**	23
	2,272	1,416

15 Inventories

	2017 £'000	2016 £'000
Goods for resale	**709**	483
	709	483

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.

16 Financial liabilities

	Contingent Consideration £'000	Caps/ Swaps £'000	Total £'000
At 1 January 2016	479	31	510
Deferred consideration paid	(220)	-	(220)
Charged to the Consolidated Statement of Comprehensive Income	29	(20)	9
At 31 December 2016	288	11	299
Deferred consideration paid	(372)	-	(372)
Charged to the Consolidated Statement of Comprehensive Income	113	(11)	102
At 31 December 2017	**29**	**-**	**29**
Current fair value financial liabilities	29	-	29
Non-current fair value financial liabilities	-	-	-
At 31 December 2017	**29**	**-**	**29**

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 2017 was £Nil (2016: £3m).

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

Changes in fair value of financial assets/liabilities through profit or loss are recorded within finance income/expense in the Consolidated Statement of Comprehensive Income - see note 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 2017 £372,000 (2016: £220,000) 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, 31 December 2015 and 31 December 2016 and concluded that that there had not been a significant change in the value of the liability. The Board have also re-assessed the remaining amount of contingent consideration to be paid at 31 December 2017 and concluded that there had been a significant change in the value of the consideration and that a charge of £100,000 was required for the year ended 31 December 2017. Interest of £13,000 (2016: £29,000) 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 2017, £29,000 (2016: £244,000) has been included within current liabilities and £Nil (2016: £44,000) has been included in non-current liabilities. The gross undiscounted payments equate to £29,000.

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.

17 Trade and other payables

	2017	2016
	£'000	£'000
Trade payables	**4,684**	3,581
Value added tax and payroll taxes	**393**	388
Accruals	**1,544**	1,083
Deferred Income	**77**	37
Transfer to disposal group (note 30)	**(18)**	(7)
	6,680	5,082

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

18 Current tax liabilities

	2017	2016
	£'000	£'000
Corporation tax - UK	**412**	165
Corporation tax - Ireland	**(45)**	40
	367	205

The above liabilities are all payable within 1 year.

19 Borrowings

	2017 £'000	2016 £'000
Current		
Finance Leases	**203**	182
Invoice finance	**3,437**	2,951
Bank overdraft	**210**	304
Term Loans	**705**	845
	4,555	4,282
Non Current		
Finance Leases	**192**	378
Non-current bank borrowings	**2,198**	2,628
	2,390	3,006
Total Borrowings	**6,945**	7,288

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 Bank plc agreed to a term loan of £2.2 million drawn down in February 2018 over a maximum period of 7. This loan replaces (b), (c) & (d) which were repaid in full in February 2018.

(f) Finance Ireland Agri agreed a term loan for £0.27m (€0.3m) drawn down in December 2017 for a maximum period of 8 years.

(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 (2016: £4.25m) which is reviewed annually.

Overdraft interest is charged quarterly at an interest rate of bank base rate plus 2.25% (2016: 2.25%). Invoice finance interest is charged on a daily basis at bank base rate plus 2.25% (2016: 2.25%). Term Loan (a) above is charged quarterly at an interest rate of bank base rate plus 1.2% (2016: 1.2%). Term Loan (b) above is charged quarterly at an interest rate of bank base rate plus 1.75% (2016:1.75%).Term Loan (c) above is charged quarterly at an interest rate of bank base rate plus 2.75% (2016: 2.75%). Term Loan (d) above is charged quarterly at an interest rate of bank base rate plus 3% (2016:3%). Term loan (e) above is charged quarterly at an interest rate of bank base rate plus 1.85% (2016: n/a). Term Loan (f) is charged monthly at an interest rate of 3.75%.

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, West Midlands, and Gillingham properties.

The fair value of the Group's financial liabilities as at 31 December 2017 was as follows:

	2017		2016	
	Book Value £'000	**Fair Value £'000**	Book Value £'000	Fair Value £'000
Current bank borrowings	**4,555**	**4,555**	4,282	4,282
Non-current bank borrowings	**2,390**	**2,390**	3,006	3,006
	6,945	**6,945**	7,288	7,288

The Group pays interest at the base rate plus a margin of 1.2% to 3.75% 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:

	2017 £'000	2016 £'000
Floating rate, expiring within one year		
Invoice finance	**1,514**	1,187
Bank overdraft	**190**	96
	1,704	1,283

20 Deferred tax

	2017	2016
	£'000	£'000
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	**933**	905
Deferred tax liabilities to be recovered within 12 months	**20**	20
	953	925

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**	**Fair value gains**	**Total**
	£'000	**£'000**	**£'000**
At 1 January 2016	936	6	942
(Credited) to the Consolidated Statement of Comprehensive Income	(12)	(5)	(17)
At 31 December 2016	924	1	925
Charged (credited) to the Consolidated Statement of Comprehensive Income	29	(1)	28
At 31 December 2017	**953**	**-**	**953**

The deferred tax liability due after more than one year prior to offsetting is £933,000 (2016: £905,000).

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 (2016: £97,000). However, the board feels that it is highly unlikely that this will ever be recoverable and have not provided this amount in the accounts.

21 Share capital

	2017	2016
	£'000	£'000
Authorised		
60,000,000 (2016: 60,000,000) Ordinary shares of €25c each	**10,836**	10,836

Allotted, called up and fully paid	**Number**	**£'000**
Ordinary shares of €25c each		
At 1 January 2016	28,533,693	5,344
Issued during the year	1,426,685	272
At 31 December 2016	29,960,378	5,616
Issued during the year	-	-
At 31 December 2017	**29,960,378**	**5,616**

During the year, the company issued Nil (2016: 1,426,685) Ordinary shares of €25c each for a total cash consideration of £Nil (2016: £564,000). The excess over nominal value of £Nil (2016: £291,000) less share issue costs of £nil (2016: £Nil) 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.

Share Premium

	2017	2016
	£'000	£'000
At 1 January	**7,281**	6,990
Share Issue	**-**	291
Issue costs	**-**	-
At 31 December	**7,281**	7,281

Share options

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

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

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

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

	2017		2016	
	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 2016 the Group agreed to establish a Joint Share Ownership Plan (JSOP) whereby employees or directors may be invited to acquire, jointly with a trust, shares in the company. The employee or director benefits from future growth in the share price subject to certain performance criteria being met. There were no transactions connected with the JSOP during the year.

22 Other reserves

	2017	2016
	£'000	£'000
Capital conversion reserve fund	**23**	23
Foreign exchange	**80**	-
	103	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

	2017	2016
	£'000	£'000
Cash at bank and on hand	**1,558**	2,044
	1,558	2,044

24 Dividends

	2017	2016
	£'000	£'000
Final dividend paid in respect of the previous year of 1.50 cent (2016: 1.50 cent) per ordinary share	**381**	346

The Board recommends the payment of a final dividend of 1.650 cent per share. This will be paid on 19 October 2018 to those shareholders on the register on 28 September 2018. It will bring the total dividend in respect of the financial year to 1.65 cent per share compared with 1.50 cent last year.

25 Commitments and contingencies

(a) Operating leases

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

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

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

	2017 Land and Buildings £'000	**2017 Other operating leases £'000**	**2017 Total £'000**	2016 Land and Buildings £'000	2016 Other operating leases £'000	2016 Total £'000
Expiring:						
Within one year	**515**	**323**	**838**	468	655	1,123
Between two and five years	**2,061**	**424**	**2,485**	1,715	829	2,544
Beyond five years	**2,087**	**-**	**2,087**	2,283	-	2,283
	4,663	**747**	**5,410**	4,466	1,484	5,950

(b) Guarantees on leasehold properties

The annual operating lease commitment on land and buildings of £520,000 (2016: £468,000) arises on leasehold properties and land.

(c) Capital commitments

At 31 December 2017, the Group had £Nil (2016: £344,000) of capital projects authorised of which £Nil (2016: £344,000) was contracted at 31 December 2017.

(d) Finance leases

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

	2017	2016
	£'000	£'000
Within one year	**217**	182
Between two and five years	**196**	295
Beyond five years	**-**	83
	413	560

26 Directors' remuneration

	2017	2016
	£'000	£'000
Aggregate emoluments	**497**	409
Company pension contributions	**34**	9
	531	418

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 £67,000 (2016: £46,000).

There was an accrual for £13,000 (2016: £10,000) included above for pension costs at 31 December 2017.

28 Group undertakings

Subsidiary undertakings	Holding Direct	Nature of business
Incorporated in Republic of Ireland		
Roebuck Investments Limited	95% (Note 1)	Intermediate holding company
Foro International Connections Ltd	90%	Commodity trading
Cantwellscourt Farm Limited	100%	Dairy Farming
Grass to Milk Company Limited	90%	Dormant
Incorporated in Northern Ireland		
Norish (U.K.) plc	100%	Investment company
Norish (N.I.) Limited	100%	Property management
Townview Foods Limited (subsidiary of Roebuck Investments Limited)	100%	Commodity trading
Incorporated in England		
Norish Limited (subsidiary of Norish (N.I.) Limited)	100%	Cold storage

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

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

Norish plc	South Bank House,
Roebuck Investments Limited	Barrow Street, Dublin 4, Republic of Ireland
Foro International Connections Limited	
Cantwellscourt Farm Limited	
Grass to Milk Company 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

(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
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 £1each
	472,120 Preferred shares of £1 each
Cantwellscourt Farm Ltd	100,000 Ordinary shares of €1 each
Grass to Milk Company Ltd	100 Ordinary shares of €1 each

29 Contingent Consideration

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

At date of acquisition the Group paid £2,750,000 for the net assets on completion. The net assets acquired were £2,858,000 and the balance of £110,000 was paid in January 2013. During the year ended 31 December 2017, £372,000 (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 five year period since acquisition ended in October 2017. Based on performance in 2017, the Board have ascertained that £29,000 is the final payment that is due which is to be paid in March 2018. This amount is reflected a Financial Liability under Current liabilities.

Interest of £13,000 (2016: £33,000) has been charged to the Consolidated Statement of Comprehensive Income representing unwinding of the discount.

At 31 December 2017 liabilities include £29,000 (2016: £288,000).

30 Discontinued operations and assets classified as held for sale

During 2013, the Board made the decision to focus the Group's storage operations exclusively on cold storage in both the South East and North West of the United Kingdom. Consequently, the Board agreed to exit the Group's storage operations in the North of England comprising both the York ambient storage site and Leeds cold store. The York ambient storage site's carrying value was to be recovered by a sale of the site and accordingly, these activities were classified as held for sale. The disposal of the site completed during 2014. The Leeds site was sold in March 2016 for £425,000 (net of fees of £25,000) of which £300,000 was paid in 2017 and the balance of £150,000 was paid in 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.

	2017	2016
	£'000	£'000
Operating cash flows	**430**	(62)
Investing cash flows	-	-
Financing cash flows	-	-
Total cash flows	**430**	(62)

	2017	2016
	£'000	£'000
Other current assets	**279**	698
Total assets of the disposal group classed as held for sale	**279**	698

	2017 £'000	2016 £'000
Trade and other payables	**(18)**	(7)
Total liabilities of the disposal group classed as held for sale	**(18)**	(7)

	2017 £'000	2016 £'000
Revenue	**-**	491
Expenses	**(73)**	(652)
Loss after tax of discontinued operations	**(73)**	(161)

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

Marketing services totalling £16,000 (2016:£Nil) were provided where one of our Directors held a shareholding during the year. There was £8,000 outstanding as at 31 December 2017 (2016:£Nil).

34 Approval of financial statements

The Board of Directors approved these financial statements on 27 March 2018.

COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2017

	Note	**2017**	2016
		£'000	£'000
Fixed assets			
Investments – Shares in group undertakings	*5*	**1,209**	1,056
Current assets			
Debtors	*6*	**11,687**	11,769
Creditors: amounts falling due within one year	*7*	**(388)**	(426)
Net current assets		**11,299**	11,343
Net assets		**12,508**	12,399
Equity			
Called up share capital	*8*	**5,616**	5,616
Share premium account		**7,281**	7,281
Capital conversion reserve fund		**23**	23
Treasury shares		**(563)**	(563)
Profit and loss account		**151**	42
Shareholders' funds		**12,508**	12,399

Approved on behalf of the board on 27 March 2018 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 2016	5,344	6,990	23	-	62	12,419
Profit for the financial year	-	-	-	-	341	341
Total comprehensive income for the year	-	-	-	-	341	341
Dividends paid(note 4)	-	-	-	-	(361)	(361)
Share issue	272	291	-	-	-	563
Treasury shares acquired	-	-	-	(563)	-	(563)
At 31 December 2016	**5,616**	**7,281**	**23**	**(563)**	**42**	**12,399**
Profit for the financial year	-	-	-	-	509	509
Total comprehensive income for the year	-	-	-	-	551	12,908
Dividends paid(note 4)	-	-	-	-	(400)	(400)
Treasury shares acquired	-	-	-	-	-	-
Share issue	-	-	-	-	-	-
At 31 December 2017	**5,616**	**7,281**	**23**	**(563)**	**151**	**12,508**

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).

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.

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 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 £509,000 (2016: 341,000).

4 Dividends paid and proposed

	2017	2016
	£'000	£'000
Final dividend paid in respect of the previous year of 1.50 cent (2016: 1.50cent) per ordinary share	**(400)**	(361)

The group paid a total dividend in 2017 of £400,000 (2016: £361,000), of which £400,000 (2016: £361,000) was paid through the company.

NOTES TO THE ACCOUNTS *(CONTINUED)*

5 Investments – Shares in group undertakings

	2017	2016
	£'000	£'000
Cost and net book value at 1 January	**1,056**	852
Additions	**153**	204
Cost and net book value at 31 December	**1,209**	1,056

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

	2017	2016
	£'000	£'000
Amount receivable from subsidiary undertakings	**11,638**	11,764
Other debtors	**5**	5
Corporation tax	**44**	-
	11,687	11,769

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

	2017	2016
	£'000	£'000
Amounts owed to subsidiary undertakings	**388**	388
Corporation tax	**-**	38
	388	426

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

8 Called up share capital

	2017	2016
	£'000	£'000
Authorised		
60,000,000 (2016: 60,000,000) Ordinary shares of €25c each	**10,836**	10,836

Allotted, called up and fully paid	**Number**	**£'000**
Ordinary shares of €25c each		
At 1 January 2016	28,533,693	5,344
Issued during the year	1,426,685	272
At 31 December 2016	29,960,378	5,616
Issued during the year	-	-
At 31 December 2017	**29,960,378**	**5,616**

The total Ordinary shares in issue are 29,960,378 (2016: 29,960,378). These are all fully paid up. During the year, the company issued Nil Ordinary shares of €25c each for a total cash consideration of £Nil (2016: £564,000). The excess over nominal value of £Nil (2016: £291,000) less share issue costs of £Nil (2016: £Nil) 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 2017, the Group had £Nil (2016: £344,000) of capital projects authorised of which £Nil (2016: £344,000) was contracted at 31 December 2017.

At the 31 December 2017, the Company has exposure for the debts of Norish Limited and Townview Foods Limited totalling £6,169,000 (2016: £7,288,000) 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

	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000
Revenue – continuing	22,811	23,645	25,145	32,098	42,183
– discontinuing	720	497	2,889	491	-
Trading profit – continuing	1,151	1,730	1,454	1,259	2,419
– discontinued	(946)	(300)	(223)	(161)	(73)
Other Income	315	-	-	238	-
Other exceptional items	-	-	-	-	-
Net finance expenses	(147)	(370)	(279)	(239)	(203)
Depreciation	(556)	(598)	(615)	(625)	(709)
Profit/(loss) before taxation	(183)	462	337	472	1,434
Taxation	104	(164)	(48)	(192)	(441)
Profit for the financial year	(79)	298	289	280	993
Dividends	(108)	(169)	(188)	(346)	(381)

Consolidated Statement of Financial Position

	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000
Total assets less current liabilities					
Non-current assets	15,289	18,336	18,223	19,578	20,862
Current assets	6,048	4,949	10,601	9,489	10,083
Current liabilities	(7,512)	(6,451)	(8,233)	(9,831)	(11,649)
	13,825	16,834	20,591	19,236	19,296
Financed by					
Share capital	2,056	3,280	5,344	5,616	5,616
Share premium account	3,463	4,198	6,990	7,281	7,281
Other reserves	23	23	23	23	103
Treasury shares	-	-	-	(563)	(563)
Retained earnings	2,740	2,878	2,981	2,926	3,516
Non-controlling interest	-	(9)	(11)	(22)	-
Shareholders' funds – equity	8,282	10,370	15,327	15,261	15,953
Provisions	185	-	-	-	-
Deferred tax	863	954	942	925	953
Deferred consideration	594	425	199	44	-
Long term liabilities	3,901	5,085	4,123	3,006	2,390
	13,825	16,834	20,591	19,236	19,296

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