NORISH

ANNUAL
REPORT & ACCOUNTS
2018

ANNUAL REPORT 2018

FINANCIAL CALENDAR 2019

Announcement of preliminary results	8 March 2019
Annual Report posted to shareholders	5 April 2019
Annual General Meeting	23 May 2019
Announcement of interim results	20 September 2019

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

Temperature controlled Division

- Brierley Hill, West Midlands (Cold store)
- Wrexham, Clwyd (Cold store)
- Bury St. Edmunds, Suffolk (Cold store)
- Braintree, Essex (Cold store)
- Lympne, Kent (Cold store)
- Gillingham, Kent (Cold store)

Product Sourcing

- Newry, Northern Ireland (Townview Foods Limited offices)
- Dublin, Ireland (Foro International Connections Limited offices)

Dairy Farming

- Kilkenny, Ireland (Cantwellscourt Farm)

Discontinued Operations

- Dublin, Ireland (Juice business based at Foro International Connections Limited offices)
- Dublin, Ireland (FMCG business based at Foro International Connections Limited offices)

FINANCIAL HIGHLIGHTS

	2018 **£'000**	2017 £'000
Revenue - Continuing operations	36,802	42,012
Operating profit-continuing	2,123	1,856
Profit before tax-continuing	1,939	1,653
Basic earnings per share – continuing (pence)	5.0p	4.1p
Diluted earnings per share – continuing (pence)	5.0p	4.1p
Net debt to EBITDA (times)	1.7	2.1
Dividend paid per share		
- interim for current year	Nil	Nil
- final for previous year	1.80c	1.65c
	1.80c	1.65c

Capital employed	**£'000**	£'000
Shareholders' funds	16,725	15,953
Net borrowings	4,891	5,387
	21,616	21,340
Gearing – excluding goodwill (see Note 1 below)	34%	40%

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 2018.

Norish plc (AIM: NSH), is pleased to announce its preliminary results for the year ended 31 December 2018.

Financial Highlights

- Profit before tax increased by 17.6% to £1.94m (2017 : £1.65m)
- Diluted adjusted Eps increased by 22% to 5p (2017 : 4.1p)
- Group revenue decreased by 12.4% to £36.8m (2017: £42.0m)
- Dividend increased by 9% to 1.80 €cent (2017: 1.65 €cent)
- Net debt was reduced from Stg£5.4m at start of year to Stg£4.9m at year end.
- Interest cover has increased to 11.4 times (2017: 8.7 times)

Diluted adjusted EPS is calculated using profit for the financial year from continuing operations as the measure of earnings

Operations

Cold Store Division

Cold stores are our largest business activity, accounting for circa 75% of the non-current assets in the business. Sales were down 4%, from £14.3m to £13.7m in 2018, due mainly to a reduction in blast freezing activity. Sales excluding blast freezing were £11.3m, down marginally from £11.7m from the prior year. Divisional profits grew by 17%, from Stg £2.3m to Stg £2.7m. Divisional margins improved from 16.0% to 19.7%.

2018 was characterised by lower intake, lower stock turn and higher storage revenues, when compared with the prior year. Occupancy was up two percentage points to 94%.

Costs at site level were reduced by 7%, to more than compensate for the reduction in revenue. Labour, our largest cost, was down 5%, year on year, while power (our second largest cost) was reduced by 10%, against the prior year. Labour and power combined were lowered by 7% or Stg £0.46m. Power units consumed were lower by 11%, year on year. This reflects the aforementioned reduction in blast freezing activity, together with benefits coming through from the implementation of energy saving initiatives.

Sourcing Division

Market conditions resulted in a reduction in protein supply during the year under review. However, while sales fell by 17% from £27.2m to £22.5m, contribution declined by just 3% from £0.68m to £0.64m. Townview Foods sources protein products mainly beef, pork, lamb and chicken. Sales from pork and chicken decreased by £3.2m during the year, while sales from beef and lamb decreased by £2.1m.

Townview Foods, the largest business within the Sourcing Division has repaid its investment, in full, within 5 years of its acquisition. A new structure has been put in place, with management, to continue to develop the business, for an additional 5 year period.

CHAIRMAN'S STATEMENT *(CONTINUED)*

Dairy

The dairy division delivered some underlying progress in 2018 despite challenging weather conditions in the Spring/Summer period. Milk deliveries were up 18% year-on-year reflecting a more mature herd profile whilst underlying costs ex-feed were marginally lower. A cold Spring and subsequent Summer drought resulted in lower pasture production and higher feed costs - this also impacted milk production to some extent. Mark-to-market stock values also declined year-on-year reflecting similar conditions across the industry.

Discontinued

During the year the group decided to exit the Juice business for the ready to drink market, which is part of Foro International Connections. A loss of £0.38m was incurred, compared to £0.1m last year.

In 2016, the Group exited the FMCG market and recorded a loss of £nil during 2018 (2017: £0.1m).

Capital

During the period we invested £1.16m (2017: £1.82m), £0.33m in the dairy farm in Kilkenny and £0.83m in routine capital expenditure in the cold store division.

Outlook

We anticipate another year of strong profit growth for the group in 2019.

In our cold store division, the year has got off to a strong start in the first two months of the year. Management continues to focus on maximising both sales mix and pricing, in a market that is currently more favorable to cold storage businesses, than it has been at any time in the most recent past. Focus on underlying cost improvement will continue. We look forward to further improving returns in this division during the current year.

The UK frozen food sector is currently the fastest growing retail category, growing at 4% per annum. A combination of factors is driving this growth including growth in online shopping, premiumisation of the category as well as providing a solution to food waste. This growth comes against a background of a cold store market which has seen a lack of significant investment over an extended number of years.

Despite the current volatility in its underlying markets, our protein sourcing division is well placed to deliver in line with expectation on the back of its low risk operating model.

Our dairy farming division is now performing strongly. Work in relation to our major dairy project is ongoing at pace. We have assembled a very experienced team, to drive this initiative, to achieve the market position we have set for this development over a two to four year time frame.

CHAIRMAN'S STATEMENT *(CONTINUED)*

Financial Review

Total equity at 31 December 2018 stood at £16.7m (2017: £16.0m). Net debt at 31 December 2018 was £4.9m compared to £5.4m at 31 December 2017.

Dividend

The board recommends the payment of a final dividend of 1.80 € cent per share. This will be paid on 18 October 2019 to those shareholders on the register on the 27 September 2019. It will bring the total dividend in respect of the financial year to 1.80 €cent per share, against 1.65 €cent per share last year, an increase of 9%.

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 excellent 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 2018.

Ted O'Neill
Chairman
07 March 2019

FINANCIAL REVIEW

The average occupancy increased from 92% to 94%. The significant feature of the year was the improvement of the profitability and returns at our cold stores.

Sales

Total Group revenue decreased by 12.4% to £36.8m (2017: £42.0m). Cold store revenues decreased by 4% to £13.7m (2017: £14.3m). Revenues were mainly down on the back of a reduction in blast freezing volumes. Revenues in the sourcing division decreased by 17.6% to £22.5m (2017: £27.2m). Townview Foods mainly accounted for the decreased sales.

Gross profit

Gross profit increased by 5% to £2.93m (2017: £2.78m).

Operating profit

Operating profit increased by 14% to £2.12m (2017: £1.86m).

Finance expense (net)

Finance expense decreased to £0.19m (2017: £0.21m).

Loss from discontinued operations

During the year the group decided to exit the Juice business for the ready to drink market. A loss of £0.38m was incurred, compared to £0.1m last year.

In 2016, the Group exited the FMCG market and recorded a loss of £nil during 2018 (2017: £0.1m).

Earnings per share

The basic adjusted earnings per share increased by 22% to 5p (2017: 4.1p).

Capital

During the period we invested £1.16m (2017: £1.82m), £0.33m in the dairy farm in Kilkenny and £0.83m in routine capital expenditure in the cold store division.

Cash Position

Net debt decreased to £4.9m (2017: £5.4m). Cash generated from operations amount to £2.2m (2017: £2.5m) and financing activities absorbed £0.9m (2017: £1.1m). Investment in assets was made of £1.3m (2017: £1.9m).

Dividend

The board recommends the payment of a final dividend of 1.80€ cent per share. This will be paid on 18 October 2019 to those shareholders on the register on the 27 September 2019. It will bring the total dividend in respect of the financial year to 1.80 €cent per share, against 1.65€ cent per share last year, an increase of 9%.

FINANCIAL REVIEW *(CONTINUED)*

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 there are, £2.2m term loans of which, £1.96m are at floating base rate plus a bank margin of 1.85% and £0.24m are at a floating rate of 3.75%.

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, 73% 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 7 March 2019

Number of shares	Number of accounts	Percentage of accounts	Number of shares (000)	Percentage of shares
1 – 1,000	104	33	45	0
1,001 – 10,000	88	28	366	1
10,001 – 100,000	67	21	2,356	8
Over 100,000	56	18	27,303	91
Total	**315**	**100**	**30,070**	**100**

Share price data (€)

	High	**Low**	**31 December**
Year ended 31 December 2018	92.7p (€1.06)	48.5p (€0.55)	64.6p (€0.72)
Year ended 31 December 2017	48.5p (€0.55)	37p (€0.43)	48.5p (€0.55)

The market capitalisation of Norish plc at 31 December 2018 was £19.4m (€21.6m) compared with £14.6m (€16.5m) at 31 December 2017, and £19.5m (€22.7m) at 7 March 2019.

Investor relations

Investor enquiries should be addressed to Gerard Murphy, Company Secretary, at:

- Norish plc, Northern Industrial Estate, Bury St Edmunds, Suffolk, IP32 6NL
- Email: gerard.murphy@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 Thursday 23 May 2019 at 11am.

BOARD OF DIRECTORS

Executive Directors

Executive Chairman

Ted O'Neill (67) 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 (53) 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

Aidan Hughes (54) joined Norish as Group Accountant in 1996 and was appointed Finance Director in September 2006. He is a Chartered Accountant and has previous experience in the travel industry.

Company Secretary
Gerard Murphy (33) is a Chartered Accountant and has been with Norish since the acquisition of Townview Foods Limited in October 2012. He was appointed Company Secretary in April 2018.

Non-Executive Directors

Torgeir Mantor (62) 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 (71) 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 (72) 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
Gerard Murphy

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
13-18 City Quay
Dublin 2

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 2018.

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 £522,000 (2017: £622,000). Turnover fell in 2018 but better margins helped maintain contribution.

The temperature controlled division which comprises the freehold sites at Wrexham, Birmingham, Bury St. Edmunds Braintree (leasehold), Gillingham (long term leasehold at a peppercorn rent) and East Kent (leasehold) performed ahead of the same period last year. The number of pallets into our stores decreased by 9%, blast freezing volumes decreased by 18% and our average occupancy increased from 92% to 94%.

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 1.80 €cent per share. This will be paid on the 18 October 2019 to those shareholders on the register on the 27 September 2019. It will bring the total dividend in respect of the financial year to 1.80 €cent per share compared with 1.65 €cent per share last year.

Post Balance Sheet Events

No significant events have taken place since the year-end that would result in adjustment to the financial statements or the inclusion of a note thereto.

Transactions with Related Parties

Product Sales totalling £107,000 (Marketing services 2017: £16,000) were provided where one of our Directors held a shareholding during the year. There was £Nil outstanding as at 31 December 2018 (2017: £8,000).

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 2018 for the Group was 41 days (2017: 42 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 13% (2017 – 14.6%) 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 decreased by 9% to 339,184, blast freezing volumes decreased by 18% to 119,070 pallets and closing customer stocks at the year end decreased marginally to 46,959 pallets. Our average electricity price per unit increased by 8% in 2018 and the number of units consumed decreased by 8%.

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 2018 together with brief biographical notes are set out on page 10.

In accordance with regulation 90 (a) of the Company’s Constitution, 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 Sean Savage 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 2018 (including their respective family interests) in the share capital of Norish plc were as follows:

	31 December 2018 Ordinary Shares	31 December 2017 Ordinary Shares
Ted O’Neill	**3,020,000**	**3,000,000**
Kieran Mahon	**1,985,286**	**1,985,286**
Aidan Hughes	**317,500**	**207,500**
Torgeir Mantor *	**12,600**	**12,600**
Willie McCarter	-	-
Seán Savage	**1,000,333**	**1,000,333**
Gerard Murphy	-	-

* *Torgeir Mantor is a director of T. B. Mantor AS, which also holds 1,243,027 (2017: 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 (2017: 24,152).*

DIRECTORS' REPORT *(CONTINUED)*

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

	1 Jan 2018	Exercised in year	Grant in year	31 Dec 2018	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 2018 was 64.55p (€0.72) and the price range during the year was between 48.5p (€0.55) and 92.75p (€1.06). 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 2018 and the date of this Report.

During the year, Aidan Hughes exercised 110,000 share options making a gain of £13,000 based on the share price at the exercise date, although the shares have been retained.

Pensions

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

DIRECTORS' REPORT *(CONTINUED)*

Substantial shareholdings

At 7 March 2019 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	5,102,237	16.97
Ted O'Neill	3,020,000	10.04
Kieran Mahon	1,985,286	6.60
John Teeling	1,364,465	4.54
BNY GCM	1,339,740	4.46
T.B. Mantor AS	1,243,027	4.13
Tom Cunningham	1,049,497	3.49
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 156,000 options have been exercised and 1,096,237 options have expired. At 31 December 2018 there were no options outstanding.

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 2018, £4.8m or 13% (2017: £6.17m or 14.6%) of the Group's revenues from continued operations depended on a single customer in the sourcing segment (2017: sourcing segment).

DIRECTORS' REPORT *(CONTINUED)*

Corporate governance

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Governance Code (the QCA Code) which was adopted during the year. The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code, applicable to AIM companies. The underlying principle of the QCA code is that "the purpose of good corporate governance is to ensure that the Group is managed in an efficient, effective and entrepreneurial manner, for the benefit of all shareholders, over the longer term".

Below we describe the principles of the QCA code and how the Group has complied with it.

Establish a strategy and a business mode, which promotes long term value for shareholders

Application (as set out by QCA)

The Board must be able to express a shared view of the Group's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the Group intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long term growth is underpinned by a clear set of values aimed at protecting the Group from unnecessary risk and securing its long term future.

What we do and why

Norish's strategy is to grow each of its three business units by adopting specific strategies for each unit individually. We prefer to pursue organic growth and maintain a strong balance sheet, as measured by debt to EBITDA and interest cover multiples. We focus on improving returns on capital and generating cash, which ultimately drives a virtuous cycle of earnings per share growth. The adjusted Earnings per share has grown by 22% from 4.1p to 5p in 2018.

Seek to understand and meet shareholders needs and expectations

Application (as set out by QCA)

Directors must develop a good understanding of the needs and expectations of all elements of the Group's shareholder base. The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.

What we do and why

Management responds promptly to shareholder requests for meetings. The Chairman liaises with the Group's major shareholders and ensures their views are fully communicated to the Board. The AGM provides a forum to meet private shareholders. The Directors make themselves available to listen to the views of shareholders informally, following the AGM.

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.

DIRECTORS' REPORT *(CONTINUED)*

Take into account wider stakeholder and social responsibilities and their implications for long term success

Application (as set out by QCA)

Long term success relies upon good relations with a range of different stakeholder groups, both internal (workforce) and external (suppliers, customers, regulators and others). The Board needs to identify the Group's stakeholders and understand their needs, interests and expectations.

Where matters that relate to the Group's impact on society, the communities within which it operates or the environment have the potential to affect the Group's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the Group's strategy and business model.

Feedback is an essential part of all control mechanisms. Systems need to be put in place to solicit, consider and act on feedback from all stakeholder groups.

What we do and why

The Board of Norish plc visits its operating sites where relevant local management present on all aspects of the business; customers, employees, suppliers, regulators and others. The Board is acutely aware of the impact any business can have on the environment and actively looks to reduce such impacts.
For more information, please see our Environmental Policies section on page 17.

Embed effective risk management, considering both opportunities and threats, throughout the organisation

Application (as set out by QCA)

The Board needs to ensure that the Group's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business; including the Group's supply chain, from key suppliers to end-customer.

Setting strategy includes determining the extent of exposure to the identified risks that the Group is able to bear and willing to take (risk tolerance and risk appetite).

What we do and why

Management considers risk to the business including operational and financial risk on an ongoing basis.

The Board considers risk to the business at every Board meeting. The Group formally reviews and documents the principal risks to the business, at least annually. Risk management on page 13 details risks to the business and how these are mitigated. Financial risk factors are covered on page 7.

Maintain the Board as a well-functioning, balanced team, led by the Chair

Application (as set out by QCA)

The Board members have a collective responsibility and legal obligation to promote the interests of the Group and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board.

The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring decision or insight.

The Board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a Board judgment.

The Board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.

What we do and why

The Group is controlled by its Board of Directors. Ted O'Neill, Executive Chairman, is responsible for the running of the Board

All Directors receive regular and timely information about the Group's financial and operational performance. Relevant information is circulated to the Directors in advance of Board meetings.

The Board comprises three Executive Directors, three non- Executive Directors, together with the Company Secretary.

The Board considers that all non- Executive Directors bring an independent judgment to meetings, notwithstanding varying durations of service.

Ensure that between all, the Directors have the necessary up to date experience, skills and capabilities

Application (as set out by QCA)

The Board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The Board should understand and challenge its own diversity, including gender balance, as part of its composition.

The Board should not be dominated by one person or group of people. Strong personal bonds can be important but can also divide a board.

As companies evolve, the mix of skills and experience required on the Board will change and the Board composition will need to evolve to reflect this change.

What we do and why

The Company Secretary supports the Executive Chairman, in addressing the ongoing training needs of Directors.

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Application (as set out by QCA)

The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.

The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.

It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for boards. No member of the Board should become indispensable.

What we do and why

A number of the Board members and Company Secretary have undergone personal development training in recent years, this is on-going.

Promote a corporate culture that is based on ethical values and behaviours

Application (as set out by QCA)

The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.

The policy set by the Board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the Group.

The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.

The policy set by the Board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the Group.

The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the Group.

The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statement issued by the Group.

What we do and why

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

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Application (as set out by QCA)

The Group should maintain governance structures and processes in line with its corporate culture and appropriate to its:

- size and complexity; and
- capacity, appetite and tolerance for risk.

The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the Group.

What we do and why

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 Group'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.

DIRECTORS' REPORT *(CONTINUED)*

The directors attended Board meetings and committees of the Board as set out below:

	Board	Remuneration	Audit
Meetings held	**4**	**1**	**1**
Meetings Attended:			
Ted O'Neill	**4**	**N/A**	**N/A**
Kieran Mahon	**4**	**N/A**	**N/A**
Aidan Hughes	**4**	**N/A**	**N/A**
Torgeir Mantor	**4**	**1**	**1**
Willie McCarter	**4**	**1**	**1**
Seán Savage	**4**	**1**	**1**
Gerard Murphy – company secretary	**4**	**N/A**	**N/A**

The nomination committee meets as required. There were no meeting during the year.

The Board has a regular schedule of meetings together with further meetings when required. In addition, there is a formal schedule of matters reserved specifically to the Board for its decision, including the approval of the annual financial statements, budgets, significant contracts, significant capital expenditure and senior management appointments.

The Non-Executive Directors meet with the Executive Chairman separately during the year to discuss the business and strategy.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Group's professional advisors are available for consultation by the Board as required. Individual Directors may take independent professional advice, if necessary, at the Group's expense.

The Executive Chairman holds regular business review meetings with Senior Management.

DIRECTORS' REPORT *(CONTINUED)*

Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Application (as set out by QCA)

A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Group.

In particular, appropriate communication and reporting structures should exist between the Board and all constituent parts of its shareholder base. This will assist:

- the communication of shareholders' views to the Board; and
- the shareholders' understanding of the unique circumstances and constraints faced by the Company.

It should be clear where these communication practices are described (annual report or website).

What we do and why

Norish plc encourages two way communication with both its private and institutional shareholders and responds promptly for meeting requests.

Management try and proactively meet shareholders after both interim and full year results publication or at any period in between, which is not in a close period.

The Chairman speaks with our major shareholders and ensures their views are communicated fully to the Board.

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; and

- 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 £0.5m along with cash reserves of £1.5m. 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

In our cold store division, the year has got off to a strong start in the first two months of the year. Management continues to focus on maximising both sales mix and pricing, in a market that is currently more favorable to cold storage businesses, than it has been at any time in the most recent past. Focus on underlying cost improvement will continue. We look forward to further improving returns in this division during the current year.

The UK frozen food sector is currently the fastest growing retail category, growing at 4% per annum. A combination of factors is driving this growth including growth in online shopping, premiumisation of the category as well as providing a solution to food waste. This growth comes against a background of a cold store market which has seen a lack of significant investment over an extended number of years.

Despite the current volatility in its underlying markets, our protein sourcing division is well placed to deliver in line with expectation on the back of its low risk operating model.

Our dairy farming division is now performing strongly. Work in relation to our major dairy project is ongoing at pace. We have assembled a very experienced team, to drive this initiative, to achieve the market position we have set for this development over a two to four year time frame.

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**	**7 March 2019**
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 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

7 March 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORISH PLC

Opinion
We have audited the financial statements of Norish Plc for the financial year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company 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 2018 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.

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, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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.

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

Key audit matters (continued)
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 valuation of 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, such as: the carrying value of goodwill; the valuation of properties and, the existence and impairment of trade receivables.
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 2018.
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 (See Note 11)
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 2018, 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 future 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 (See Note 12)
The Group owns properties from which the cold storage division operates. Given the significance of the carrying value of these properties, £11,826,000, as of 31 December 2018, 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 future 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 (See Note 14)
Given the significance of the net trade receivables balance, £5,393,000, as of 31 December 2018, 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.

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

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the 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.

Matters on which we are required to report by exception

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Under the Companies Act 2014 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 the Act 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

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
The auditor's 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.

Responsibilities of the auditor for the audit of the financial statements (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.

Where the auditor is reporting on the audit of a group, the auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. The auditor is responsible for the direction, supervision and performance of the audit, and the auditor remains solely responsible for the auditor's opinion.

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.

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

7 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Continuing operations			
Revenue	5	**36,802**	42,012
Cost of sales		**(33,871)**	(39,233)
Gross profit		**2,931**	2,779
Other income		**43**	66
Deferred consideration		**-**	(100)
Administrative expenses		**(851)**	(889)
Operating profit from continuing operations		**2,123**	1,856
Finance income – fair value gain on swaps	7	**-**	10
Finance income – interest receivable	7	**3**	1
Finance expenses – interest paid	7	**(187)**	(201)
Finance expenses – notional interest	7	**-**	(13)
Profit on continuing activities before taxation	8	**1,939**	1,653
Income taxes – Corporation tax	9	**(393)**	(413)
Income taxes – Deferred tax	9	**(46)**	(28)
Profit for the financial year from continuing operations		**1,500**	1,212
Loss from discontinued operations	30	**(379)**	(219)
Profit for the financial year attributable to owners of the parent		**1,121**	993
Other comprehensive income		-	**-**
Total comprehensive income for the year attributable to owners of the parent		**1,121**	993

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2018(continued)

	Notes	**2018**	2017
Earnings per share expressed in pence per share:			
From continuing operations	10		
- basic		**5.0p**	4.1p
- diluted		**5.0p**	4.1p
From discontinued operations	10		
- basic		**(1.3)p**	(0.7)p
- diluted		**(1.3)p**	(0.7)p

The notes on page 39 to 81 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2018

	Notes	**2018**	2017
		£'000	£'000
Non current assets			
Goodwill	11	**2,338**	2,338
Intangible assets	11	**166**	141
Property, plant and equipment	12	**18,125**	17,759
Biological assets	13	**639**	624
		21,268	20,862
Current assets			
Trade and other receivables	14	**6,250**	7,537
Inventories	15	**624**	709
Cash and cash equivalents	23	**1,543**	1,558
Assets of disposal group classified as held for sale	30	**324**	279
		8,741	10,083
TOTAL ASSETS		**30,009**	30,945
Equity attributable to equity holders of the parent			
Share capital	21	**5,640**	5,616
Share premium account	21	**7,321**	7,281
Other reserves	22	**103**	103
Treasury shares		**(563)**	(563)
Retained earnings		**4,224**	3,516
TOTAL EQUITY		**16,725**	15,953
Non-current liabilities			
Borrowings	19	**1,787**	2,390
Deferred tax	20	**999**	953
		2,786	3,343
Current liabilities			
Trade and other payables	17	**5,446**	6,680
Financial liabilities at fair value through profit or loss	16	**-**	29
Current tax liabilities	18	**390**	367
Borrowings	19	**4,647**	4,555
Liabilities of disposal group classified as held for sale	30	**15**	18
		10,498	11,649
TOTAL EQUITY AND LIABILITIES		**30,009**	30,945

The notes on page 39 to 81 are an integral part of these consolidated financial statements.

Approved on behalf of the board on 7 March 2019 by:

T.J. O'Neill	A. Hughes
Chairman	*Finance Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	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 2017	**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**
Net profit for the financial year	-	-	-		1,121	1,121	-	1,121
Total comprehensive income for the financial year	**-**	**-**	**-**		**1,121**	**1,121**	**-**	**1,121**
Issue of share capital	24	40	-		-	64	-	64
Equity dividends paid (recognised directly in equity)	-	-	-		(413)	(413)	-	(413)
Foreign exchange gain	-	-	-	-	-	-	-	-
Transactions with owners	**24**	**40**	**-**	**-**	**708**	**772**	**-**	**772**
At 31 December 2018	**5,640**	**7,321**	**103**	**(563)**	**4,224**	**16,725**	**-**	**16,725**

The notes on page 39 to 81 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 31 December 2018	**Notes**	**2018**	2017
		£'000	£'000
Profit on continuing activities before taxation		**1,939**	1,653
Gain on biological assets		**(43)**	(66)
Amortisation of intangible assets		**141**	6
Foreign exchange (gain)/loss		**(23)**	63
Loss on discontinued activities		**(379)**	(219)
Deferred consideration		**-**	100
Finance expenses		**187**	214
Finance income		**(3)**	(11)
Depreciation – property, plant and equipment-net		**812**	709
		2,631	2,449
Changes in working capital and provisions:			
Increase/(decrease) in inventories		**85**	(226)
Decrease/(increase) in trade and other receivables		**1,287**	(854)
Increase in current assets held for sale		**(45)**	-
(Decrease)/increase in current liabilities held for sale		**(3)**	11
(Decrease) /increase in payables		**(1,234)**	1,598
Cash generated from operations		**2,721**	2,978
Interest paid		**(187)**	(201)
Interest received		**3**	1
Taxation paid		**(370)**	(251)
Net cash generated from operating activities		**2,167**	2,527
Investing activities			
Investment in intangible assets		**(166)**	(82)
Purchase of property, plant and equipment		**(1,160)**	(1,816)
Sale of biological assets		**68**	-
Purchase of biological assets		**(35)**	(19)
Net cash used in investing activities		**(1,293)**	(1,917)
Dividends paid to shareholders	**24**	**(413)**	(381)
Deferred consideration payments		**(29)**	(372)
Share issue proceeds		**64**	-
Invoice finance receipts		**551**	487
Overdraft repayment		**(210)**	(94)
Finance lease capital repayments		**(216)**	(189)
Term loan advance		**2,200**	266
Finance lease advance		**73**	24
Term loan repayments		**(2,909)**	(837)
Net cash outflow from financing activities		**(889)**	(1,096)
Net decrease in cash and cash equivalents		**(15)**	(486)
Cash and cash equivalents and bank overdrafts Beginning of period		**1,558**	2,044
Cash and cash equivalents end of period	**23**	**1,543**	1,558

The notes on page 39 to 81 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 the statement of comprehensive income.

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 £0.5m along with cash reserves of £1.5m. The group also has the ability to raise equity funds through the London Stock Exchange (AIM) market.

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

Changes in accounting policies
The Group has adopted the following new standards, interpretations, revisions 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 2018:

IFRS 9 Financial Instruments
The Group's financial assets principally consist of trade and other receivables. Management do not consider that these receivables have a significant financing component. The Group has therefore applied the simplified approach permitted by IFRS 9 where the loss allowance in relation to such receivables is based on the lifetime expected credit loss whereby the loss allowance is measured at an amount equal to the lifetime expected credit loss at initial recognition and throughout its life. This policy is consistent with the Group's existing policy of accounting for loss allowances in relation to financial assets and the impact of the adoption of IFRS 9 has been limited accordingly.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue from customers. It supersedes a number of standards and interpretations including IAS 18, IAS 11 as well as IFRC 13, IFRC 15, IFRIC 18 and SIC 31.

Management have aligned the Group's revenue recognition accounting policies with IFRS 15. After assessing each significant revenue stream management have concluded that there is no material impact on the Group as a result of the adoption of IFRS 15.

Other interpretations, revisions 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 2018 and which management do not consider to have a material impact upon the Group are as follows:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Clarifications to IFRS 15 'Revenue from Contracts with Customers'
- Amendments to IFRS 2: Classification and measurement of share of share based payment transactions
- Amendments to IAS 40: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 1 and IAS 28
- Amendments to IFRS 4: Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'

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 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 during 2019.

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:

- IFRS 17 Insurance Contracts (effective from 1 January 2021 - yet to be endorsed by the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective from 1 January 2019)
- 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 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)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (effective from 1 January 2019 – yet to be endorsed by the EU)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective from 1 January 2020 – yet to be endorsed by the EU)
- Amendments to IFRS 3: Definition of a Business (effective from 1 January 2020 – yet to be endorsed by the EU)
- Amendments to IAS 1 and IAS 8: Definition of Material (effective from 1 January 2020 – yet to be endorsed by the EU)

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

Basis of consolidation
The Group's Consolidated Financial Statements include the results of Norish plc and its subsidiary undertakings for that period. As of 31 December 2018, 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 the statement of comprehensive income 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 property	50-55 years
Plant and machinery	10 years
Fixtures and fittings	10 years
Equipment	5-20 years

Freehold land is not depreciated. Gains or losses arising on disposal of property, plant and equipment are recognised in the statement of comprehensive income.

Impairment charges
An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

Revenue recognition
Revenue is only recognised when certain criteria are met.

Firstly, a contract must exist. A contract exists when: it has been approved and the parties are committed to performing their respective obligations; each party's rights can be identified; payment terms can be identified; the contact has commercial substance; and it is probable that consideration will be collected in respect of goods and services transferred to the customer.

Secondly, the Group must be able to identify the performance obligations within the contract. A performance obligation is a promise to transfer either a distinct good or service or a series of distinct goods or services. At contract inception, the Group assesses the goods or services promised to a customer and identifies each promise to transfer as either: a good or service that is distinct; or a series of distinct goods and services that are substantially the same and have the same pattern of delivery to the customer.

Thirdly, it is necessary to determine the transaction price. This involves an assessment of whether or not the revenue might be variable, contain a significant financing component, include non-cash consideration or involve payments back to the customer.

Fourthly, it is necessary to allocate the transaction price. The transaction price is allocated to each separate performance obligation based on their relative standalone selling prices. Discounts are typically allocated to all performance obligations in an arrangement based on their relative standalone selling prices. i.e. so that discount is allocated proportionately across all performance obligations.

Revenue is then recognised when or as performance obligations are satisfied by transferring control of the promised goods or services to the customer.

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 and it recognised on a time apportioned basis.

Handling revenue relates to the receipt and eventual delivery of goods. The portion that relates to receipt is recognised on invoice which coincides with the receipt into store. Similarly, the portion that relates to 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 customer obtains control over the goods.

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 the statement of comprehensive income, 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 the statement of comprehensive income
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 interest rate swaps and caps. Gains and losses arising from changes in fair value are recognised in the statement of comprehensive income 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 statement of comprehensive income. All recognised gains or losses resulting from the option to purchase refrigerant gas are recorded in Other Income in the statement of comprehensive income. Contingent consideration has been classified as a financial liability at fair value through the statement of comprehensive income. All gains and losses resulting from changes in the fair value of contingent consideration are recognised in Other Income in the statement of comprehensive income. 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 allowance for lifetime expected credit loss. Trade receivables are first assessed individually for credit loss, or collectively where the receivables are not individually significant. Where there is no objective evidence of credit loss for an individual receivable, it is included in a group of receivables with similar credit risk characteristics and these are collectively assessed for credit loss. Movements in the allowance for lifetime expected credit loss of trade receivables are recorded in the statement of comprehensive income.

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 statement of comprehensive income, 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 statement of comprehensive income. 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.

Foreign currencies(continued)

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 statement of comprehensive income 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 statement of comprehensive income, 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 Group recognises internally generated intangible assets to the extent that they are both identifiable and can be measured reliably. Recognition only occurs when the Group is satisfied that the project is feasible such that the asset will be available for use or sale; that the Group has the intention to complete the intangible asset and either use or sell it; that the Group 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 Group 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. 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 2018 and 2017, 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 2018, if interest rates had been 1% higher with all other variables held constant, post tax profit for the year would have been £49,000 lower, mainly as a result of higher interest expenses on floating rate borrowings.

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.

3.1 Financial risk factors(continued)

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 2018:

	Within 1 year £'000	**1 to 2 years £'000**	**2 to 5 years £'000**	**Greater than 5 years £'000**	**Total £'000**
Trade payables	3,551	-	-	-	3,551
Invoice finance	3,988	-	-	-	3,988
Finance Leases	129	72	51	-	252
Term loan interest	55	46	90	8	199
Bank loans	530	302	955	407	2,194
	8,253	**420**	**1,096**	**415**	**10,184**

3.1 Financial risk factors(continued)

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**

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 £16.7m up from £16.0m last year. In 2018, we decreased the Gearing ratio from 40% to 34%.

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

The gearing ratios at 31 December 2018 and 2017 were as follows:

	2018 £'000	2017 £'000
Total borrowings	**6,434**	6,945
Less cash and cash equivalents	**(1,543)**	(1,558)
Net borrowings	**4,891**	5,387
Net assets	**16,725**	15,953
Less goodwill	**(2,338)**	(2,338)
Capital employed	**14,387**	13,615
Gearing ratio	**34%**	40%

3.3 Fair value estimation

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.

The Group's obligations under interest rate swap/cap arrangements expired during 2017 and no new arrangements were entered into during 2018.

The Group made the final payments under the contingent consideration arrangement relating to the acquisition of Townview Foods Limited. Accordingly, at 31 December 2018 no obligations exist in this regard.

Liabilities 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				
Contingent consideration	29	-	-	29
Total	**29**	-	-	29

See note 16 for further information.

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 2 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

In previous years we analysed our results into the segments of Dairy Farming, Product Sourcing, North West Cold Storage and South East Cold Storage. Following the expansion of the Group’s activities the board has rationalised its segmental reporting to reflect the expanded business. The new segments are Dairy Farming, Product Sourcing and Temperature Controlled divsion. The comparatives for 2017 have been restated.

During 2016, the Group discontinued the FMCG business. During 2018, the Group discontinued the Juice Business for the ready to drink 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 £4m (2017: £3.5m) 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 (2017: £0.5m) with fixed assets of £2.1m (2017 : £1.8m).

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

5 Segmental information (continued)

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

- Product Sourcing business
- Temperature controlled
- Dairy farming

During 2018, £4.8m or 13% (2017: £6.17m or 14.6%) of the Group's revenues from continued operations depended on a single customer in the commodity trading business (2017 : commodity trading business).

The segment results from continuing operations for the year ended 31 December 2018 are:

	Dairy Farming	Product Sourcing	Temperature Controlled	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000
Total segment revenue	527	22,540	13,735	-	36,802
Revenue	**527**	**22,540**	**13,735**	-	36,802
Operating profit/(loss)	(378)	643	2,709	(851)	2,123
Finance income – interest receivable	-	-	3	-	3
Finance cost – Interest paid	(10)	(41)	(136)	-	(187)
Profit/(loss) before income tax	**(388)**	602	2,576	(851)	1,939
Income tax – corporation tax	1	(76)	(318)	-	(393)
Income tax – deferred tax	(31)	-	(15)	-	(46)
Profit/(loss) for the year	**(418)**	**526**	**2,243**	**(851)**	**1,500**

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

5 Segmental information (continued)

Other segment items:

	Dairy Farming £'000	Product Sourcing £'000	Temperature Controlled £'000	Unallocated £'000	Total £'000
Depreciation – continuing operations (Note 12)	87	4	721	-	**812**

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

	Dairy Farming £'000	Product Sourcing £'000	Temperature Controlled £'000	Unallocated £'000	Total £'000
Total segment revenue	488	27,232	14,292	-	42,012
Revenue	**488**	**27,232**	**14,292**	**-**	**42,012**
Operating profit/(loss)	**(148)**	**681**	**2,293**	**(970)**	**1,856**
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)**	634	2,137	(970)	1,653
Income tax – corporation tax	-	(113)	(300)	-	(413)
Income tax – deferred tax	-	-	(28)	-	(28)
Profit/(loss) for the year	**(148)**	**521**	**1,809**	**(970)**	**1,212**

Other segment items:

	Dairy Farming £'000	Product Sourcing £'000	Temperature Controlled £'000	Unallocated £'000	Total £'000
Depreciation – continuing operations (Note 12)	37	-	607	65	**709**

5 Segmental information (continued)

Segment assets in respect of the trading divisions, consists primarily of property, plant and equipment, goodwill, refrigerant gas, trade and other receivables. Unallocated assets comprise financial assets at fair value through the consolidated statement of comprehensive income.

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 2018 and the capital expenditure for the year then ended are as follows:

	Dairy Farming	Product Sourcing	Temperature Controlled	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000
Assets	3,015	6,893	19,679	98	29,685
Liabilities	493	4,967	7,387	438	13,285
Capital expenditure (Note 12)	330	3	827	-	1,160

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	Temperature Controlled	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000
Assets	2,814	7,827	18,896	1,129	30,666
Liabilities	499	5,889	7,668	918	14,974
Capital expenditure (Note 12)	1,241	18	502	55	1,816

6 Staff costs

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

	2018	2017
Management	**22**	20
Administration	**23**	24
Technical	**9**	9
Operational	**121**	121
	175	174

The aggregate payroll costs of these persons were as follows:

	2018 £'000	2017 £'000
Wages and salaries	**4,586**	4,682
Social security costs	**433**	419
Other pension costs	**141**	67
	5,160	5,168

There was an accrual for £27,000 (2017: £13,000) included above for pension costs at 31 December 2018.

There group capitalised employee costs of £117,000 (2017 : £38,000) in respect of the Grass to Milk business (2017 : Foro Juice business) as an intangible asset.

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

	2018	2017
	£'000	£'000
Fair value gains on interest rate swaps/caps	**-**	10
Interest receivable	**3**	1
Finance income	**3**	11
Interest expense on bank overdrafts and loans	**(187)**	(201)
Notional interest on deferred consideration	-	(13)
Finance costs	**(187)**	(214)
Net finance costs	**(184)**	(203)

8 Profit before tax

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

	2018	2017
	£'000	£'000
Depreciation of property, plant and equipment (Cost of Sales)	**812**	709
Staff costs (Note 6)	**5,160**	5,168
Foreign exchange gain	**(29)**	(96)
Rentals payable under operating leases		
- Buildings	**489**	476
- Plant and machinery	**604**	792
Auditors' remuneration - audit service	**45**	45
- non audit services	**9**	-

9 Income taxes

(a) Analysis of charge in year	2018 £'000	2017 £'000
UK		
Corporation tax at 19.00% (2017: 19.25%)	**439**	369
Adjustment in respect of previous periods	**(45)**	-
Ireland		
Corporation tax at 12.5% (2017: 12.5%)	**-**	44
Adjustment in respect of previous periods	**(1)**	-
Current tax charge	**393**	413
Deferred tax charge (Note 20)	**46**	28
Deferred tax charge	**46**	28

(b) Factors affecting tax charge for year	2018 £'000	2017 £'000
Profit on ordinary activities before taxation	**1,939**	1,653
Profit on ordinary activities multiplied by standard UK tax rate 19.00% (2017: 19.25%)	**368**	318
Effects of:		
Other expenses not deductible for tax purposes	**9**	10
Adjustment for tax effect of discontinued operations	**(72)**	(42)
Adjustment in respect tax payable on Irish Income (12.5%)	**(4)**	(20)
Adjustments in respect of previous periods	**(46)**	-
Adjustments in respect of Deferred consideration	**-**	19
Adjustments in respect of IBA and tax rate change	**174**	156
Trading losses carried forward	**10**	-
Total tax charge for year	**439**	441

The deferred tax charge of £46,000 (2017: charge of £28,000) 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 2018 relates to the temporary difference between the carrying value of the asset in the consolidated statement of financial position and its tax base. The dual recovery method continues to be applied as disposal of the asset is anticipated.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

10 Earnings per share

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

	2018	2017
Profit attributable to owners of parent – continuing (£'000)	**1,500**	1,212
Loss attributable to owners of parent – discontinuing (£'000)	**(379)**	(219)
	1,121	993
Weighted average number of ordinary shares outstanding	**30,034,214**	29,851,233
Basic earnings per share – continuing operations	**5.0p**	4.1p
Basic loss per share – discontinuing operations	**(1.3)p**	(0.7)p
Basic earnings per share	**3.7p**	3.4p

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.

	2018	2017
Profit attributable to owners of parent – continuing (£'000)	**1,500**	1,212
Loss attributable to owners of parent – discontinuing (£'000)	**(379)**	(219)
	1,121	993
Weighted average number of ordinary shares outstanding	**30,034,214**	29,851,233
Dilutive effect of share options	**-**	-
Weighted average number of shares for the calculation of diluted earnings per share	**30,034,214**	29,851,233
Diluted earnings per share -continuing operations	**5.0p**	4.1p
Diluted loss per share – discontinuing operations	**(1.3)p**	(0.7)p
Diluted earnings per share- total	**3.7p**	3.4p

The exercise prices of all share options in issue were above the average market share price during 2017 and hence have no dilutive effect in the prior year. The share options were exercised during 2018 and none are outstanding at 31 December 2018.

11 Goodwill and intangible assets

The net book value of goodwill at 31 December 2018 was £2,338,000 (31 December 2017: £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 12.3% has been used.

Other intangible assets

During 2018 work commenced on a major dairy project which included DNA testing and IP licencing costs. During the year we capitalised £166,000 (2017: £83,000) and amortised £Nil (2017: £7,000).

	2018	2017
	£'000	£'000
At 1 January	**141**	65
Additions	**166**	83
Amortisation	**-**	(7)
Impairment	**(141)**	**-**
At 31 December	**166**	141

The Juice Business was discontinued during the year and the intangible asset impaired accordingly.

12 Property, plant and equipment

Included within the net book value below of £18.1m is £812,000 (2017: £771,000) 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 £59,000 (2017: £55,000).

The company has carried out impairment reviews on a number of its properties. In carrying out the review an annual discount factor of 12.3% 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 2018 (2017: £Nil).

12 Property, plant and equipment (continued)

	Freehold Land £'000	Buildings £'000	Plant and Equipment £'000	Total £'000
Cost				
At 1 January 2018	3,544	14,503	11,047	29,094
Additions	-	262	898	1,160
Foreign exchange	-	13	5	18
At 31 December 2018	3,544	14,778	11,950	30,272
Depreciation				
At 1 January 2018	-	4,682	6,653	11,335
Charge for year	-	301	511	812
At 31 December 2018	-	4,983	7,164	12,147
Net book value				
31 December 2018	**3,544**	**9,795**	**4,786**	**18,125**

	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**

13 Biological Assets

During 2016 the Group acquired a dairy herd. 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 £639,000 (2017: £624,000) resulting in a movement in fair value of £43,000 (2017: £66,000) which has been recognised in the Consolidated Statement of Comprehensive Income.

	2017	2017
	£'000	£'000
At 1 January	**624**	540
Foreign exchange	**5**	18
Additions	**35**	25
Disposals	**(68)**	(25)
Movement in fair value less estimated point of sale costs	**43**	66
At 31 December	**639**	624

14 Trade and other receivables

	2018	2017
	£'000	£'000
Trade receivables	**5,419**	6,558
Less: allowance for credit losses	**(26)**	(25)
Trade receivables - net	**5,393**	6,533
Other receivables	**343**	429
Prepayments	**825**	854
Transfer to disposal group (note 30)	**(311)**	(279)
	6,250	7,537

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 2018 trade receivables of £26,000 (2017: £25,000) were impaired as a result of credit losses. The other classes within trade and other receivables do not contain impaired assets.

14 Trade and other receivables(continued)

As of 31 December 2018, trade receivables of £1,408,000 (2017: £2,272,000), were past due of which £Nil (2017: £25,000) 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:

	2018	2017
	£'000	£'000
Up to 3 Months	**1,319**	2,139
Over 3 Months	**89**	133
	1,408	2,272

15 Inventories

	2018	2017
	£'000	£'000
Goods for resale	**637**	709
Transfer to disposal group (note 30)	**(13)**	-
	624	709

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.
In the opinion of the directors, the replacement cost of the inventories did not differ significantly from the figures shown above.

16 Financial liabilities

	Contingent Consideration	**Caps/ Swaps**	**Total**
	£'000	**£'000**	**£'000**
At 1 January 2017	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
Deferred consideration paid	(29)	-	(29)
At 31 December 2018	**-**	**-**	**-**

16 Financial liabilities(continued)
Fair value of interest rate swaps/caps

The Group's interest rate swap/cap arrangements expired during 2017 and no new arrangements were entered into during 2018.

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

Changes in fair value of financial assets/liabilities 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 2018 £29,000 (2017: £372,000) 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 there had not been a significant change in the value of the liability. The Board 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 £Nil (2017: £13,000) 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.

Following the payment in the year the deferred consideration arrangement has ceased and the Group has no more financial obligations in this regard.

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

	2018	2017
	£'000	£'000
Trade payables	**3,551**	4,684
Value added tax and payroll taxes	**532**	393
Accruals	**1,298**	1,544
Deferred Income	**80**	77
Transfer to disposal group (note 30)	**(15)**	(18)
	5,446	6,680

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

18 Current tax liabilities

	2018	2017
	£'000	£'000
Corporation tax - UK	**390**	412
Corporation tax - Ireland	**-**	(45)
	390	367

The above liabilities are all payable within 1 year.

19 Borrowings

	2018 £'000	2017 £'000
Current		
Finance Leases	**129**	203
Invoice finance	**3,988**	3,437
Bank overdraft	**-**	210
Term Loans	**530**	705
	4,647	4,555
Non Current		
Finance Leases	**123**	192
Non-current bank borrowings	**1,664**	2,198
	1,787	2,390
Total Borrowings	**6,434**	6,945

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 £2.2 million drawn down in February 2018 over a maximum period of 7 years.

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

(c) 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 (2017: £4.25m) which is reviewed annually.

19 Borrowings(continued)

Overdraft interest is charged quarterly at an interest rate of bank base rate plus 2.25% (2017: 2.25%). Invoice finance interest is charged on a daily basis at bank base rate plus 1.85% (2017: 2.25%). Term Loan (a) above is charged monthly at an interest rate of bank base rate plus 1.85% (2017: 1.85%). Term Loan (b) is charged monthly at an interest rate of 3.75% (2017: 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 2018 was as follows:

	2018		2017	
	Book Value £'000	**Fair Value £'000**	Book Value £'000	Fair Value £'000
Current bank borrowings	**4,647**	**4,647**	4,555	4,555
Non-current bank borrowings	**1,787**	**1,787**	2,390	2,390
	6,434	**6,434**	6,945	6,945

The Group pays interest at the base rate plus a margin of 1.85% 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:

	2018 £'000	2017 £'000
Floating rate, expiring within one year		
Invoice finance	**110**	1,514
Bank overdraft	**400**	190
	510	1,704

20 Deferred tax

	2018	2017
	£'000	£'000
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	**979**	933
Deferred tax liabilities to be recovered within 12 months	**20**	20
	999	953

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 2017	924	1	925
Charged/(credited) to the Consolidated Statement of Comprehensive Income	29	(1)	28
At 31 December 2017	953	-	953
Charged/(credited) to the Consolidated Statement of Comprehensive Income	46	-	46
At 31 December 2018	**999**	**-**	**999**

The deferred tax liability due after more than one year prior to offsetting is £979,000 (2017: £933,000).

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 (2017: £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 and Share Premium

	2018	2017
	£'000	£'000
Authorised		
60,000,000 (2017: 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 2017	29,960,378	5,616
Issued during the year	-	-
At 31 December 2017	29,960,378	5,616
Issued during the year	110,000	24
At 31 December 2018	**30,070,378**	**5,640**

During the year, the company issued 110,000 (2017: £Nil) Ordinary shares of €25c each for a total cash consideration of £64,000 (2017: £Nil). The excess over nominal value of £40,000 (2017: £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.

21 Share capital and Share Premium(continued)

Share Premium

	2018	2017
	£'000	£'000
At 1 January	**7,281**	7,281
Share Issue	**40**	-
At 31 December	**7,321**	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.

Share options(continued)

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

	2018		2017	
	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
Exercisable at 31 December	**-**	**-**	250,000	0.58

The share options outstanding at the end of 2017 expired in June 2018 at an exercise price of 58p. They were exercised at this point. 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 either 2017 or 2018.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

22 Other reserves

	2018	2017
	£'000	£'000
Capital conversion reserve fund	**23**	23
Foreign exchange	**80**	80
	103	103

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

	2018	2017
	£'000	£'000
Cash at bank and on hand	**1,543**	1,558
	1,543	1,558

24 Dividends

	2018	2017
	£'000	£'000
Final dividend paid in respect of the previous year of 1.65 cent (2017: 1.50 cent) per ordinary share	**413**	381

The Board recommends the payment of a final dividend of 1.80 € cent per share. This will be paid on 18 October 2019 to those shareholders on the register on 27 September 2019. It will bring the total dividend in respect of the financial year to 1.80 cent per share compared with 1.65 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:

	2018 Land and Buildings £'000	**2018** Other operating leases £'000	**2018** Total £'000	2017 Land and Buildings £'000	2017 Other operating leases £'000	2017 Total £'000
Expiring:						
Within one year	**515**	**459**	**974**	515	323	838
Between two and five years	**2,000**	**1,370**	**3,370**	2,061	424	2,485
Beyond five years	**1,632**	**254**	**1,886**	2,087	-	2,087
	4,147	**2,083**	**6,230**	4,663	747	5,410

(b) Guarantees on leasehold properties

The annual operating lease commitment on land and buildings of £515,000 (2017: £515,000) arises on leasehold properties and land.

(c) Capital commitments

At 31 December 2018, the Group had £Nil (2017: £Nil) of capital projects authorised of which £Nil (2017: £Nil) was contracted at 31 December 2018.

25 Commitments and contingencies(continued)

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

	2018	2017
	£'000	£'000
Within one year	**129**	217
Between two and five years	**123**	196
Beyond five years	**-**	-
	252	413

26 Directors' remuneration

	2018	2017
	£'000	£'000
Aggregate emoluments	**507**	497
Company pension contributions	**46**	34
	553	531

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.

During the year, Aidan Hughes exercised 110,000 share options at 58p.

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 £141,000 (2017: £67,000). There was an accrual for £27,000 (2017: £13,000) included above for pension costs at 31 December 2018.

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	100%	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.

28 Group undertakings(continued)

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

Norish plc Roebuck Investments Limited Foro International Connections Limited Cantwellscourt Farm Limited Grass to Milk Company Limited	South Bank House, Barrow Street, Dublin 4, Republic of Ireland
Norish (U.K.) plc, Norish (N.I.) Limited	79 Chichester Street Belfast BT1 4JE
Norish Limited,	Northern Industrial Estate
Belvedere Warehousing Limited, Norish Warehousing Limited	Bury St Edmunds, Suffolk, IP32 6NL
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 2018, £29,000 (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 was paid in March 2018.

Interest of £Nil (2017: £13,000) has been charged to the Consolidated Statement of Comprehensive Income representing unwinding of the discount.

At 31 December 2018 liabilities include £Nil (2017: £29,000) in relation to the contingent consideration.

30 Discontinued operations and assets classified as held for sale

During the year ended 31 December 2016, the Group discontinued the FMCG business in the product sourcing division.

During the year ended 31 December 2018, the Group discontinued the Juice Business for the ready to drink market in the product sourcing division.

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

	2018	2017
	£'000	£'000
Operating cash flows	**(48)**	430
Investing cash flows	-	-
Financing cash flows	-	-
Total cash flows	**(48)**	430

	2018	2017
	£'000	£'000
Other current assets	**324**	279
Total assets of the disposal group classed as held for sale	**324**	279

	2018	2017
	£'000	£'000
Trade and other payables	**(15)**	(18)
Total liabilities of the disposal group classed as held for sale	**(15)**	(18)

	2018	2017
	£'000	£'000
Revenue	**143**	175
Expenses	**(522)**	(394)
Loss after tax of discontinued operations	**(379)**	(219)

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

Product Sales totalling £107,000 (Marketing services 2017: £16,000) were provided to a company where one of our Directors held a shareholding during the year. There was £Nil outstanding as at 31 December 2018 (2017: £8,000).

34 Approval of financial statements

The Board of Directors approved these financial statements on 7 March 2019.

COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2018

	Note	**2018** **£'000**	2017 £'000
Fixed assets			
Investments – Shares in group undertakings	*5*	**1,209**	1,209
Current assets			
Debtors	*6*	**12,095**	11,687
Creditors: amounts falling due within one year	*7*	**(388)**	(388)
Net current assets		**11,707**	11,299
Net assets		**12,916**	12,508
Equity			
Called up share capital	*8*	**5,640**	5,616
Share premium account		**7,321**	7,281
Capital conversion reserve fund		**23**	23
Treasury shares		**(563)**	(563)
Profit and loss account		**495**	151
Shareholders' funds		**12,916**	12,508

Approved on behalf of the board on 7 March 2019 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 2017	5,616	7,281	23	(563)	42	12,399
Profit for the financial year	-	-	-	-	509	509
Total comprehensive income for the year	-	-	-	-	509	12
Dividends paid(note 4)	-	-	-	-	(400)	(400)
Share issue	-	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-
At 31 December 2017	**5,616**	**7,281**	**23**	**(563)**	**151**	**12,508**
Profit for the financial year	-	-	-	-	778	778
Total comprehensive income for the year	-	-	-	-	778	778
Dividends paid(note 4)	-	-	-	-	(434)	(434)
Share issue	24	40	-	-	-	64
At 31 December 2018	**5,640**	**7,321**	**23**	**(563)**	**495**	**12,916**

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 company has not prepared a Statement of cashflows, as required under IAS 1, as the company does not hold cash and has had no cash movements in the current or prior financial year.

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).

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 £778,000 (2017: 509,000).

4 Dividends paid and proposed

	2018	2017
	£'000	£'000
Final dividend paid in respect of the previous year of 1.65 cent (2017: 1.50cent) per ordinary share	**434**	400

The company paid a total dividend in 2018 of £434,000 (2017: £400,000), of which £434,000 (2017: £400,000) was paid through the company.

5 Investments – Shares in group undertakings

	2018	2017
	£'000	£'000
Cost and net book value at 1 January	**1,209**	1,056
Additions	**-**	153
Cost and net book value at 31 December	**1,209**	1,209

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

	2018	2017
	£'000	£'000
Amount receivable from subsidiary undertakings	**12,090**	11,638
Other debtors	**5**	5
Corporation tax	**-**	44
	12,095	11,687

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

All of the Company's trade and other receivable as shown above are considered to approximate fair value.

7 Creditors: Amounts falling due within one year

	2018	2017
	£'000	£'000
Amounts owed to subsidiary undertakings	**388**	388
Corporation tax	**-**	-
	388	388

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

All of the Company's intra-group payables as shown above are considered to approximate fair value.

8 Called up share capital

	2018	2017
	£'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 2017	29,960,378	5,616
Issued during the year	-	-
At 31 December 2017	29,960,378	5,616
Issued during the year	110,000	24
At 31 December 2018	**30,070,378**	**5,640**

The total Ordinary shares in issue are 30,070,378 (2017: 29,960,378). These are all fully paid up. During the year, the company issued 110,000 Ordinary shares of €25c each for a total cash consideration of £64,000 (2017: £Nil). The excess over nominal value of £40,000 (2017: £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 2018, the Company had £Nil (2017: £Nil) of capital projects authorised of which £Nil (2017: £Nil) was contracted at 31 December 2018.

At the 31 December 2018, the Company has exposure for the debts of Norish Limited and Townview Foods Limited totalling £5,946,000 (2017: £6,169,000) 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, West Midlands and Gillingham properties.

HISTORICAL FINANCIAL SUMMARY

Consolidated income statement

	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000
Revenue – continuing	23,645	25,145	32,098	42,012	36,802
– discontinuing	497	2,889	491	-	-
Trading profit – continuing	1,730	1,454	1,259	2,565	2,935
– discontinued	(300)	(223)	(161)	(219)	(379)
Other Income	-	-	238	-	-
Other exceptional items	-	-	-	-	-
Net finance expenses	(370)	(279)	(239)	(203)	(184)
Depreciation	(598)	(615)	(625)	(709)	(812)
Profit/(loss) before taxation	462	337	472	1,434	1,560
Taxation	(164)	(48)	(192)	(441)	(439)
Profit for the financial year	298	289	280	993	1,121
Dividends	(169)	(188)	(346)	(381)	(413)

Consolidated Statement of Financial Position

	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000
Total assets less current liabilities					
Non-current assets	18,336	18,223	19,578	20,862	21,268
Current assets	4,949	10,601	9,489	10,083	8,741
Current liabilities	(6,451)	(8,233)	(9,831)	(11,649)	(10,498)
	16,834	20,591	19,236	19,296	19,511
Financed by					
Share capital	3,280	5,344	5,616	5,616	5,640
Share premium account	4,198	6,990	7,281	7,281	7,321
Other reserves	23	23	23	103	103
Treasury shares	-	-	(563)	(563)	(563)
Retained earnings	2,878	2,981	2,926	3,516	4,224
Non-controlling interest	(9)	(11)	(22)	-	-
Shareholders' funds – equity	10,370	15,327	15,261	15,953	16,725
Provisions	-	-	-	-	-
Deferred tax	954	942	925	953	999
Deferred consideration	425	199	44	-	-
Long term liabilities	5,085	4,123	3,006	2,390	1,787
	16,834	20,591	19,236	19,296	19,511

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