

Norish plc

Directors' report and financial statements

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Norish plc

Corporate profile

Background

Norish plc is a leading food care company dedicated to serving the manufacturing, distribution and retailing sectors. Norish was founded in 1975 and became a public company in 1986. Its shares are listed on the Irish and London Stock Exchanges.

With the acquisition in May 1999 of Belvedere Warehousing Group, Norish operates two distinct, but complementary divisions, Norish Food Care and BWA. Norish Food Care operates strategically located temperature controlled distribution centres, each of which provides storage, freezing, picking, order assembly and distribution services to food companies engaged in processing, wholesaling and retailing. BWA provides a comprehensive range of ambient warehousing services including importation, storage, part processing and delivery of cocoa and coffee beans to manufacturers and commodity dealers in the UK. In Ireland, Norish participates as a minority investor in a cold storage and distribution operation.

The Norish ethos: feel the difference

The Group's business strategy is based on building long term relationships with customers through attention to their changing needs and the provision of a quality service. Both Norish Food Care and BWA are renowned in their respective industries for the superior performance of their operations and the dedication and professionalism of their employees. They are committed to ongoing investment in information technology and warehouse automation as key means of maintaining competitive advantage.

The Group is actively seeking to develop its network of operating units and to expand into related areas of business, both organically and by acquisition.

Norish plc

Group operations

Norish Food Care

Norman Hatcliff
Operations Director

Franklyn House
38 Bell Street
Reigate
Surrey RH2 7BA
Tel: 01737 221133
Email: norman.hatcliff@norish.com

Locations:

Northern Industrial Estate	Pedmore Road
Bury St. Edmunds	Brierley Hill
Suffolk	West Midlands
Ash Road South	1 Benfield Way
Wrexham Industrial Estate	Lakes Road
Wrexham	Braintree, Essex

BWA

Brian White
Managing Director

6 Lloyds Avenue
London, EC3N 3AX
Tel: 0207 4807637
Email: bwhite@bwagencies.co.uk

Eric Allen
Operations Director

Mulberry Way
Belvedere
Kent, DA17 6BU
Tel: 0208 3109300
Email: allene@bwagencies.co.uk

Locations:

Units 4,5 & 6, Mulberry Way	Unit 7, Tees Dock
Units 11,12 & 20, Fishers Way	Teesport
Belvedere, Kent	Middlesbrough, Cleveland
Unit 3, Parker Avenue	Unit10, Pacific Road
Block C, Walton Avenue	Bootle
Block G, Dooley Road	Liverpool, Merseyside
East Fort, Langer Road	
Felixstowe, Suffolk	

Norish plc

Financial Highlights

The company has this year adopted pounds sterling as its reporting currency as it is the functional currency of the Group's trading operations.

	Year ended 31 Dec. 1999	Year ended 31 Dec. 1998	Increase on 1998 %
Turnover (Stg£000)	12,617	8,561	47.3
Operating profit (Stg£000)	2,383	1,662	43.4
Profit before taxation (Stg£000)	2,322	2,010	15.5
Basic earnings per ordinary share	19.1	17.0	12.4
Adjusted earnings per share: excluding goodwill (Stgp)	20.4	17.0	20.0
Dividend per share (IRp)	4.0	4.0	
Dividend cover (times)	5.7	4.9	
Return on average capital employed	23.3%	25.4%	
Net gearing	64%	n/a	

Balance sheet

	1999 Stg£000	1998 Stg£000
Fixed assets	13,400	7,234
Current assets	<u>3,647</u>	<u>3,725</u>
Total assets	17,047	10,959
Current liabilities	<u>(3,829)</u>	<u>(2,784)</u>
Capital employed	13,218	8,175
Long term liabilities	<u>(5,383)</u>	<u>(1,668)</u>
Shareholders' funds	<u>7,835</u>	<u>6,507</u>

Norish plc

Chairman's Statement

Financial results

I am pleased to report that your company has made considerable progress in 1999, the highlight of the year being the acquisition in May of Belvedere Warehousing Group. Profit before tax was Stg£2.322m (€3.736m) compared with Stg£2.010m (€2.965m) in 1998. This result is particularly satisfactory in the light of a much reduced contribution from our joint venture in Ireland, which was Stg£0.196m (€0.315m) compared with Stg£0.346m (€0.504m) in the previous year.

Basic earnings per share were Stg19.1p (€30.7c) compared with Stg17.0p (€25.1c) per share in 1998. Adjusted earnings per share (excluding goodwill) were Stg20.4p (€32.8c) (1998: Stg17.0p), which represented an increase of 20%.

Dividend

At the interim stage we declared a dividend of IR1.0p per ordinary share (1998: IR1.0p). The Board is recommending a final dividend for 1999 of IR3.0p per share (1998: second interim dividend of IR3.0p). The company operates a twin share scheme, whereby shareholders receive dividends in Irish pounds unless they elect to be paid in pounds sterling.

It is proposed to pay the final dividend on 26 May 2000 to shareholders on the register at close of business on 2 May 2000.

Operations

As indicated in the Interim Statement we experienced some weakening of demand for cold storage in the second and third quarters, while at the same time beef stocks were reducing in our Irish associate. The cold storage division ended the year strongly.

BWA has performed well since its acquisition and certain rationalisation measures have been successfully concluded. We are now concentrating on developing further added value services for our customers and on broadening the scope of our activities into other ambient products.

The report contains a Chief Executive's review, which includes a review of operations, and a Financial Review.

Outlook

Trading in both divisions has been satisfactory in the early months of 2000 and we remain confident about prospects for the current year. A certain amount of growth will come from organic expansion of both Norish Food Care and BWA and we are actively seeking additional well-located cold storage and ambient warehousing businesses.

Norish plc

Chairman's Statement *(continued)*

People

Reddy Brennan, who has been a Director of the Company since 1986, has decided not to seek re-election at this year's Annual General Meeting. Reddy has made a significant contribution to the Company during his years on the board and we have benefited enormously from his wisdom and counsel throughout that period. Reddy will continue to pursue a number of other interests and we wish him well.

I wish finally to thank my board and management colleagues and all company staff who have performed with energy, enthusiasm and professionalism. Through their efforts Norish has become synonymous with the very highest standards of service in the cold storage and ambient warehousing industries.

Brian A. Joyce
Chairman
2 March 2000

Norish plc

Chief Executive's Review

Overview

By any standards 1999 was a seminal year in the development of your Company. As reported at the half year, we acquired an ambient, added-value warehousing business to complement our cold storage activities. We then leased two additional warehouses, which we quickly filled. Consequently the Group, which at the beginning of 1999 was trading in four cold stores only, is now also trading in eight ambient warehouses. Three senior executives, including operations directors for each of our businesses, were recruited and we opened an operational head office in the United Kingdom.

Cold storage division

Our cold storage business, Norish Food Care, continued to outperform much of the competition in a market which remained difficult. Our results, which virtually matched those of the year before, reflected the geographic and seasonal fluctuations for cold storage. However, while opportunities for improvement remain, the weakening of demand in parts of the business referred to at the half year was largely overcome.

The demand for blast freezing developed steadily during the year but perhaps the highlight was the gaining of a contract to consolidate regional supplies on behalf of a major retailer at our Braintree store. This service grew substantially throughout the second half of the year, a trend that is continuing in 2000.

Ambient warehousing division

BWA, the specialist cocoa and coffee warehousing and part-processing business, was bought in May. Shortly afterwards, as part of our predetermined strategy for growing the business, we added to its six warehouses (totalling 400,000 square feet) a further 126,000 square feet in Felixstowe. This was quickly filled with commodity traffic through the port. In October we added a further 60,000 square feet also in Felixstowe, not only to satisfy further commodity storage demand but also to facilitate the development of more general warehousing.

Storage of commodities is a basic activity but our strategy of offering additional related added-value services is proving to be well founded and gives us a competitive edge. Although we have increased our own warehouses to eight (600,000 sq. ft) in a balanced mix of freehold, short term rental and medium term rental properties, we have reduced our reliance on sub-contracted space, thereby protecting margins. We remain convinced that this market offers potential for growth and we are currently pursuing several interesting opportunities.

Strengthening the team

In the aftermath of the acquisition of BWA, we set up an operational head office in Reigate, Surrey in order to support more easily our trading activities. An operations director for BWA, well versed in commodity and general storage, was recruited in June. Following the retirement of a senior manager in the cold storage business we also recruited an operations director experienced in the temperature controlled logistics market. Towards the end of the year we added a senior management accountant to the head office team as we signalled after the BWA acquisition.

Changes successfully undertaken in both BWA and Norish Food Care could not have been contemplated without the support of our staff. I thank them for their contribution.

Norish plc

Chief Executive's Review *(continued)*

Outlook

Traditionally, trading at the beginning of the calendar year can be unexciting but there is currently much activity, which augurs well for the current year. We expect continued growth in the year 2000.

Paul C. Byrne
Chief Executive
2 March 2000

Norish plc

Board of Directors



Chairman: Brian Joyce

Brian Joyce was appointed to the Board as Chairman in 1993. A former Chief Executive of the Irish Dairy Board, he is currently Chairman of several prominent companies including EBS Building Society and the Mater Private Hospital.

Chief Executive: Paul Byrne

Paul Byrne joined the Group and was appointed to the board as Chief Executive in 1998. He worked for Transport Development Group plc (TDG) since 1977, joined their main board in 1993, and became Managing Director of their Consumer Division in 1994. He is an honours economics graduate and a Fellow of the Institute of Logistics.

Finance Director & Group Secretary: Greg O'Hara

Greg O'Hara joined the Group's UK division as Financial Controller in 1989. He became Group Secretary in 1994 and was appointed Finance Director in 1999. He is a Chartered Accountant with previous management experience in the retail and manufacturing sectors.

Non-executive Directors

Reddy Brennan joined the board in 1986 following a career in the dairy industry. He is a director of Clashfern Holdings, Grassland Fertilisers (Kilkenny) and a number of other companies in the agricultural and industrial sectors.

Torgeir Mantor was appointed to the board in 1993. He is Chairman of Norse Services Houston Inc. and CommonVision LLC, both in Houston, Texas, and is a director of Tore B. Mantor A/S and ProPac A/S, both in Norway.

John Paterson joined the board in 1994. He has extensive experience in the food industry, and also in insurance broking and financial services. He is a director of the Beth Johnson Housing Association.

Hans Thorsen was appointed to the board in 1978 when he was Managing Director of the Norwegian cold storage company, Ostlandske Fryserier A/S. He is a director of several Norwegian companies.

Norish plc

Senior Management

Brian White

Norman Hatcliff

Eric Allen

Aidan Hughes

Brian White is Managing Director of Belvedere Warehousing Ltd. and its subsidiary B.W. Agencies Ltd. (collectively “BWA”), which were acquired by Norish in May 1999. Brian built up the BWA business over a period of twenty-two years, during which time he introduced many added-value services, in particular the cocoa bulking process, to the cocoa and coffee warehousing industry.

Norman Hatcliff joined the Group in January 2000 as Operations Director of Norish Food Care. Norman has extensive experience in the cold storage industry, initially with Tempco Severnside and Exel Logistics. He joined TDG in 1990, and has been Operations and Commercial Director of TDG Novacold since 1996.

Eric Allen is Operations Director of BWA. Eric previously worked in BWA for seventeen years before moving to TDG Pinnacle as Regional Manager (South) in 1994. He was subsequently appointed Regional Director and rejoined BWA in June 1999 immediately following its acquisition by Norish.

Aidan Hughes joined Norish in 1996 when he was appointed Group Accountant, based at Castleblayney, Co. Monaghan. Aidan was responsible for co-ordinating the recent move of the operational head office to Reigate, Surrey, where he is now based. Following qualification as a Chartered Accountant, Aidan worked in the management services and travel industries.

Norish plc

Financial Review

Reporting currency

The Group has in 1999 changed its reporting currency to pounds sterling, as all of its operating activities are carried out in sterling in the United Kingdom. The financial information contained in the profit and loss account and balance sheet is also expressed in Euros, solely for convenience, at the rate of £1 = STG£0.621581, the closing rate for the period. Reference throughout the Annual Report to pounds refers to sterling unless otherwise stated.

Turnover and operating profit

The Group's entire turnover during the year under review arose in the United Kingdom. Turnover in the cold storage division reduced by 14.4% to £7.33m, mainly due to the ongoing impact of the decision taken in 1998 to rationalise certain uneconomic distribution activities. The gross profit in this division was £1.90m, representing 26.0% of turnover. Some weakening of demand in part of this division was experienced, counteracted by strong performances in the remaining cold stores.

BWA, the ambient warehousing business acquired in May 1999, performed well, recording turnover of £5.29m and a gross profit of £1.22m (23.1%).

The contribution from BWA enabled Group operating profit to increase by 43.4% to £2.38m.

Income from associated undertaking

Income from the Group's interest in its Irish associate company was £0.196m compared with £0.346m in the previous year. The associate company suffered reducing occupancies due to the removal of most intervention beef stocks during the year.

The average exchange rate used in translating income from the associate was IR£1 = STG£0.8343.

Profit before taxation

Group profit before taxation increased by 15.5% to £2.32m.

Taxation

The tax charge of £0.71m represents an effective rate of tax on profits of 30.5% compared with 28.4% in 1998.

Key ratios

Basic earnings per share increased by 12.4%, from 17.0p to 19.1p. Adjusted earnings per share (excluding goodwill) increased by 20% from 17.0p to 20.4p.

The Group's return on average capital employed reduced from 25.4% in 1998 to 23.3% in 1999.

Norish plc

Financial Review *(continued)*

Interest cover was 10.1 in 1999 (1998: net interest receivable of £6,000).

Dividend cover was 5.7 compared with 4.9 in 1998.

Year-end gearing was 64%. There was no gearing at the end of 1998.

Acquisition and capital expenditure

The total consideration for the purchase of BWA was £7m, of which £4m was paid in cash on completion, with £3m in non-interest bearing loan notes to be paid in three equal annual instalments commencing in May 2000.

Capital expenditure was £0.33m (1998: £1.1m) while depreciation and goodwill amortisation totalling £0.85m (1998: £0.58m) was charged.

Cash position

The Group's operating cash flow for the year was £3.11m (1998: £1.91m). Net debt, including loan notes, at the year-end was £5.04m (1998: net funds £0.49m). The Group retains adequate term loan and overdraft facilities and is well placed to support future growth and development.

Treasury policy and management

The treasury function, which is managed centrally, is responsible for 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 and liquid resources, and various items, such as trade debtors, trade creditors etc., that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group may enter into derivative transactions such as interest rate swaps 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. It is Group policy not to trade in financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign exchange risk. The Group's policies for managing each of these risks are summarised below.

Norish plc

Financial Review *(continued)*

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings and working capital, at both fixed and floating rates of interest. 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, interest rates on all of the Group's borrowings were fixed in advance for three months.

Liquidity risk

The Group's policy is that, in order to ensure continuity of funding, at least 50% 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 a revolving credit facility and overdraft facilities.

Foreign exchange risk

As all of the Group's trading activities take place in the United Kingdom the Group borrows in sterling currency only, and now reports its results in sterling currency.

Shareholders' funds

Shareholders' funds increased during the year by 20.4% to £7.84m as follows: -

	<i>£'m</i>
Shareholders' funds at 31 December 1998	6.51
Attributable profit	1.61
Dividends	<u>(0.28)</u>
Shareholders' funds at 31 December 1999	<u>7.84</u>

Greg O'Hara
Finance Director
2 March 2000

Norish plc

Shareholder information

Shareholder analysis at 2 March 2000

	Number of accounts	Percentage of accounts	Number of shares (000)	Percentage of shares
1 – 5,000	246	71.30	375	4.44
5,001 - 25,000	56	16.23	696	8.24
25,001 - 100,000	28	8.12	1,252	14.82
100,001 - 250,000	8	2.32	1,475	17.46
250,001 - 500,000	1	0.29	350	4.14
Over 500,000	6	1.74	4,300	50.90
	345	100.00	8,448	100.00

Share price data (€)

	High	Low	31 December
Year ended 31 December 1999	2.03	1.10	1.25
Year ended 31 December 1998	2.29	1.97	2.02

The market capitalisation of Norish plc at 31 December 1999 was STG£6.56m (€10.55m) compared with STG£12.03m (€17.05m) at 31 December 1998, and Stg£6.75m (€10.98m) at 2 March 2000.

Investor relations

Investor enquiries should be addressed to Greg O'Hara, Finance Director & Secretary, at:

- ◆ Norish Food Care Limited, Franklyn House, 38 Bell Street, Reigate, Surrey, RH2 7BA
- ◆ Email: greg.ohara@norish.com

Registrars

Administrative enquiries relating to the holding of Norish shares should in the first instance be directed to the Company's Registrars whose address is:

- Bank of Ireland, Registration Department, 4th Floor, Hume House, Ballsbridge, Dublin 4
- Telephone +353 1 660 5666.
- Fax: +353 1 660 6288
- Email: sharereg@iol.ie

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Shareholder information *(continued)*

Amalgamation of accounts

Shareholders who have multiple accounts in their name and who receive duplicate mailings should write to the Company's Registrars at the above address in order to have these accounts amalgamated.

Dividends

The Twin Share Scheme gives shareholders the option of receiving payment of dividends in Irish pounds from Norish plc, or if they so elect, in sterling currency from Norish (UK) plc. Forms of Election for this purpose may be obtained from the Secretary at the above address.

Due to changes in the taxation of dividends in Ireland, dividends no longer carry a tax credit. In addition, dividends due to certain shareholders will be paid net of withholding tax, which from 6 April 2000 will be at the rate of 22%. Provided certain administrative procedures are adhered to, a withholding tax exemption will apply to certain classes of shareholder. The Company wrote to all such shareholders in March 2000 setting out the up-to-date position and enclosing the appropriate declaration forms to enable them to apply for exemption from the withholding tax provisions.

Individuals who are tax resident in Ireland are not entitled to a withholding tax exemption.

CREST

Norish joined the CREST share settlement scheme in 1996. 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 in Jurys Hotel, Ballsbridge, Dublin 4 on Thursday 4 May, 2000 at 12 noon. The Notice of Meeting is printed in the final section of this Report, which will be accompanied by a proxy form.

Financial Calendar 2000

Announcement of preliminary results	3 March
Annual Report posted to shareholders	31 March
Ex-dividend date for final dividend	25 April
Record date for final dividend	2 May
Annual General Meeting	4 May
Payment date for final dividend	26 May
Announcement of interim results	early September
Payment date for interim dividend	early October

Norish plc

Corporate information

Directors

Brian Joyce *- Chairman
Paul Byrne - Chief Executive
Greg O'Hara - Finance Director/Secretary
Reddy Brennan *
Torgeir Mantor *
John Paterson *
Hans Thorsen *
** non-executive*

Audit Committee

Brian Joyce
Reddy Brennan
Hans Thorsen

Remuneration Committee

Brian Joyce
Reddy Brennan
John Paterson

Nomination Committee

Consists of all Directors

Registered Office

1 Stokes Place
St. Stephen's Green
Dublin 2

Operational Head Office

Franklyn House
38 Bell Street
Reigate
Surrey, RH2 7BA

Solicitors

Mason Hayes & Curran
7 Fitzwilliam Square
Dublin 2

Burges, Salmon
Narrow Water House
Narrow Water Quay
Bristol, B81 4AH

Stockbrokers

Davy Stockbrokers
49 Dawson Street
Dublin 2

Bankers

Midland Bank plc
Anglo Irish Bank Corporation plc
Bank of Ireland plc

Auditors

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Registrars

Bank of Ireland
Registration Department
4th Floor, Hume House
Ballsbridge
Dublin 4

Norish plc

Directors' Report

The Directors present their Annual Report together with the audited financial statements of the Group for the year ended 31 December 1999.

Principal Activities and Review of Business

Norish plc is a significant provider of temperature controlled food storage and distribution services to the food industry in the United Kingdom through its Norish Food Care Limited subsidiary. B. W. Agencies Limited ("BWA"), which was acquired in May 1999, is a leading provider of added value ambient warehousing services to the cocoa and coffee industries in the United Kingdom. BWA is now broadening the scope of its activities to include non-food products. The Group also participates as a minority investor in an Irish cold storage company.

Details of the Group's subsidiary and associated undertakings are set out in Note 29 to the financial statements.

Commentaries on the business of the Group are contained in the Chairman's Statement, the Chief Executive's Review and the Financial Review on pages 4, 5 and 8 respectively.

Results

The profit on ordinary activities before taxation for the year amounted to STG£2.32 million. Details of the results for the year are set out in the consolidated profit and loss account on page 26 and in the related notes.

Dividends

An interim dividend of IR1.0p per share was paid on 15 October 1999. The Directors recommend the payment of a final ordinary dividend of IR3.0p per share. Subject to shareholder approval this dividend will be paid on 26 May 2000 to shareholders on the register on 2 May 2000.

Twin share scheme

The Company adopted a twin share scheme in May 1994. This scheme entitles shareholders to elect to receive dividends from a UK subsidiary, Norish (UK) plc, or from Norish plc itself, subject to certain limitations. Full details are available on request from the Group Secretary. Those shareholders who completed a Form of Election to have future dividends paid on the "A" Ordinary Shares of Norish (UK) plc will receive their dividends in sterling currency from that company. Such election will remain in force until revoked or until the shares have been disposed of.

Post balance sheet events

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

Transactions with Related Parties

There were no transactions with related parties requiring disclosure under FRS 8 during the year.

Norish plc

Directors' Report

Directors

The Board currently comprises the non-executive Chairman, the Chief Executive, the Finance Director and four non-executive Directors. Under the criteria adopted by the Committee on Corporate Governance, Torgeir Mantor would not be perceived to be independent due to his family interests in the Company's shares. None of the non-executive Directors is involved in the day-to-day management of the Group.

The names of the Group's Directors together with brief biographical notes are set out on page 6.

In accordance with Article 87 of the Company's Articles of Association, Reddy Brennan, John Paterson and Torgeir Mantor retire by rotation. Reddy Brennan is not seeking re-election. John Paterson and Torgeir Mantor, being eligible, offer themselves for re-election. Greg O'Hara was appointed to the board in 1999 as Finance Director, and he now offers himself for election in accordance with Article 94.

The Chief Executive and Finance Director have service contracts with the Company which do not contain provisions which could result in the payment of compensation for loss of office in excess of one year's salary and benefits in kind. No service contract provides for a notice period in excess of one year. None of the non-executive Directors has a service contract.

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 Company's business.

The interests of the Directors and the Secretary (including their respective family interests) in the share capital of Norish plc at 31 December 1999 together with their interests at 31 December 1998 were as follows:

	31 December 1999		31 December 1998	
	Beneficial shares	Non-beneficial shares	Beneficial shares	Non-beneficial shares
Brian Joyce	154,340	---	154,340	---
Paul Byrne	---	---	---	---
Reddy Brennan	32,000	1,000	32,000	1,000
Torgeir Mantor *	12,600	---	12,600	---
Greg O'Hara	57,350	4	57,350	11
John Paterson	5,000	---	5,000	---
Hans Thorsen	---	---	---	---

* Torgeir Mantor is a director of T.B. Mantor A/S, which holds 718,782 shares and is owned by the Mantor family.

Norish plc

Directors' Report

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 1999	Granted/ (exercised) in 1999	31 Dec 1999	Exercise price	Exercisable from	Expiry date
Paul Byrne	80,000	-	80,000	IR£1.54	Sept 2001	Sept 2008
	<u>-</u>	<u>40,000</u>	<u>40,000</u>	€1.55	March 2002	March 2009
	<u>80,000</u>	<u>40,000</u>	<u>120,000</u>			
Greg O'Hara	28,000	-	28,000	IR£0.76	Sept 1999	Sept 2006
	10,000	-	10,000	IR£0.95	Feb 2000	Feb 2007
	5,000	-	5,000	IR£1.75	Feb 2001	Feb 2008
	<u>-</u>	<u>12,000</u>	<u>12,000</u>	€1.55	March 2002	March 2009
Total	<u>43,000</u>	<u>12,000</u>	<u>55,000</u>			

The mid-market price of an ordinary share on 31 December 1999 was €1.25 and the price range during the year was between €1.10 and €2.03. 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 1999 and the date of this Report.

Pensions

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

Substantial shareholdings

At 2 March 2000 the Company had been advised of the following shareholdings in excess of 3% of its issued share capital:

	Number of shares	Percentage held
Scottish Provident (Irish Holdings) Limited	1,078,000	12.76
Standard Life Assurance Company	775,000	9.17
T.B. Mantor A/S	718,782	8.51
Friends Provident	682,791	8.08
ESB Superannuation Fund	526,993	6.24
W.L. McCauley	518,600	6.14
2M's Special Pension Fund	350,000	4.14

Apart from these holdings the Company has not been notified of any other interest of 3% or more in its issued share capital.

Norish plc

Directors' Report

Subsidiary companies

The statutory information required by sub-sections (4) and (5) of Section 158 of the Companies Act, 1963 is presented in Note 29 to the financial statements.

Executive share option scheme

The Norish plc Share Option Scheme was approved by shareholders at an Extraordinary General Meeting held on 19 May 1994. The percentage of share capital which can be issued under the scheme and the individual grant limits comply with the published guidelines of the Irish Association of Investment Managers. The scheme provides for the granting of both basic and second tier options.

Share options are offered to executive Directors and senior management to encourage identification with shareholders' interests, and to help them to build up over time a shareholding in the Company which is material in relation to their net worth. The Remuneration Committee believes this policy has facilitated the recruitment, retention and motivation of high quality managers who are vital to the future growth and success of Norish.

This policy has been consistently applied and has not changed since the inception of the scheme.

The aggregate nominal value of shares issued under the scheme may not exceed 10% of the nominal value of the issued ordinary share capital. No more than 5% may be ordinary options and no more than 5% may be second tier options.

Between 1989 and 1998 the Company issued a total of 431,250 ordinary options. In 1999 the Company issued 67,000 options at a price of €1.55.

To date 28,000 options have been exercised and 151,000 options have expired, including 18,000 during 1999. The Company has not so far issued any second tier options. A balance of 497,573 options is available to be issued, of which 75,162 are ordinary options and 422,411 are second tier options.

Research and development

Development of a Group website is currently under way, and we expect to launch the site shortly. We intend to firstly give our customers, shareholders and the general public useful and up-to-date information on the Group's facilities and services, together with key financial data, company announcements etc. Further development, including the provision of e-commerce facilities, will follow.

Norish plc

Directors' Report

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, proper utilisation of materials handling equipment, etc. 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 has initiated policies designed to further this end and monitors adherence to these policies. It is committed to maintaining its efforts in the area of energy conservation.

Health and safety

Norish ensures the health, safety and welfare of employees by providing safe workplaces and complying fully with all relevant health and safety standards including those imposed by the Safety, Health and Welfare at Work Act, 1989. Safety statements have been prepared and are in place at all Group locations, in each of which an active safety committee plays an important role in maintaining health and safety standards.

Year 2000 compliance

The Group's programme designed to address the impact of Year 2000 issues on our business was successfully concluded in 1999 and we were satisfied that an acceptable state of readiness had been achieved. No Year 2000 problems have been encountered to the date of this Report.

Given the short period of time which has elapsed since 1 January 2000, it is still possible that some Year 2000 issues may arise in the future. Accordingly, management and the Board will continue to monitor the situation carefully and the Board will provide the necessary resources to deal promptly with any matters that may arise.

Norish plc

Directors' Report

Euro

On January 1, 1999 the Republic of Ireland and ten other member states of the European Union participated in the launch of a single currency, the Euro. Exchange rates of the participating states against the Euro were irrevocably fixed on that date.

The Group has appointed a Euro task force to identify and implement any changes that may be required to accounting and I.T. systems. Almost all of the Group's suppliers and customers are UK based, and as far as we are aware none of them have yet moved to a Euro based accounting system. The costs associated with Euro conversion are not expected to be material, and will be expensed as they are incurred.

Corporate governance

The Directors are committed to maintaining the highest standards of corporate governance and support the Combined Code published in June 1998 by the Committee on Corporate Governance.

Principles of good corporate governance

The Directors are accountable to the shareholders for good corporate governance and the following statement describes how the relevant principles of Good Governance set out in the Combined Code are applied in Norish plc.

Board of Directors

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.

The performance of the Group is closely monitored at all times. The Board meets on a bimonthly basis and management supplies the Board with comprehensive information each month to enable it to discharge its duties.

Certain matters are specifically reserved to the Board for its decision. Each Director brings an independent judgement to bear on all matters dealt with by the Board including those relating to strategy, performance, resources and standards of conduct.

All Directors have access to the advice and services of the Group Secretary who 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.

Each Director receives appropriate training on being appointed to the Board.

The Board of Directors comprises five non-executive Directors and two executive Directors. The positions of Chairman and Chief Executive are held by different persons. All Directors of the Company submit themselves for re-election at least every three years.

Norish plc

Directors' Report

Corporate governance *(continued)*

Directors' Remuneration

The remuneration of Directors and senior management is determined by the Remuneration Committee consisting solely of the non-executive Directors whose names are listed on page 12. This committee also recommends the granting of share options to Executive Directors and senior management. In considering and agreeing salaries and benefits as well as performance related incentives the Committee aims to ensure that remuneration packages are competitive and that individuals are fairly rewarded relative to their responsibilities, experience and value to the Group. The committee takes advice where appropriate from external professional advisors in assessing salary levels and determining its remuneration policy and practice.

Norish plc's remuneration policies and procedures meet with the Best Practice Provisions of the Irish Stock Exchange's requirements on Directors' remuneration. In particular the Company has applied the principles set out in Section 1 of the Combined Code with the exception of non-disclosure of individual Directors' remuneration. In designing schemes of performance-related remuneration, the Remuneration Committee has given full consideration to the provisions in Schedule A to the Code.

Details of the interests of Directors and Secretary in shares and options are set out earlier in this Report while details of Directors' remuneration are given in Note 27 to the financial statements.

Relations with Shareholders

The Board and management maintain an ongoing dialogue with the Company's shareholders on strategic issues.

Accountability and audit

The Directors have considered and intend to fully implement the recommendations of the Turnbull Working Group, which was set up to provide guidance to assist listed companies in implementing the Code provisions relating to internal control. The Directors will report on the Group's system of internal control in the annual report for the year ending 31 December 2000. The transitional provisions have been applied with respect to the year ended 31 December 1999, and the Directors hereby report on the Group's internal financial controls pursuant to "Internal Control and Financial Reporting - Guidance for Directors of listed companies registered in the UK" (the Ruttman guidance).

The Directors have overall responsibility for the Group's system of internal financial controls and have delegated responsibility for implementation of the system to executive management. The system is established to provide reasonable assurance of

- the maintenance of proper accounting records and the reliability of financial information;
- the safeguarding of assets against unauthorised use or disposal; and
- the prevention or early detection of material errors or irregularities.

Norish plc

Directors' Report

Accountability and audit (continued)

The Directors are aware that the system of internal financial control cannot provide absolute assurance against material misstatement or loss.

The Company has established a number of key procedures designed to provide an effective system of internal financial control and to provide a basis for the Directors to review the effectiveness of the system. The most important elements of these procedures are:

- an organisation structure with clearly defined lines of authority and accountability
- detailed procedures manuals covering operational and financial procedures and controls
- a comprehensive budgeting and monthly financial reporting system
- a capital expenditure budgeting, appraisal and approval system
- a treasury risk management policy which limits the exposure of the Group in this area
- an audit committee which reviews the Group's financial reporting and internal financial control systems.

The Directors have reviewed the effectiveness of the Group's system of internal financial control in operation to the date of this Report.

Audit Committee and Auditors

The Board maintains an objective and professional relationship with the Company's auditors. The Audit Committee, a formally constituted committee of the Board, is comprised of non-executive Directors. Its written terms of reference deal clearly with its authority and its duties. The Audit Committee meets periodically with the external auditors. The external auditors have full and unrestricted access to the Committee.

Compliance statement

Norish has complied during the year to 31 December 1999 with all the Principles of Good Governance and Code of Best Practice ("the Combined Code") derived by the Committee on Corporate Governance from the Committee's Final Report and from the Cadbury and Greenbury Reports, except for the following matters:

Directors' remuneration

Disclosures regarding Directors' remuneration have been made on an aggregate basis, in accordance with the Companies Acts, 1963 to 1999 and in compliance with the Listing Rules of the Irish Stock Exchange. The Group will comply in respect of the year to 31 December 2000 with the amended Listing Rules of the Irish Stock Exchange.

Nomination Committee

The board decided at its meeting on 2 March 2000 to appoint a Nomination Committee consisting of all members of the Board. This decision was taken because of the small size of the board.

Senior independent non-executive Director

The Board comprises a non-executive Chairman, two executive Directors and four non-executive Directors. The Board has not yet made a decision on the appointment of a senior independent non-executive Director.

Norish plc

Directors' Report

Going concern

The Directors, having made appropriate enquiries, have a reasonable expectation that the Company and the Group as a whole have adequate resources to continue in operation for the foreseeable future. For this reason they consider it appropriate to adopt the going concern basis in preparing the financial statements.

Statement of Directors' responsibilities

This statement is made in order to distinguish for shareholders the relative responsibilities of the Directors and of the Auditors in relation to the financial statements. It should be read in conjunction with the statement on the responsibilities of Directors and auditors contained in the Auditors' Report on page 21.

Company law requires the Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss for that year. In preparing those financial statements the Directors are required to

- select suitable accounting policies and then apply them consistently:
- make judgements and estimates that are reasonable and prudent:
- 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 keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Acts 1963 to 1999 and all Regulations to be construed as one with those Acts. They have a general duty to act in the best interests of the Company and must therefore take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Auditors

In accordance with Section 160(2) of the Companies Act, 1963, the auditors, KPMG, Chartered Accountants, will continue in office.

On behalf of the board:

B. A. Joyce
Chairman

P.C. Byrne
Chief Executive

2 March 2000

Auditors' report to the members of Norish plc

We have audited the financial statements, expressed in pounds sterling, on pages 23 to 44 and the detailed information on share options and pensions set out in the Directors' Report on pages 15 and 16.

Respective responsibilities of Directors and auditors in relation to the annual report

The Directors are responsible for preparing the Annual Report. As described on page 20, this includes responsibility for preparing the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board, the Listing Rules of the Irish Stock Exchange, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. As also required by the Acts, we state whether we have obtained all the information and explanations we require for our audit, whether the Company's balance sheet is in agreement with the books of account and report to you our opinion as to whether

- the Company has kept proper books of account;
- the Directors' Report is consistent with the financial statements;
- at the balance sheet date a financial situation existed that may require the Company to hold an extraordinary general meeting, on the grounds that the net assets of the Company, as shown in the financial statements, are less than half of its share capital.

We also report to you if, in our opinion, information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on pages 18 to 20 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Auditors' report to the members of Norish plc *(continued)*

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements, expressed in pounds sterling, give a true and fair view of the state of affairs of the Group and the Company at 31 December 1999 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 1999 and all Regulations to be construed as one with those Acts.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The balance sheet of the Company, expressed in pounds sterling, is in agreement with the books of account.

In our opinion, the information given in the Directors' Report on pages 14 to 20 is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet on page 28, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 1999 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

KPMG
Chartered Accountants
Registered Auditors

2 March 2000

Norish plc

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by The Institute of Chartered Accountants in Ireland.

Basis of consolidation

The consolidated financial statements for the year to 31 December 1999 include the results of Norish plc and its subsidiary undertakings for that period. The Group includes its share of the profits and losses of associated undertakings in the consolidated profit and loss account and its share of net assets in the consolidated balance sheet. All significant inter-company profits, transactions and account balances have been eliminated.

Turnover

This represents the invoiced value of goods and services, exclusive of value added tax, net of inter-Group transactions.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. No depreciation is provided on freehold land. The charge for depreciation is calculated to write down the cost of other tangible fixed assets to their estimated residual values by equal annual instalments over their expected useful lives which are as follows:

Freehold buildings	40 years
Long leasehold buildings	40 years
Plant and equipment	5 to 10 years
Fixtures and fittings	10 years
Motor vehicles	5 years

Taxation

The charge for corporation tax is based on the results for the year. Deferred tax is accounted for in respect of timing differences between profit as computed for tax purposes and profit as stated in the financial statements to the extent that such differences are expected to reverse in the foreseeable future. Where advance corporation tax cannot be offset with reasonable certainty against current, future or deferred tax liabilities, taking into account expected results and dividends, it is written off in the profit and loss account.

Norish plc

Statement of accounting policies (*continued*)

Foreign currencies

The results of the subsidiary undertakings denominated in foreign currency are translated into sterling pounds using the average rate of exchange. The net assets of the subsidiary undertakings denominated in foreign currency are translated into pounds sterling using the closing rate of exchange. Exchange differences arising from the retranslation of the opening net investment in subsidiary undertakings and of their results at the average rate are recorded as a movement in the currency reserve. Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at the balance sheet rate or the contracted rate and the exchange differences are dealt with in the profit and loss account.

Government grants

Capital grants received are shown as deferred income and credited to the profit and loss account by instalments on a basis consistent with the depreciation policy of the relevant assets.

Other grants are credited to the profit and loss account to offset the matching expenditure.

Leased assets

Expenditure on operating leases is charged to the profit and loss account on a basis representative of the benefit derived from the asset, normally on a straight line basis over the lease period. Where fixed assets are financed by financing arrangements which give rights approximating to ownership they are treated as if they had been purchased outright at their fair value and the corresponding commitments are shown in the balance sheet as obligations under finance leases and hire purchase contracts. Depreciation of fixed assets acquired under finance leases and hire purchase contracts is calculated to write off the attributed cost over the shorter of the lease or contract term and their estimated useful lives by equal annual instalments. The excess of the total rentals over the amount capitalised is treated as interest which is charged to the profit and loss account in proportion to the amounts outstanding under the lease and hire purchase contracts.

Pensions

The cost of providing defined contribution pensions is charged against profits. The scheme funds are administered by trustees and are independent of the Group's finances. Differences between the amounts charged in the profit and loss account and payments made to the pension fund are treated as prepayments or liabilities.

Norish plc

Statement of accounting policies (*continued*)

Capitalisation of interest

Interest attributable to progress payments made on construction work in progress is capitalised and included in the cost of the related asset.

Financial fixed assets

Investments in subsidiary undertakings

Investments in subsidiary undertakings are shown at cost less provisions for impairment in value.

Investments in associated undertakings

Associated undertakings are accounted for using the equity method. The Group's share of the profits less losses of associated undertakings is included in the consolidated profit and loss account. The Group's interest in their net assets or liabilities is included as a fixed asset investment in the consolidated balance sheet at an amount representing the Group's share of the fair value of the net asset at acquisition plus the Group's share of post acquisition retained profits and losses.

Investments in associated undertakings are shown in the Company balance sheet as financial assets and are valued at cost less provisions for impairment in value.

Other investments

Other investments are shown at cost less provisions for impairment in value. Income from other investments, together with any related tax credit, is recognised in the profit and loss account in the financial year in which it is receivable.

Goodwill

Purchased goodwill arising on the acquisition of a business represents the excess of the acquisition cost over the fair value of the identifiable net assets when they were acquired. Any excess of the aggregate of the fair value of the identifiable net assets acquired over the fair value of the acquisition cost is negative goodwill.

Purchased goodwill arising on acquisitions prior to 1 January 1997 was eliminated against reserves on acquisition and negative goodwill arising on such acquisitions was credited directly to reserves as a matter of accounting policy. On disposal of the business any goodwill so treated is included in determining the profit or loss on sale of the business.

Purchased goodwill arising on acquisitions after 1 January 1997 is capitalised in the balance sheet and amortised over the estimated economic life of the goodwill.

Euro

The financial statements, presented in pounds sterling as of and for the year ended 31 December 1999 are also expressed in Euros, solely for information purposes, at the rate of Euro 1 = Stg£0.621581, the conversion rate applicable on 31 December 1999.

Norish plc

Consolidated profit and loss account

for the year ended 31 December 1999

	Note	1999 £000	1999 Stg£000	1998 Stg£000
Group turnover				
Continuing operations	2	11,785	7,325	8,561
Acquisitions	2	8,514	5,292	-
		<u>20,299</u>	<u>12,617</u>	<u>8,561</u>
Cost of sales		(15,271)	(9,492)	(6,334)
Gross profit		<u>5,028</u>	<u>3,125</u>	<u>2,227</u>
Administrative expenses		(1,194)	(742)	(565)
Group operating profit				
Continuing operations	2	2,333	1,450	1,662
Acquisitions	2	1,501	933	-
		<u>3,834</u>	<u>2,383</u>	<u>1,662</u>
Share of associated undertaking		312	194	342
Profit on ordinary activities before interest		<u>4,146</u>	<u>2,577</u>	<u>2,004</u>
Interest receivable and other income		101	63	125
Interest payable and similar charges	3	(514)	(320)	(123)
Share of net interest of associated undertaking		3	2	4
Profit on ordinary activities before taxation				
Tax on profit on ordinary activities	4	3,736	2,322	2,010
	5	(1,141)	(709)	(570)
Profit on ordinary activities after taxation		<u>2,595</u>	<u>1,613</u>	<u>1,440</u>
Equity dividends - paid	6	(134)	(83)	(73)
- proposed	6	(322)	(200)	(218)
		<u>(456)</u>	<u>(283)</u>	<u>(291)</u>
Retained profit for the year		<u>2,139</u>	<u>1,330</u>	<u>1,149</u>
Profit and loss account at beginning of year		<u>2,970</u>	<u>1,846</u>	<u>881</u>
Foreign currency translation movement		(3)	(2)	(184)
Profit and loss account at end of year		<u>5,106</u>	<u>3,174</u>	<u>1,846</u>
Basic earnings per ordinary share	7	<u>30.7c</u>	<u>19.1p</u>	<u>17.0p</u>
Fully diluted earnings per ordinary share	7	<u>30.6c</u>	<u>19.0p</u>	<u>16.9p</u>
Adjusted earnings per ordinary share	7	<u>32.8c</u>	<u>20.4p</u>	<u>17.0p</u>

Approved on behalf of the board on 2 March 2000 by:-

B.A. Joyce
Chairman

P.C. Byrne
Chief Executive

Norish plc

Consolidated balance sheet at 31 December 1999

	<i>Note</i>	1999 £000	1999 Stg£000	1998 Stg£000
Fixed assets				
Intangible assets - goodwill	8	5,327	3,311	-
Tangible fixed assets	9	16,189	10,063	7,204
Investment in associated undertaking	10	42	26	30
		<hr/>	<hr/>	<hr/>
		21,558	13,400	7,234
Current assets				
Debtors	11	4,620	2,872	1,845
Cash at bank and in hand		1,247	775	1,880
		<hr/>	<hr/>	<hr/>
		5,867	3,647	3,725
Creditors: amounts falling due within one year	12	(6,160)	(3,829)	(2,784)
		<hr/>	<hr/>	<hr/>
Net current (liabilities)/assets		(293)	(182)	941
		<hr/>	<hr/>	<hr/>
Total assets less current liabilities		21,265	13,218	8,175
Creditors: amounts falling due after more than one year	12	(7,161)	(4,451)	(746)
Provisions for liabilities and charges	13	(1,499)	(932)	(922)
		<hr/>	<hr/>	<hr/>
Net assets		12,605	7,835	6,507
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Capital and reserves				
Called up share capital	14	2,397	1,490	1,513
Share premium account	15	5,065	3,148	3,148
Capital conversion reserve fund	15	37	23	-
Profit and loss account	16	5,106	3,174	1,846
		<hr/>	<hr/>	<hr/>
Shareholders' funds - equity	17	12,605	7,835	6,507
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Approved on behalf of the board on 2 March 2000 by:-

B.A. Joyce
Chairman

P.C. Byrne
Chief Executive

Norish plc

Company balance sheet at 31 December 1999

	<i>Note</i>	1999 £000	1999 Stg£000	1998 Stg£000
Fixed assets				
Financial fixed assets	<i>10</i>	956	594	594
Current assets				
Debtors	<i>11</i>	7,037	4,374	4,277
Cash at bank and in hand		2	1	130
		<hr/>	<hr/>	<hr/>
		7,039	4,375	4,407
Creditors: amounts falling due within one year	<i>12</i>	(325)	(202)	(267)
		<hr/>	<hr/>	<hr/>
Net current assets		6,714	4,173	4,140
		<hr/>	<hr/>	<hr/>
Net assets		7,670	4,767	4,734
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Capital and reserves				
Called up share capital	<i>14</i>	2,397	1,490	1,513
Share premium account	<i>15</i>	5,065	3,148	3,148
Capital conversion reserve fund	<i>15</i>	37	23	-
Profit and loss account	<i>16</i>	171	106	73
		<hr/>	<hr/>	<hr/>
Shareholders' funds - equity		7,670	4,767	4,734
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Approved on behalf of the board on 2 March 2000 by:-

B.A. Joyce
Chairman

P.C. Byrne
Chief Executive

Norish plc

Consolidated statement of cash flows for the year ended 31 December 1999

	<i>Note</i>	1999 £000	1999 Stg£000	1998 Stg£000
Net cash inflow from operating activities	20	5,007	3,112	1,911
Dividends from associated undertaking		162	101	258
Returns on investments and servicing of finance	22	(206)	(128)	(133)
Taxation		(2,239)	(1,392)	(513)
Investing activities	22	(536)	(333)	(1,026)
Acquisition	22	(5,618)	(3,492)	-
Equity dividends paid		(484)	(301)	(290)
		<hr/>	<hr/>	<hr/>
Cash (outflow)/inflow before financing activities		(3,914)	(2,433)	207
Financing activities	22	2,759	1,715	(477)
		<hr/>	<hr/>	<hr/>
Decrease in cash in the year		(1,155)	(718)	(270)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of net cash flow to movement in net (debt)/funds

	<i>Note</i>	1999 Stg£000	1998 Stg£000
Decrease in cash in the year		(718)	(270)
(Increase)/decrease in debt	22	(1,715)	477
		<hr/>	<hr/>
Change in net debt resulting from cash flows		(2,433)	207
Finance leases acquired with subsidiary	25	(340)	-
Deferred consideration on acquisition of subsidiary		(2,750)	-
Translation difference		-	11
		<hr/>	<hr/>
(Decrease)/increase in net funds in the year		(5,523)	218
Net funds at 1 January		488	270
		<hr/>	<hr/>
Net (debt)/funds at 31 December	23	(5,035)	488
		<hr/> <hr/>	<hr/> <hr/>

Norish plc

Consolidated statement of total recognised gains and losses *for the year ended 31 December 1999*

	1999 £000	1999 Stg£000	1998 Stg£000
Profit for the financial year	2,137	1,330	1,149
Foreign currency translation movement	(3)	(2)	(184)
Total recognised gains and losses relating to the year	2,134	1,328	965

Norish plc

Notes

forming part of the financial statements

1 Segmental reporting

- (i) All of the Group's turnover and operating income arises from the provision of food care services in the United Kingdom. All of the Group's assets are located in Ireland and the United Kingdom.
- (ii) The average number of persons employed by the Group including executive Directors was 125 (1998: 100) and is analysed into the following categories:-

<i>Average number of persons employed</i>	1999	1998
Management/supervision	23	22
Clerical/data processing	24	19
Technical	7	7
Operational	71	52
	—	—
	125	100
	==	==

The aggregate payroll costs of these persons were as follows:

	1999 Stg£000	1998 Stg£000
Wages and salaries	2,151	1,496
Social welfare costs	222	144
Other pension costs	90	91
	—	—
	2,463	1,731
	====	====

2 Components of operating profit

	1999		Total Stg£000	1998
	Continuing operations <i>Acquisitions</i>			Continuing operations
	Stg£000	Stg£000		Stg£000
Turnover	7,325	5,292	12,617	8,561
Cost of sales	(5,420)	(4,072)	(9,492)	(6,334)
	—	—	—	—
Gross profit	1,905	1,220	3,125	2,227
Amortisation of goodwill	-	(110)	(110)	-
Administrative expenses	(455)	(177)	(632)	(565)
	—	—	—	—
Operating profit	1,450	933	2,383	1,662
	====	====	====	====

Norish plc

Notes (continued)

3 Interest payable and similar charges	1999	1998
	Stg£000	Stg£000
On bank overdraft and loans wholly repayable within five years	171	123
Interest on zero coupon loan notes	126	-
Interest on hire purchase arrangements	23	-
	<u>320</u>	<u>123</u>
	<u><u>320</u></u>	<u><u>123</u></u>
4 Statutory and other information	1999	1998
	Stg£000	Stg£000
Depreciation	736	576
	<u>736</u>	<u>576</u>
Amortisation of goodwill	110	-
	<u>110</u>	<u>-</u>
Rentals payable under operating leases		
- Buildings	1,111	991
- Plant and machinery	262	241
	<u>1,373</u>	<u>1,232</u>
Auditors' remuneration	30	26
	<u>30</u>	<u>26</u>
Government grants- capital	(43)	(42)
	<u>(43)</u>	<u>(42)</u>
5 Tax on profit on ordinary activities	1999	1998
	Stg£000	Stg£000
Corporation tax - UK at 30.25% (1998: 31%)	781	495
Release of overprovision related to prior year	(8)	(23)
Deferred tax (credit)/charge (note 13)	(86)	48
Tax on profit of associated undertaking - Irish	22	50
	<u>709</u>	<u>570</u>
	<u><u>709</u></u>	<u><u>570</u></u>

Norish plc

Notes (continued)

6 Dividend	1999	1998
	Stg£000	Stg£000
Interim dividend paid of IR£0.01 at an exchange rate of Stg£0.8222 per ordinary share (1998: IR£0.01)	83	73
Final dividend proposed of IR£0.03 per ordinary share (1998: IR£0.03)	200	218
	<u>283</u>	<u>291</u>
	<u><u>283</u></u>	<u><u>291</u></u>
7 Earnings per share	1999	1998
	Stg£000	Stg£000
<i>Basic</i>		
Profit attributable to ordinary shareholders	1,613	1,440
	<u>1,613</u>	<u>1,440</u>
Weighted average number of ordinary shares outstanding	8,448,230	8,445,897
	<u>8,448,230</u>	<u>8,445,897</u>
	<u><u>8,448,230</u></u>	<u><u>8,445,897</u></u>
Basic earnings per share	19.1p	17.0p
	<u>19.1p</u>	<u>17.0p</u>
	<u><u>19.1p</u></u>	<u><u>17.0p</u></u>
Basic earnings per share are calculated by dividing the weighted average number of Ordinary Shares in issue during the period into the profit after taxation attributable to the shareholders of Norish plc for the year.		
<i>Fully diluted</i>		
	1999	1998
	Stg£000	Stg£000
Profits for fully diluted earnings per share calculation	1,613	1,440
	<u>1,613</u>	<u>1,440</u>
Weighted average number of ordinary shares outstanding	8,448,230	8,445,897
Dilutive effect of share options	35,048	82,419
	<u>8,483,278</u>	<u>8,528,316</u>
	<u><u>8,483,278</u></u>	<u><u>8,528,316</u></u>
Weighted average number of shares for the calculation of fully diluted earnings per share	8,483,278	8,528,316
	<u>8,483,278</u>	<u>8,528,316</u>
	<u><u>8,483,278</u></u>	<u><u>8,528,316</u></u>
Fully diluted earnings per share	19.0p	16.9p
	<u>19.0p</u>	<u>16.9p</u>
	<u><u>19.0p</u></u>	<u><u>16.9p</u></u>

For the purpose of calculating fully diluted earnings per share, dilutive potential ordinary shares have been deemed to have been converted into ordinary shares at the beginning of the period.

Norish plc

Notes (continued)

7 Earnings per share (continued)	1999 Stg£000	1998 Stg£000
<i>Adjusted</i>		
Profit attributable to ordinary shareholders	1,613	1,440
Goodwill amortisation	110	-
Profits for adjusted earnings per share calculation	<u>1,723</u>	<u>1,440</u>
Weighted average number of ordinary shares outstanding	<u>8,448,230</u>	<u>8,445,897</u>
Adjusted earnings per share	<u>20.4p</u>	<u>17.0p</u>

The adjusted earnings per share figure is stated in order to present earnings per share on a consistent basis over time after eliminating the impact of goodwill amortisation and any exceptional items.

8 Goodwill

Group	Purchased goodwill Stg£000
Arising on acquisition (note 25)	3,421
Amortisation	(110)
Net book value at 31 December 1999	<u>3,311</u>

Goodwill is amortised on a straight line basis over its useful life which the Directors estimate to be 20 years.

Norish plc

Notes (continued)

9 Tangible fixed assets

	Land Stg£000	Freehold Buildings Stg£000	Leasehold Buildings Stg£000	Plant and Equipment Stg£000	Fixtures and Fittings Stg£000	Total Stg£000
<i>Cost</i>						
At 1 January	1,434	4,280	346	3,687	889	10,636
Additions	-	49	-	199	85	333
Acquisitions	-	300	2,300	631	31	3,262
At 31 December	1,434	4,629	2,646	4,517	1,005	14,231
<i>Depreciation</i>						
At 1 January	-	1,022	49	1,706	655	3,432
Charged during the year	-	170	38	432	96	736
At 31 December	-	1,192	87	2,138	751	4,168
<i>Net book value</i>						
31 December 1999	1,434	3,437	2,559	2,379	254	10,063
31 December 1998	1,434	3,258	297	1,981	234	7,204

At 31 December 1999 the book value and aggregate depreciation of assets held under hire purchase contracts and included in plant and equipment was Stg£500,000 (1998: Stg£Nil) and Stg£295,185 (1998: Stg£Nil) respectively.

Norish plc

Notes (continued)

10 Financial fixed assets

	1999		1998	
	Group Stg£000	Company Stg£000	Group Stg£000	Company Stg£000
Shares in subsidiary undertakings	-	592	-	601
Amounts written off during the year	-	-	-	(9)
Investment in associated undertaking	26	2	30	2
	<u>26</u>	<u>594</u>	<u>30</u>	<u>594</u>
	<u><u>26</u></u>	<u><u>594</u></u>	<u><u>30</u></u>	<u><u>594</u></u>

In the opinion of the Directors, the value of shares in subsidiary undertakings is not less than the original book value.

Details of the Company's subsidiary and associated undertakings are presented in note 29.

Investment in associated undertaking

	1999		1998	
	Group Stg£000	Company Stg£000	Group Stg£000	Company Stg£000
At beginning of year	30	2	18	2
Share of retained profits	174	-	292	-
Dividends received and receivable	(175)	-	(284)	-
Foreign exchange difference	(3)	-	4	-
	<u>26</u>	<u>2</u>	<u>30</u>	<u>2</u>
At end of year	<u><u>26</u></u>	<u><u>2</u></u>	<u><u>30</u></u>	<u><u>2</u></u>

11 Debtors

	1999		1998	
	Group Stg£000	Company Stg£000	Group Stg£000	Company Stg£000
Trade debtors	1,889	-	1,322	-
Amount receivable from subsidiary undertakings	-	4,208	-	4,169
Other debtors	817	-	416	1
Dividends receivable from associated undertaking	166	166	107	107
	<u>2,872</u>	<u>4,374</u>	<u>1,845</u>	<u>4,277</u>
	<u><u>2,872</u></u>	<u><u>4,374</u></u>	<u><u>1,845</u></u>	<u><u>4,277</u></u>

All amounts fall due within one year.

Norish plc

Notes (continued)

12 Creditors

	1999		1998	
	Group Stg£000	Company Stg£000	Group Stg£000	Company Stg£000
<i>Amounts falling due within one year</i>				
Trade creditors	447	-	253	-
Dividend accrual	200	200	227	227
Corporation tax	471	-	468	-
Value added tax	229	-	230	-
PAYE	114	-	46	-
Capital accruals	65	-	65	-
Other creditors and accruals	589	2	564	40
Bank loans (note 19)	500	-	500	-
Bank overdrafts (note 19)	5	-	392	-
Zero coupon loan notes (note 25)	1,000	-	-	-
Hire purchase finance (note 26(b))	53	-	-	-
Deferred income	113	-	-	-
Government grants (note 18)	43	-	39	-
	<u>3,829</u>	<u>202</u>	<u>2,784</u>	<u>267</u>
<i>Amounts falling due after more than one year</i>				
Zero coupon loan notes (note 25)	1,750	-	-	-
Bank loans (note 19)	2,250	-	500	-
Government grants (note 18)	199	-	246	-
Hire purchase finance (note 26(b))	252	-	-	-
	<u>4,451</u>	<u>-</u>	<u>746</u>	<u>-</u>

13 Provisions for liabilities and charges

Deferred taxation

Group	1999 Stg£000	1998 Stg£000
At beginning of year	922	899
Movements during the year (note 5)	(86)	48
Arising on acquisition	96	-
Translation adjustment	-	(25)
	<u>932</u>	<u>922</u>

The deferred tax provision arises from the excess of tax allowances over depreciation.
The full potential liability to deferred taxation has been provided for in these financial statements.

Norish plc

Notes (continued)

14 Called up share capital	1999	1998
	Stg£000	Stg£000
<i>Authorised</i>		
20,000,000 Ordinary shares of €25c each at €1= Stg0.7054 (1998: 20,000,000 Ordinary shares of IR20p each at IR£1= Stg0.8957)	3,527	3,583
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>	Number	Stg£000
Ordinary shares of €25c each at €1= Stg0.7054 At 31 December 1999	8,448,230	1,490
	<hr/>	<hr/>

On 6 May 1999 a special resolution was passed pursuant to Section 25 of the European Monetary Union Act 1998 to re-denominate the authorised share capital of the Company as €5,078,952.30 divided into 20,000,000 Ordinary Shares of €0.2539476 each.

By the same resolution, pursuant to Section 26 of the European Monetary Union Act 1998, the nominal value of each share was reduced by the sum of €0.0039476 such that the nominal value of each Ordinary Share is €0.25 and the aggregate of the reduction in respect of issued shares amounting to €33,350.23 was transferred to a capital conversion reserve fund.

Options over ordinary shares

During the year, options over 67,000 ordinary shares were granted and 18,000 options over Ordinary Shares lapsed.

At 31 December 1999 options were outstanding over 319,250 Ordinary Shares.

Norish plc

Notes (continued)

15 Reserves	Share premium Stg£000	Capital conversion reserve fund Stg£000
At beginning of year	3,148	-
Arising on redenomination of share capital (note 14)	-	23
	<hr/>	<hr/>
At end of year	3,148	23
	<hr/> <hr/>	<hr/> <hr/>

16 Retained profit at end of period	1999 Stg£000	1998 Stg£000
By Norish plc	106	73
By subsidiaries and associate	4,695	3,400
Consolidation adjustment - accumulated amounts of goodwill written off	(1,627)	(1,627)
	<hr/>	<hr/>
	3,174	1,846
	<hr/> <hr/>	<hr/> <hr/>

A separate profit and loss account for the Company is not prepared as provided for by Section 3(2) of the Companies (Amendment) Act, 1986. The profit for the year arising in Norish plc amounted to Stg£250,000 (1998: Stg£225,000).

17 Reconciliation of movements in shareholders' funds	1999 Stg£000	1998 Stg£000
Profit for the financial year	1,330	1,149
Foreign currency translation differences	(2)	(32)
Net share capital subscribed:		
At par	-	2
Share premium	-	11
	<hr/>	<hr/>
Net increase in shareholders' funds	1,328	1,130
Opening shareholders' funds	6,507	5,377
	<hr/>	<hr/>
Closing shareholders' funds	7,835	6,507
	<hr/> <hr/>	<hr/> <hr/>

Norish plc

Notes (continued)

18 Government grants	1999	1998
	Stg£000	Stg£000
At beginning of year	285	327
Released to profit and loss account	(43)	(42)
	<hr/>	<hr/>
At end of year	242	285
	<hr/> <hr/>	<hr/> <hr/>

A liability would arise to repay, in whole or in part, revenue grants of Stg£62,500 and capital grants of Stg£437,500 received if certain circumstances set out in the agreements occur within three years of receipt of the final instalment of the grants.

19 Financial assets and liabilities

Narrative disclosures concerning the Group's treasury policy and management are set out in the Financial Review on pages 8 & 9.

Financial liabilities, excluding creditors, attract fixed rates of which the weighted average is 6.71%. The weighted average period for which interest rates are fixed is 3 months.

Financial assets represent cash at bank held in a demand account at a one month fixed rate of 5.875%.

The maturity profile of the carrying amount of financial liabilities is set out below:

	Within 1 year Stg£000	1 to 2 years Stg£000	2 to 5 years Stg£000	Greater than 5 years Stg£000	Total Stg£000
Bank overdrafts	5	-	-	-	5
Bank loans	500	500	1,500	250	2,750
Zero coupon loan note	1,000	915	835	-	2,750
Hire purchase finance	53	53	159	40	305
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,558	1,468	2,494	290	5,810
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The liabilities of Norish Food Care Limited pursuant to the facilities agreement with Midland Bank plc dated 14 April 1999 are secured by

- (1) debentures creating first fixed and floating charges over all the assets, past present and future of Norish Food Care Limited and its subsidiaries;
- (2) guarantees from Norish Food Care Limited and its subsidiaries each guaranteeing payment of the liabilities of the other;
- (3) first fixed charge over the assets of Norish Food Care Limited and its subsidiaries; and
- (4) a legal mortgage over the property and land at Northern Way, Bury St. Edmunds.

Norish plc

Notes (continued)

19 Financial assets and liabilities (continued)

The undrawn committed facilities available to the Group are set out below:

	Within 1 year Stg£000	1 to 2 years Stg£000	2 to 5 years Stg£000	Greater than 5 years Stg£000	Total Stg£000
Revolving credit facility	-	-	2,000	-	2,000
Bank overdraft facility	1,000	-	-	-	1,000
	<u>1,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>3,000</u>

The revolving facility can be drawn in amounts of £100,000 and must be fully repaid by 7 May 2002.

The overdraft facility is repayable on demand and is reviewed annually.

20 Reconciliation of operating profit to net cash inflow from operating activities

	1999 Stg£000	1998 Stg£000
Operating profit	2,383	1,662
Depreciation	736	576
Amortisation of government grants	(43)	(42)
Movement in working capital (note 21)	(74)	(285)
Amortisation of goodwill	110	-
	<u>3,112</u>	<u>1,911</u>

21 Movement in working capital

	1999 Stg£000	1998 Stg£000
Decrease in debtors	240	485
Decrease in creditors	(314)	(770)
	<u>(74)</u>	<u>(285)</u>

Norish plc

Notes *(continued)*

22 Analysis of cash flows for headings netted in the cash flow statement

	1999 Stg£000	1998 Stg£000
Returns on investments and servicing of finance		
Interest received	66	125
Interest paid	(170)	(258)
Finance lease interest	(24)	-
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	(128)	(133)
	<hr/> <hr/>	<hr/> <hr/>
Investing activities		
Purchase of tangible fixed assets	(333)	(1,026)
	<hr/>	<hr/>
Net cash outflow from investing activities	(333)	(1,026)
	<hr/> <hr/>	<hr/> <hr/>
Acquisition		
Purchase of subsidiary undertaking	(4,400)	-
Net cash acquired with subsidiary	908	-
	<hr/>	<hr/>
	(3,492)	-
	<hr/> <hr/>	<hr/> <hr/>
Financing activities		
Loans repaid	(1,250)	(491)
Loans received	3,000	-
Capital element of finance lease and hire purchase rentals	(35)	-
Issue of ordinary share capital	-	14
	<hr/>	<hr/>
Net cash inflow/(outflow) from financing	1,715	(477)
	<hr/> <hr/>	<hr/> <hr/>

Norish plc

Notes (continued)

23 Analysis of net (debt)/funds

	At 1 January 1999 Stg£000	Cash flow Stg£000	Non cash movements Stg£000	At 1 December 1999 Stg£000
Cash at bank and in hand	1,880	(1,105)	-	775
Overdrafts	(392)	387	-	(5)
	<u>1,488</u>	<u>(718)</u>	<u>-</u>	<u>770</u>
Debt due after 1 year	(500)	(2,250)	(1,250)	(4,000)
Debt due within 1 year	(500)	500	(1,500)	(1,500)
Finance leases and hire purchase contracts	-	35	(340)	(305)
	<u>(1,000)</u>	<u>(1,715)</u>	<u>(3,090)</u>	<u>(5,805)</u>
	<u>488</u>	<u>(2,433)</u>	<u>(3,090)</u>	<u>(5,035)</u>

24 Group net (debt)/funds

	1999 Stg£000	1998 Stg£000
Loans and overdrafts repayable within one year	(1,505)	(892)
Loans repayable after more than one year	(4,000)	(500)
Finance leases and hire purchase contracts	(305)	-
Cash at bank and in hand	775	1,880
	<u>(5,035)</u>	<u>488</u>

Norish plc

Notes (continued)

25 Acquisition of subsidiary undertaking

On 7 May 1999, Norish Food Care Limited acquired the entire issued share capital of Belvedere Warehousing Limited and its subsidiary B. W. Agencies Limited for an aggregate consideration payable of Stg£7 million consisting of Stg£4 million payable in cash and Stg£3 million in the form of zero coupon loan notes payable on the first, second and third anniversaries of the closing date.

The deferred consideration is stated at its estimated net present value of Stg£2.624 million and the related financial cost is being recognised at a constant rate on the carrying amount of the debt.

The unsecured loan notes of Stg£3 million rank as direct, unconditional, unsecured and unsubordinated obligations of Norish Food Care Limited pari passu with all other present and future unsecured and unsubordinated obligations of the company.

Midland Bank plc has unconditionally and irrevocably guaranteed the payment of principal of the loan notes in the amount of Stg£3 million.

	Book value at date of acquisition Stg£000	Fair value adjustment Stg£000	Fair value at date of acquisition Stg£000
Tangible fixed assets	2,535	727	3,262
Debtors	1,210	-	1,210
Cash (net)	908	-	908
Creditors	(741)	-	(741)
Finance lease and hire purchase contracts	(340)	-	(340)
Deferred taxation	(96)	-	(96)
Corporation tax	(600)	-	(600)
	<u>2,876</u>	<u>727</u>	<u>3,603</u>
Goodwill arising on acquisition			3,421
			<u>7,024</u>
Satisfied by			
Cash consideration including acquisition costs			4,400
Deferred consideration at estimated fair value			2,624
			<u>7,024</u>
Total cost of acquisition			<u><u>7,024</u></u>

Significant acquisition

The subsidiary undertaking acquired during the year contributed Stg£205,069 to the Group's net operating cash flows, paid Stg£23,082 in respect of net returns on investments and servicing of finance, paid Stg£713,160 in respect of taxation and utilised Stg£206,124 for capital expenditure.

Norish plc

Notes (continued)

25 Acquisition of subsidiary undertaking (continued)

The combined results of Belvedere Warehousing Limited and its subsidiary, B. W. Agencies Limited, for the four month period to 30 April 1999 and the prior year were as follows:

	Four month period to 30 April 1999 Stg£000	Year ended 31 December 1998 Stg£000
Turnover	2,792	6,220
Operating profit	69	1,574
Profit on ordinary activities before taxation	79	1,526
Tax on profit on ordinary activities	(130)	(553)
(Loss)/profit for the financial period	(51)	973

26 Commitments and contingencies

(a) Leasing

The Group has commitments under operating leases to make payments totalling Stg£2.875 million in the year to 31 December 2000 as follows:

	Land and Buildings Stg£000	Other operating leases Stg£000	Total Stg£000
<i>Expiring:</i>			
Within one year	478	-	478
Between two and five years	828	-	828
Beyond five years	1,307	262	1,569
	<u>2,613</u>	<u>262</u>	<u>2,875</u>

(b) Hire purchase

The net obligations under hire purchase contracts at 31 December 1999 are analysed as follows:

	Land and Buildings Stg£000	Plant Stg£000	Total Stg£000
<i>Expiring:</i>			
Within one year	-	53	53
Between two and five years	-	212	212
Beyond five years	-	40	40
	<u>-</u>	<u>305</u>	<u>305</u>

Norish plc

Notes (continued)

26 Commitments and contingencies (continued)

(c) Capital

The Group had no material capital commitments at 31 December 1999.

(d) Guarantees on leasehold properties

The annual operating lease commitment on land and buildings of Stg£2,613,000. (1998: Stg£1,185,000) arises on leasehold properties subject to parent company guarantees.

27 Directors' remuneration

	1999 Stg£000 Non- executive	1999 Stg£000 Executive	1998 Stg£000 Non- executive	1998 Stg£000 Executive
Emoluments				
- Fees	51	-	48	-
- Basic salary	-	135	-	55
- Benefit in kind	-	10	-	-
- Annual bonuses	-	-	-	12
- Consultancy	-	-	36	-
- Pension contributions	-	18	-	21
	<u>51</u>	<u>163</u>	<u>84</u>	<u>88</u>
Number	<u>5</u>	<u>2</u>	<u>5</u>	<u>1</u>

Directors' remuneration shown 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. A bonus of Stg£12,500 was paid in 1998 to the Chief Executive.

There were no loans to Directors during the year.

28 Pensions

The Group operates a defined contribution scheme. The assets of the scheme, which are independent of the assets of Norish plc, are invested with assurance companies and are held in trusts for the employees concerned.

The total premium charged for the defined contribution scheme amounted to Stg£90,204 (1998: Stg£91,516).

Norish plc

Notes *(continued)*

29 Group undertakings

Subsidiary undertakings	Holding		Nature of business
	Direct	Indirect	
<i>Incorporated in Northern Ireland</i>			
Norish (U.K.) Plc	100%		Investment holding
Norish (N.I.) Limited (subsidiary of Norish (U.K.) Plc)		100%	Investment company
<i>Incorporated in England</i>			
Norish Food Care Limited (subsidiary of Norish (N.I.) Limited)		100%	Public cold storage
Belvedere Warehousing Limited (subsidiary of Norish Food Care Limited)		100%	Property management
B. W. Agencies Limited (subsidiary of Belvedere Warehousing Limited)		100%	Ambient warehousing
Associated undertaking			
Molloy and Sherry (Lough Egish) Limited	30%		Public cold storage

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

Norish plc	1 Stokes Place, St. Stephen's Green, Dublin 2
Norish (U.K.) plc	Stokes House, College Square East, Belfast BT1 6DH
Norish (N.I.) Limited	Stokes House, College Square East, Belfast BT1 6DH
Norish Food Care Limited	Franklyn House, 38 Bell Street, Reigate, Surrey, RH2 7BA
Belvedere Warehousing Limited	Franklyn House, 38 Bell Street, Reigate, Surrey RH2 7BA
B. W. Agencies Limited	Franklyn House, 38 Bell Street Reigate, Surrey RH2 7BA

Norish plc

Notes *(continued)*

29 Group undertakings *(continued)*

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

Norish (U.K.) Plc	50,000 Ordinary shares of Stg£1 each
Norish (N.I.) Limited	480,000 Ordinary shares of Stg£1 each
Norish Food Care Limited	60,000 Ordinary shares of Stg£1 each
Belvedere Warehousing Limited	8,000 Ordinary shares of Stg£1 each
B. W. Agencies Limited	4,000 Ordinary shares of Stg£0.25 each

(c) The issued share capital of the Group's associated undertaking is 10,000 ordinary shares of IR£1 each. The registered office of the associated undertaking is Tullynamalra, Castleblayney, Co. Monaghan.

30 Post balance sheet events

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

31 Approval of financial statements

The board of Directors approved these financial statements on 2 March 2000.

Norish plc

Historical financial summary Consolidated profit and loss account

	1995 STG£000	1996 STG£000	1997 STG£000	1998 STG£000	1999 STG£000
Turnover	9,653	9,899	8,975	8,561	12,617
Trading profit	551	2,525	2,475	2,238	3,119
Exceptional/non-recurring items	(5,653)	365	593	-	-
Income from associate	-	68	351	342	194
Interest	(561)	(474)	(143)	6	(255)
Depreciation (net of grants)	(1,300)	(779)	(615)	(577)	(736)
Profit/(loss) before taxation	(6,963)	1,706	2,661	2,010	2,322
Taxation	1,020	(312)	(695)	(570)	(709)
Profit/(loss) after taxation	(5,943)	1,393	1,966	1,440	1,613
Minority interests	55	4	-	-	-
Profit/(loss) attributable to shareholders	(5,888)	1,398	1,966	1,440	1,613
Dividends	-	-	(312)	(291)	(283)
Retained profit/(loss)	(5,888)	1,398	1,653	1,149	1,330
Earnings/(loss) per ordinary share excluding goodwill, exceptional and non-recurring items (pence)	(2.8)	12.2	16.2	17.0	20.4

Norish plc

Historical financial summary Consolidated balance sheet

	1995 STG£000	1996 STG£000	1997 STG£000	1998 STG£000	1999 STG£000
Capital employed					
Fixed assets and investments	7,804	7,126	6,791	7,234	13,400
Current assets	7,344	2,734	4,063	3,725	3,647
Current liabilities	(5,404)	(2,668)	(3,291)	(2,784)	(3,829)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	9,744	7,192	7,564	8,175	13,218
Financed by					
Called up share capital	1,741	1,668	1,462	1,513	1,513
Share premium account	4,820	4,615	3,034	3,148	3,148
Capital reserve	-	-	-	-	-
Profit and loss account	(4,149)	(2,563)	881	1,846	3,174
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' funds - equity	2,412	3,720	5,377	6,507	7,835
Minority interests	868	-	-	-	-
Government grants	330	285	288	246	199
Provisions for liabilities and charges	1,272	914	899	922	932
Term loans and long term liabilities	4,861	2,274	1,000	500	4,252
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	9,744	7,192	7,564	8,175	13,218

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of Norish plc will be held at Jurys Hotel, Ballsbridge, Dublin 4 on Thursday, 4 May, 2000 at 12 noon for the following purposes:-

1. To receive, consider and approve the Reports of the Directors and Auditors and the Financial Statements for the year ended 31st December 1999.
2. To confirm the Interim Dividend and to declare a Final Dividend.
3. To elect the following Director who was co-opted on 17 June 1999 and who retires in accordance with the Articles of Association:

Greg O'Hara

4. To re-elect the following Directors who retire in accordance with the Articles of Association and being eligible offer themselves for re-election (as separate resolutions):

(a) Torgeir Mantor

(b) John Paterson

5. To authorise the Directors to fix the remuneration of the Auditors.
6. To consider and if thought fit pass the following resolution as an ordinary resolution:

That the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities within the meaning of section 20 of the Companies (Amendment) Act, 1983, ("the 1983 Act") (to include the reissue of any shares purchased pursuant to resolution 8) provided that:

- (a) the maximum amount of relevant securities which may be allotted under the authority hereby conferred shall be shares with an aggregate nominal value equivalent to one third of the nominal value of the issued share capital of the Company at the date of passing of this resolution;
- (b) the authority hereby conferred shall expire on a date which is 15 months after the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company save that the Company may, before such expiry, make an offer or agreement which would, or might, require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority hereby conferred has expired;
- (c) all previous authorities under section 20 of the 1983 Act shall henceforth cease to have effect.

7. To consider and if thought fit pass the following resolution as a special resolution:

That the Directors be and they are hereby empowered pursuant to section 24 of the 1983 Act to allot equity securities (within the meaning of section 23 of the 1983 Act) (to include the reissue of any shares purchased pursuant to resolution 8) pursuant to the authority conferred by Resolution 6 as if subsection (1) of section 23 of the 1983 Act did not apply to any such allotment provided that this power shall be limited:

- (a) to the allotment (otherwise than in pursuance of paragraph (b) of this resolution) of equity securities with an aggregate nominal value equivalent to 5% of the nominal value of the issued share capital of the Company at the date of passing of this resolution;
- (b) to the allotment (otherwise than in pursuance of paragraph (a) of this Resolution) of equity securities in connection with a rights issue or placing and open offer in favour of shareholders where the equity securities are issued proportionately (or as nearly as may be) to the respective number of shares held by the shareholders but subject to such exclusions or arrangements as the Directors may deem necessary or expedient to make for the purposes of dealing with fractional entitlements arising or legal or practical problems under the laws of any territory or the requirements of any recognised regulatory body in any territory;

and shall expire on the date which is 15 months after the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company save that the Company may before such expiry date make an offer or agreement which would or might require equity securities to be allotted after such expiry date and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

8. To consider and if thought fit pass the following resolution as a special resolution:

That the Company (and any subsidiary of the Company for the time being) be and is hereby authorised to make market purchases of any shares of and in the Company (including any contract of purchase which will or might be executed wholly or partly after the expiry date below) provided that

- (a) the maximum number of shares which may be acquired pursuant to this authorisation shall be shares with an aggregate nominal value equivalent to 10% of the nominal value of the issued share capital of the Company at the date of passing of this resolution;
- (b) the maximum price at which a purchase pursuant to this authorisation will be made will be 5% above the average of the middle market quotation taken from the Irish, or at the option of the Directors, the London Stock Exchange Official List for the ten days before the purchase is made;
- (c) the minimum price which may be paid for shares purchased pursuant to this authorisation will be the par value thereof; and

- (d) this authorisation will expire on the date which is 15 months after the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company save that the Company may before such expiry date make an offer or agreement which would or might require a purchase after such expiry date as if the authorisation hereby conferred had not expired;
- (e) the maximum price at which any treasury shares may be re-issued off market (within the meaning of section 212 of the Companies Act 1990) shall not be more than 25% above and not more than 5% below the average of the middle market quotations of the relevant shares taken from the Irish, or at the option of the Directors, the London Stock Exchange Official List for the ten days before the relevant re-issue is made.

By Order of the Board of Directors:

F G O' Hara
Secretary
31 March 2000

Registered office:
1 Stokes Place
St. Stephen's Green
Dublin 2

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company.
2. Forms of Proxy, in order to be valid, must reach Bank of Ireland, Registration Department, 4th Floor, Hume House, Ballsbridge, Dublin 4 not less than 48 hours before the time appointed for the holding of the meeting.
3. Copies of Directors' Service Contracts with the Company or any of its subsidiaries (unless expiring or terminable by the employing company without compensation within one year) or where any such contract is not reduced to writing a memorandum of its terms will be available for inspection at the registered office of the Company situated at 1 Stokes Place, St Stephen's Green, Dublin 2 during normal business hours on any weekday (Saturdays and Public Holidays excepted) from the date of this notice until the date of the Annual General Meeting and on the day of the Meeting at Jurys Hotel, Ballsbridge, Dublin 4 for 15 minutes prior to and until the conclusion of the Annual General Meeting.
4. Notwithstanding the appointment of a Proxy, a member may attend and vote at the Annual General Meeting and such attendance will have the effect of cancelling the appointment of the Proxy.
5. Pursuant to Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996, the Company specifies that only those holders of ordinary shares registered in the register of members of the Company as at 12 noon on Tuesday 2 May, 2000 shall be entitled to attend and vote at the annual general meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the relevant register of securities after that time and date shall be disregarded in determining the rights of any person to attend and vote at the meeting.