

# NORISH plc

Annual Report & Accounts 2003



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## FINANCIAL CALENDAR 2004

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<b>Announcement of preliminary results</b>	<b>27 February</b>
<b>Annual Report posted to shareholders</b>	<b>26 March</b>
<b>Record date for final dividend</b>	<b>23 April</b>
<b>Annual General Meeting</b>	<b>29 April</b>
<b>Payment date for final dividend</b>	<b>21 May</b>
<b>Announcement of interim results</b>	<b>10 September</b>
<b>Payment date for interim dividend</b>	<b>15 October</b>

# CORPORATE PROFILE

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## Background

Norish plc is a leading warehousing 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.

Norish comprises two 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 to manufacturers, importers and commodity dealers in the UK. BWA handles cocoa and coffee beans, and many other food and non-food products.

## GROUP OPERATIONS

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Norman Hatcliff - Group Operations Director - [norman.hatcliff@norish.com](mailto:norman.hatcliff@norish.com)

Mulberry Way  
Belvedere  
Kent DA17 6AN  
Tel: 0208 3205680  
Mob: 07879 447427

### Temperature Controlled Locations

- Bury St. Edmunds, Suffolk
- Brierley Hill, West Midlands
- Wrexham, Clwyd
- Braintree, Essex
- Lympne, Kent

### Ambient Locations

- Belvedere, Kent
- Felixstowe, Suffolk
- Shipton by Beningbrough, York



## FINANCIAL HIGHLIGHTS

	2003 £'000	2002 £'000
<b>Actual</b>		
Turnover	12,691	13,082
Loss before tax	(395)	(2,486)
Basic loss per share	(3.6)p	(33.7)p
Dividend per share	€2.54c	€5.27c
<b>Adjusted</b>		
Adjusted profit before tax (see Note 1 below)	500	779
Adjusted earnings per share (see Note 7 to the financial statements)	4.3p	5.9p
Interest cover (see Note 2 below)	4.0	5.0
Gearing - excluding goodwill (see Note 3 below)	55%	67%
<b>Capital employed</b>	£'000	£'000
Shareholders' funds	5,136	5,593
Net borrowings	2,700	3,560
	<u>7,836</u>	<u>9,153</u>
<b>Note 1</b>	£'000	£'000
<b>Reconciliation of actual loss before tax to adjusted profit before tax</b>		
Loss before tax	(395)	(2,486)
Goodwill amortisation - normal	15	204
Exceptional items		
- Redelivery and storage income deferred	263	-
- Reorganisation costs	617	-
- Impairment of goodwill and tangible fixed assets	-	3,272
- Rates rebates	-	(285)
- Loss on disposal of land	-	74
Adjusted profit before tax	<u>500</u>	<u>779</u>

### Note 2

Interest cover is calculated on the adjusted profit before interest and tax.

### Note 3

The above gearing figures are expressed as net borrowings divided by net assets (excluding goodwill).

## EXECUTIVE CHAIRMAN'S STATEMENT

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I am pleased to present my first Annual Report since joining the Board as Chairman on 1 May 2003.

Following the resignation of our Chief Executive Paul Byrne I became Executive Chairman in July. The Board would like to take this opportunity to thank Paul for his significant contribution to the development of the business, in an extremely difficult trading environment over the last five years.

In conjunction with the executive management a review has been undertaken of our business base, comprising temperature controlled, ambient and commodity warehousing.

We are committed to the further development of our temperature-controlled activity, which is a strong performer in a difficult market. We recognise the need for consolidation in this area and anticipate being a part of this change. Ambient warehousing is very fragmented, however there are opportunities in which we are interested and will be pursuing them in the coming months. In commodities we see a lesser opportunity to develop in a declining UK cocoa market, this is emphasised by the recent communication from a major customer of their intention to change their cocoa processing procedure which will adversely affect our income streams. This change will occur in 2005. However, we believe there is further growth potential in the coffee market.

As part of this overall review we have reduced central and operational costs through the closure of the Reigate head office and by reducing the number of management and administrative personnel employed in the business. These changes have streamlined the control of the business and reflect a structure more in keeping with the present size of the Group.

Currently we are assessing the best use of the company asset base in developing shareholder value.

### Results

The Group has declared a pre-tax loss of £0.4m (2002 - loss of £2.5m).

After excluding the effect of goodwill amortisation and exceptional items, the adjusted pre-tax profits of £0.5m (see page 2) compare with £0.8m adjusted pre-tax profits in 2002. This year's result includes exceptional items of £0.6m of reorganisation costs as well as an amount of £0.3m in respect of handling and storage revenue charged in advance. Handling revenue has previously been accounted for on receipt of goods, rather than apportioning some of the revenue against the cost incurred when the goods are despatched from store. Storage revenue billed in advance is now apportioned over the full weekly rental period. These treatments are acceptable and prudent practices in the storage industry.

Adjusted earnings per share decreased from 5.9p to 4.3p.

Borrowings were reduced by £0.9m to £2.7m. This was helped by the sale of our Liverpool site for £0.3m. This property does not feature in our strategy and was sold at book value.

### Dividend

At the interim stage we declared a dividend of €1.27c per share. Despite the loss reported the directors are recommending a final dividend of €1.27c, subject to shareholders' approval. This brings the total dividend for the year to €2.54c. (2002 - €5.27c)

Whilst this is a reduction in previous years the company needs to preserve its resources to both strengthen and re-position itself in the market place.

## **EXECUTIVE CHAIRMAN'S STATEMENT (continued)**

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### **Operations**

The results reflect the full effect of the increased insurance costs, £0.2m higher than last year.

### ***Temperature Controlled***

This division performed reasonably well despite further significant increases in insurance costs. Our stores are relatively full but due to the over-capacity in the industry our storage and handling rates are not yet at acceptable economic levels. Turnover has increased by 1%, which arose mainly as a result of new business won at Wrexham and, to a lesser extent, East Kent. However, this was offset by small reductions in turnover at other sites.

### ***Ambient and Commodity***

Turnover has reduced by 12% predominantly as a result of the continued decline in cocoa volumes.

The performance of our ambient and commodity business is down on the previous year. This is mainly as a result of a reduced contribution at Felixstowe, due to the loss of a coffee retailer who transferred their operation to the continent at the start of 2003. We are making a concerted effort to attract new business to Felixstowe to bring it to an acceptable level of profitability.

We have changed our commodity storage strategy by taking the opportunity to reduce fixed costs by exiting a substantial lease commitment and utilising third party warehouse facilities on variable rates.

Our York store continues to perform well. We have invested a further £0.3m in new facilities at York where we are experiencing increased demand from our customers.

The introduction of our new commodity warehouse system has greatly improved both our administration and customer information capabilities.

### **Board**

In addition to the Board changes highlighted above, there were other Board changes during the year:

I am pleased to announce that Willie McCarter was appointed to the Board at last year's Annual General Meeting. He has been appointed our Senior Independent Non-Executive Director.

John Paterson stepped down at the Annual General Meeting having served the Board for 10 years, latterly as Chairman. John made a significant contribution to the group and we wish him a long and happy retirement.

Robert Noonan resigned from the Board on 13 March 2003.

### **Personnel**

We are very grateful to have dedicated and hard working employees who understand the needs of our customers in our sector of the competitive service industry. The Board would like to thank them for their contribution.

## EXECUTIVE CHAIRMAN'S STATEMENT (continued)

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### Outlook

Conditions in the markets in which we operate are expected to remain challenging in the current year. This is emphasised by the need to replace business that will be lost in 2005 referred to earlier. All necessary steps are being taken to both consolidate and grow the Group's business base and we are targeting a number of initiatives to achieve these aims.



**Ted O'Neill**  
**Executive Chairman**  
**27 February 2004**



## FINANCIAL REVIEW

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### Reporting currency

The Group, the parent company of which is a public limited company incorporated in Ireland, continues to report its results in Sterling, as all of its operating activities are carried out in the United Kingdom. The financial information contained in the profit and loss account and balance sheets is also expressed in Euro, solely for convenience, at the rate of €1 = £0.70, the closing rate for the year.

### Turnover and operating profit

The Group's entire turnover during the year under review arose in the United Kingdom. Turnover in the Group's temperature controlled division, increased by £0.1m to £7.3m. The gross profit in this division was £0.5m (2002 - £1.1m), representing 7% (2002 - 15%) of turnover. Over-capacity in the temperature controlled industry continued to depress demand for our services.

The ambient warehousing and commodity division, recorded turnover of £5.1m, a fall of 12% compared to 2002 and a gross profit of £0.5m, a margin of 10% which is consistent with 2002. Our business continues to experience reduced UK cocoa imports leading to falling stock levels throughout the year.

Group operating profit before goodwill and exceptional items decreased from £1.0m in 2002 to £0.7m.

### Key ratios

Basic loss per share decreased from 33.7p to 3.6p. This was after the combination of a deferral of redelivery income and an exceptional reorganisation charge totalling £0.9m. In 2002 basic loss per share reflected exceptional impairment charges against BWA and East Kent acquisitions totalling £3.2m.

Adjusted earnings per share (see note 7 of the financial statements) decreased from 5.9p to 4.3p.

Interest cover (excluding goodwill amortisation, exceptional items and interest on zero coupon loan notes) was 4.0 compared with 5.0 in 2002.

Year-end gearing (after eliminating goodwill) was 55% compared with 67% at 31 December 2002.

Depreciation, goodwill amortisation and impairment charges totalled £1.1m (2002: £4.5m).

### Cash position

The Group's operating cash inflow for the year was £1.8m (2002: £2.2m). Net debt at the year-end reduced by £0.9m, to £2.7m. The Group retains adequate term loan and overdraft facilities.

### Treasury policy and management

The treasury function, which is managed centrally, handles all Group funding, debt, cash, working capital and foreign exchange exposures. Group treasury policy concentrates on the minimisation of risk in all of the above areas and is overseen and approved by the Board. Speculative positions are not taken.

## FINANCIAL REVIEW (continued)

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### 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 the financial instruments not arising directly from operations is to raise finance for the Group's operations.

The Group may enter into derivative transactions such as interest rate swaps 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 and liquidity risk. The Group's policies for managing each of these risks are summarised below.

### Interest rate risk

The Group finances its operations through a mixture of retained profits, bank and other borrowings at both fixed and floating rates of interest, and working capital. The Group determines the level of borrowings at fixed rates of interest having regard to current market rates and future trends.

### Liquidity risk

The Group's policy is that, in order to ensure continuity of funding, a significant portion of its borrowings should mature in more than one year. At the year-end, 54% of the Group's borrowings were due to mature in more than one year.

The Group achieves short-term flexibility by means of invoice finance and overdraft facilities.

### 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 reports its results in sterling. Therefore, the Group has no significant foreign exchange risk.



**Iain Buntain**  
**Finance Director**  
**27 February 2004**



## SHAREHOLDER INFORMATION

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### Shareholder analysis at 27 February 2004

	Number of accounts	Percentage of accounts	Number of shares (000)	Percentage of shares
1 - 1,000	147	40.7	68	0.8
1,001 - 10,000	146	40.4	600	7.1
10,001 - 100,000	53	14.7	1,562	18.4
Over 100,000	15	4.2	6,236	73.7
<b>Total</b>	<b>361</b>	<b>100.0</b>	<b>8,466</b>	<b>100.0</b>

### Share price data (€)

	High	Low	31 December
Year ended 31 December 2003	0.90	0.72	0.75
Year ended 31 December 2002	0.92	0.43	0.90

The market capitalisation of Norish plc at 31 December 2003 was £4.4m (€6.3m) compared with £5.0m (€7.6m) at 31 December 2002, and £4.5m (€6.8m) at 27 February 2004.

### Investor relations

Investor enquiries should be addressed to Iain Buntain, Finance Director, at:

- Norish plc, Mulberry Way, Belvedere, Kent, DA17 6AN
- Email: [iain.buntain@norish.com](mailto:iain.buntain@norish.com)

### Registrars

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

- Computershare Investor Services (Ireland) Ltd., Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.
- Telephone: +353 (0)1 2163100

Shareholders may check their shareholding details, submit enquiries and notify changes of address etc. at [www.computershare.com](http://www.computershare.com). Access to the site is controlled by a system of security checks.

## **SHAREHOLDER INFORMATION (continued)**

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### **Amalgamation of accounts**

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

### **Dividends**

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

Dividends due to certain shareholders will be paid net of withholding tax, which is currently 20%. Provided certain administrative procedures are adhered to, a withholding tax exemption will apply to certain classes of shareholder.

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

### **CREST**

Norish participates in the CREST share settlement scheme. Shareholders may continue to hold paper share certificates or they may hold their shares electronically.

### **Annual General Meeting**

The Annual General Meeting will be held in Jurys Hotel, Ballsbridge, Dublin 4 on Thursday 29 April 2004 at 12 noon. The Notice of Meeting is printed in the final section of this Report, which will be accompanied by a proxy form.



## BOARD OF DIRECTORS

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### Executive Directors

#### *Executive Chairman*

**Ted O'Neill (52)** was appointed to the board as Chairman on 1 May 2003. On 30 July 2003 he was appointed as Executive Chairman. He is currently the Chief Executive Officer of Newcourt Capital Group Limited and Chairman of Accommodation and Building Systems Limited, both in Ireland, and was previously founder and Chief Executive Officer of port services and transport group Imari Limited and a director of Seafield plc.

#### *Finance Director*

**Iain Buntain (48)** joined the Group and was appointed to the Board as Finance Director in 2001. He is a Chartered Accountant who has worked in the logistics sector since 1978 previously with TDG plc where he held a number of senior financial positions, latterly as Development Finance Director.

### Non-Executive Directors

**Torgeir Mantor (47)** was appointed to the board in 1993. He is Chairman of Norse Group and VisionMonitor Software LLC, both in Houston, Texas, and is a director of Tore B. Mantor A/S and ProPac A/S, both in Norway.

**Willie McCarter (56)** was appointed to the board on 1 May 2003, and was subsequently appointed as the Senior Independent Non-Executive Director. He is Chairman of the International Fund For Ireland and the Enterprise Equity Venture Capital Group. He is also a director of Cooley Distillery plc.

### Senior Management

#### *Group Operations Director*

**Norman Hatcliff (49)** joined the group in January 2000 as Operations Director of the Temperature Controlled Division and was appointed Group Operations Director in August 2003. He has extensive experience in the temperature controlled storage industry, initially with Tempco Severnside and subsequently with Exel Logistics. He joined TDG plc in 1990, and was Operations and Commercial Director of TDG Novacold from 1996 to 1999.

#### *Company Secretary*

**Aidan Hughes (38)** joined Norish as Group Accountant in 1996 and was appointed Company Secretary on 30 July 2003. He is a Chartered Accountant and has experience in the travel service industry.

## CORPORATE INFORMATION

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### **Directors**

Ted O'Neill - Executive Chairman  
Iain Buntain (British) - Finance Director  
Torgeir Mantor (Norwegian) \*  
Willie McCarter \*  
\* *non-executive*

### **Company Secretary**

Aidan Hughes

### **Audit Committee**

Torgeir Mantor  
Willie McCarter

### **Remuneration Committee**

Torgeir Mantor  
Willie McCarter

### **Nomination Committee**

Consists of all Directors

### **Registered Office**

1 Stokes Place  
St. Stephen's Green  
Dublin 2

### **Operational Head Office**

Mulberry Way  
Belvedere  
Kent, DA17 6AN

### **Solicitors**

Mason Hayes & Curran  
7 Fitzwilliam Square  
Dublin 2

Burges, Salmon  
Narrow Quay House  
Narrow Quay  
Bristol, BS1 4AH

### **Stockbrokers**

Davy Stockbrokers  
49 Dawson Street  
Dublin 2

### **Bankers**

HSBC 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**

Computershare Investor Services (Ireland) Ltd.  
Heron House, Corrig Road  
Sandyford Industrial Estate  
Dublin 18

## **DIRECTORS' REPORT**

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The Directors present their Annual Report together with the audited financial statements of the Group for the year ended 31 December 2003.

### **Principal Activities and Review of Business**

Norish plc is a significant provider of temperature controlled food storage and related logistic 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 1999, is a leading provider of added value ambient warehousing services to a variety of commodity and non-food industries.

Details of the Group's subsidiary undertakings are set out in Note 27 to the financial statements.

Commentaries on the business of the Group are contained in the Executive Chairman's Statement and the Financial Review on pages 3 to 7.

### **Dividends**

An interim dividend of €1.27c per share was paid on 17 October 2003. The Directors recommend the payment of a final ordinary dividend of €1.27c per share. Subject to shareholder approval this dividend will be paid on 21 May 2004 to shareholders on the register on 23 April 2004.

### **Twin share scheme**

The Company operates a twin share scheme. 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 Company 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**

Communication from a major customer of their intention to change their cocoa processing procedure will adversely affect income streams in 2005. In 2003 the turnover from this customer was £1.4m.

The company has made an offer, subject to shareholder approval, of £1.5 million to purchase the currently leased Braintree site.

### **Transactions with Related Parties**

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

## DIRECTORS' REPORT (continued)

### Directors

The Board currently comprises the Executive Chairman, the Finance Director and two 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.

Robert Noonan and John Paterson resigned as directors on 13 March 2003 and 1 May 2003 respectively. Ted O'Neill was appointed as Chairman and Willie McCarter was appointed as Director on 1 May 2003. Ted O'Neill became Executive Chairman on 30 July 2003. Paul Byrne resigned as a director from the board on 30 September 2003. Aidan Hughes was appointed Company Secretary on 30 July 2003, following the resignation of Greg O'Hara.

The names of the Group's Directors at 31 December 2003 together with brief biographical notes are set out on page 10.

In accordance with Article 87 of the Company's Articles of Association, Iain Buntain retires by rotation, and being eligible, offer himself for re-election.

The Finance Director has a service contract with the Company that is terminable by either party giving 12 months' notice. Neither the Executive Chairman nor the non-executive Directors have service contracts.

### Interests of Directors and Secretary

There were no contracts or arrangements during the year in which a Director of the Company was materially interested and which were significant in relation to the Group's business.

The interests, all of which are beneficial, of the Directors and the Secretary who held office at 31 December 2003 (including their respective family interests) in the share capital of Norish plc were as follows:

	31 December 2003	31 December 2002 (or date of appointment, if later)
	Ordinary Shares	Ordinary Shares
Ted O'Neill *	-	-
Iain Buntain	-	-
Torgeir Mantor **	12,600	12,600
Willie McCarter	-	-
Aidan Hughes (Secretary)	13,000	13,000

\* Ted O'Neill purchased 214,000 shares on 23 December 2003. He is awaiting the share certificate from Pettersen Hagh Holdings AS.

\*\* Torgeir Mantor is a director of T. B. Mantor A/S, which also holds 718,782 (2002: 718,782) shares and is owned by the Mantor family.

## DIRECTORS' REPORT (continued)

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

	<b>1 Jan 2003</b>	<b>Granted in year</b>	<b>31 Dec 2003</b>	<b>Exercise Price €</b>	<b>Exercisable from</b>	<b>Expiry date</b>
Iain Buntain	30,000	-	30,000	0.75	Jun 2004	Jun 2011
	22,000	-	22,000	0.70	Mar 2005	Mar 2012
<b>Total</b>	<b>52,000</b>	<b>-</b>	<b>52,000</b>			
Aidan Hughes (Secretary)	7,500	-	7,500	1.21	Feb 2000	Feb 2007
	3,750	-	3,750	2.22	Feb 2001	Feb 2008
	5,000	-	5,000	1.55	Mar 2002	Mar 2009
	3,000	-	3,000	0.75	May 2004	May 2011
<b>Total</b>	<b>19,250</b>	<b>-</b>	<b>19,250</b>			

At 1 January 2003, Paul Byrne held options to subscribe for 294,825 ordinary shares, all of which lapsed unexercised during 2003.

The mid-market price of an ordinary share on 31 December 2003 was €0.75 and the price range during the year was between €0.72 and €0.90. 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 2003 and the date of this Report.

### Pensions

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

## DIRECTORS' REPORT (continued)

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### Substantial shareholdings

At 27 February 2004 the Company had been advised of the following shareholdings in excess of 3% of its issued share capital:

	Number of shares	Percentage held
John Teeling	835,093	9.86
Standard Life Assurance Company	724,495	8.56
T.B. Mantor A/S	718,782	8.49
Friends First	685,291	8.09
Tom Cunningham	560,593	6.62
W.L. McCauley	518,600	6.13
Kappa Alpha Limited	482,713	5.70
2M's Special Pension Fund	350,000	4.13
Sean & Ann Murphy	342,476	4.05

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

### Subsidiary companies

The statutory information required by sub-sections (4) and (5) of Section 158 of the Companies Act, 1963 is presented in Note 27 to the financial statements.

### Executive share option scheme

The percentage of share capital that can be issued under the scheme and the individual grant limits comply with the published guidelines of the Irish Association of Investment Managers.

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 that 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. Between 1989 and 2002 the Company issued a total of 752,237 ordinary options. In 2003 the Company issued no share options.

To date 46,000 options have been exercised and 587,987 options have expired, including 302,825 since 1 January 2003. A balance of 682,373 options is available to be issued.

## **DIRECTORS' REPORT (continued)**

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### **Group website**

Our website, [www.norish.com](http://www.norish.com), provides our customers, shareholders and the general public with useful and up-to-date information on the Group's facilities and services, together with key financial data, company announcements etc.

### **Personnel development**

The Group is committed to ensuring that its employees are capable of achieving the highest standards in their employment by providing training at all levels for current and future business needs. Emphasis is placed on training in key areas such as computer skills, safe driving of vehicles, 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.

## **DIRECTORS' REPORT (continued)**

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### **Corporate governance**

The Directors continue to be committed to maintaining the highest standards of corporate governance and they support the Combined Code published in June 1998 by the Committee on Corporate Governance. The Directors welcome the publication in July 2003 of the revised Combined Code. Compliance with the revised Combined Code is not required in the current year. The Directors are considering the implications of the revised Combined Code for the group and will report on compliance with the provisions of the revised Combined Code, insofar as they are applicable to the Group, in the 2004 financial statements.

### **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 of Directors comprises an Executive Chairman, an Executive Finance Director and two Non-Executive Directors. On appointment all non-executive directors receive comprehensive briefing documents on the Group and its operations, and further appropriate briefings are provided to non-executive directors on an ongoing basis. Willie McCarter was appointed Senior Independent Non-Executive Director during the year.

It is the practice of the Group that the Board comprises at least two non-executive Directors.

All Directors of the Company are required to submit themselves for re-election at least every three years.

Due to the small size of the board all Directors are members of the Nomination Committee.

The Board takes the major strategic decisions and retains full effective control while allowing operating management sufficient flexibility to run the business efficiently and effectively within a centralised reporting framework.

The Board delegates to committees, which have specific terms of reference and which are reviewed periodically, the responsibility in relation to audit and senior executive remuneration issues. Minutes of these committees are supplied to all Directors for information and to provide the Board with an opportunity to have its views taken into account.

The 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. The non-executive directors are independent of management and the Board believes that individual Directors bring an independent judgement to bear on all matters dealt with by the Board including those relating to strategy, performance, resources and standards of conduct.

The Directors have access to the advice and services of the Company 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.

## **DIRECTORS' REPORT (continued)**

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### **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 11. This committee also recommends the granting of share options to Executive Directors and senior management. In considering and agreeing salaries and benefits as well as performance related incentives the Committee aims to ensure that remuneration packages are competitive and that individuals are fairly rewarded relative to their responsibilities, experience and value to the Group. The committee takes advice where appropriate from external professional advisors in assessing salary levels and determining its remuneration policy and practice.

Norish plc's remuneration policies and procedures meet with the Best Practice Provisions of the Irish Stock Exchange's requirements on Directors' remuneration. In particular the Company has applied all of the relevant principles set out in Section I of the Combined Code. 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 25 to the financial statements.

### **Relations with Shareholders**

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

### **Internal control**

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

The Board confirms that an ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been put in place for the year under review and up to the date of approval of the annual report and accounts, and that this process is regularly reviewed by the board and accords with Internal Control: Guidance for Directors on the Combined Code (the Turnbull guidance).

The Board has reviewed the effectiveness of the system of internal control. In particular it has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed.

## **DIRECTORS' REPORT (continued)**

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The Group's overall internal control system includes:

- an organisation structure with clearly defined lines of authority and accountability;
- detailed procedures manuals covering operational and financial procedures and controls;
- appropriate terms of reference for Board committees with clearly stated responsibilities;
- a budgeting and monthly financial reporting system for all Group business units, which enables close monitoring of performance against plan and facilitates remedial action where necessary;
- comprehensive policies and procedures in relation to financial controls, capital expenditure, operational risk and treasury and credit risk management.

The Group's system of internal financial controls is established to provide reasonable assurance of :

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

The Group's internal controls, including financial controls, are reviewed systematically by Group Internal Audit. In these reviews the emphasis is placed on areas of significant risk. Group Internal Audit is responsible for carrying out detailed risk assessments in all business units and for reporting to divisional and ultimately senior management on the effectiveness of the internal control system.

### **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 whose names are listed on page 11. 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.

## **DIRECTORS' REPORT (continued)**

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### **Compliance statement**

Norish has complied during the year to 31 December 2003 with all the Principles of Good Governance and Code of Best Practice ("the Combined Code"), except for the following matters:

#### *Chairman and Chief Executive Officer*

Given the size of the group and the restructuring programme carried out it was considered appropriate to combine the offices of Chairman and Chief Executive Officer. This will be kept under review.

#### *Audit Committee*

Under the criteria adopted by the Committee on Corporate Governance, the Audit Committee should comprise at least three directors, all non-executive. As the group has only four directors and two of them are executive directors the board decided that the two non-executive directors should form the Audit Committee. One of the Audit Committee members would not be perceived to be independent due to their interests in the company's shares. This matter will be kept under review by the Board.

#### *Nomination Committee*

The Board's Nomination Committee consists of all members of the Board. This decision was taken because of the small size of the board.

### **Going concern**

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group as a whole has adequate resources to continue in operation for the foreseeable future. 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 22.

Company law requires the Directors to prepare financial statements for each financial year, in accordance with applicable Irish law and accounting standards, 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.

## DIRECTORS' REPORT (continued)

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### Statement of Directors' responsibilities (continued)

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2001 and all Regulations to be construed as one with those Acts. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

### Accounting records

The Directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at Mulberry Way, Belvedere, Kent, DA17 6AN, England. The Executive Chairman maintains records in Ireland for the purposes of Section 202(6) of the Companies Act, 1990.

### Auditors

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

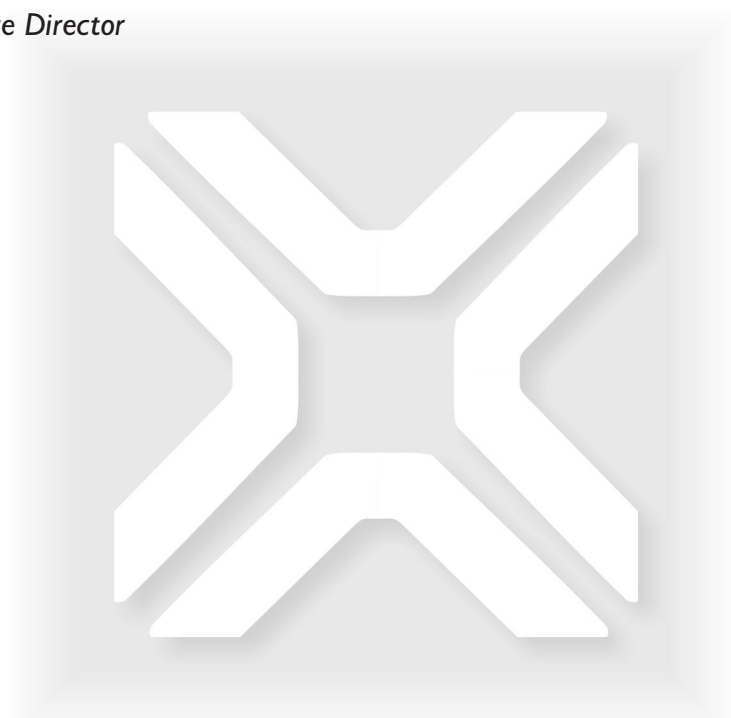
On behalf of the board:



**T.J. O'Neill**  
*Executive Chairman*  
27 February 2004



**I.J. Buntain**  
*Finance Director*



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORISH PLC

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We have audited the financial statements, expressed in pounds Sterling, on pages 24 to 47.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of Directors and Auditors**

The directors are responsible for preparing the Annual Report. As described on pages 20 and 21, 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 we 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, and whether 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 regarding Directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on page 20 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, 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.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORISH PLC

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(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 as at 31 December 2003 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2002 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 12 to 21 is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet on page 29, 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 2003 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  
1 Stokes Place  
St Stephen's Green  
Dublin 2

27 February 2004

## STATEMENT OF ACCOUNTING POLICIES

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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 2003 include the results of Norish plc and its subsidiary undertakings for that period.

The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Upon the acquisition of a business, fair values are attributed to the identifiable net assets acquired. Goodwill arising on acquisitions is dealt with as set out below.

### **Turnover**

Turnover represents net sales to customers outside the Group and excludes Value Added Tax.

An appropriate proportion of handling income is deferred until the despatch of goods out ("redelivery") as this is deemed an appropriate estimation technique in matching revenue to effort.

An appropriate element of storage income billed in advance is deferred in respect of the unexpired portion of rental periods.

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

### **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 (or lease terms if shorter) which are as follows:

Freehold buildings	50 years
Leasehold buildings	7 to 30 years
Plant and equipment	3 to 14 years

Impairment provisions are made where the carrying value of tangible fixed assets exceeds the recoverable amount.

## STATEMENT OF ACCOUNTING POLICIES (continued)

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### Taxation

The charge for corporation tax is provided at current rates and is based on the results for the year. Deferred tax is accounted for, without discounting, in respect of all timing differences between the treatment of certain items for taxation purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 "Deferred Tax". Provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised only to the extent that it is considered more likely than not that they will be recovered.

### Foreign currencies

Transactions in foreign currencies are recorded in pounds sterling at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated into pounds sterling at the balance sheet rate or the contracted rate and the exchange differences are dealt with in the profit and loss account.

Share capital and share premium were translated at the historic rate on the date when the Group changed its functional currency to pounds sterling.

### 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 accruals.

## **STATEMENT OF ACCOUNTING POLICIES (continued)**

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### **Financial fixed assets**

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

### **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, normally 20 years. Provision is made for impairment of goodwill where the carrying value exceeds the recoverable amount.

### **Euro**

The financial statements, presented in pounds sterling as of and for the year ended 31 December 2003 are also expressed in Euro (€), solely for information purposes, at the rate of €1 = £0.70, the conversion rate applicable on 31 December 2003.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

	Note	2003 €'000	2003 £'000	2002 £'000
Turnover before exceptional item	1	18,130	12,691	13,082
Exceptional item - redelivery and storage income deferred	2	(376)	(263)	-
<b>Group turnover - continuing operations</b>		<b>17,754</b>	<b>12,428</b>	<b>13,082</b>
Cost of sales		(16,358)	(11,450)	(11,336)
<b>Gross profit</b>		<b>1,396</b>	<b>978</b>	<b>1,746</b>
Administrative expenses		(823)	(576)	(748)
Goodwill amortisation - normal		(21)	(15)	(204)
Exceptional items				
- reorganisation costs	2	(881)	(617)	-
- impairment of goodwill and tangible fixed assets	2	-	-	(3,272)
- rates rebates	2	-	-	285
<b>Group operating loss - continuing operations</b>		<b>(329)</b>	<b>(230)</b>	<b>(2,193)</b>
Loss on disposal of land - continuing operations	2	-	-	(74)
<b>Loss on ordinary activities before interest</b>		<b>(329)</b>	<b>(230)</b>	<b>(2,267)</b>
Interest receivable and other income		3	2	3
Interest payable and similar charges	3	(238)	(167)	(222)
<b>Loss on ordinary activities before taxation</b>		<b>(564)</b>	<b>(395)</b>	<b>(2,486)</b>
Tax credit/(charge) on loss on ordinary activities	5	129	90	(369)
<b>Loss for the financial year</b>		<b>(435)</b>	<b>(305)</b>	<b>(2,855)</b>
Equity dividends - paid	6	(109)	(76)	(67)
- proposed	6	(109)	(76)	(220)
<b>Retained loss for the financial year</b>		<b>(653)</b>	<b>(457)</b>	<b>(3,142)</b>
<b>Profit and loss account at beginning of year</b>		<b>1,316</b>	<b>921</b>	<b>4,063</b>
<b>Profit and loss account at end of year</b>		<b>663</b>	<b>464</b>	<b>921</b>
Basic loss per ordinary share	7	€(5.1)c	(3.6)p	(33.7)p
Adjusted earnings per ordinary share	7	€6.1c	4.3p	5.9p

The Group had no recognised gains or losses in the financial year or preceding financial year other than those shown in the profit and loss account.

Approved on behalf of the board on 27 February 2004 by:



**T.J. O'Neill**  
Executive Chairman



**I.J. Buntain**  
Finance Director

## CONSOLIDATED BALANCE SHEET

at 31 December 2003

	Note	2003 €'000	2003 £'000	2002 £'000
<b>Fixed assets</b>				
Intangible assets - goodwill	8	351	246	261
Tangible assets	9	11,181	7,827	8,821
		<u>11,532</u>	<u>8,073</u>	<u>9,082</u>
<b>Current assets</b>				
Debtors	11	4,227	2,959	3,110
Cash at bank and in hand		67	47	60
		<u>4,294</u>	<u>3,006</u>	<u>3,170</u>
<b>Creditors:</b> amounts falling due within one year	12	<u>(5,297)</u>	<u>(3,708)</u>	<u>(3,408)</u>
<b>Net current liabilities</b>		<u>(1,003)</u>	<u>(702)</u>	<u>(238)</u>
<b>Total assets less current liabilities</b>		<b>10,529</b>	<b>7,371</b>	<b>8,844</b>
<b>Creditors:</b> amounts falling due after more than one year	12	(2,167)	(1,517)	(2,412)
<b>Provisions for liabilities and charges</b>	13	(1,025)	(718)	(839)
<b>Net assets</b>		<u><u>7,337</u></u>	<u><u>5,136</u></u>	<u><u>5,593</u></u>
<b>Capital and reserves</b>				
Called up share capital	14	2,133	1,493	1,493
Share premium account	15	4,509	3,156	3,156
Capital conversion reserve fund	15	33	23	23
Profit and loss account	16	662	464	921
<b>Shareholders' funds - equity</b>	17	<u><u>7,337</u></u>	<u><u>5,136</u></u>	<u><u>5,593</u></u>

Approved on behalf of the board on 27 February 2004 by:



**T.J. O'Neill**  
Executive Chairman



**I.J. Buntain**  
Finance Director

# COMPANY BALANCE SHEET

at 31 December 2003

	Note	2003 €'000	2003 £'000	2002 £'000
<b>Fixed assets</b>				
Financial fixed assets	10	845	592	592
<b>Current assets</b>				
Debtors	11	6,050	4,235	4,412
<b>Creditors:</b> amounts falling due within one year	12	(108)	(76)	(222)
<b>Net current assets</b>		<b>5,942</b>	<b>4,159</b>	<b>4,190</b>
<b>Net assets</b>		<b>6,787</b>	<b>4,751</b>	<b>4,782</b>
<b>Capital and reserves</b>				
Called up share capital	14	2,132	1,493	1,493
Share premium account	15	4,509	3,156	3,156
Capital conversion reserve fund	15	33	23	23
Profit and loss account	16	113	79	110
<b>Shareholders' funds - equity</b>		<b>6,787</b>	<b>4,751</b>	<b>4,782</b>

Approved on behalf of the board on 27 February 2004 by:



**T.J. O'Neill**  
Executive Chairman



**I.J. Buntain**  
Finance Director

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2003

	Note	2003 €'000	2003 £'000	2002 £'000
<b>Net cash inflow from operating activities</b>	20	<b>2,583</b>	<b>1,808</b>	2,174
Returns on investments and servicing of finance	21	(234)	(164)	(199)
Taxation		(530)	(371)	(283)
Capital expenditure and financial investment	21	(167)	(117)	83
Equity dividends paid		(423)	(296)	(273)
		<hr/>	<hr/>	<hr/>
Cash inflow before financing activities		<b>1,229</b>	<b>860</b>	1,502
Financing activities	21	(1,217)	(852)	(1,388)
		<hr/>	<hr/>	<hr/>
<b>Increase in cash in the year</b>		<b>12</b>	<b>8</b>	114

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2002 €'000	2002 £'000	2001 £'000
<b>Increase in cash in the year</b>		<b>12</b>	<b>8</b>	114
Decrease in debt		1,143	800	1,335
Decrease in finance leases		74	52	53
		<hr/>	<hr/>	<hr/>
Change in net debt resulting from cash flows		<b>1,229</b>	<b>860</b>	1,502
Interest (non-cash) on zero coupon loan notes		-	-	(20)
		<hr/>	<hr/>	<hr/>
<b>Decrease in net debt in the year</b>		<b>1,229</b>	<b>860</b>	1,482
Net debt at 1 January		(5,086)	(3,560)	(5,042)
		<hr/>	<hr/>	<hr/>
<b>Net debt at 31 December</b>	22	<b>(3,857)</b>	<b>(2,700)</b>	(3,560)

# NOTES

## *forming part of the financial statements*

### **1 Segmental reporting**

All of the Group's turnover and operating income arises from the provision of warehousing services in the United Kingdom. All of the Group's assets are located in the United Kingdom.

### **2 Exceptional items - continuing operations**

#### **Redelivery and storage income deferred**

An amount of £263,000 has been deferred, in relation to handling and storage revenue charged in advance.

Handling revenue was previously accounted for on receipt of goods. In the current period, an appropriate portion has been deferred until the despatch of goods out. Norish Food Care Limited bills storage revenue in advance to customers at agreed weekly rates which are also payable in full if storage is only required for part of the week. This storage revenue is now apportioned over the whole week.

These treatments are acceptable and prudent practices in the storage industry and are considered appropriate estimation techniques for matching revenue to effort. The impact on prior years was not considered material.

#### **Reorganisation costs**

Reorganisation costs of £617,000 relate to board and employee terminations (£384,000), costs (including fixed asset write-offs) of relocating the head office from Reigate to Belvedere (£118,000) and other asset write-offs (£115,000) including those associated with a move to outsourcing of IT. Of the total reorganisation costs, £128,000 relates to impairment of scrapped fixed assets. These reorganisation costs were allowable for UK corporation tax at an effective tax rate of 24%.

#### **Impairment of goodwill and tangible fixed assets**

The charge of £3,272,000 in 2002 arose from an impairment review as at 31 December 2002 of assets attributable to the commodity business of BW Agencies Limited (BWA) and Norish Food Care Limited's operation at East Kent.

	2002 £'000
Impairment of goodwill - BWA	2,807
- East Kent	385
	<hr/>
Impairment of tangible fixed assets - East Kent	3,192
	80
	<hr/> <hr/>
	3,272

These impairment charges had no impact on the tax charge for the prior year.

## NOTES (continued)

### 2 Exceptional items - continuing operations (continued)

#### *Rates rebates - 2002*

The exceptional rates rebates in 2002 of £285,000, which were stated net of related professional fees, were in respect of the West Midlands store and covered the period from 1995 to 2002. These rates rebates were subject to UK corporation tax at 30%.

#### *Loss on disposal of land-2002*

The loss on disposal of land in 2002 of £74,000 was in respect of the sale of surplus land at Bury St Edmunds for £401,000 and had no impact on the tax charge for the year.

<b>3 Interest payable and similar charges</b>	<b>2003</b>	2002
	<b>£'000</b>	£'000
On bank overdraft and loans wholly repayable within five years	<b>159</b>	190
Interest on zero coupon loan notes	-	20
Interest on hire purchase arrangements	<b>8</b>	12
	<u><b>167</b></u>	<u>222</u>
<b>4 Statutory and other information</b>	<b>2003</b>	2002
	<b>£'000</b>	£'000
Depreciation of tangible fixed assets	<b>983</b>	1,013
Impairments of:		
- Goodwill	-	3,192
- Tangible fixed assets	<b>128</b>	80
Amortisation of goodwill	<b>15</b>	204
Rentals payable under operating leases		
- Buildings	<b>2,360</b>	2,633
- Plant and machinery	<b>465</b>	414
Auditors' remuneration - audit	<b>34</b>	30
- non-audit services	<b>11</b>	28
Government grants- capital	<b>(43)</b>	(43)

## NOTES (continued)

### 4 Statutory and other information (continued)

The average number of persons employed by the Group including executive directors was 129 (2002: 137) and is analysed into the following categories:

<i>Average number of persons employed</i>	<b>2003</b>	2002
Management	<b>14</b>	16
Administration	<b>23</b>	24
Technical	<b>5</b>	5
Operational	<b>87</b>	92
	<b>129</b>	137

The aggregate payroll costs of these persons were as follows:

	<b>2003</b>	2002
	<b>£'000</b>	£'000
Wages and salaries	<b>2,664</b>	2,713
Social welfare costs	<b>257</b>	246
Other pension costs	<b>76</b>	98
	<b>2,997</b>	3,057

### 5 Tax (credit)/charge on loss on ordinary activities

#### (a) Analysis of charge in year

	<b>2003</b>	2002
	<b>£'000</b>	£'000
<b>UK</b>		
Corporation tax at 30% (2002: 30%)	<b>71</b>	446
Adjustment in respect of prior year	<b>(38)</b>	14
<b>Ireland</b>		
Corporation tax at 12.5% (2002: 16%)	<b>-</b>	2
Adjustment in respect of prior year	<b>(2)</b>	-
	<b>31</b>	462
Deferred tax credit (note 13)	<b>(121)</b>	(93)
	<b>(90)</b>	369

## NOTES (continued)

### 5 Tax (credit)/charge on loss on ordinary activities (continued)

<b>(b) Factors affecting tax charge for year</b>	<b>2003 £'000</b>	<b>2002 £'000</b>
Loss on ordinary activities before taxation	<b>(395)</b>	(2,486)
Loss on ordinary activities multiplied by standard UK tax rate (30%)	<b>(119)</b>	(746)
<i>Effects of:</i>		
Goodwill - normal and exceptional charges	<b>4</b>	1,019
Other expenses not deductible for tax purposes	<b>65</b>	54
Depreciation in excess of capital allowances	<b>121</b>	93
Loss on disposal of land	-	22
Interest on zero coupon loan notes	-	6
Adjustment in respect of prior year	<b>(40)</b>	14
Current tax charge for year - Note 5 (a)	<b>31</b>	462

### 6 Dividends

	<b>2003 £'000</b>	<b>2002 £'000</b>
Interim dividend paid of €1.27c (2002: €1.27c) per ordinary share	<b>76</b>	67
Final dividend proposed of €1.27c (2002: €4.0c) per ordinary share	<b>76</b>	220
	<b>152</b>	287

## NOTES (continued)

### 7 Loss per share

	2003 £'000	2002 £'000
<b>Basic</b>		
Loss attributable to ordinary shareholders	(305)	(2,855)
Weighted average number of ordinary shares outstanding	<u>8,466,230</u>	<u>8,466,230</u>
Basic loss per share	<u>(3.6)p</u>	<u>(33.7)p</u>

Basic loss per share is calculated by dividing the weighted average number of Ordinary Shares in issue during the period into the loss after taxation attributable to the shareholders of Norish plc for the year.

Diluted loss per share is not shown as the assumed conversion of potential ordinary shares is antidilutive.

<b>Adjusted</b>	2003 £'000	(Loss)/ earnings per share - pence	2002 £'000	(Loss)/ earnings per share - pence
Loss attributable to shareholders	(305)	(3.6)	(2,855)	(33.7)
Goodwill amortisation - normal	15	0.2	204	2.4
Exceptional items (note 2)				
- Impairment of goodwill and tangible fixed assets	-	-	3,272	38.6
- Redelivery income deferred (after tax at 30%)	184	2.2	-	-
- Loss on disposal of land	-	-	74	0.9
- Reorganisation costs (after effective tax rate of 24%)	470	5.5	-	-
- Rates rebates (after tax at 30%)	-	-	(199)	(2.3)
Adjusted earnings	<u>364</u>	<u>4.3</u>	<u>496</u>	<u>5.9</u>
Weighted average number of ordinary shares	8,466,230		8,466,230	
Adjusted earnings per share	<u>4.3p</u>		<u>5.9p</u>	

The adjusted earnings per share figure is presented in order to illustrate earnings per share on a consistent basis over time after eliminating the impact of goodwill amortisation and significant non-recurring items.

## NOTES (continued)

8	Goodwill	Group	
		2003 £'000	2002 £'000
	<b>Cost</b>		
	At beginning and end of year	<u>4,162</u>	<u>4,162</u>
	<b>Amortisation</b>		
	At beginning of year	3,901	505
	Amortisation in year - normal	15	204
	Impairment in year - exceptional (note 2)	-	3,192
	At end of year	<u>3,916</u>	<u>3,901</u>
	<b>Net book value at end of year</b>	<u>246</u>	<u>261</u>

The exceptional amortisation charge in 2002 arose from an impairment review of goodwill as described in Note 2.

The remaining goodwill, which relates to the acquisition of the York business from RSH Flowers (Distribution) Limited in 2000, is being amortised on a straight-line basis over its useful life which the directors estimate to be 20 years.

## NOTES (continued)

### 9 Tangible fixed assets

Group	Freehold and			Total £'000
	Land £'000	Leasehold Buildings £'000	Plant and Equipment £'000	
<b>Cost</b>				
At beginning of year	960	7,428	5,398	13,786
Additions	-	207	166	373
Disposals	-	(348)	-	(348)
Write-offs	-	(13)	(306)	(319)
At end of year	<u>960</u>	<u>7,274</u>	<u>5,258</u>	<u>13,492</u>
<b>Depreciation</b>				
At beginning of year	-	2,021	2,944	4,965
Charge for year	-	266	717	983
Eliminated on disposals	-	(92)	-	(92)
Eliminated on write-off	-	-	(191)	(191)
At end of year	<u>-</u>	<u>2,195</u>	<u>3,470</u>	<u>5,665</u>
<b>Net book value</b>				
<b>31 December 2003</b>	<u><b>960</b></u>	<u><b>5,079</b></u>	<u><b>1,788</b></u>	<u><b>7,827</b></u>
31 December 2002	<u>960</u>	<u>5,407</u>	<u>2,454</u>	<u>8,821</u>

The net book value of assets written off was £128,000 which is reflected as an impairment charge included in Reorganisation costs (note 2).

At 31 December 2003 the cost and aggregate depreciation of assets held under hire purchase contracts and included in plant and equipment was £537,000 (2002: £537,000) and £507,000 (2002: £401,000) respectively.

## NOTES (continued)

### 10 Financial fixed assets

	2003		2002	
	Group £'000	Company £'000	Group £'000	Company £'000
Shares in subsidiary undertakings	-	592	-	592

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

Details of the Company's subsidiary undertakings are presented in note 27.

### 11 Debtors

	2003		2002	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	1,962	-	2,123	-
Amount receivable from subsidiary undertakings	-	4,235	-	4,412
Corporation tax	43	-	-	-
Prepayments	954	-	987	-
	<u>2,959</u>	<u>4,235</u>	<u>3,110</u>	<u>4,412</u>

All amounts fall due within one year.

### 12 Creditors

	2003		2002	
	Group £'000	Company £'000	Group £'000	Company £'000
<i>Amounts falling due within one year</i>				
Bank loans and overdrafts (note 19)	1,204	-	1,225	-
Trade creditors	789	-	691	-
Corporation tax	-	-	297	2
Value added tax and payroll taxes	382	-	368	-
Dividend proposed	76	76	220	220
Accruals and deferred income	1,161	-	511	-
Hire purchase finance (note 19)	53	-	53	-
Government grants (note 18)	43	-	43	-
	<u>3,708</u>	<u>76</u>	<u>3,408</u>	<u>222</u>

## NOTES (continued)

### 12 Creditors (continued)

Amounts falling due after more than one year

	2003		2002	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans (note 19)	1,450	-	2,250	-
Hire purchase finance (note 19)	40	-	92	-
Government grants (note 18)	27	-	70	-
	<u>1,517</u>	<u>-</u>	<u>2,412</u>	<u>-</u>

### 13 Provisions for liabilities and charges

#### *Deferred taxation*

Group	2003 £'000	2002 £'000
At beginning of year	839	932
Deferred tax credit for year (note 5)	(121)	(93)
<b>At end of year</b>	<u>718</u>	<u>839</u>

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

## NOTES (continued)

### 14 Called up share capital

	2003 £'000	2002 £'000
<i>Authorised</i>		
20,000,000 Ordinary shares of €25c each	<u>3,527</u>	<u>3,527</u>
<i>Allotted, called up and fully paid</i>	<b>Number</b>	<b>£'000</b>
Ordinary shares of €25c each		
At 1 January 2003 and 31 December 2003	<u>8,466,230</u>	<u>1,493</u>

During the year options over 302,825 ordinary shares lapsed. At 31 December 2003 options were outstanding over 118,250 ordinary shares. Details of the Executive Share Option Scheme are given in the Directors' Report.

### 15 Reserves

	Share premium £'000	Capital conversion reserve fund £'000
<b>At beginning and end of year</b>	<u>3,156</u>	<u>23</u>

### 16 Retained profit at end of year

	2003 £'000	2002 £'000
The Company	79	110
Subsidiary undertakings	5,876	6,302
Goodwill eliminated against reserves	(1,627)	(1,627)
Goodwill amortised/written-off on consolidation	(3,864)	(3,864)
Profit and loss account	<u>464</u>	<u>921</u>

In accordance with Section 3(2) of the Companies (Amendment) Act, 1986 a separate profit and loss account for the Company has not been presented. The profit for the year arising in Norish plc amounted to £76,000 (2002: £226,000).

## NOTES (continued)

### 17 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Loss for the financial year	(305)	(2,855)
Dividends paid and proposed	(152)	(287)
	<hr/>	<hr/>
Net decrease in shareholders' funds	(457)	(3,142)
Opening shareholders' funds	5,593	8,735
	<hr/>	<hr/>
Closing shareholders' funds	5,136	5,593
	<hr/> <hr/>	<hr/> <hr/>

### 18 Government grants

	2003 £'000	2002 £'000
At beginning of year	113	156
Released to profit and loss account	(43)	(43)
	<hr/>	<hr/>
At end of year	70	113
	<hr/> <hr/>	<hr/> <hr/>
Included in creditors:		
Amounts falling due within one year	43	43
Amounts falling due after more than one year	27	70
	<hr/>	<hr/>
At end of year	70	113
	<hr/> <hr/>	<hr/> <hr/>

### 19 Financial assets and liabilities

Narrative disclosures concerning the Group's treasury policy and management are set out in the Financial Review on page 6.

The disclosures relating to financial liabilities and assets exclude short term creditors and debtors. The Group's borrowings are all denominated in pounds sterling.

In 2002 the Group arranged the following borrowing facilities with HSBC Bank plc and its subsidiary HSBC Invoice Finance Limited, which continued in 2003.

- (a) HSBC Bank plc agreed to a term loan of £3.6 million over a maximum period of 6 years and an overdraft facility of £0.5 million which is reviewed annually.
- (b) HSBC Invoice Finance Limited agreed to allow the Group to borrow up to a maximum amount equivalent to 80% of trade debtors.

## NOTES (continued)

### 19 Financial assets and liabilities (continued)

The term loan attracts interest at LIBOR plus 1.125%. Overdraft interest is charged quarterly at an interest rate of bank base rate plus 1.25%. Invoice finance interest is charged on a daily basis at bank base rate plus 1.25%.

The liabilities of Norish Food Care Limited pursuant to these facilities agreements, are secured by

- (1) debentures creating first fixed and floating charges over all the assets, past present and future of Norish Food Care Limited and its subsidiaries;
- (2) unlimited multilateral guarantees given by all group companies each guaranteeing payment of the liabilities of the other;
- (3) legal mortgages held over the Bury St. Edmunds, Wrexham and Belvedere properties

Financial assets represent cash at bank held in a demand account at a one month fixed rate of 3.91%.

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

	<b>Within 1 year £'000</b>	<b>1 to 2 years £'000</b>	<b>2 to 5 years £'000</b>	<b>Total £'000</b>
Bank overdraft	175	-	-	175
Invoice finance	429	-	-	429
Bank loans	600	600	850	2,050
	<hr/>	<hr/>	<hr/>	<hr/>
	1,204	600	850	2,654
Hire purchase finance	53	40	-	93
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>1,257</b>	<b>640</b>	<b>850</b>	<b>2,747</b>

The undrawn committed facilities available to the Group at 31 December 2003 are set out below:

	<b>£'000</b>	
Invoice finance	1,141	(reviewed annually)
Bank overdraft	325	(repayable on demand, reviewed annually)
	<hr/>	
	<b>1,466</b>	

## NOTES (continued)

20 Reconciliation of operating loss to net cash inflow from operating activities	2003 £'000	2002 £'000
Operating loss	(230)	(2,193)
Goodwill amortisation and impairment	15	3,396
Depreciation and impairment of tangible fixed assets	1,111	1,093
Loss on disposal of fixed assets (excluding land)	-	16
Amortisation of government grants	(43)	(43)
Decrease in operating debtors	194	47
Increase / (decrease) in operating creditors	761	(142)
	<u>1,808</u>	<u>2,174</u>
Net cash inflow from operating activities	<u>1,808</u>	<u>2,174</u>
21 Analysis of cash flows for headings netted in the cash flow statement	2003 £'000	2002 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	2	4
Interest paid	(158)	(191)
Hire purchase finance interest	(8)	(12)
	<u>(164)</u>	<u>(199)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u>(164)</u>	<u>(199)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(373)	(505)
Proceeds from disposal of tangible fixed assets	256	588
	<u>(117)</u>	<u>83</u>
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>	<u>(117)</u>	<u>83</u>
<b>Financing activities</b>		
Bank loans repaid	(800)	(3,935)
Zero coupon loan notes repaid	-	(1,000)
Loans received	-	3,600
Capital element of hire purchase rentals	(52)	(53)
	<u>(852)</u>	<u>(1,388)</u>
<b>Net cash outflow from financing</b>	<u>(852)</u>	<u>(1,388)</u>

## NOTES (continued)

### 22 Analysis of net debt

	At 1 Jan 2003 £'000	Cash flow £'000	Non cash movements £'000	At 31 Dec 2003 £'000
Cash at bank and in hand	60	(13)	-	47
Bank overdrafts	(625)	21	-	(604)
	(565)	8	-	(557)
Debt due within 1 year	(600)	600	(600)	(600)
Debt due after 1 year	(2,250)	200	600	(1,450)
Hire purchase finance	(145)	52	-	(93)
	(2,995)	852	-	(2,143)
	(3,560)	860	-	(2,700)

### 23 Group net debt

	2003 £'000	2002 £'000
Loans and overdrafts repayable within one year	(1,204)	(1,225)
Loans repayable after more than one year	(1,450)	(2,250)
Hire purchase finance	(93)	(145)
Cash at bank and in hand	47	60
	(2,700)	(3,560)

## NOTES (continued)

### 24 Commitments and contingencies

#### (a) Operating leases

The Group has commitments under operating leases to make payments in the following year as set out below:

	2003	2003	2003	2002	2002	2002
	Land and	Other	Total	Land and	Other	Total
	Buildings	operating		Buildings	operating	
	£'000	leases	£'000	£'000	leases	£'000
		£'000			£'000	
<i>Expiring:</i>						
Within one year	-	2	2	116	3	119
Between two and five years	-	325	325	-	287	287
Beyond five years	2,276	-	2,276	2,270	-	2,270
	<u>2,276</u>	<u>327</u>	<u>2,603</u>	<u>2,386</u>	<u>290</u>	<u>2,676</u>

#### (b) Capital

At 31 December 2003, the Group had £290,000 (2002 : £30,000) of capital projects authorised of which £15,000 (2002 : £21,000) was contracted at 31 December 2003.

#### (c) Guarantees on leasehold properties

The annual operating lease commitment on land and buildings of £2,276,000 (2002: £2,386,000) arises on leasehold properties, of which £1,637,000 (2002: £1,637,000) is subject to parent company guarantees.

#### (d) LIFFE guarantee

HSBC Bank plc have issued, on behalf of a subsidiary, a performance bond guaranteeing amounts owed to London International Financial Futures and Options Exchange (LIFFE) not exceeding £125,000 arising in the period from 31 March 2003 to 31 March 2004.

## NOTES (continued)

### 25 Directors' remuneration

	Salary £'000	Directors' fees £'000	Benefits in kind £'000	Annual bonus £'000	Pension contributions £'000	Compensation for loss of office £'000	Total 2003 £'000	Total 2002 £'000
Ted O'Neill	-	32	-	-	-	-	32	-
John Paterson	-	7	-	-	-	20	27	11
Paul Byrne	107	-	1	-	26	188	322	165
Iain Buntain	100	-	2	10	13	-	125	113
Torgeir Mantor	-	12	-	-	-	-	12	9
Robert Noonan	-	-	-	-	-	-	-	-
Willie McCarter	-	8	-	-	-	-	8	-
<b>Total - 2003</b>	<b>207</b>	<b>59</b>	<b>3</b>	<b>10</b>	<b>39</b>	<b>208</b>	<b>526</b>	<b>298</b>
<b>Total - 2002</b>	<b>234</b>	<b>43</b>	<b>4</b>	<b>5</b>	<b>35</b>	<b>-</b>	<b>321</b>	

#### Notes

- As an alternative to the provision of a company car a non-pensionable payment included in salary above was given to Messrs Byrne and Buntain of £9,000 and £12,000 respectively.
- The pension contributions above were made to Messrs Byrne and Buntain in respect of their personal pension arrangements.
- Total for 2002 included directors' fees of £20,000 to Brian Joyce and £3,000 to Hans Thorsen.

Details of directors' interests in shares and share options are set out on pages 13 and 14.

Directors' remuneration shown above comprises all of the fees, salaries, pensions and other benefits and emoluments paid to Directors.

The basis of the Directors' remuneration and the level of bonuses paid are fixed by the Remuneration Committee of the Board.

There were no loans to Directors during the year.

### 26 Pensions

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

The total premium charged for the defined contribution schemes amounted to £76,000 (2002: £98,000).

## NOTES (continued)

### 27 Group undertakings

Subsidiary undertakings	Holding		Nature of business
	Direct	Indirect	
<i>Incorporated in Northern Ireland</i>			
Norish (U.K.) plc	100%		Investment company
Norish (N.I.) Limited	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

(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, Norish (N.I.) Limited	Stokes House, College Square East, Belfast BT1 6DH
Norish Food Care Limited, Belvedere Warehousing Limited, B.W. Agencies Limited	Mulberry Way, Belvedere, Kent, DA17 6AN

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

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

### 28 Post balance sheet events

Communication from a major customer of their intention to change their cocoa processing procedure will adversely affect income streams in 2005. In 2003 the turnover from this customer was £1.4m.

The company has made an offer, subject to shareholder approval, of £1.5 million to purchase the currently leased Braintree site.

### 29 Approval of financial statements

The Board of Directors approved these financial statements on 27 February 2004.

## HISTORICAL FINANCIAL SUMMARY

### Consolidated profit and loss account

	1999 £'000	2000 £'000	2001 £'000	2002 £'000	2003 £'000
Turnover	12,617	13,606	13,310	13,082	12,428
Trading profit	3,229	2,591	1,778	2,029	1,648
Goodwill - normal	(110)	(191)	(204)	(204)	(15)
Goodwill - exceptional	-	-	-	(3,192)	-
Loss on sale of land	-	-	-	(74)	-
Other exceptional items	-	834	(158)	205	(880)
Income from associate	194	20	-	-	-
Interest	(255)	(391)	(352)	(219)	(165)
Depreciation	(736)	(845)	(939)	(1,031)	(983)
Profit / (loss) before taxation	2,322	2,018	125	(2,486)	(395)
Taxation	(709)	(528)	(176)	(369)	90
Profit/(loss) after taxation attributable to shareholders	1,613	1,490	(51)	(2,855)	(305)
Dividends	(283)	(278)	(272)	(287)	(152)
Retained profit/(loss) for the financial year	1,330	1,212	(323)	(3,142)	(457)

### Consolidated balance sheet

	1999 £'000	2000 £'000	2001 £'000	2002 £'000	2003 £'000
<b>Total assets less current liabilities</b>					
Fixed assets and investments	13,400	14,384	13,744	9,082	8,073
Current assets	3,647	3,130	3,197	3,170	3,006
Current liabilities	(3,829)	(4,524)	(5,116)	(3,408)	(3,708)
	13,218	12,990	11,825	8,844	7,371
<b>Financed by</b>					
Called up share capital	1,490	1,493	1,493	1,493	1,493
Share premium account	3,148	3,156	3,156	3,156	3,156
Capital conversion reserve fund	23	23	23	23	23
Profit and loss account	3,174	4,386	4,063	921	464
<b>Shareholders' funds - equity</b>	7,835	9,058	8,735	5,593	5,136
Provisions for liabilities and charges	932	931	932	839	718
Long term liabilities	4,451	3,001	2,158	2,412	1,517
	13,218	12,990	11,825	8,844	7,371

## NOTICE OF ANNUAL GENERAL MEETING

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*NOTICE is hereby given that the Annual General Meeting of Norish plc will be held at Jurys Hotel, Ballsbridge, Dublin 4 on Thursday 29 April 2004 at 12 noon for the following purposes:-*

1. To receive the Reports of the Directors and Auditors and the Financial Statements for the year ended 31 December 2003.
2. To confirm the Interim Dividend and to declare a Final Dividend.
3. To re-elect the following Director who retires in accordance with the Articles of Association and being eligible offers himself for re-election:

Iain Buntain

4. To authorise the Directors to fix the remuneration of the Auditors.
5. 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 7) 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 fifteen 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.
6. 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 7) pursuant to the authority conferred by Resolution 5 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;

## NOTICE OF ANNUAL GENERAL MEETING (continued)

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- (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.

7. 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 would 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.

## NOTICE OF ANNUAL GENERAL MEETING (continued)

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8. To consider and if thought fit pass the following resolution as an ordinary resolution:

That the Directors be and are hereby authorised, pursuant to Article 130 of the Articles of Association of the Company, to exercise the powers contained in the said Article 130 so that the Directors may offer to the holders of Ordinary Shares in the capital of the Company, the right to elect to receive an allotment of additional Ordinary Shares, credited as fully paid, in lieu of cash in respect of all or part (as the Directors may determine) of any dividend or dividends falling to be declared or paid during the period commencing on the date of passing of this resolution and expiring on the earlier of the fifth anniversary of the date of passing of this resolution and the conclusion of the annual general meeting of the Company in 2009.

9. To consider and if thought fit pass the following resolution as an ordinary resolution:

That the Articles of Association of the company be and are hereby amended by the adoption of the amendments shown in the draft copy of the proposed new Articles of Association of the company which have been available for inspection at the registered office of the company since the date of the notice of this meeting. *(Note: This allows the company to put procedures in place to communicate with shareholders by electronic mail. Shareholders who do not wish to receive or send information using electronic mail will continue to receive all communications by post, unless they request otherwise.)*

By Order of the Board of Directors:



**Aidan Hughes**  
**Secretary**

**26 March 2004**

**Registered Office:**  
**1 Stokes Place**  
**St Stephen's Green**  
**Dublin 2**



## NOTES

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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 Computershare Investor Services (Ireland) Ltd., Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland not less than 48 hours before the time appointed for the holding of the meeting.
3. 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.
4. 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 27 April 2004 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.
5. The Articles of Association as proposed to be amended 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 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.





N O R I S H p l c

**Registered Office**

1 Stokes Place  
St. Stephen's Green  
Dublin 2

**Operational Head Office**

Mulberry Way  
Belvedere  
Kent, DA17 6AN