ANNUAL REPORT & FINANCIAL STATEMENTS 2011

NICHOLS PLC IS A HIGHLY FOCUSED SOFT DRINKS BUSINESS. ITS BRAND PORTFOLIO INCLUDES VIMTO, WHICH IS SOLD IN OVER 65 COUNTRIES AND LEVI ROOTS, WEIGHT WATCHERS, SUNKIST & PANDA WHICH ARE SOLD IN THE UK. THE GROUP HAS A LEADING MARKET POSITION IN BOTH THE STILL AND CARBONATE DRINKS CATEGORIES AND ALSO IN THE SOFT DRINKS ON DISPENSE MARKET, WHERE ITS BRANDS INCLUDE CABANA & BEN SHAWS.

CONTENTS

CHAIRMAN'S STATEMENT

JOHN NICHOLS

NON-EXECUTIVE CHAIRMAN

We delivered another outstanding performance in 2011 with significant growth in sales, profitability and cash generation.

Group sales increased by 18% to £98.9m driven by our strong portfolio of brands and our significant international presence. This has been achieved despite the most challenging UK retail environment seen in a decade.

The year also saw high levels of cost inflation in the UK soft drinks industry affecting all our key raw materials. Whilst this had a negative impact on our UK gross margins, the effect on Group operating margin has been mitigated by a combination of ongoing productivity improvements in the UK and the strength of our international business. As a result, the Group's operating profit increased by 20% to £18.1m, maintaining the return on sales at 18%.

RESULTS

	Year ended 31 Dec 2011 £m	Year ended 31 Dec 2010 £m	% movement
Group Revenue	98.9	83.9	+18%
Operating Profit	18.1	15.1	+20%
Operating Profit R.O.S.	18%	18%	
Profit Before Tax	18.1	15.1	+20%
Net Cash	20.1	15.0	+34%
EPS (basic) (pence)	36.3p	30.2p	+20%

TRADING

We are pleased to report that all our businesses delivered excellent growth in the year.

The UK soft drinks market, like the general grocery market, suffered relatively low volume growth in 2011 as a consequence of the ongoing economic downturn affecting consumer spending. However, our UK soft drinks sales outperformed the market, increasing by 15%, more than twice the growth rate of the UK market at 7% (AC Nielsen 52 weeks data to 24 December 2011). Whilst Vimto remains our key brand, we are also continuing the strategy of broadening our portfolio and in April 2011 launched the Levi Roots range of Caribbean drinks, which added an incremental £2.5m sales in its first 9 months of trading.

With the economic downturn continuing to affect the UK consumer, the importance and strength of our significant international business is evident. In 2011 our total international sales grew by 31% against the prior year. Sales to the Middle East were 24% higher on the back of strong in-country sales of the Vimto brand and our African sales were up a further 28% against tough comparatives (2010: 56% growth).

The acquisition of the remaining 50% of Dayla Liquid Packing Ltd boosted our soft drinks on dispense sales which were 20% up on the prior year. This is a strong performance in a very challenging market.

DIVIDEND

Based on the 2011 performance and the Board's confidence in the ongoing strength of the Group, we are pleased to recommend a final dividend of 10.30 pence per share. This takes the total 2011 dividend to 15.30 pence (2010: 13.55 pence), an increase of 13%. If approved, the final dividend will be paid on 4 May 2012 to shareholders registered on 30 March 2012, the ex-dividend date is 28 March 2012.

OUTLOOK

In summary, the UK trading environment in 2011 turned out to be every bit as challenging as anticipated with consumer spending down and input costs up. However our strong brands, healthy balance sheet and thriving international business have enabled the Group to perform very strongly and deliver significant sales and profit growth.

We would agree with the general consensus that 2012 will be just as challenging; the UK soft drinks market will see continued high level of promotions, further cost inflation and relatively low volume growth. Despite this backdrop, we again expect to outperform the market by continuing to invest in our brands, launching new products such as the recently announced Weight Watchers brand and delivering further growth in our international markets.

Therefore we are confident that the Group is well placed to deliver profitable growth in 2012 and beyond.

JOHN NICHOLS
NON-EXECUTIVE CHAIRMAN
7 MARCH 2012

CHIEF EXECUTIVE'S REVIEW

BRENDAN HYNES

CHIEF EXECUTIVE

THE SOFT DRINKS MARKET

During 2011 the overall soft drinks market, excluding the "on trade", grew by 7.0% in value terms and 2.0% in volume terms (AC Nielsen 52 weeks data to 24 Dec 2011). This represents a modest improvement on the previous year, the main growth categories being sports, energy and carbonated fruit drinks. The Nichols plc brand portfolio continues to be positioned predominantly in the still and carbonate sectors of the soft drinks market.

The economic and consumer backdrop continues to be a challenge, particularly in the UK, which combined with significant raw material cost inflation and high levels of price promotion, meant that the market remained extremely competitive throughout the year.

In this uncertain market, our strategy has remained consistent. We have succeeded in growing our share of the market both in the UK and in a number of our international markets. As a result Group sales increased by 18% year on year and

18% SALES GROWTH

20% PROFIT GROWTH

20% EARNINGS PER SHARE GROWTH

13% DIVIDEND GROWTH

operating margins were maintained, despite the high level of raw material inflation.

In March 2011, we acquired the remaining 50% equity stake in Dayla Liquid Packing Ltd (Dayla), giving us full access to the premium juice category. Dayla has now been fully integrated into the still and carbonate segments of the Group.

GROUP FINANCIAL PERFORMANCE

2011 saw another strong financial performance from the Group, which was again ahead of both internal and external expectations. This was achieved despite strong growth comparatives from the previous year, a difficult economic and consumer backdrop in the UK and significant raw material inflation.

In summary, in 2011 we delivered:

- 18% sales growth
- 20% profit growth
- 20% earnings per share growth
- 13% dividend growth

Cash conversion was also ahead of expectations and we finished the year with £20.1m of cash in the bank.

We have also had another record year for investment behind our core brands both in the UK and overseas. This has helped drive a further increase in our market share in the year across both the still and carbonate categories.

TRADING HIGHLIGHTS

The Group is now an international business, with an enviable stable of brands, selling to over 65 countries worldwide. We have leading market positions in both the still and carbonate drinks categories, and growth is being driven by a healthy mix of organic growth and new product development.

In April 2011, we launched an innovative new range of Caribbean drinks under the Levi Roots (Levi) brand. The World Cuisine category is one of the fastest growing sectors of the soft drinks market and reflects the changing tastes of the modern consumer and the increasing growth in World Cuisine options. We are really pleased with how the Levi brand has been received in its first year by both the trade and the consumer and plan more unique flavours in 2012.

Total UK sales increased by 14% to £77.8m (2010: £68.0m). This was achieved through a combination of increased market share for both Vimto and Sunkist in the UK, new product extensions such as the Vimto sports cap, as well as the launch of Levi Roots.

We invested record levels in marketing in 2011, and again increased penetration bringing almost half a million new consumers into the Vimto brand.

Following the full acquisition of Dayla in early 2011 we have now fully integrated this business into the Group. Dayla, which supplies premium juice to the UK and European hotels and restaurant market, has now been combined with our existing soft drinks on dispense products, to create a broader range and a stronger focus on the "out of home" market sector.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

Internationally, 2011 was another very successful year with sales increasing by 31% to £21.1m. This has been driven by Vimto further increasing its market share particularly in the core markets of the Middle East, Africa and Northern Europe.

In the Middle East sales grew by 24% year on year with growth across both still and carbonate products. In December 2011, our long standing partner in the Middle East, Aujan Industries, announced a joint venture with Coca Cola to distribute its brands, including Vimto within the region. The global strength of Coca Cola combined with the local market knowledge of Aujan Industries provides a strong platform for the continued success and the future growth and development of the Vimto brand in this region.

We sell to 28 countries in Africa and in 2011 increased sales by 28% in this region, despite very strong sales comparatives from the previous year. During the year we also signed two new important distribution agreements in Africa, which bodes well for the long term growth prospects of this market.

In summary, we have achieved further growth from our existing core markets, both in the UK and overseas, which combined with new product developments and innovative new brand launches, enabled the Group to once again deliver strong top and bottom line growth in 2011.

CORPORATE RESPONSIBILITY

Nichols plc prides itself on having a sustainable business strategy which takes into account our wider corporate, environmental and social responsibilities.

SUSTAINABILITY AND THE ENVIRONMENT

We continue to make good progress on each of the four key areas targeted. These are:

- Climate change
- Waste and packaging
- Water
- Transport

We continue to work actively with the British Soft Drinks Association (BSDA), the Food and Drink Federation (FDF), the Waste & Resources Action Programme (WRAP) and our key suppliers on environmental improvements. We are also signatories to the Courtauld Commitment.

Our high standards in health and safety continued in 2011 and we are an active member of Valpak, ensuring our compliance with waste regulations, and minimising the direct impact our business activities have on the external environment.

COMMUNITY

Our commitment to the wider community continued in 2011 as we actively look for opportunities to give something back in return for the support we receive. In 2011 our charity team once again worked hard at raising funds on behalf of our chosen charity Derian House.

Derian House
Children's Hospice

Events included a 10k run, a fund raising golf day and a variety of other activities involving our customers, suppliers and advisors.

EMPLOYEES

Our core values emphasise the importance of customer service, quality, professionalism, teamwork and mutual support. We have a strong emphasis on learning and development and we see our people as a top priority for the business and critical to our continuing success.

We aim to continue to deliver high results in everything we do and this has once again been recognised externally with Nichols plc winning the North West Institute of Directors Board of the Year and being shortlisted for the AIM Company of the Year in 2011.

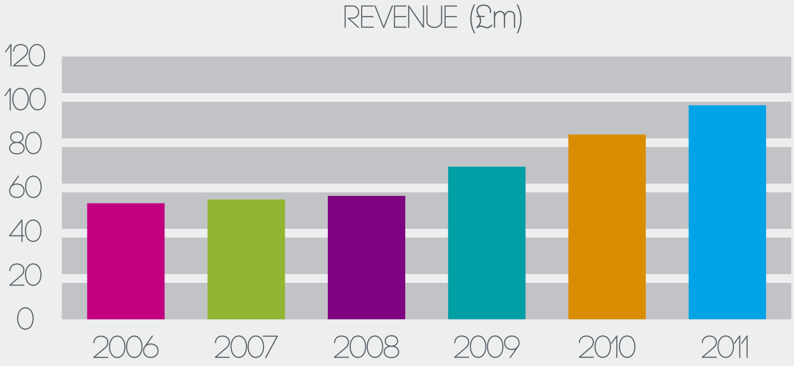
BRENDAN HYNES
GROUP CHIEF EXECUTIVE
7 MARCH 2012

FINANCIAL REVIEW

TIM CROSTON

GROUP FINANCE DIRECTOR

INCOME STATEMENT



Group revenues totalled £98.9m in 2011, adding a further £15m (18%) on to the prior year. This growth is on the back of tough comparatives and continues the impressive trend that has seen Group revenues increase by 89% in the five years since 2006.

	2011 £m	2010 £m	Growth £m	
Still	50.6	41.4	9.2	22%
Carbonate	48.3	42.5	5.8	14%
Total	98.9	83.9	15.0	18%

Analysis of revenues shows growth across both segments: still 22% and carbonate 14%. The still figures are boosted by the acquisition of the remaining 50% of the shares of Dayla Liquid Packing Ltd (March 2011). Like for like still sales show consistent growth with carbonate at 14%.

Sales for our UK soft drinks business totalled £57.2m, an increase of 15%, more than double the UK soft drinks market growth of 7% (AC Nielsen 52 weeks data to 24 Dec 2011). The growth was driven by the performance of the Vimto brand and the incremental sales from our new product launch: the Levi Roots range of Caribbean drinks added a further £2.5m sales from launch.

One of the Group's strengths is its significant and mature international business. In 2011, with the UK retail environment under pressure from reduced consumer spend, the Group's international sales have gone from strength to strength with our Middle East sales up 24% and enhanced distribution driving an impressive 28% increase in our Africa sales.

In March 2011 we acquired the remaining 50% share equity of Dayla Liquid Packing Ltd (Dayla), strengthening our position in the growing premium juice market. The additional share of Dayla boosted our Dispense sales to £22.4m, an increase of 20% on the prior year, like for like sales were 5% up, a very creditable performance in a challenging market.

PROFIT

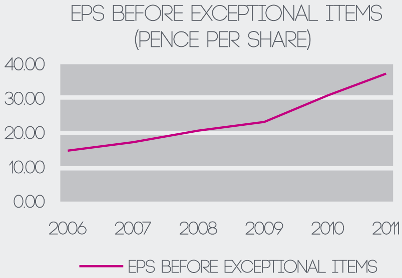
Group Operating Profit was £18.1m, 20% up on the prior year.

As expected, the UK trading conditions were very challenging with margins under pressure from increased promotional activity and the impact of high input cost inflation. We mitigated the impact by a combination of supply chain efficiencies, overhead management and significant growth of our international business. Therefore we are pleased to report that our Group operating margins were maintained at 18%.

The tax charge was £4.8m, an effective rate of 26% (2010: 27%).

EARNINGS PER SHARE

Earnings Per Share (EPS) increased 20% to 36.28 pence. The Group has now delivered a 135% increase in its EPS in the five years since 2006.



STATEMENT OF FINANCIAL POSITION

The Group's Statement of Financial Position (formerly the Balance Sheet) remains strong, debt free and has net cash at the year-end of £20.1m (2010: £15.0m), an increase of £5.1m.

By exception, the key points of interest with regard to the Statement of Financial Position are:

- Goodwill has increased by £1.7m due to the acquisition of the remaining 50% of the share equity of Dayla.
- Inventories have increased by £2.4m, due to the incremental Dayla stocks and the pre-launch stock build for our Weight Watchers range launched in January 2012.
- Trade and other receivables are up £4.8m as a result of the Dayla acquisition and growth in our existing businesses.
- The Pensions liability has increased by £2.2m to £6.3m as a result of an increase in the fund's obligations per the year end actuarial valuation.

FINANCIAL REVIEW (CONTINUED)

INTERNAL CONTROL

The Nichols Group complies with the principles of good corporate governance and has an established process of control and risk management.

The Board is ultimately responsible for maintaining sound internal control systems to safeguard the investment of shareholders and the Company's assets. The systems are reviewed by the Board and are designed to provide reasonable, but not absolute, assurance against material mis-statement or loss.

AUDIT COMMITTEE

The Audit Committee consists of E Healey, J Nichols and J Longworth. The terms of reference of the Committee include keeping under review the scope and results of the external audit. The Committee ensures the independence and objectivity of the external auditors, including the nature and extent of non-audit services supplied. Any further services with a value over £25,000 would require Nichols plc Board approval.

RISKS AND UNCERTAINTIES

The UK soft drinks business continues to be largely dependent on third party suppliers for all products. To manage this risk we have appropriate and adequate audit procedures and resource at our disposal to ensure that the division sells product of the highest quality.

Following the acquisition of the remaining 50% of the shares of Dayla Liquid Packing Ltd (March 2011), the Dispense business has direct influence over product supply.

A large proportion of our international business is with the Middle East and Africa. Any political instability in these key regions could lead to volatility in our trading patterns. Issues in the Middle East at the time of writing are not affecting our core international markets.

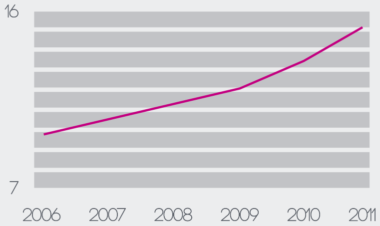
In common with many businesses we are now also highly dependent on the availability of IT systems to carry out many trading activities.

We have robust business continuity plans and stress test procedures in place to minimise all risks and exposures that the Group faces.

SHAREHOLDERS

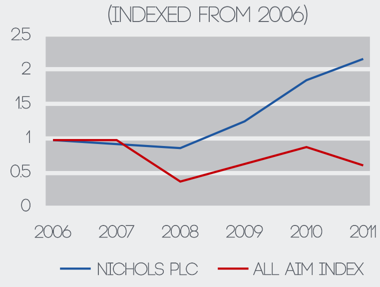
DIVIDEND

The Board is recommending a final dividend of 10.3 pence per ordinary share (2010: 9.1 pence) payable to shareholders on the register at 30 March 2012. The final dividend together with the interim dividend of 5.0 pence, gives a total dividend of 15.3 pence per share for the year which represents a 13% increase on the prior year (2010: 13.55 pence).



SHARE PRICE

The closing share price for 2011 was 525 pence, an increase of 113% over the five years since 2006. The following graph charts the Group's share price performance compared to the All AIM index. For ease of comparison both sets of data are shown as an index using 2006 as the base.



GOING CONCERN

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

TIM CROSTON
GROUP FINANCE DIRECTOR
7 MARCH 2012

DIRECTORS & ADVISORS

JOHN NICHOLS
NON-EXECUTIVE CHAIRMAN

BRENDAN HYNES
CHIEF EXECUTIVE

TIM CROSTON
GROUP FINANCE DIRECTOR & COMPANY SECRETARY

ERIC HEALEY
NON-EXECUTIVE DIRECTOR

JOHN LONGWORTH
NON-EXECUTIVE DIRECTOR

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HD8 0GA

REGISTERED OFFICE
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Ashton Road, Newton-le-Willows,
WA12 0HH

REGISTERED NUMBER
238303

NICHOLS PLC DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company and its principal operating subsidiaries are engaged in the supply of soft drinks to the retail, wholesale, catering, licensed and leisure industries.

A review of the Group's trading during the year and its prospects are contained in the Chairman's Statement on pages 4 and 5, the Chief Executive's Review on pages 6 to 9 and the Financial Review on pages 10 to 12.

Reconciliation of profit for the financial year to retained earnings movement	**2011**		2010	
	£'000	**£'000**	£'000	£'000
Profit for the financial year		**13,326**		10,824
Interim dividend 5.00p (2010: 4.45p) per share paid 9 September 2011	**(1,842)**		(1,638)	
Final dividend 9.10p (2009: 8.10p) per share paid 6 May 2011	**(3,353)**		(2,963)	
Transfer of own shares	**0**		(353)	
Other comprehensive (expense)/ income and movement on ESOT	**(2,088)**		120	
		(7,283)		(4,834)
Retained earnings movement		**6,043**		5,990

NON-EXECUTIVE DIRECTORS

J LONGWORTH (53)

Mr Longworth is currently a Non-Executive Director of the Cooperative Group and is also a Competition Commission panel member. He is Chairman of a business he founded in 2010, SVA Limited. Previous roles have included being a Main Board Director of Asda and a Director of Tesco Stores. He was appointed to the Board of Nichols plc in November 2010.

E HEALEY (63)

Mr Healey, a Chartered Accountant, is a member of the Audit Committee of the University of Salford and an adviser to a number of enterprises. He is a former senior partner of an international accounting firm. He was appointed to the Board in January 2011.

P J NICHOLS (62)

Mr Nichols has been a director of the Company since 1976. He was appointed Managing Director in 1986 and Chairman in 1999. In November 2007, Mr Nichols moved to Non-Executive Chairman.

All of the above are members of the audit and remuneration committees of the Board.

EXECUTIVE DIRECTORS

B M HYNES (51)
Mr Hynes joined the Company as Group Finance Director in 2002 and was appointed Chief Executive Officer in November 2007. He has previously been Group Finance Director at William Baird plc and KPS plc.

T J CROSTON (48)
Mr Croston initially joined the Company as Group Financial Controller in 2005 and moved to Finance and Operations Director for the Soft Drinks Division in 2007. He was appointed Group Finance Director on 1 January 2010.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Business risks and uncertainties are included within the Financial Review on page 12 and financial risks are set out in note 22 to the financial statements.

CREDITOR PAYMENT POLICY

The Group's policy is to agree terms of payment at the start of business with all suppliers, to abide by these terms and to pay in accordance with its contractual and other legal obligations. At 31 December 2011 there were 41 (2010: 39) creditor days outstanding.

EMPLOYEES

The Group's policy is to recruit and promote on the basis of aptitude and ability without discrimination of any kind. Applications for employment by disabled people are always fully considered bearing in mind the qualification and abilities of the applicants. In the event of employees becoming disabled every effort is made to ensure their continued employment.
The management of the individual operating companies consult with employees and keep them informed on matters of current interest and concern to the business.

CHARITABLE AND POLITICAL DONATIONS

Charitable donations during the year amounted to £13,000 (2010: £28,000). There were no political donations in either 2011 or 2010.

SHARE OPTIONS

The Company operates a Save As You Earn share option scheme. In conjunction with this it makes donations to an Employee Share Ownership Trust to enable shares to be bought in the market to satisfy the demand from option holders.

SHARE CAPITAL

The resolutions concerning the ability of the Board to purchase the Company's own shares and to allot shares are again being proposed at the Annual General Meeting.
In exercising its authority in respect of the purchase and cancellation of the Company's shares the Board takes as its major criterion the effect of such purchases on future expected earnings per share. No purchase is made if the effect is likely to be deterioration in future expected earnings per share growth. During the year the Company did not purchase any of its own shares. The board believes that being permitted to allot shares within the limits set out in the resolution without the delay and expense of a general meeting gives the ability to take advantage of circumstances that may arise during the year.

AUDITORS

In accordance with Section 489 of the Companies Act 2006 a resolution will be proposed at the Annual General Meeting that Grant Thornton UK LLP be re-appointed auditors.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law Section 393, Companies Act 2006, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' INDEMNITY

The Group has agreed to indemnify its directors against third party claims which may be brought against them and has in place an officers' insurance policy.

DIRECTORS' REMUNERATION

	Salary and fees	Benefits in kind	Bonuses	Growth Securites Ownership Plan	Pension contributions	Total 2011	Total 2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
P J Nichols	75	42	0	0	0	117	112
B M Hynes	227	1	60	45	25	358	333
T J Croston	116	10	31	25	8	190	157
J Longworth	22	0	0	0	0	22	2
E Healey	22	0	0	0	0	22	0
J D Bee	0	0	0	0	0	0	22
J B Diggines	0	0	0	0	0	0	20
Total	462	53	91	70	33	709	646

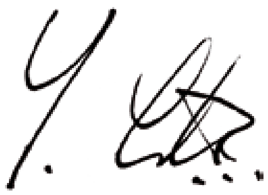
Bonuses which are not guaranteed are payable to the executive directors and certain senior executives based on achievement of pre-determined performance targets. For 2011 the annual cash bonus arrangement calculated by reference to earnings growth based on continuing operations but before exceptional items was reviewed. The Remuneration Committee considered it appropriate to issue awards under an incentive plan (the Growth Securities Ownership Plan (GSOP)) related to growth in operating profit from continuing operations before exceptional items, tax and finance costs as this would reduce the potential overall cost of the incentive.

Growth in 2011 earnings from continuing operations but before exceptional items of 27% was required in order to achieve the maximum bonus. Under the GSOP measurement a target growth in operating profit from continuing operations before exceptional items, tax and finance costs of 19% was required to achieve any bonus. The actual growth rate achieved was 20%. As a result of this, an apportionment of the maximum bonus will be made to executive directors and certain senior executives. Please refer to page 16 for amounts payable to executive directors.

Please refer to Note 20 to the financial statements for details of share options relating to directors.

P J Nichols is a member of the final salary pension scheme; B M Hynes and T J Croston have a personal pension plan. The Company contributions to the respective schemes are shown in the above table.

By order of the Board



T J Croston
Secretary

Laurel House
Ashton Road
Newton le Willows
WA12 0HH

7 March 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NICHOLS PLC

We have audited the financial statements of Nichols plc for the year ended 31 December 2011 which comprise, the consolidated income statement, the consolidated statement of comprehensive income, the Group and parent company statement of financial position, the consolidated statement of cash flows, the parent company statement of cash flows, the Group and parent company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2011 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kevin Engel

Kevin Engel
Senior Statutory Auditor

for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

7 March 2012

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT YEAR ENDED 31 DECEMBER 2011

	Notes	**Total 2011 £'000**	Before exceptional items 2010 £'000	Exceptional items 2010 £'000	Total 2010 £'000
Revenue	3	**98,912**	83,899	0	83,899
Cost of sales		**(52,683)**	(42,153)	0	(42,153)
Gross profit		**46,229**	41,746	0	41,746
Distribution expenses		**(5,862)**	(5,450)	0	(5,450)
Administrative expenses	5	**(22,218)**	(21,179)	(293)	(21,472)
Operating profit		**18,149**	15,117	(293)	14,824
Finance income	6	**72**	129	0	129
Finance expense	6	**(116)**	(163)	0	(163)
Profit before taxation		**18,105**	15,083	(293)	14,790
Taxation	8	**(4,779)**	(4,042)	76	(3,966)
Profit for the financial year attributable to equity holders of the parent		**13,326**	11,041	(217)	10,824
Earnings per share (basic)	10	**36.28p**			29.63p
Earnings per share (diluted)	10	**36.25p**			29.59p
Dividends paid per share	9	**14.10p**			12.55p

The accompanying accounting policies and notes form an integral part of these financial statements.
All results relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 DECEMBER 2011

	2011 £'000	2010 £'000
Profit for the financial year	**13,326**	10,824
Other comprehensive (expense)/ income		
Defined benefit plan actuarial (loss)/ gain (see note 27)	**(2,926)**	74
Deferred taxation on pension obligations and employee benefits (see note 14)	**842**	28
Other comprehensive (expense)/ income for the year	**(2,084)**	102
Total comprehensive income for the year	**11,242**	10,926

STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 DECEMBER 2011

	Notes	Group 2011 £'000	Group 2010 £'000	Parent 2011 £'000	Parent 2010 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**1,374**	1,288	**461**	477
Goodwill	12	**13,658**	11,914	**0**	0
Investments	13	**0**	0	**16,566**	14,266
Deferred tax assets	14	**2,579**	2,587	**2,512**	2,514
Total non-current assets		**17,611**	15,789	**19,539**	17,257
Current assets					
Inventories	15	**5,790**	3,418	**4,056**	1,754
Trade and other receivables	16	**21,118**	16,272	**16,510**	11,858
Cash and cash equivalents	21	**20,111**	14,967	**17,871**	13,182
Total current assets		**47,019**	34,657	**38,437**	26,794
Total assets		**64,630**	50,446	**57,976**	44,051
LIABILITIES					
Current liabilities					
Trade and other payables	17	**20,073**	14,165	**21,154**	14,099
Current tax liabilities	17	**1,752**	1,533	**1,138**	826
Provisions	18	**139**	365	**99**	278
Total current liabilities		**21,964**	16,063	**22,391**	15,203
Non-current liabilities					
Pension obligations	27	**6,313**	4,135	**6,313**	4,135
Deferred tax liabilities	14	**51**	72	**0**	0
Total non-current liabilities		**6,364**	4,207	**6,313**	4,135
Total liabilities		**28,328**	20,270	**28,704**	19,338
Net assets		**36,302**	30,176	**29,272**	24,713
EQUITY					
Share capital	19	**3,697**	3,697	**3,697**	3,697
Share premium		**3,255**	3,255	**3,255**	3,255
Capital redemption reserve		**1,209**	1,209	**1,209**	1,209
Other reserves		**(546)**	(629)	**229**	146
Retained earnings		**28,687**	22,644	**20,882**	16,406
Total equity		**36,302**	30,176	**29,272**	24,713

The financial statements on pages 19 to 47 were approved by the Board of Directors on 7 March 2012 and were signed on its behalf by:

P J Nichols
Chairman
The accompanying accounting policies and notes form an integral part of these financial statements.

Registered number 238303

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Profit for the financial year			**13,326**		10,824
Cash flows from operating activities					
Adjustments for:					
Depreciation		**467**		542	
Loss on sale of property, plant and equipment		**26**		241	
Equity-settled share-based payment transactions		**0**		(627)	
Finance income	6	**(72)**		(129)	
Tax expense recognised in the income statement		**4,779**		3,966	
Change in inventories		**(1,674)**		(724)	
Change in trade and other receivables		**(4,069)**		(886)	
Change in trade and other payables		**4,794**		2,439	
Change in provisions		**(226)**		110	
Change in pension obligations		**(748)**		(534)	
			3,277		4,398
Cash generated from operating activities			**16,603**		15,222
Tax paid			**(3,794)**		(3,777)
Net cash generated from operating activities			**12,809**		11,445
Cash flows from investing activities					
Finance income		**72**		139	
Proceeds from sale of property, plant and equipment		**1**		5	
Acquisition of property, plant and equipment		**(302)**		(503)	
Acquisition of subsidiary, net of cash acquired		**(2,300)**		0	
Acquisition of subsidiary's net overdraft		**(24)**		0	
Acquisition of business trade and assets		**0**		(2,733)	
Net cash used in investing activities			**(2,553)**		(3,092)
Cash flows from financing activities					
Disposal of own shares		**83**		0	
Dividends paid	9	**(5,195)**		(4,601)	
Net cash used in financing activities			**(5,112)**		(4,601)
Net increase in cash and cash equivalents			**5,144**		3,752
Cash and cash equivalents at 1 January			**14,967**		11,215
Cash and cash equivalents at 31 December	21		**20,111**		14,967

The accompanying accounting policies and notes form an integral part of these financial statements.

PARENT COMPANY STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Profit for the financial year			**11,759**		9,143
Cash flows from operating activities					
Adjustments for:					
Depreciation		**170**		165	
Equity-settled share-based payment transactions		**0**		(627)	
Finance income		**(72)**		(125)	
Tax expense recognised in the income statement		**4,225**		3,298	
Change in inventories		**(2,302)**		(341)	
Change in trade and other receivables		**(4,652)**		(11)	
Change in trade and other payables		**7,050**		3,004	
Change in provisions		**(179)**		166	
Change in pension obligations		**(748)**		(534)	
			3,492		4,995
Cash generated from operating activities			**15,251**		14,138
Tax paid			**(3,068)**		(3,225)
Net cash generated from operating activities			**12,183**		10,913
Cash flows from investing activities					
Finance income		**72**		135	
Acquisition of property, plant and equipment		**(154)**		(362)	
Acquisition of subsidiary, net of cash acquired		**(2,300)**		0	
Acquisition of business trade and assets		**0**		(2,733)	
Net cash used in investing activities			**(2,382)**		(2,960)
Cash flows from financing activities					
Disposal of own shares		**83**		0	
Dividends paid	9	**(5,195)**		(4,601)	
Net cash used in financing activities			**(5,112)**		(4,601)
Net increase in cash and cash equivalents			**4,689**		3,352
Cash and cash equivalents at 1 January			**13,182**		9,830
Cash and cash equivalents at 31 December	21		**17,871**		13,182

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2011

Group

	Called up share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 January 2010	**3,697**	**3,255**	**1,209**	**(357)**	**16,654**	**24,458**
Dividends	0	0	0	0	(4,601)	(4,601)
Transfer of own shares	0	0	0	(473)	(353)	(826)
Movement in ESOT	0	0	0	2	18	20
IFRS 2 "Share-based payment" charge	0	0	0	199	0	199
Transactions with owners	**0**	**0**	**0**	**(272)**	**(4,936)**	**(5,208)**
Profit for the year	0	0	0	0	10,824	10,824
Other comprehensive income	0	0	0	0	102	102
At 1 January 2011	**3,697**	**3,255**	**1,209**	**(629)**	**22,644**	**30,176**
Dividends	0	0	0	0	(5,195)	(5,195)
Movement in ESOT	0	0	0	83	(4)	79
Transactions with owners	**0**	**0**	**0**	**83**	**(5,199)**	**(5,116)**
Profit for the year	0	0	0	0	13,326	13,326
Other comprehensive expense	0	0	0	0	(2,084)	(2,084)
At 31 December 2011	**3,697**	**3,255**	**1,209**	**(546)**	**28,687**	**36,302**

Parent

	Called up share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 January 2010	**3,697**	**3,255**	**1,209**	**418**	**12,097**	**20,676**
Dividends	0	0	0	0	(4,601)	(4,601)
Purchase of own shares	0	0	0	(473)	(353)	(826)
Movement in ESOT	0	0	0	2	18	20
IFRS 2 "Share-based payment" charge	0	0	0	199	0	199
Transactions with owners	**0**	**0**	**0**	**(272)**	**(4,936)**	**(5,208)**
Profit for the year	0	0	0	0	9,143	9,143
Other comprehensive income	0	0	0	0	102	102
At 1 January 2011	**3,697**	**3,255**	**1,209**	**146**	**16,406**	**24,713**
Dividends	0	0	0	0	(5,195)	(5,195)
Movement in ESOT	0	0	0	83	(4)	79
Transactions with owners	**0**	**0**	**0**	**83**	**(5,199)**	**(5,116)**
Profit for the year	0	0	0	0	11,759	11,759
Other comprehensive expense	0	0	0	0	(2,084)	(2,084)
At 31 December 2011	**3,697**	**3,255**	**1,209**	**229**	**20,882**	**29,272**

1. REPORTING ENTITY

Nichols plc (the "Company") is a company domiciled in the United Kingdom. The address of the Company's registered office is Laurel House, Woodlands Park, Ashton Road, Newton-le-Willows, WA12 0HH. The consolidated financial statements of the Company as at and for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in the supply of soft drinks to the retail, wholesale, catering, licensed and leisure industries.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Review on pages 6 to 9. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Finance Review on pages 10 to 12. In addition, notes 22 and 24 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. ACCOUNTING POLICIES

Basis of preparation

The consolidated and parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

The financial statements were approved by the Board of Directors on 7 March 2012.

The financial statements have been prepared on the historical cost basis.

The accounting policies have been applied consistently by the Group.

An income statement is not provided for the parent company as permitted by Section 408 of the Companies Act 2006.

The profit dealt with in the financial statements of Nichols plc was £11,759,000 (2010: £9,143,000).

Functional and presentation currency

These consolidated financial statements are presented in sterling, which is also the functional currency of the parent and subsidiary companies.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The "value in use" calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value (see note 12).

The carrying amount of goodwill at the balance sheet date was £13.7 million (2010: £11.9 million).

Share options

The assumptions on the expected life of share options, volatility of shares, risk free yield to maturity and expected dividend yield on shares are used in the IFRS fair value calculation of the Group's share options outstanding at the balance sheet date (see note 20).

Defined benefit obligations

For the Group's defined benefit plan, the main assumptions used by the actuary are the rate of future salary increases, the rate of increase in pensions in payment, the discount rate and the expected rate of inflation (see note 27).

Useful lives of property, plant and equipment

As described within the property, plant and equipment paragraph below, the Group reviews the estimated useful lives of property, plant and equipment at least annually.

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2011. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Entities whose economic activities are jointly controlled by the Group and other ventures independent of the Group are accounted for using the proportionate consolidation method.

Intra-Group balances and any unrealised gains and losses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. All Group companies have coterminous year ends.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the basis for subsequent measurement in accordance with Group accounting policies. Goodwill is stated after separating out identifiable assets. Goodwill represents the excess of acquisition costs over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

The Group has elected not to apply IFRS 3 "Business combinations" retrospectively to business combinations established prior to 1 January 2006.

Accordingly, the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at the date of transition if they would be recognised under IFRS and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax and non-controlling interest are adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume discounts and excluding VAT. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue can be measured reliably, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

Transfer of risks and rewards vary depending on the individual term of the contract of sale. For sales in the UK, transfer occurs when the product is despatched to the customer. However, for some international shipments, transfer occurs either upon loading the goods onto the relevant carrier or when the goods have arrived in the overseas port. The point of transfer for international shipments is dictated by the terms of each sale.

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the management committee (as chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the management committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment reporting for the Group is made to the gross profit level for the operating segments but no segment reporting is made for further expenditure or for the assets and liabilities of the Group. The assets and liabilities of the Group are reported as Group totals and no reporting of these balances is recorded at a segment level. As a result all of the Group's assets and liabilities are unallocated items and no reconciliation of segment assets to the Group's total assets is prepared.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the consolidated income statement in the period in which they arise.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (see below for details of the Group's accounting policies in respect of such derivative financial instuments).

Exceptional items

Exceptional items are material items which individually, or if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence in order to assist in understanding the Group's financial performance (see note 5).

Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using rates which are enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised using the balance sheet liability method, with no discounting, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, provided they are enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures.

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired, is capitalised and reviewed annually for impairment. Goodwill is measured at cost less accumulated impairment losses.

As part of its transition to IFRS, the Group elected to restate only those business combinations that occurred on or after 1 January 2006. In respect of acquisitions prior to 1 January 2006, the net book value of goodwill at the date of transition is the deemed cost of goodwill to the Group under IFRS.

For acquisitions on or after 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognised immediately in the Group income statement.

Goodwill written off to reserves prior to the date of transition to IFRS remains in reserves. There is no re-instatement of goodwill previously amortised on the transition to IFRS. Goodwill previously written off to reserves is not written back to the income statement on subsequent disposal.

Other reserves

Other reserves incorporate purchase of own shares, movements in the Group's ESOT and the IFRS 2 "Share-based payment" charge for the year.

Impairment

The carrying values of the Group's non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. Goodwill is reviewed for impairment annually. All property, plant and equipment is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication of impairment exists then the asset's recoverable amount is estimated.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the cost of capital that reflects the current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. Impairment losses are recognised in the income statement.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of replacing part of an item of plant, property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation is calculated on a straight line basis to write down the cost less estimated residual value on property, plant and equipment over their estimated useful lives.

The estimated useful lives for the current and comparative periods are as follows:

Property, plant and equipment	3-10 years

Material residual value estimates and useful economic lives are updated at least annually.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Financial assets

The Group's financial assets comprise primarily cash, bank deposits and trade receivables that arise from its business operations.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise deposits with banks and bank and cash balances.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provisions for impairment. A provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

Financial liabilities

The Group's financial liabilities comprise trade and other payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instruments. Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and foreign currency options.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

Leased assets

Operating leases and the payments are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Employee benefits

Defined contribution plan

Obligations for contributions to the Group's defined contribution pension plan are recognised as an expense in the income statement when they are due.

Defined benefit plan

The Group's net obligation in respect of its defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognised in other comprehensive income. Interest expenses related to pension obligations are included in "finance costs" in the Group income statement. All other post employment benefits are included in administrative expenses in the Group income statement.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Share-based payment transactions

The Group's equity-settled share-based payments comprise the grant of options under the Group's share option schemes.

In accordance with IFRS 2 "Share-based payment", the Group has recognised an expense to the income statement representing the fair value of outstanding equity-settled share-based payment awards to employees which have not vested as at 1 January 2011 for the year ending 31 December 2011.

Those fair values were charged to the income statement over the relevant vesting period adjusted to reflect actual and expected vesting levels. The Group has calculated the fair market value of the nil cost options as being based on the market value of a company's share at the date of grant adjusted to reflect the fact that an employee is not entitled to receive dividends over the relevant holding period.

The total amount to be expensed over the vesting period is determined with reference to the fair value of options granted, excluding the impact of any non market vesting conditions. Non market vesting conditions are included in the assumptions about the number of options expected to vest. At each balance sheet date the Group revises its estimate of the number of options expected to vest. It recognises the impact of revisions to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received, net of any directly attributable transactions costs, are credited to share capital and share premium when the options are exercised.

Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings and are recognised in the income statement.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Employee Share Ownership Trust

The assets and liabilities of the Employee Share Ownership Trust ("ESOT") have been included in the consolidated financial statements.

The costs of purchasing own shares held by the ESOT are shown as a deduction against equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the consolidated income statement.

Investments in subsidiaries

Investments in subsidiaries are shown in the parent company balance sheet at cost less any provision for impairment.

Standards and interpretations in issue not yet adopted

New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 January 2011 are:
- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013)
- Disclosures - Transfers of Financial Assets - Amendments to IFRS 7 (effective 1 July 2011)
- Deferred Tax: Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2012)
- Presentation of Items of Other Comprehensive Income - Amendments to IAS 1 (effective 1 July 2012)
- Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013)

3. SEGMENTAL INFORMATION

a. Key Operating segment

The Executive Committee analyses the Group's internal reports to enable an assessment of performance and allocation of resources, the operating segments are based on these reports.

The Executive Committee reviews the Group on the operating segments identified below. Gross profit is the measure used to assess the performance of each operating segment.

	Revenue (sales to third parties)		Gross Profit	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000
Still	**50,563**	41,405	**24,566**	23,234
Carbonate	**48,349**	42,494	**21,663**	18,512
Total	**98,912**	83,899	**46,229**	41,746

There are no sales between the two operating segments, and all revenue is earned from external customers.

The operating segments gross profit is reconciled to profit before taxation as per the consolidated income statement.

The Group's assets are managed centrally by the Management Committee and consequently there is no reconciliation between the Group's assets per the statement of financial position and the segment assets.

	2011 £'000	2010 £'000
Capital Expenditure	**302**	503
Depreciation	**467**	542

b. Reporting by geographic segment

Revenue by geographic destination

	2011	**2011**	2010	2010
	£'000	**%**	£'000	%
Middle East	**11,489**	**11.6**	9,255	11.0
Africa	**5,379**	**5.4**	4,213	5.0
Rest of the World	**4,224**	**4.3**	2,614	3.1
Total exports	**21,092**	**21.3**	16,082	19.1
United Kingdom	**77,820**	**78.7**	67,817	80.9
	98,912	**100.0**	83,899	100.0

Revenue from continuing operations arose principally from the provision of goods.
The Group's business segments operate in the Middle East, Africa, the Rest of the World, China and the United Kingdom. The Group's Head Office operations are located in the United Kingdom. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and not on the legal entity in which the transaction occurred.
No individual customer accounts for 10% or more of the Group's revenue in either 2011 or 2010.

Total assets

The assets of the Group at 31 December 2011 and 31 December 2010 are entirely located within the United Kingdom.

Capital expenditure

The capital expenditure of the Group for the years ended 31 December 2011 and 31 December 2010 was entirely made within the United Kingdom.

Depreciation

The Group's depreciation charges for the years ended 31 December 2011 and 31 December 2010 are against fixed assets all retained within the United Kingdom.

4. OPERATING PROFIT

	2011 £'000	2010 £'000
Operating profit is stated after charging/(crediting):		
Inventory amounts charged to cost of sales	**52,683**	42,153
Auditors' remuneration - audit of the Company's annual accounts	**38**	37
Fees payable to the auditors for other services:		
Audit of the Company's subsidiaries	**19**	18
Other services relating to employee incentive scheme	**110**	0
Depreciation of property, plant and equipment	**467**	542
Operating lease rentals payments	**420**	420
Equity-settled share-based payments	**0**	199
Payment under Growth Securities Ownership Plan	**770**	0
Gain on foreign exchange differences	**(15)**	(63)
Loss on sale of property, plant and equipment	**26**	241

5. EXCEPTIONAL ITEMS

	2011 £'000	2010 £'000
Dispense Operation restructuring costs	**0**	293
Total	**0**	293

The cash impact in 2011 of the exceptional items is nil (2010: £15,000).

6. FINANCE INCOME AND EXPENSE

	2011 £'000	2010 £'000
Finance income comprises:		
Bank interest receivable	**72**	129
Finance expense comprises:		
Expected return on defined benefit pension scheme assets	**(1,059)**	(979)
Interest on defined benefit pension scheme obligations	**1,175**	1,142
Finance expense	**116**	163

7. DIRECTORS AND EMPLOYEES

a. Average number of persons employed during the year, including directors:	2011 Number	2010 Number
Total	**169**	112

b. Group employment costs were as follows:	2011 £'000	2010 £'000
Wages and salaries	**6,789**	6,252
Social security costs	**620**	606
Pension costs - defined contribution scheme	**215**	201
Pension costs - defined benefit scheme (see note 27)	**119**	110
Equity settled share-based payments	**0**	199
Awards under Growth Securities Ownership Plan	**770**	0
	8,513	7,368

The employment costs for the parent company amounted to £5,675,000 (2010: £5,440,000).

	2011 £'000	2010 £'000
Directors' remuneration for the year	**606**	616
Pension costs	**33**	30
Payment under Growth Securities Ownership Plan	**70**	0
	709	646

The highest paid director has received £333,000 (2010: £310,000) excluding pension contributions.

Benefits are accruing to 2 directors (2010: 2 directors) under a defined contribution scheme.

Equity-settled share-based payments in respect of directors, not included in the above figures, amounted to nil (2010: £102,000).

Awards under Growth Securities Ownership Plan in respect of directors, not included in the above figures, amounted to £465,000 (2010: nil).

Further information regarding directors' remuneration and the Growth Securities Ownership Plan is provided in the directors' report on pages 16 & 17.

c. Key management personnel are deemed to be the executive directors of the Company and members of the Executive Committee.
The compensation payable to key management in the year is detailed below:

	2011 £'000	2010 £'000
Wages and salaries	**1,171**	1,154
Pension costs - defined contribution scheme	**58**	53
Pension costs - defined benefit scheme	**27**	22
Equity-settled share-based payments	**0**	181
Awards under Growth Securities Ownership Plan	**765**	0
	2,021	1,410

8. TAXATION

a. Analysis of expense recognised in the consolidated income statement	2011 £'000	2010 £'000
Current taxation:		
UK corporation tax on income for the year	**4,130**	3,747
Adjustments in respect of prior years	**(146)**	(24)
Total current tax charge for the year	**3,984**	3,723
Deferred tax:		
Origination and reversal of temporary differences	**805**	277
Adjustments in respect of prior years	**(10)**	(34)
Total deferred tax charge for the year	**795**	243
Total tax expense in the consolidated income statement	**4,779**	3,966

The tax expense is wholly in respect of UK taxation.

b. Tax reconciliation	2011 £'000	2010 £'000
Profit before taxation	**18,105**	14,790
Profit before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 26.5% (2010: 28%)	**4,796**	4,143
Effect of:		
Non-deductible expenses	**38**	32
Permanent element of share scheme deduction	**(113)**	(157)
Impact on deferred tax of use of hybrid tax rate	**144**	91
Other timing differences	**3**	(164)
Adjustments to the tax charge in respect of prior years	**(159)**	(58)
Depreciation for the year greater than capital allowances	**39**	79
Group relief not paid for	**32**	0
Net income not taxable / additional expenses allowable for tax purposes	**(1)**	0
Total tax expense in the consolidated income statement	**4,779**	3,966

The effective rate of tax for the year of 26.4% (2010: 26.8%) is lower than the standard rate of corporation tax in the United Kingdom (26.5%). The differences are explained above.

c. The effective rate of tax on profit before exceptional items is 26.4% (2010: 26.8%).

d. Tax on items charged to equity
In addition to the amount credited to the consolidated income statement, £842,000 (2010: £28,000) has been credited directly to equity, being the movement on deferred taxation relating to retirement benefit obligations and employee benefits.

9. EQUITY DIVIDENDS

	2011 £'000	2010 £'000
Interim dividend 5.00p (2010: 4.45p) paid 9 September 2011	**1,842**	1,638
Final dividend for 2010 9.10p (2009: 8.10p) paid 6 May 2011	**3,353**	2,963
	5,195	4,601

The interim dividend for the prior year of £1,638,000 was paid on 8 September 2010.

In accordance with IAS 10 "Events after the reporting date", the 2011 final proposed dividend of £3,801,000 (10.3p per share) has not been accrued as it had not been approved by the year end.

10. EARNINGS PER SHARE

	2011	2010
Earnings per share (basic)	**36.28p**	29.63p
Earnings per share (diluted)	**36.25p**	29.59p
Earnings per share (basic) - before exceptional items	**36.28p**	30.22p
Earnings per share (diluted) - before exceptional items	**36.25p**	30.18p

Earnings per share - after exceptional items

	Earnings £'000	**2011 Weighted average number of shares**	**Earnings per share**	Earnings £'000	2010 Weighted average number of shares	Earnings per share
Basic earnings per share	**13,326**	**36,728,932**	**36.28p**	10,824	36,531,394	29.63p
Dilutive effect of share options		**32,013**			51,971	
Diluted earnings per share	**13,326**	**36,760,945**	**36.25p**	10,824	36,583,365	29.59p

Earnings per share before exceptional items has been presented in addition to the earnings per share as defined in IAS 33 "Earnings per share" since in the opinion of the directors, this provides shareholders with a more meaningful representation of the earnings derived from the Group's operations. It can be reconciled from the basic earnings per share as follows;

Earnings per share - before exceptional items

	Earnings £'000	**2011 Weighted average number of shares**	**Earnings per share**	Earnings £'000	2010 Weighted average number of shares	Earnings per share
Basic earnings per share	**13,326**	**36,728,932**	**36.28p**	10,824	36,531,394	29.63p
Exceptional items	**0**			293		
Taxation in respect of exceptional items	**0**			(76)		
Basic earnings per share before exceptional items	**13,326**	**36,728,932**	**36.28p**	11,041	36,531,394	30.22p
Dilutive effect of share options		**32,013**			51,971	
Diluted earnings per share before exceptional items	**13,326**	**36,760,945**	**36.25p**	11,041	36,583,365	30.18p

11. PROPERTY, PLANT AND EQUIPMENT

Group **Cost**	Property, plant and equipment £'000
At 1 January 2010	**5,415**
Additions	503
Disposals	(803)
At 1 January 2011	**5,115**
Acquisitions through business combinations	323
Additions	302
Disposals	(173)
At 31 December 2011	**5,567**
Depreciation	
At 1 January 2010	**3,842**
Charge for the year	542
On disposals	(557)
At 1 January 2011	**3,827**
Charge for the year	467
On disposals	(101)
At 31 December 2011	**4,193**
Net book value at 31 December 2011	**1,374**
Net book value at 31 December 2010	1,288

Parent **Cost**	Property, plant and equipment £'000
At 1 January 2010	**1,656**
Additions	362
At 1 January 2011	**2,018**
Additions	154
At 31 December 2011	**2,172**
Depreciation	
At 1 January 2010	**1,376**
Charge for the year	165
At 1 January 2011	**1,541**
Charge for the year	170
At 31 December 2011	**1,711**
Net book value at 31 December 2011	**461**
Net book value at 31 December 2010	477

12. GOODWILL

Group **Cost**	**£'000**
At 1 January 2010	9,891
Additions	1,895
Adjustment to a prior acquisition	128
At 1 January 2011	**11,914**
Additions	1,744
At 31 December 2011	**13,658**

Parent **Cost**	**£'000**
At 1 January 2010	**0**
At 31 December 2010 and 31 December 2011	**0**

Goodwill relates to the historic still and carbonate dispense business which is considered by management to be one cash-generating unit. This cash generating unit is reported across both our still and carbonate segments.

Goodwill is tested at least annually for impairment and whenever there are indications that goodwill might be impaired. The recoverable amount of a cash-generating unit is based on its value in use. Value in use is the present value of the projected cash flows of the cash-generating unit. The key assumptions regarding the value in use calculations were forecast growth in revenues and the discount rate applied. Budgeted revenue growth is estimated based on actual performance over the past two years and expected market changes. The discount rate of 9% is a pre-tax rate and reflects the risks specific to the relevant cash-generating unit. Dispense Operation cash flow projections are based on the most recent financial budgets approved by management. Management have applied an annual growth rate of 5% in projecting the cash flows for a period of five years. Further periods have not been included in the impairment test.

Management have considered the allocation of the proceeds to other intangibles and are satisfied that is it correctly allocated to goodwill.

Goodwill additions for 2011 consist of the acquisition of the remaining 50% of the issued share capital of Dayla Liquid Packing Limited. The total goodwill is entirely attributable to the Dispense Operation.

If the discount rate were to increase by 10% the discounted cashflows would still exceed the carrying amount, likewise if the free cashflows were to reduce by 10% the discounted cashflows would still exceed the carrying amount.

13. INVESTMENTS: SHARES IN GROUP UNDERTAKINGS

Parent **Cost and net book amount**	**£'000**
At 1 January 2010	12,371
Additions	1,895
At 1 January 2011	**14,266**
Additions	2,300
At 31 December 2011	**16,566**

All non current investments relate to Group undertakings. Listed below are the subsidiaries and the ownership of their ordinary share capital by the Group.

	%
Beacon Holdings Limited	100
Beacon Drinks Limited *	100
Ben Shaws Dispense Drinks Limited	100
Cabana (Holdings) Limited	100
Cabana Soft Drinks Limited **	100
Cariel Soft Drinks Limited	100
Dayla Liquid Packing Limited	100
MiniUrban Limited ***	100

The Company directly owns Cabana (Holdings) Limited, Beacon Holdings Limited, Cariel Soft Drinks Limited, Ben Shaws Dispense Drinks Limited and Dayla Liquid Packing Limited.
*Beacon Drinks Limited is directly owned by Beacon Holdings Limited.
**Cabana Soft Drinks Limited is directly owned by Cabana (Holdings) Limited.
***MiniUrban Limited is directly owned by Dayla Liquid Packing Limited.
All Group undertakings are consolidated. The above companies and the parent company were all incorporated and operate in the United Kingdom. Particulars of non-trading companies are filed with the annual return. All companies in the Group are engaged in the supply of soft drinks and other beverages.

14. DEFERRED TAX ASSETS AND LIABILITIES
MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR

Group	Net balance at 1 January 2011 £'000	Recognised in income £'000	Recognised in equity £'000	Deferred tax acquired £'000	**Net balance at 31 December 2011 £'000**
Property, plant and equipment	83	(17)	0	0	**66**
Goodwill	1,170	(729)	0	0	**441**
Employee benefits	1,179	(77)	842	0	**1,944**
Provisions	83	(6)	0	0	**77**
	2,515	(829)	842	0	**2,528**

Group	Net balance at 1 January 2010 £'000	Recognised in income £'000	Recognised in equity £'000	Deferred tax acquired £'000	Net balance at 31 December 2010 £'000
Property, plant and equipment	22	61	0	0	83
Goodwill	1,277	(107)	0	0	1,170
Employee benefits	1,428	(277)	28	0	1,179
Provisions	3	80	0	0	83
	2,730	(243)	28	0	2,515

Parent	Net balance at 1 January 2011 £'000	Recognised in income £'000	Recognised in equity £'000	Deferred tax acquired £'000	**Net balance at 31 December 2011 £'000**
Property, plant and equipment	82	(32)	0	0	**50**
Goodwill	1,170	(729)	0	0	**441**
Employee benefits	1,179	(77)	842	0	**1,944**
Provisions	83	(6)	0	0	**77**
	2,514	(844)	842	0	**2,512**

Parent	Net balance at 1 January 2010 £'000	Recognised in income £'000	Recognised in equity £'000	Deferred tax acquired £'000	Net balance at 31 December 2010 £'000
Property, plant and equipment	121	(39)	0	0	82
Goodwill	1,277	(107)	0	0	1,170
Employee benefits	1,428	(277)	28	0	1,179
Provisions	3	80	0	0	83
	2,829	(343)	28	0	2,514

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		**Net**	
Group	Current year £'000	Prior year £'000	Current year £'000	Prior year £'000	**Current year £'000**	Prior year £'000
Property, plant and equipment	117	155	(51)	(72)	**66**	83
Goodwill	441	1,170	0	0	**441**	1,170
Employee benefits	1,944	1,179	0	0	**1,944**	1,179
Provisions	77	83	0	0	**77**	83
	2,579	2,587	(51)	(72)	**2,528**	2,515

	Assets		Liabilities		**Net**	
Parent	Current year £'000	Prior year £'000	Current year £'000	Prior year £'000	**Current year £'000**	Prior year £'000
Property, plant and equipment	50	82	0	0	**50**	82
Goodwill	441	1,170	0	0	**441**	1,170
Employee benefits	1,944	1,179	0	0	**1,944**	1,179
Provisions	77	83	0	0	**77**	83
	2,512	2,514	0	0	**2,512**	2,514

15. INVENTORIES

	Group		Parent	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Finished goods	**5,790**	3,418	**4,056**	1,754

In 2011 the Group write-down of inventories to net realisable value amounted to £198,000 (2010: £106,000).

16. TRADE AND OTHER RECEIVABLES

	Group		Parent	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Trade receivables	**19,895**	14,691	**15,143**	10,736
Amounts owed by Group undertakings	**0**	0	**546**	114
Other receivables	**703**	1,297	**430**	783
Prepayments and accrued income	**520**	284	**391**	225
	21,118	16,272	**16,510**	11,858

Other receivables include an amount of £39,000 (2010: £175,000) due in more than one year. All other amounts above are short-term debt. The difference between the carrying value and fair value of all receivables is not considered to be material.
All trade and other receivables have been reviewed for indicators of impairment and a provision of £1,679,000 (2010: £1,647,000) has been recorded accordingly in parent and Group.
In addition, some of the unimpaired trade receivables are past due at the reporting date. The age of receivables past due but not impaired is as follows:

Group	**2011**	2010
	£'000	£'000
Up to 30 days overdue	**2,607**	2,343
Over 30 days and up to 60 days overdue	**579**	231
Over 60 days and up to 90 days overdue	**(579)**	41
Over 90 days overdue	**0**	0
	2,607	2,615

Parent	**2011**	2010
	£'000	£'000
Up to 30 days overdue	**1,695**	1,508
Over 30 days and up to 60 days overdue	**328**	78
Over 60 days and up to 90 days overdue	**(505)**	127
Over 90 days overdue	**0**	0
	1,518	1,713

Group	At 1 January 2011 £'000	Charge in the year £'000	Utilised £'000	**At 31 December 2011 £'000**
Bad debt provision	1,647	88	(56)	**1,679**

Group	At 1 January 2010 £'000	Charge in the year £'000	Utilised £'000	At 31 December 2010 £'000
Bad debt provision	919	843	(115)	1,647

Parent	At 1 January 2011 £'000	Charge in the year £'000	Utilised £'000	**At 31 December 2011 £'000**
Bad debt provision	1,553	26	(2)	**1,577**

Parent	At 1 January 2010 £'000	Charge in the year £'000	Utilised £'000	At 31 December 2010 £'000
Bad debt provision	846	735	(28)	1,553

17. TRADE AND OTHER PAYABLES AND CURRENT TAX LIABILITIES

	Group		Parent	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000
Trade payables	**5,968**	3,463	**4,430**	2,526
Amounts owed to Group undertakings	**0**	0	**3,906**	1,924
Other taxes and social security	**1,037**	979	**506**	608
Accruals and deferred income	**13,068**	9,723	**12,312**	9,041
	20,073	14,165	**21,154**	14,099
Current tax liabilities	**1,752**	1,533	**1,138**	826
	21,825	15,698	**22,292**	14,925

All amounts shown above are short-term. The carrying values are considered to be a reasonable approximation of fair value.

At 31 December 2011, liabilities have contractual maturities which are summarised below:

	2011		2010	
Group	**Within 6 months**	**Within 6 to 12 months**	Within 6 months	Within 6 to 12 months
	£'000	**£'000**	£'000	£'000
Trade payables	**5,968**	**0**	3,463	0
Other short term financial liabilities	**13,068**	**0**	9,723	0
	19,036	**0**	13,186	0

	2011		2010	
Parent	**Within 6 months**	**Within 6 to 12 months**	Within 6 months	Within 6 to 12 months
	£'000	**£'000**	£'000	£'000
Trade payables	**4,430**	**0**	2,526	0
Other short term financial liabilities	**12,312**	**3,906**	9,041	1,924
	16,742	**3,906**	11,567	1,924

18. PROVISIONS

Group	At 1 January 2011 £'000	Charge in the year £'000	Utilised £'000	**At 31 December 2011 £'000**
Exceptional cost provision	365	0	(226)	**139**

Parent	At 1 January 2011 £'000	Charge in the year £'000	Utilised £'000	**At 31 December 2011 £'000**
Exceptional cost provision	278	0	(179)	**99**

19. SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised 52,000,000 (2010: 52,000,000) 10p ordinary shares	**5,200**	5,200
Allotted, issued and fully paid 36,968,772 (2010: 36,968,772) 10p ordinary shares	**3,697**	3,697

The share capital of Nichols plc consists only of ordinary 10p shares. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings.

There were no movements in the Group's authorised and allotted, issued and fully paid share capital for the financial years ending 31 December 2011 and 31 December 2010.

20. SHARE OPTIONS

The Group operates a Save As You Earn (SAYE) scheme for all other employees. The estimated fair values of options which fall under the IFRS 2 "Share-based payment" accounting charge and inputs used in the Binomial model to calculate those fair values, are as follows:

Save As You Earn Scheme

Date of Grant	Number granted	Share price on grant date	Exercise price	Fair values on grant date	Vesting period	Expected dividend yield	Lapse rate	Risk free rate	Volatility
26 September 2005	28,991	£2.05	£1.63	£0.40	5.00 years	3.50%	5.00%	3.91%	22.65%
3 October 2006	60,376	£2.51	£1.92	£0.46	5.00 years	3.50%	5.00%	4.38%	21.13%
1 September 2008	30,796	£2.45	£1.77	£0.66	3.00 years	4.35%	5.00%	4.36%	20.31%
1 September 2008	11,398	£2.45	£1.77	£0.65	5.00 years	4.35%	5.00%	4.37%	20.31%
1 June 2010	46,776	£3.54	£2.83	£0.70	3.00 years	4.35%	5.00%	1.41%	25.70%
1 June 2010	9,008	£3.54	£2.83	£0.69	5.00 years	4.35%	5.00%	2.30%	25.70%
1 June 2011	27,177	£5.58	£3.85	£1.73	3.00 years	4.00%	5.00%	1.29%	32.94%
1 June 2011	8,970	£5.58	£3.85	£1.73	5.00 years	4.00%	5.00%	1.90%	32.94%

Expected volatility
The volatility of the Company's share price on each date of grant was calculated as the average of annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over five years back from the date of the grant, where applicable.

Risk-free rate
The risk-free rate is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option.

Expected life
The expected life of a SAYE option is equal to the vesting period plus a six month exercise period.

20. SHARE OPTIONS (continued)

Date of grant:	At 1 January 2011	Granted	Exercised	Lapsed	**At 31 December 2011**	Exercise price per share
26 September 2005	2,432	0	(2,432)	0	**0**	163p
3 October 2006	46,732	0	(46,438)	(294)	**0**	192p
1 September 2008	28,893	0	(24,750)	(99)	**4,044**	177p*
1 June 2010	52,578	0	0	0	**52,578**	283p
1 June 2011	0	36,147	0	0	**36,147**	385p
	130,635	36,147	(73,620)	(393)	**92,769**	

Options are exercisable at the end of a three or five year savings contract commencing on the date of grant and for a period of six months thereafter.
The share price during 2011 varied between 416p and 583p and the weighted average price for the year was 519p.
At 31 December 2011, options over 92,769 shares were outstanding under Employee Share Option Plans (2010: 130,635).
*Indicates share options exercisable at 31 December 2011.

	2011		2010	
	Number	**Weighted average exercise price in pence**	Number	Weighted average exercise price in pence
Outstanding on 1 January	**130,635**	**224.77**	529,626	137.82
Granted	**36,147**	**385.00**	80,784	195.45
Exercised	**(73,620)**	**186.00**	(452,327)	2.58
Lapsed	**(393)**	**188.22**	(27,448)	189.18
Outstanding on 31 December	**92,769**	**318.12**	130,635	224.77

21. CASH AND CASH EQUIVALENTS

Group	At 1 January 2011 £'000	Cash flow £'000	**At 31 December 2011 £'000**
Cash at bank and in hand	14,967	5,144	**20,111**

Parent	At 1 January 2011 £'000	Cash flow £'000	**At 31 December 2011 £'000**
Cash at bank and in hand	13,182	4,689	**17,871**

22. FINANCIAL INSTRUMENTS

Exposure to interest rate, credit and currency risks arises in the normal course of the Group's business.

Treasury management
The Group's treasury activities are targeted to provide suitable, flexible funding arrangements to satisfy the Group's requirements. Interest rate and liquidity risk are managed at a Group level. Foreign currency risk is managed, in consultation with Group management, in subsidiaries which are responsible for the majority of purchases. The Group's policy for investing any surplus cash balances is to place such amounts on deposit.

Liquidity risk
The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs. The acquisition of companies and the continuing investment in non-current assets will be achieved by a mix of operating cash and short term borrowing facilities. Short term flexibility is achieved by bank overdraft.

Interest rate risk
The Group finances its activities through a mixture of retained profits and borrowings. All borrowings are in sterling at floating rates of interest, based upon the prevailing base rate or LIBOR. The Group has reviewed the impact of sensitivity on interest rate fluctuations and has concluded that there would be no impact on the income statement following the effects of such variances.

Credit risk
The Group has no significant concentrations of credit risk. The Group has implemented stringent policies that ensure that credit evaluations are performed on all potential customers before sales commence. Credit risk is managed by limiting the aggregate exposure to any one individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed and adjusted as necessary. Accordingly, the possibility of material loss arising in the event of non-performance by counterparties is considered to be unlikely. Cash at bank is held only with major UK banks with high quality external credit ratings or government support.

Foreign currency risk
The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily US Dollars (USD) and Euros (€). The Group uses forward exchange contracts to hedge its foreign currency risk. Forward purchase contracts in US Dollars are made to cover at least the full year of projected purchases. The forward foreign currency purchase contracts, which are a mixture of firm contracts and conditional options, mature in line with expected purchases throughout 2011. The directors have reviewed the fair value of the forward contracts outstanding at the balance sheet date, and have concluded that the fair value is not material to the financial statements. Accordingly a financial asset or liability has not been recognised in these financial statements.

Foreign currency assets	**2011 £'000**	2010 £'000
US Dollar	**2,199**	1,970
Euro	**918**	418
Chinese Yuan	**1**	32
	3,118	2,420

Foreign currency sensitivity

Some of the Group's transactions are carried out in US Dollars, Euros and Chinese Yuan.
As a result, management have undertaken sensitivity analysis to consider the financial impact if Sterling had both strengthened and weakened against the US Dollar, the Euro and the Chinese Yuan .

If Sterling had strengthened against the US Dollar, Euro and Chinese Yuan by 5% (2010: 5%), then this would have had the following impact:

	2011 £'000				2010 £'000			
	USD	**Euro**	**CNY**	**Total**	USD	Euro	CNY	Total
Net result for the year	**(104)**	**(44)**	**0**	**(148)**	(93)	(20)	(1)	(114)

If Sterling had weakened against the US Dollar, Euro and Chinese Yuan by 5% (2010: 5%), then this would have had the following impact:

	2011 £'000				2010 £'000			
	USD	**Euro**	**CNY**	**Total**	USD	Euro	CNY	Total
Net result for the year	**116**	**48**	**1**	**165**	104	22	2	128

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

23. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The IAS 39 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

	Group		Parent	
Current assets	**2011 £'000**	2010 £'000	**2011 £'000**	2010 £'000
Trade receivables and other receivables	**20,599**	15,988	**16,119**	11,633
Cash and cash equivalents	**20,111**	14,967	**17,871**	13,182
Total loans and receivables	**40,710**	30,955	**33,990**	24,815

The IAS 39 categories of financial liability included in the balance sheet and the headings in which they are included are as follows:

	Group		Parent	
Current liabilities Other financial liabilities at amortised cost	**2011 £'000**	2010 £'000	**2011 £'000**	2010 £'000
Trade and other payables	**5,968**	3,463	**4,430**	2,526

24. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. This strategy remains unchanged from 2010.

At 31 December 2011 the Group had no debt, and therefore the capital structure consists of equity only.

The directors regularly monitor the level of net assets of the Company in accordance with Section 656 of the Companies Act 2006 (Serious Loss of Capital).

25. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Group		Parent	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000
Within one year	**468**	342	**272**	231
Between two and five years	**563**	403	**322**	173
More than five years	**95**	158	**0**	0
	1,126	903	**594**	404

The Group leases its headquarters, Laurel House and the site operated by Dayla Liquid Packing Limited, under a non-cancellable operating lease agreement and also leases dispensing and certain other plant and equipment under non-cancellable operating lease agreements which have varying terms, escalation clauses and renewal rights.

26. RELATED PARTY TRANSACTIONS

Parent company

The parent company entered into the following transactions with subsidiaries during the year:

	Transaction value Year ended 31 December		Balance outstanding as at 31 December	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000
Sale of goods and services (including recharge of costs)	**2,978**	2,523	**3,360**	1,810

All balances with the related parties are on an arm's length basis.

27. EMPLOYEE BENEFITS

The Group operates two employee benefit plans, a defined benefit plan which provides benefits based on final salary which is now closed to new members and a defined contribution Group personal plan.
The Group personal plan consists of individual contracts with contributions from both the employer and employee.
The charge for the year for the Group personal plan was £215,000 (2010: £201,000).

The Company operates a defined benefit plan in the UK. A full actuarial valuation was carried out on 5 April 2008 and updated at 31 December 2011 by an independent qualified actuary. The Company paid an additional £0.9 million into the plan in the year (2010: £0.7 million) and will continue to monitor the deficit.

The principal actuarial assumptions used by the actuary at the reporting date (expressed as weighted averages) were as follows:

	31 December 2011	31 December 2010	31 December 2009
Future salary increases	**3.05%**	4.45%	4.50%
Rate of increase in (post 1997) pensions in payment (a)	**3.40%**	3.40%	3.50%
Discount rate at 31 December	**4.70%**	5.40%	5.70%
Expected rate of inflation	**3.05%**	3.40%	3.50%
Overall expected return on plan assets	**4.40%**	5.90%	6.20%

The expected return on plan assets is based on the the long term rates of return on the market values of equities, fixed interest assets, corporate bonds and cash and other assets at 31 December.

Other material actuarial assumptions were the rate of salary increases and mortality assumptions.

In terms of future salary increases, the actuary is recommending an assumption of approximately 1% in excess of inflation based on historic differences between price inflation and salary inflation.

Assumptions regarding future mortality experience are set based on the advice of actuaries and in accordance with published statistics.
Life expectancies have been estimated as 92 years for men (2010: 92 years) and 92 years for women (2010: 92 years).

(a) Increases on pre-6 April 1997 pensions are fixed at 3% per annum. Post-6 April 1997 increases are in line with price inflation, subject to a minimum of 3% and a maximum of 5%.

Over the year the Company contributed to the plan at the rate of 18.6% of salaries. The charge to the consolidated income statement was £119,000 (2010: £110,000). The Company will continue to contribute at this rate pending the results of the next actuarial valuation. The plan is now closed to new entrants. This means that the average age of the membership can be expected to rise which in turn means that the future service cost (as a percentage of scheme members' pensionable salaries) can be expected to rise.

The assets of the Group's defined benefit plan and the expected rates of return on these assets are summarised as follows:

	Long term rate of return expected at				
	31 December 2011	31 December 2010	31 December 2009	31 December 2008	31 December 2007
Equity securities	**5.60%**	6.90%	7.20%	6.60%	7.50%
Gilts	**2.60%**	3.90%	4.20%	3.60%	4.50%
Government bonds	**4.50%**	5.20%	5.40%	6.50%	5.80%
Cash and other	**0.50%**	0.50%	0.50%	1.50%	5.50%

	Market value of assets at				
	31 December 2011 £'000	31 December 2010 £'000	31 December 2009 £'000	31 December 2008 £'000	31 December 2007 £'000
Equity securities	**11,207**	12,511	11,004	8,826	12,009
Gilts	**993**	1,938	1,772	1,610	2,094
Government bonds	**2,570**	1,983	1,800	1,502	2,042
Cash and other	**3,053**	1,463	963	602	425
	17,823	17,895	15,539	12,540	16,570

27. EMPLOYEE BENEFITS (continued)

The following amounts were measured in accordance with IAS 19 "Employee benefits".

The amounts recognised in the statement of financial position are determined as follows:

	31 December 2011 £'000	31 December 2010 £'000	31 December 2009 £'000	31 December 2008 £'000	31 December 2007 £'000
Fair value of plan assets	**17,823**	17,895	15,539	12,540	16,570
Present value of defined benefit obligations	**(24,136)**	(22,030)	(20,283)	(16,107)	(20,205)
Recognised liability for defined benefit obligations	**(6,313)**	(4,135)	(4,744)	(3,567)	(3,635)

The expense is recognised in the following line items in the consolidated income statement:

Operating profit	**2011 £'000**	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Current service costs	**(119)**	(110)	(56)	(84)	(161)
Total operating charge	**(119)**	(110)	(56)	(84)	(161)
Finance expense					
Expected return on plan assets	**1,059**	979	737	1,102	1,085
Interest on obligation	**(1,175)**	(1,142)	(1,068)	(1,145)	(1,088)
Total finance expense	**(116)**	(163)	(331)	(43)	(3)
Total charge to the consolidated income statement	**(235)**	(273)	(387)	(127)	(164)
Group consolidated statement of comprehensive income					
Actual return less expected return on plan assets	**(1,460)**	1,033	1,901	(4,782)	(634)
Experience gains and losses arising on plan liabilities	**96**	(72)	120	1,113	(22)
Changes in the assumptions underlying the present value of the plan liabilities	**(1,562)**	(887)	(3,586)	2,383	3,178
Actuarial movement in defined benefit plan recognised in statement of comprehensive income	**(2,926)**	74	(1,565)	(1,286)	2,522

The movement during the year in the liability for defined benefit obligations was as follows:

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Liability for defined benefit obligations at 1 January	**(4,135)**	(4,744)	(3,567)	(3,635)	(6,504)
Current service costs	**(119)**	(110)	(56)	(84)	(161)
Contributions paid into the plan	**983**	808	775	672	511
Gain on settlement of obligations	**0**	0	0	809	0
Other finance costs	**(116)**	(163)	(331)	(43)	(3)
Actuarial (loss)/gain recognised in statement of comprehensive income	**(2,926)**	74	(1,565)	(1,286)	2,522
Liability for defined benefit obligations at 31 December	**(6,313)**	(4,135)	(4,744)	(3,567)	(3,635)

The movement during the year in the present value of the plan assets was as follows:

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Opening fair value of plan assets	**17,895**	15,539	12,540	16,570	15,928
Expected return on plan assets	**1,059**	979	737	1,102	1,085
Actuarial (loss)/gain	**(1,460)**	1,033	1,901	(4,782)	(634)
Contributions by the Group	**329**	344	361	417	191
Assets distributed on settlement of obligations	**0**	0	0	(767)	0
Closing fair value of plan assets	**17,823**	17,895	15,539	12,540	16,570

27. EMPLOYEE BENEFITS (continued)

The movement during the year in the present value of defined benefit obligations was as follows:

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Opening defined benefit obligations	**22,030**	20,283	16,107	20,205	22,432
Current service costs	**119**	110	56	84	161
Contributions by participants	**(654)**	(464)	(414)	(255)	(320)
Other finance costs	**1,175**	1,142	1,068	1,145	1,088
Actuarial loss/(gain)	**1,466**	959	3,466	(3,496)	(3,156)
Liabilities discharged on settlement	**0**	0	0	(1,576)	0
Closing defined benefit obligations	**24,136**	22,030	20,283	16,107	20,205

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Difference between expected and actual return on plan assets					
Amount	**(1,460)**	1,033	1,901	(4,782)	(634)
Percentage of plan assets	**(8.2%)**	5.8%	12.2%	(38.1%)	(3.8%)
Experience gains and losses on plan liabilities					
Amount	**96**	(72)	120	1,113	(22)
Percentage of present value of plan liabilities	**0.4%**	(0.3%)	0.6%	6.9%	(0.1%)
Gains and losses on changes in assumptions					
Amount	**(1,562)**	(887)	(3,586)	2,383	3,178
Percentage of present value of plan liabilities	**(6.5%)**	(4.0%)	(17.7%)	14.8%	15.7%
Total actuarial gains and losses					
Amount	**(2,926)**	74	(1,565)	(1,286)	2,522
Percentage of present value of plan liabilities	**(12.1%)**	0.3%	(7.7%)	(8.0%)	12.5%

UNAUDITED FIVE YEAR SUMMARY

YEARS ENDED 31 DECEMBER

			IFRS		
	2011 **£'000**	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Revenue	**98,912**	83,899	72,378	56,221	55,276
Operating profit before exceptional items, IAS 19 and long term incentive scheme	**19,038**	15,426	12,891	10,431	9,098
Exceptional items	**0**	(293)	(293)	(5,940)	(978)
IAS 19 operating profit charges	**(119)**	(110)	(56)	(84)	(164)
Long term incentive scheme charges	**(770)**	(199)	(334)	(543)	(192)
Operating profit after exceptional items	**18,149**	14,824	12,208	3,864	7,764
Profit on disposal of business	**0**	0	0	0	0
Net interest (payable)/receivable	**(44)**	(34)	(282)	234	284
Profit before tax	**18,105**	14,790	11,926	4,098	8,048
Tax	**(4,779)**	(3,966)	(3,572)	(1,141)	(2,379)
Profit after tax	**13,326**	10,824	8,354	2,957	5,669
Dividends paid	**(5,195)**	(4,601)	(4,193)	(3,914)	(3,697)
Retained profit/(loss)	**8,131**	6,223	4,161	(957)	1,972
Earnings per share - (basic)	**36.28p**	29.63p	22.86p	8.10p	15.49p
Earnings per share - (diluted)	**36.25p**	29.59p	22.57p	8.10p	15.47p
Earnings per share - (basic) before exceptional items	**36.28p**	30.22p	23.44p	20.03p	17.36p
Earnings per share - (diluted) before exceptional items	**36.25p**	30.18p	23.15p	20.01p	17.34p
Dividends paid per share	**14.10p**	12.55p	11.45p	10.65p	10.00p

Notice is hereby given that the twentieth Annual General Meeting of Nichols plc ("Company") will be held at its registered office at Laurel House, Woodlands Park, Ashton Road, Newton le Willows, WA12 0HH on Wednesday 2 May 2012 at 11.00 a.m to consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive the Company's annual accounts and directors' and auditor's reports for the year ended 31 December 2011.
2. To declare a final dividend for the year ended 31 December 2011 of 10.30 pence per ordinary share of 10 pence in the capital of the Company to be paid on 4 May 2012 to shareholders whose names appear on the register of members at the close of business on 30 March 2012.
3. To re-elect B M Hynes, who retires by rotation, as a director of the Company.
4. To re-elect T J Croston, who retires by rotation, as a director of the Company.
5. To reappoint Grant Thornton UK LLP as auditors of the Company.
6. To authorise the directors to determine the remuneration of the auditors.
7. That, pursuant to section 551 of the Companies Act 2006 ("Act"), the directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £184,843, provided that (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 2 August 2013 (whichever is the earlier), save that the Company may make an offer or agreement before this authority expires which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after this authority expires and the directors may allot shares or grant such rights pursuant to any such offer or agreement as if this authority had not expired. This authority is in substitution for all existing authorities under section 551 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

To consider and, if thought fit, to pass the following resolutions as special resolutions:

8. That, subject to the passing of resolution 7 and pursuant to sections 570 and 573 of the Companies Act 2006 ("Act"), the directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority granted by resolution 7 and to sell ordinary shares held by the Company as treasury shares for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities or sale of treasury shares:

    8.1 in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):

        8.1.1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

        8.1.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

    8.2 otherwise than pursuant to paragraph 8.1 of this resolution, up to an aggregate nominal amount of £184,843,

and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 2 August 2013 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted or treasury shares to be sold for cash after this power expires and the directors may allot equity securities or sell treasury shares for cash pursuant to any such offer or agreement as if this power had not expired. This power is in substitution for all existing powers under section 570 and 593 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

9. That, pursuant to section 701 of the Companies Act 2006 ("Act"), the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 10p each in the capital of the Company ("Shares"), provided that:

   9.1 the maximum aggregate number of Shares which may be purchased is 3,696,877;

   9.2 the minimum price (excluding expenses) which may be paid for a Share is 10p;

   9.3 the maximum price (excluding expenses) which may be paid for a Share is an amount equal to 105 per cent of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is made,

   and (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 2 August 2013 (whichever is the earlier), save that the Company may enter into a contract to purchase Shares before this authority expires under which such purchase will or may be completed or executed wholly or partly after this authority expires and may make a purchase of Shares pursuant to any such contract as if this authority had not expired.

By order of the Board
T J Croston
Company Secretary

2 April 2012

Registered office
Laurel House
Woodlands Park
Ashton Road
Newton le Willows
WA12 0HH

Registered in England and Wales No. 238303

General Notes

1. Copies of the executive directors' service agreements and non-executive directors letters of appointment will be available for inspection at the registered office of the Company during normal business hours (excluding weekends and public holidays) from the date of this notice until the conclusion of the Annual General Meeting.
2. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at 6.00 p.m. on Monday, 30 April 2012 (or, if the meeting is adjourned, 6.00 p.m. on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.
3. A member is entitled to appoint another person as his or her proxy to exercise all or any of his rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained from the Company's registrar at shareholder.services@capitaregistrars.com or on 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open 8:30am – 5:30pm, Monday - Friday) or you may photocopy the proxy form already in your possession. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the number of shares set out in the other proxy appointments is in excess of those held by the member, may result in the proxy appointment being invalid.
4. The appointment of a proxy will not preclude a member from attending and voting in person at the meeting if he or she so wishes.
5. A form of proxy is enclosed. To be valid, it must be completed, signed and sent to the offices of the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to arrive no later than 11.00 a.m. on Monday 30 April 2012 (or, in the event that the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).

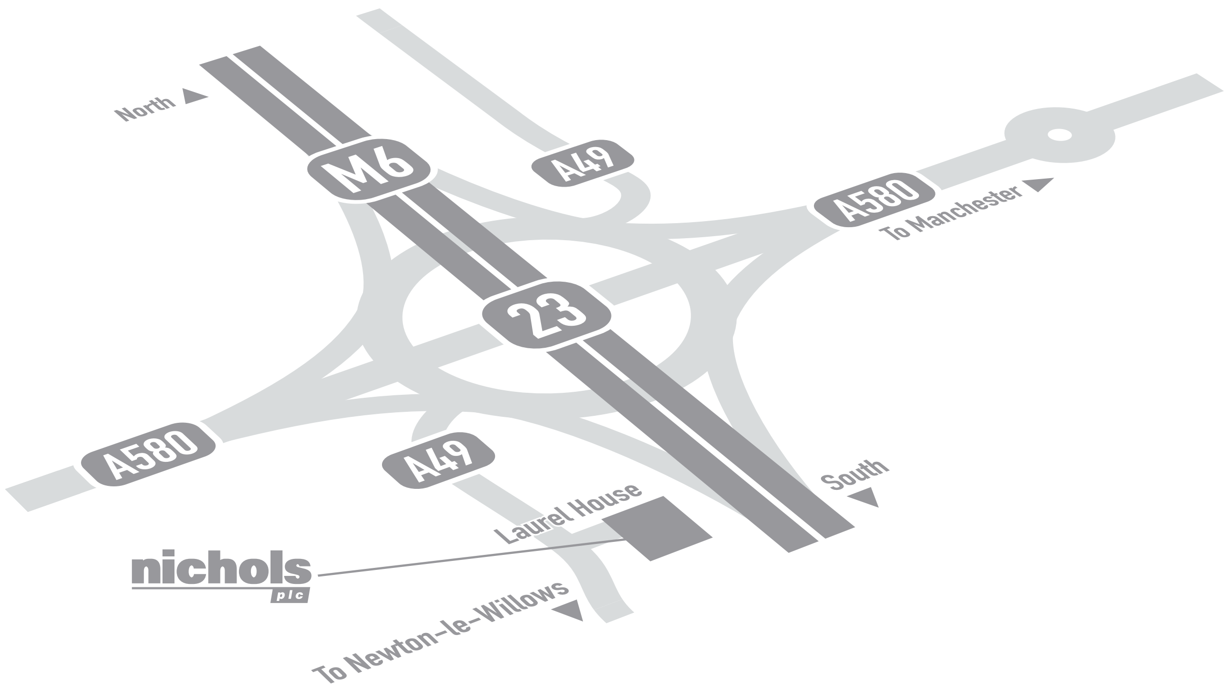
GENERAL NOTES & DIRECTIONS TO THE ANNUAL GENERAL MEETING

6. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's Registrar, Capita Registrars (CREST ID RA10) no later than 11.00 a.m. on Monday 30 April 2012 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Leave the M6 at Junction 23 and take the A49 south towards Newton. Woodlands Park is on the left in approximately 0.3 miles. On entering the estate, Laurel House is accessed from the fourth exit of the roundabout.



FINANCIAL CALENDAR

PRELIMINARY RESULTS ANNOUNCED
8TH MARCH 2012

ANNUAL GENERAL MEETING
2ND MAY 2012

INTERIM RESULTS ANNOUNCED
26TH JULY 2012

Laurel House | Woodlands Park | Ashton Road | Newton-Le-Willows | Merseyside | WA12 0HH
01925 22 22 22 | www.nicholsplc.co.uk