



THE QUEEN'S AWARDS
FOR ENTERPRISE:
INTERNATIONAL TRADE
2012

nichols
plc


ANNUAL REPORT & FINANCIAL STATEMENTS

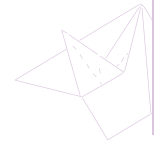
2012



NICHOLS PLC
IS A HIGHLY FOCUSED
SOFT DRINKS BUSINESS;
THE GROUP HAS A
LEADING MARKET
POSITION IN BOTH THE
STILL AND CARBONATE
DRINKS CATEGORIES.
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





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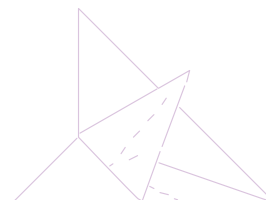
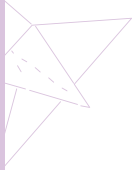
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"The Group again outperformed the market, delivering EPS growth of 14%, profit growth of 13% and increasing its cash reserves"

JOHN NICHOLS
NON-EXECUTIVE CHAIRMAN

I am pleased to report that 2012 was another very strong year for Nichols plc. Once again we have delivered double digit growth in profit, earnings per share and cash.

Group sales increased to £107.8m, up 9% on 2011, an excellent performance against our own tough prior year comparatives

and the challenging UK retail environment. Continued high levels of raw material inflation impacted our UK gross margins; however, the sales growth combined with strong cost control led to increased operating margins. Overall the Group delivered a 13% increase in profit, with profit before tax of £20.5m, a £2.4m increase on 2011.

As a result, earnings per share increased 14% to 41.4p.





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RESULTS

	Year ended 31 Dec 2012 £m	Year ended 31 Dec 2011 £m	% movement
Group Revenue	107.8	98.9	+9%
Operating Profit	20.5	18.1	+13%
Operating Profit R.O.S.	19%	18%	
Profit Before Tax	20.5	18.1	+13%
Net Cash	24.7	20.1	+23%
EPS (basic) (pence)	41.4p	36.3p	+14%

TRADING

Continuing the trend of recent years, sales growth has been delivered from both our domestic and export businesses.

Our UK sales grew 9% in 2012 to £85m, outperforming the UK soft drinks market which grew 3% (AC Nielsen 52 week data to 5 Jan 2013). The growth was driven by a strong performance from our core Vimto brand and our innovative new products such as Levi Roots and the recently launched Weight Watchers range of soft drinks.

Export sales totalled £22.7m in the year, up 8% against the prior year's tough comparatives (2011 +31%). Within the regions, the momentum in Africa continued with sales up 22% (2011 +28%) and sales into mainland Europe also increased by 24%. Sales into the Middle East region were broadly flat on last year partly due to the timing of shipments at the end of 2012 as well as the strong comparatives from the prior year (2011 +24%).

DIVIDEND

Following another strong performance and reflecting confidence in the outlook, the

Board is pleased to recommend a final dividend of 11.7 pence per share. This takes the total 2012 dividend to 17.32 pence (2011: 15.30 pence), an increase of 13%. If approved, the final dividend will be paid on 3 May 2013 to shareholders registered on 2 April 2013; the ex-dividend date is 27 March 2013.

SUCCESSION ANNOUNCEMENT

We have announced that after ten successful years with the Group, Brendan Hynes, Chief Executive Officer, has informed the Board of his intention to step down at the AGM on 1 May 2013, in order to pursue a non-executive portfolio career. He will hand over the leadership of the business to Marnie Millard from the date of the AGM. Marnie is currently Managing Director of our UK Soft Drinks business. To ensure a seamless transition, Brendan will be available to assist with the handover through to the end of 2013.

The Board would like to thank Brendan for his contribution, which has helped to ensure that the business has made consistently strong progress during the last ten years.

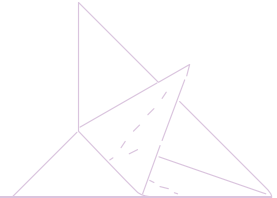
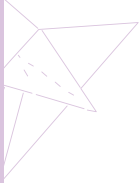
OUTLOOK

2012 was extremely challenging for the UK soft drinks market and the broader grocery market as consumer spending was restrained by the economic environment. The industry also had to deal with the effects of the second wettest summer on record, further dampening demand for soft drinks. Against this backdrop, the Group again outperformed the market, delivering EPS growth of 14%, profit growth of 13% and increasing its cash reserves.

Although we anticipate the UK retail environment will be just as challenging in 2013, we are confident that the Group will again outperform the market with continued investment behind our brands, launching innovative new products and further growth in our international markets.

In summary, the Board is confident that the Group is in a strong position to deliver further profitable growth in 2013 and beyond.

JOHN NICHOLS
NON-EXECUTIVE CHAIRMAN
6 MARCH 2013



"We have once again been successful in growing our share of both the UK and international markets"

BRENDAN HYNES
CHIEF EXECUTIVE OFFICER

Nichols plc is a growing 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 continuously seek to bring new and innovative products to the soft drinks market both in the UK and internationally.

In 2012, Nichols plc was delighted to be awarded the prestigious Queen's Award for International Trade. This award is made annually

to businesses achieving substantial overseas growth for a sustainable period by Her Majesty the Queen.

THE UK SOFT DRINKS MARKET

In overall terms the UK soft drinks market, excluding the on-trade, grew by 3.0% in value terms but declined 1.0% in volume terms (AC Nielsen 52 week data to 5 Jan 2013). Economic and consumer conditions continued to provide a big challenge, particularly in the UK. This, combined with significant

raw material cost inflation and continued high levels of price promotion from the competition, led to an extremely competitive marketplace throughout the whole of 2012.

Despite this, we have once again been successful in growing our share of both the UK and international markets and, as a result, Group sales increased by 9% year on year and operating margins were improved.

9% SALES GROWTH

13% DIVIDEND GROWTH

13% PROFIT GROWTH

14% EARNINGS PER SHARE GROWTH



We have also continued to invest in our core brands, which has helped to increase our market share both in the UK and overseas, in the still and carbonate categories.

GROUP FINANCIAL PERFORMANCE

In 2012 the Group delivered another strong financial performance, which was again ahead of both internal and external expectations.

To summarise our financial performance in 2012 we delivered:

- 9% sales growth
- 13% profit growth
- 14% earnings per share growth (basic)
- 13% dividend growth

In addition, cash conversion was also strong and we ended the year with £24.7m of cash in the bank.

TRADING HIGHLIGHTS

Sales in the UK increased by 9% to £85.0m (2011: £77.8m) driven by increased market share for Vimto, together with new product and brand extensions such as Weight Watchers and Levi Roots. We invested heavily in marketing in 2012, and again increased household penetration bringing new consumers to the Vimto brand.



Internationally, 2012 was another successful year with sales increasing by 8% to £22.7m. This was helped by Vimto again increasing its market share, particularly in key markets such as Africa and Europe. We sell to more than 28 countries in Africa and in 2012 increased sales by 22% in this region, in spite of very strong sales comparatives from last year.

In summary, growth from our existing core markets, both in the UK and overseas, combined with innovative new product developments and further new brand launches, has enabled the Group to deliver strong top and

bottom line growth in 2012.

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, being climate change, waste and packaging, water and transport.

We continue to work actively with the British Soft Drinks Association (BSDA), the Food and Drink Federation (FDF) and our key suppliers on environmental improvements. We are also signatories to the Courtauld Commitment and the Department of Health's Public Health Responsibility Deal.

Our high standards in health and safety continued in 2012 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.

derian house

children's hospice



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COMMUNITY

Our commitment to the wider community continued in 2012 as we actively look to give something back in return for the support we enjoy. In 2012 our charity team once again worked hard on behalf of our chosen charity Derian House, including a 10 kilometre run, fund raising golf day and a wide variety of events involving our customers, suppliers and advisors.

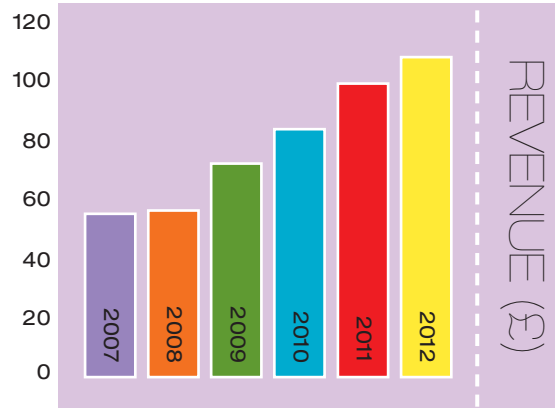
EMPLOYEES

As a team, our core values emphasise the importance of customer service, quality, professionalism, teamwork and

mutual support. We have a strong people orientated culture that is a key priority for our business and critical to our continuing success.

Our overriding objective is to consistently deliver high results in everything we do and this has once again been recognised externally with Nichols plc being shortlisted for the AIM company of the year in 2012, for the second year in succession.

BRENDAN HYNES
CHIEF EXECUTIVE OFFICER
6 MARCH 2013



“Despite the pressure on UK gross margins the excellent news is that the Group actually increased its Operating Profit return on sales in the year”

TIM CROSTON
GROUP FINANCE DIRECTOR

The Group delivered another strong revenue performance in 2012, sales totalled £107.8m increasing 9% on 2011's tough comparatives. As our revenue breaks through the £100m barrier it's timely to reflect that in the space of just five years, the Group's sales have grown by 95% (2007: £55.3m).

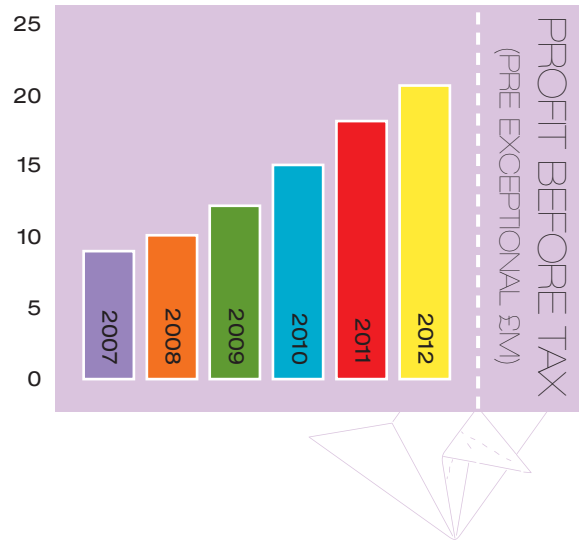
	2012 £m	2011 £m	Growth £m	
Still	54.5	48.8	5.7	12%
Carbonate	53.3	50.1	3.2	6%
Total	107.8	98.9	8.9	9%

SEGMENTS

Similar to last year the growth of our still products outstripped carbonate sales growth. Sales

of still increased by £5.7m, 12% ahead of 2011, the growth largely came from UK sales including a 22% increase in sales of our Vimto 500ml still and the launch of Weight Watchers. Carbonate increased by 6% on the prior year including a 15% increase in our African export market.

In 2012 the UK soft drinks market



was generally subdued as a result of reduced consumer spending which impacted all areas of grocery retailing. As a result, the underlying market volume actually declined by 1% although inflationary pressures pushed up revenues by 3% (AC Nielsen 52 week data to 5 Jan 2013). Against this backdrop our UK soft drinks business delivered a strong performance, increasing sales by 8% to £61.7m (2011: £57.2m) well outperforming the market.

The foundation of the growth was driven by our core brand, Vimto, with sales increasing 5% against the prior year. In addition, our growth momentum has been supported by the development of new products, following the launch of the Levi Roots range of soft drinks in 2011 and introducing our Weight Watchers range early in 2012 delivering an incremental £2m of sales during the year.

Also in the UK we operate in the Out of Home market, although this market and in particular the on-trade continues to be very challenging, our sales increased by £2.7m (14%); the growth coming from both on-trade sales of carbonate dispense products partly as a result of the acquisition of Festival Drinks Ltd in October and still juices into the catering sector.

Our export sales totalled £22.7m, an increase of 8% over 2011. On the back of significant increases in 2011 (+28%), sales to Africa have continued to perform well in the year, increasing a further 22% to £6.6m. In the Middle East, our sales during the year were broadly flat in comparison to 2011 due to

timings of shipments around the year ends. Elsewhere in our export markets, sales to the Rest of the World increased by 24% totalling £5.1m.

PROFIT

As forecast, our UK gross margin was under pressure during the year from a combination of the promotionally driven retail sales environment and high input cost inflation. As a result of these pressures, our Group GM% slipped two percentage points to 45%. Although we anticipate UK soft drinks retail will continue to experience high promotional activity during 2013, we are pleased to report that input cost inflation has eased for the first time in three years and we expect low single digit cost increases during the year.

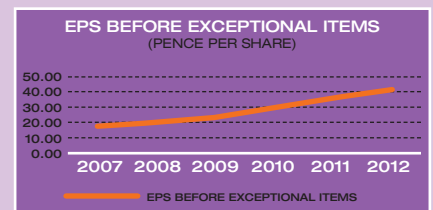
Despite the pressure on UK gross margins the excellent news is that the Group actually increased its Operating Profit return on sales in the year, rising to 19% (2011: 18%). This was achieved by strong overhead and infrastructure cost control allowing the benefits of our revenue growth to filter down to the 'bottom line' without significant increase in operating costs.

Group Profit Before Tax (PBT) increased by £2.4m to £20.5m, 13% up on 2011, a strong performance in current conditions and again on the back of our own tough comparatives (2011: +20%). As we reflect on the five year sales growth, it is pleasing and arguably more significant, to report that profit has increased by an even greater extent. Since 2007 PBT has grown by 127%.

The accrued tax charge for 2012 was £5.3m, an effective rate of 26% (2011: 26%).

EARNINGS PER SHARE

Earnings Per Share (EPS) increased 14% to 41.43 pence for the year. The five year growth trends shows 139% increase since 2007.

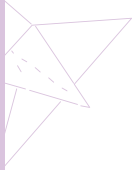


STATEMENT OF FINANCIAL POSITION

The Group's Statement of Financial Position (formerly the Balance Sheet) remains strong, debt free and includes net cash at the year-end of £24.7m (2011: £20.1m), an increase of £4.6m.

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

- Goodwill has increased by £2.3m primarily due to the acquisition of Festival Drinks Ltd which was added to our Out of Home business in October 2012.
- Despite the revenue increase, inventories have reduced by £0.5m, this was in part due to stock efficiencies and also the fact that the 2011 comparative included pre launch stock build for our Weight Watchers range.



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, P 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 its products. To manage this risk we have appropriate and adequate audit procedures and resource at our disposal to ensure that we sell product of the highest quality.

Following the acquisition of the remaining 50% of the shares of Dayla Liquid Packing Ltd (March 2011), the Out of Home 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.

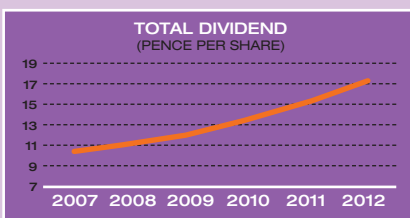
In common with many businesses we are now also highly dependent on the availability of IT systems to carry out many trading activities.

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

SHAREHOLDERS

DIVIDEND

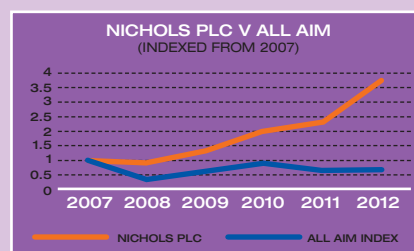
The Board is recommending a final dividend of 11.7 pence per ordinary share (2011: 10.3 pence) payable to shareholders on the register at 2 April 2013. The final dividend together with the interim dividend of 5.62 pence, gives a total dividend of 17.32 pence per share for the year which represents a 13% increase on the prior year (2011: 15.3 pence).



SHARE PRICE

The Nichols plc share price performance in 2012 was outstanding, ending the year at 852 pence, an increase of 62% from December 2011. The following graph charts the Group's share price performance compared to the All AIM index. For ease of

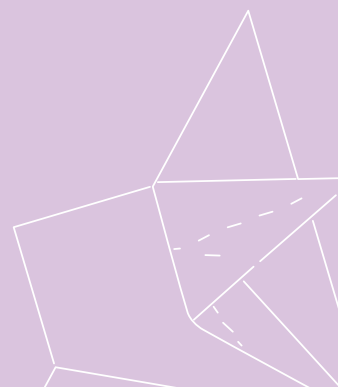
comparison both sets of data are shown as an index using 2007 as the base.



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.

T J CROSTON
GROUP FINANCE DIRECTOR
6 MARCH 2013



JOHN NICHOLS
NON-EXECUTIVE
CHAIRMAN



BRENDAN HYNES
CHIEF EXECUTIVE
OFFICER



TIM CROSTON
GROUP FINANCE
DIRECTOR &
COMPANY
SECRETARY



ERIC HEALEY
NON-EXECUTIVE
DIRECTOR



JOHN LONGWORTH
NON-EXECUTIVE
DIRECTOR



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4 Hardman Square, Spinningfields,
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The Royal Bank of Scotland plc,
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Manchester, M3 3AP

SOLICITORS

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Manchester, M2 3DL

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N M Rothschild & Sons Limited,
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Manchester,
M2 4WQ

REGISTRARS

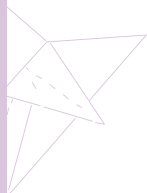
Capita Registrars Limited,
Northern House, Woodsome Park,
Fenay Bridge, Huddersfield,
HD8 0GA

REGISTERED OFFICE

Laurel House, Woodlands Park,
Ashton Road, Newton-le-Willows,
WA12 0HH

REGISTERED NUMBER

238303



The directors present their report and the audited financial statements for the year ended 31 December 2012.

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	2012		2011	
	£'000	£'000	£'000	£'000
Profit for the financial year		15,258		13,326
Interim dividend 5.62p (2011: 5.00p) per share paid 31 August 2012	(2,071)		(1,842)	
Final dividend 10.30p (2010: 9.10p) per share paid 4 May 2012	(3,795)		(3,353)	
Other comprehensive expense and movement on ESOT	(771)		(2,088)	
		(6,637)		(7,283)
Retained earnings movement		8,621		6,043

NON-EXECUTIVE DIRECTORS

J LONGWORTH (54)

Mr Longworth is currently a Non-Executive Director of the Cooperative Group, Cooperative Food Ltd and is also a Panel Member of the Competition Commission. He is Chairman of a business he founded in 2010, SVA Limited. He was appointed as Director General of the British Chamber of Commerce in September 2011. 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 (64)

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 (63)

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 (52)

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 (49)

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 pages 10 to 12 and financial risks are set out in note 21 to the financial statements.

CREDITOR PAYMENT POLICY

The Company'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 2012 there were 24 (2011: 41) 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 £16,000 (2011: £13,000). There were no political donations in either 2012 or 2011.

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' 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law 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 judgments 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.

The directors confirm that:

- 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 as directors in order 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	Pension contributions	Total 2012	Total 2011
	£'000	£'000	£'000	£'000	£'000	£'000
P J Nichols	100	27	0	0	127	117
B M Hynes	240	1	114	25	380	358
T J Croston	121	12	61	9	203	190
J Longworth	22	0	0	0	22	22
E Healey	22	0	0	0	22	22
Total	505	40	175	34	754	709

Bonuses which are not guaranteed are accruing to the executive directors and certain senior executives based on pre-determined performance targets. 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 continued operations before exceptional items, tax and finance costs. The current incentive plan runs from 1 January 2011 to 31 December 2013.

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.

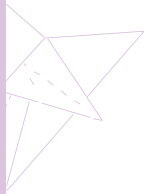
By order of the Board



T J CROSTON
Secretary

Laurel House
Ashton Road
Newton le Willows
WA12 0HH

6 March 2013



We have audited the financial statements of Nichols plc for the year ended 31 December 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the Group and parent company statement of financial position, the consolidated and parent company statements of cash flow, 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 and, as regards the parent and Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2012 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
Senior Statutory Auditor
for and on behalf of Grant Thornton
UK LLP
Statutory Auditor, Chartered
Accountants
Manchester
6 March 2013

FINANCIAL STATEMENTS



CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2012

	Notes	Total 2012 £'000	Total 2011 £'000
Revenue	3	107,788	98,912
Cost of sales		(59,661)	(52,683)
Gross profit		48,127	46,229
Distribution expenses		(6,569)	(5,862)
Administrative expenses		(21,041)	(22,218)
Operating profit		20,517	18,149
Finance income	5	324	72
Finance expense	5	(331)	(116)
Profit before taxation		20,510	18,105
Taxation	7	(5,252)	(4,779)
Profit for the financial year attributable to equity holders of the parent		15,258	13,326
Earnings per share (basic)	9	41.43p	36.28p
Earnings per share (diluted)	9	41.38p	36.25p

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 2012

	2012 £'000	2011 £'000
Profit for the financial year	15,258	13,326
Other comprehensive expense		
Defined benefit plan actuarial loss (see note 26)	(773)	(2,926)
Deferred taxation on pension obligations and employee benefits (see note 13)	78	842
Other comprehensive expense for the year	(695)	(2,084)
Total comprehensive income for the year	14,563	11,242

STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2012

		Group		Parent	
	Notes	2012 £'000	2011 £'000	2012 £'000	2011 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	1,275	1,374	398	461
Goodwill	11	15,973	13,658	0	0
Investments	12	0	0	16,566	16,566
Deferred tax assets	13	2,148	2,579	2,082	2,512
Total non-current assets		19,396	17,611	19,046	19,539
Current assets					
Inventories	14	5,331	5,790	2,769	4,056
Trade and other receivables	15	23,741	21,118	20,446	16,510
Cash and cash equivalents	20	24,745	20,111	21,948	17,871
Total current assets		53,817	47,019	45,163	38,437
Total assets		73,213	64,630	64,209	57,976
LIABILITIES					
Current liabilities					
Trade and other payables	16	19,377	20,073	20,427	21,154
Current tax liabilities	16	2,191	1,752	1,368	1,138
Provisions	17	47	139	47	99
Total current liabilities		21,615	21,964	21,842	22,391
Non-current liabilities					
Pension obligations	26	6,556	6,313	6,556	6,313
Deferred tax liabilities	13	47	51	0	0
Total non-current liabilities		6,603	6,364	6,556	6,313
Total liabilities		28,218	28,328	28,398	28,704
Net assets		44,995	36,302	35,811	29,272
EQUITY					
Share capital	18	3,697	3,697	3,697	3,697
Share premium reserve		3,255	3,255	3,255	3,255
Capital redemption reserve		1,209	1,209	1,209	1,209
Other reserves		(474)	(546)	301	229
Retained earnings		37,308	28,687	27,349	20,882
Total equity		44,995	36,302	35,811	29,272

The financial statements on pages 22 to 47 were approved by the Board of Directors on 6 March 2013 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 2012

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Profit for the financial year			15,258		13,326
Cash flows from operating activities					
Adjustments for:					
Depreciation		460		467	
Loss on sale of property, plant and equipment		2		26	
Finance income	5	(324)		(72)	
Tax expense recognised in the income statement		5,252		4,779	
Change in inventories		611		(1,674)	
Change in trade and other receivables		(2,297)		(4,069)	
Change in trade and other payables		(1,071)		4,794	
Change in provisions		(92)		(226)	
Change in pension obligations		(530)		(748)	
			2,011		3,277
Cash generated from operating activities			17,269		16,603
Tax paid			(4,545)		(3,794)
Net cash generated from operating activities			12,724		12,809
Cash flows from investing activities					
Finance income		324		72	
Proceeds from sale of property, plant and equipment		7		1	
Acquisition of property, plant and equipment		(297)		(302)	
Acquisition of subsidiary, net of cash acquired		(2,254)		(2,300)	
Acquisition of subsidiary's net overdraft		0		(24)	
Net cash used in investing activities			(2,220)		(2,553)
Cash flows from financing activities					
(Acquisition)/ disposal of own shares		(4)		83	
Dividends paid	8	(5,866)		(5,195)	
Net cash used in financing activities			(5,870)		(5,112)
Net increase in cash and cash equivalents			4,634		5,144
Cash and cash equivalents at 1 January			20,111		14,967
Cash and cash equivalents at 31 December	20		24,745		20,111

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

PARENT COMPANY STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Profit for the financial year			13,104		11,759
Cash flows from operating activities					
Adjustments for:					
Depreciation		185		170	
Profit on sale of property, plant and equipment		(2)		0	
Finance income		(324)		(72)	
Tax expense recognised in the income statement		4,535		4,225	
Change in inventories		1,287		(2,302)	
Change in trade and other receivables		(3,939)		(4,652)	
Change in trade and other payables		(711)		7,050	
Change in provisions		(52)		(179)	
Change in pension obligations		(530)		(748)	
			449		3,492
Cash generated from operating activities			13,553		15,251
Tax paid			(3,794)		(3,068)
Net cash generated from operating activities			9,759		12,183
Cash flows from investing activities					
Finance income		324		72	
Proceeds from sale of property, plant and equipment		2		0	
Acquisition of property, plant and equipment		(138)		(154)	
Acquisition of subsidiary, net of cash acquired		0		(2,300)	
Net cash used in investing activities			188		(2,382)
Cash flows from financing activities					
(Acquisition)/ disposal of own shares		(4)		83	
Dividends paid	8	(5,866)		(5,195)	
Net cash used in financing activities			(5,870)		(5,112)
Net increase in cash and cash equivalents			4,077		4,689
Cash and cash equivalents at 1 January			17,871		13,182
Cash and cash equivalents at 31 December	20		21,948		17,871

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

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2012

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 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)
Total comprehensive income	0	0	0	0	11,242	11,242
At 1 January 2012	3,697	3,255	1,209	(546)	28,687	36,302
Dividends	0	0	0	0	(5,866)	(5,866)
Movement in ESOT	0	0	0	72	(76)	(4)
Transactions with owners	0	0	0	72	(5,942)	(5,870)
Profit for the year	0	0	0	0	15,258	15,258
Other comprehensive expense	0	0	0	0	(695)	(695)
Total comprehensive income	0	0	0	0	14,563	14,563
At 31 December 2012	3,697	3,255	1,209	(474)	37,308	44,995

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 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)
Total comprehensive income	0	0	0	0	9,675	9,675
At 1 January 2012	3,697	3,255	1,209	229	20,882	29,272
Dividends	0	0	0	0	(5,866)	(5,866)
Movement in ESOT	0	0	0	72	(76)	(4)
Transactions with owners	0	0	0	72	(5,942)	(5,870)
Profit for the year	0	0	0	0	13,104	13,104
Other comprehensive expense	0	0	0	0	(695)	(695)
Total comprehensive income	0	0	0	0	12,409	12,409
At 31 December 2012	3,697	3,255	1,209	301	27,349	35,811

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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 2012 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 21 and 23 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 and the Companies Act 2006 as applicable to companies reporting under IFRS.

The financial statements were approved by the Board of Directors on 6 March 2013.

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 £13,104,000 (2011: £11,759,000).

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 11).

The carrying amount of goodwill at the balance sheet date was £16.0 million (2011: £13.7 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 19).

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 26).

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2012. 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.

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 acquisition method. The acquisition 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 the fair value of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

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.

During 2012 the Group entered into foreign currency transactions that over the course of the year resulted in the Group having a natural hedge. This then meant the Group did not need to enter into forward contracts to minimise the impact of movements in foreign currency rates on the spot market. During 2011 the Group used forward exchange contracts to hedge its foreign currency risk. Forward purchase contracts in US Dollars were made to cover at least the full year of projected purchases. The forward foreign currency purchase contracts, which were a mixture of firm contracts and conditional options, matured in line with expected purchases.

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 in other comprehensive expense.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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 fair value of the consideration transferred 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 fair value of the consideration transferred 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.

Reserves

Share capital represents the nominal value of equity shares.

Share premium reserve represents the excess over nominal value of the fair value of the consideration received for equity shares.

Capital redemption reserve represents the reserve created upon redemption of shares.

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

Retained earnings represents retained earnings.

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 property, plant 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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.

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.

Employee benefits - 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 expense 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 2012 for the year ending 31 December 2012.

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 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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

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 2012 are:

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2014)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2014)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013)
- 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)
- Transition Guidance - Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective 1 January 2013)
- Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)

The Directors are currently considering the potential impact of adoption of these standards and interpretations in future periods on the consolidated financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Still	54,516	48,809	28,036	26,130
Carbonate	53,272	50,103	20,091	20,099
Total	107,788	98,912	48,127	46,229

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.

	2012 £'000	2011 £'000
Capital Expenditure	297	302
Depreciation	460	467

b. Reporting by geographic area

Revenue by geographic destination

	2012	2012	2011	2011
	£'000	%	£'000	%
Middle East	11,015	10.2	11,489	11.6
Africa	6,574	6.1	5,379	5.4
Rest of the World	5,148	4.8	4,224	4.3
Total exports	22,738	21.1	21,092	21.3
United Kingdom	85,050	78.9	77,820	78.7
	107,788	100.0	98,912	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 and the United Kingdom. The Group's Head Office operations are located in the United Kingdom. In presenting information on the basis of geographical areas, area 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 2012 or 2011.

Total assets

The assets of the Group at 31 December 2012 and 31 December 2011 are entirely located within the United Kingdom.

Capital expenditure

The capital expenditure of the Group for the years ended 31 December 2012 and 31 December 2011 was entirely made within the United Kingdom.

Depreciation

The Group's depreciation charges for the years ended 31 December 2012 and 31 December 2011 are against fixed assets all retained within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

4. OPERATING PROFIT

	2012 £'000	2011 £'000
Operating profit is stated after charging/(crediting):		
Inventory amounts charged to cost of sales	59,661	52,683
Auditors' remuneration - audit of the Company's annual accounts	60	38
Fees payable to the auditors for other services:		
Audit of the Company's subsidiaries	0	19
Other services relating to employee incentive scheme	0	110
Depreciation of property, plant and equipment	460	467
Operating lease rentals payments	883	823
Awards under Growth Securities Ownership Plan	1,117	770
Loss / (gain) on foreign exchange differences	113	(15)
Loss on sale of property, plant and equipment	2	26

5. FINANCE INCOME AND EXPENSE

	2012 £'000	2011 £'000
Finance income comprises:		
Bank interest receivable	324	72
Finance expense comprises:		
Expected return on defined benefit pension scheme assets	(793)	(1,059)
Interest on defined benefit pension scheme obligations	1,124	1,175
Finance expense	331	116

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

6. DIRECTORS AND EMPLOYEES

a. Average number of persons employed during the year, including directors:	2012 Number	2011 Number
Total	162	169

b. Group employment costs were as follows:	2012 £'000	2011 £'000
Wages and salaries	6,464	6,789
Social security costs	724	620
Pension costs - defined contribution scheme	261	215
Pension costs - defined benefit scheme (see note 26)	107	119
Awards under Growth Securities Ownership Plan	1,117	770
	8,673	8,513

The employment costs for the parent company amounted to £6,189,000 (2011: £6,038,000).

	2012 £'000	2011 £'000
Directors' remuneration for the year	720	606
Pension costs	34	33
Payment under Growth Securities Ownership Plan	0	70
	754	709

The highest paid director has received £355,000 (2011: £333,000) excluding pension contributions.

Benefits are accruing to 2 directors (2011: 2 directors) under a defined contribution scheme.

Awards accruing under Growth Securities Ownership Plan in respect of directors amounted to £798,000 (2011: £465,000), which is not included in the above disclosure relating to directors.

Further information regarding directors' remuneration and the Growth Securities Ownership Plan is provided in the directors' report on page 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:

	2012 £'000	2011 £'000
Wages and salaries	1,199	1,171
Pension costs - defined contribution scheme	52	58
Pension costs - defined benefit scheme	24	27
Awards under Growth Securities Ownership Plan	1,117	765
	2,392	2,021

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

7. TAXATION

	2012 £'000	2011 £'000
a. Analysis of expense recognised in the consolidated income statement		
Current taxation:		
UK corporation tax on income for the year	4,901	4,130
Adjustments in respect of prior years	(154)	(146)
Total current tax charge for the year	4,747	3,984
Deferred tax:		
Origination and reversal of temporary differences	288	805
Adjustments in respect of prior years	217	(10)
Total deferred tax charge for the year	505	795
Total tax expense in the consolidated income statement	5,252	4,779

The tax expense is wholly in respect of UK taxation.

	2012 £'000	2011 £'000
b. Tax reconciliation		
Profit before taxation	20,510	18,105
Profit before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 24.5% (2011: 26.5%)	5,025	4,796
Effect of:		
Non-deductible expenses	39	38
Permanent element of share scheme deduction	(1)	(113)
Impact on deferred tax of use of hybrid tax rate	178	144
Other timing differences	(35)	3
Adjustments to the tax charge in respect of prior years	26	(159)
Depreciation for the year greater than capital allowances	35	39
Group relief not paid for	0	32
Impact on deferred tax due to rate change taken to SOCIE	(15)	0
Net income not taxable / additional expenses allowable for tax purposes	0	(1)
Total tax expense in the consolidated income statement	5,252	4,779

The effective rate of tax for the year of 25.6% (2011: 26.4%) is higher than the standard rate of corporation tax in the United Kingdom (24.5%). The differences are explained above.

c. The effective rate of tax on profit is 25.6% (2011: 26.4%).

d. Tax on items recognised in other comprehensive expense

In addition to the amount credited to the consolidated income statement, £78,000 (2011: £842,000) has been recognised in other comprehensive expense, being the movement on deferred taxation relating to retirement benefit obligations and employee benefits.

8. EQUITY DIVIDENDS

	2012 £'000	2011 £'000
Interim dividend 5.62p (2011: 5.00p) paid 31 August 2012	2,071	1,842
Final dividend for 2011 10.30p (2010: 9.10p) paid 4 May 2012	3,795	3,353
	5,866	5,195

The interim dividend for the prior year of £1,842,000 was paid on 9 September 2011.

The 2012 final proposed dividend of £4,311,000 (11.70p per share) has not been accrued as it had not been approved by the year end.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

9. EARNINGS PER SHARE

	2012	2011
Earnings per share (basic)	41.43p	36.28p
Earnings per share (diluted)	41.38p	36.25p

Earnings per share

	Earnings £'000	2012 Weighted average number of shares	Earnings per share	Earnings £'000	2011 Weighted average number of shares	Earnings per share
Basic earnings per share	15,258	36,826,460	41.43p	13,326	36,728,932	36.28p
Dilutive effect of share options		50,569			32,013	
Diluted earnings per share	15,258	36,877,029	41.38p	13,326	36,760,945	36.25p

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

10. PROPERTY, PLANT AND EQUIPMENT

Group	Property, plant and equipment £'000
Cost	
At 1 January 2011	5,115
Acquisitions through business combinations	323
Additions	302
Disposals	(173)
At 1 January 2012	5,567
Acquisitions through business combinations	132
Additions	297
Disposals	(235)
At 31 December 2012	5,761
Depreciation	
At 1 January 2011	3,827
Charge for the year	467
On disposals	(101)
At 1 January 2012	4,193
Charge for the year	460
On disposals	(167)
At 31 December 2012	4,486
Net book value at 31 December 2012	1,275
Net book value at 31 December 2011	1,374
Parent	
Cost	Property, plant and equipment £'000
At 1 January 2011	2,018
Additions	154
At 1 January 2012	2,172
Additions	138
Disposals	(19)
At 31 December 2012	2,291
Depreciation	
At 1 January 2011	1,541
Charge for the year	170
At 1 January 2012	1,711
Charge for the year	185
On disposals	(3)
At 31 December 2012	1,893
Net book value at 31 December 2012	398
Net book value at 31 December 2011	461

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

11. GOODWILL

Group Cost	£'000
At 1 January 2011	11,914
Additions	1,744
At 1 January 2012	13,658
Additions (see below)	2,315
At 31 December 2012	15,973

Goodwill relates to the historic still and carbonate Out of Home 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. Out of Home business 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 due to the value of the free cash flows after a period of five years being greater than the carrying value of goodwill. Therefore management do not believe it is necessary to project any further into the future.

Management have considered the allocation of the fair value of the consideration transferred over the fair value of the Group's share of the identifiable assets acquired to other intangibles and are satisfied that it is correctly allocated to goodwill.

Goodwill additions for 2012 consist of the acquisition of 100% of the issued share capital of Festival Drinks Limited. The total goodwill is entirely attributable to the Out of Home business.

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.

Acquisitions

On 1 October 2012 the Group acquired 100% of the issued share capital of Festival Drinks Limited, a wholesaler of bag in box syrups and juices.

Details of the net assets acquired and the goodwill are as follows:

	Fair value
	£'000
Property, plant and equipment	132
Inventories	152
Trade and other receivables	326
Trade and other payables	(432)
Current tax liabilities	(239)
Cash	221
Net assets acquired	160
Cash consideration	2,475
Goodwill (see above)	2,315

Revenue of the acquiree since the acquisition date included in the consolidated statement of comprehensive income amounted to: 767

The profit of the acquiree since the acquisition date included in the consolidated statement of comprehensive income amounted to: 95

The revenue for the Group as though the acquisition date had occurred at the beginning of the reporting period would have amounted to: 1,892

The profit for the Group as though the acquisition date had occurred at the beginning of the reporting period would have amounted to: 392

Acquisition costs are not considered to be material but have been expensed in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

12. INVESTMENTS: SHARES IN GROUP UNDERTAKINGS

Parent		
Cost and net book amount		£'000
At 1 January 2011		14,266
Additions		2,300
At 1 January 2012		16,566
Additions		0
At 31 December 2012		16,566

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

	%
Beacon Drinks Limited *	100
Ben Shaws Dispense Drinks Limited	100
Cabana Soft Drinks Limited **	100
Dayla Liquid Packing Limited	100
Festival Drinks Limited ***	100

The Company directly owns 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.

*** Festival Drinks Limited is directly owned by Cabana Soft Drinks 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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

Group	Net balance at 1 January 2012 £'000	Recognised in income £'000	Recognised in other comprehensive expense £'000	Net balance at 31 December 2012 £'000
Property, plant and equipment	66	3	0	69
Goodwill	441	(58)	0	383
Employee benefits	1,944	(442)	78	1,580
Provisions	77	(8)	0	69
	2,528	(505)	78	2,101

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

Parent	Net balance at 1 January 2012 £'000	Recognised in income £'000	Recognised in other comprehensive expense £'000	Net balance at 31 December 2012 £'000
Property, plant and equipment	50	0	0	50
Goodwill	441	(58)	0	383
Employee benefits	1,944	(442)	78	1,580
Provisions	77	(8)	0	69
	2,512	(508)	78	2,082

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

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

Group	Assets		Liabilities		Net	
	Current year £'000	Prior year £'000	Current year £'000	Prior year £'000	Current year £'000	Prior year £'000
Property, plant and equipment	116	117	(47)	(51)	69	66
Goodwill	383	441	0	0	383	441
Employee benefits	1,580	1,944	0	0	1,580	1,944
Provisions	69	77	0	0	69	77
	2,148	2,579	(47)	(51)	2,101	2,528

Parent	Assets		Liabilities		Net	
	Current year £'000	Prior year £'000	Current year £'000	Prior year £'000	Current year £'000	Prior year £'000
Property, plant and equipment	50	50	0	0	50	50
Goodwill	383	441	0	0	383	441
Employee benefits	1,580	1,944	0	0	1,580	1,944
Provisions	69	77	0	0	69	77
	2,082	2,512	0	0	2,082	2,512

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

14. INVENTORIES

	Group		Parent	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Finished goods	3,881	5,790	2,769	4,056
Raw materials	1,450	0	0	0
Total inventories	5,331	5,790	2,769	4,056

In 2012 the Group write-down of inventories to net realisable value amounted to £185,000 (2011: £198,000).

15. TRADE AND OTHER RECEIVABLES

	Group		Parent	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade receivables	22,616	19,895	17,153	15,143
Amounts owed by Group undertakings	0	0	2,665	546
Other receivables	493	703	244	430
Prepayments and accrued income	632	520	384	391
	23,741	21,118	20,446	16,510

Other receivables include an amount of nil (2011: £39,000) 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 £1,031,000 (2011: £1,679,000) 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	2012 £'000	2011 £'000
Up to 30 days overdue	3,232	2,607
Over 30 days and up to 60 days overdue	131	579
Over 60 days and up to 90 days overdue	(62)	(579)
	3,301	2,607

Parent	2012 £'000	2011 £'000
Up to 30 days overdue	3,139	1,695
Over 30 days and up to 60 days overdue	115	328
Over 60 days and up to 90 days overdue	(75)	(505)
	3,179	1,518

Group	At 1 January 2012 £'000	Release in the year £'000	Utilised £'000	At 31 December 2012 £'000
Bad debt provision	1,679	(594)	(54)	1,031

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

Parent	At 1 January 2012 £'000	Release in the year £'000	Utilised £'000	At 31 December 2012 £'000
Bad debt provision	1,577	(544)	(17)	1,016

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

16. TRADE AND OTHER PAYABLES AND CURRENT TAX LIABILITIES

	Group		Parent	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade payables	3,877	5,968	3,203	4,430
Amounts owed to Group undertakings	0	0	3,383	3,906
Other taxes and social security	1,635	1,037	1,121	506
Accruals and deferred income	13,865	13,068	12,720	12,312
	19,377	20,073	20,427	21,154
Current tax liabilities	2,191	1,752	1,368	1,138
	21,568	21,825	21,795	22,292

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

At 31 December 2012, liabilities have contractual maturities which are summarised below:

Group	2012		2011	
	Within 6 months	Within 6 to 12 months	Within 6 months	Within 6 to 12 months
	£'000	£'000	£'000	£'000
Trade payables	3,877	0	5,968	0
Other short term financial liabilities	13,865	0	13,068	0
	17,742	0	19,036	0

Parent	2012		2011	
	Within 6 months	Within 6 to 12 months	Within 6 months	Within 6 to 12 months
	£'000	£'000	£'000	£'000
Trade payables	3,203	0	4,430	0
Other short term financial liabilities	12,720	3,383	12,312	3,906
	15,923	3,383	16,742	3,906

17. PROVISIONS

Group	At 1 January 2012	Charge in the year	Utilised	At 31 December 2012
	£'000	£'000	£'000	£'000
Exceptional cost provision	139	0	(92)	47

Parent	At 1 January 2012	Charge in the year	Utilised	At 31 December 2012
	£'000	£'000	£'000	£'000
Exceptional cost provision	99	0	(52)	47

18. SHARE CAPITAL

	2012 £'000	2011 £'000
Authorised 52,000,000 (2011: 52,000,000) 10p ordinary shares	5,200	5,200
Allotted, issued and fully paid 36,968,772 (2011: 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 2012 and 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

19. SHARE OPTIONS

The Group operates a Save As You Earn (SAYE) scheme for all 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
1 September 2008	11,398	£2.45	£1.77	£0.65	5.00 years	3.43%	5.00%	4.37%	20.31%
1 June 2010	46,776	£3.54	£2.83	£0.70	3.00 years	3.43%	5.00%	2.25%	25.70%
1 June 2010	9,008	£3.54	£2.83	£0.69	5.00 years	3.43%	5.00%	4.75%	25.70%
1 June 2011	27,177	£5.58	£3.85	£1.73	3.00 years	2.43%	5.00%	2.75%	32.94%
1 June 2011	8,970	£5.58	£3.85	£1.73	5.00 years	2.43%	5.00%	1.75%	32.94%
1 June 2012	18,179	£7.08	£5.04	£2.04	3.00 years	2.16%	5.00%	0.66%	30.63%
1 June 2012	18,925	£7.08	£5.04	£2.04	5.00 years	2.16%	5.00%	1.01%	30.63%

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.

Date of grant:	At 1 January 2012	Granted	Exercised	Lapsed	At 31 December 2012	Exercise price per share
1 September 2008	4,044	0	0	0	4,044	177p
1 June 2010	52,578	0	(867)	(5,736)	45,975	283p
1 June 2011	36,147	0	(240)	(6,566)	29,341	385p
1 June 2012	0	37,104	0	(6,855)	30,249	504p
	92,769	37,104	(1,107)	(19,157)	109,609	

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 2012 varied between 530p and 883p and the weighted average price for the year was 728p.

At 31 December 2012, options over 109,609 shares were outstanding under Employee Share Option Plans (2011: 92,769).

	2012		2011	
	Number	Weighted average exercise price in pence	Number	Weighted average exercise price in pence
Outstanding on 1 January	92,769	318.12	130,635	224.77
Granted	37,104	504.00	36,147	385.00
Exercised	(1,107)	305.11	(73,620)	186.00
Lapsed	(19,157)	397.04	(393)	188.22
Outstanding on 31 December	109,609	367.38	92,769	318.12

20. CASH AND CASH EQUIVALENTS

Group	At 1 January 2012 £'000	Cash flow £'000	At 31 December 2012 £'000
Cash at bank and in hand	20,111	4,634	24,745

Parent	At 1 January 2012 £'000	Cash flow £'000	At 31 December 2012 £'000
Cash at bank and in hand	17,871	4,077	21,948

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

21. FINANCIAL INSTRUMENTS

Exposure to treasury management, liquidity, 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.

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 (€). During 2012 the Group entered into foreign currency transactions that over the course of the year resulted in the Group having a natural hedge. This then meant the Group did not need to enter into forward contracts to minimise the impact of movements in foreign currency rates on the spot market. During 2011 the Group used forward exchange contracts to hedge its foreign currency risk. Forward purchase contracts in US Dollars were made to cover at least the full year of projected purchases. The forward foreign currency purchase contracts, which were a mixture of firm contracts and conditional options, matured in line with expected purchases.

Foreign currency assets	2012 £'000	2011 £'000
US Dollar	2,565	2,199
Euro	2,150	918
Chinese Yuan	1	1
	4,716	3,118

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% (2011: 5%), then this would have had the following impact:

	2012 £'000				2011 £'000			
	USD	Euro	CNY	Total	USD	Euro	CNY	Total
Net result for the year	(122)	(102)	0	(224)	(104)	(44)	0	(148)

If Sterling had weakened against the US Dollar, Euro and Chinese Yuan by 5% (2011: 5%), then this would have had the following impact:

	2012 £'000				2011 £'000			
	USD	Euro	CNY	Total	USD	Euro	CNY	Total
Net result for the year	135	114	1	250	116	48	1	165

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

22. 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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Current assets				
Trade receivables and other receivables	23,109	20,599	20,062	16,119
Cash and cash equivalents	24,745	20,111	21,948	17,871
Total financial assets	47,854	40,710	42,010	33,990

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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Current liabilities				
Other financial liabilities at amortised cost				
Trade and other payables	3,877	5,968	3,203	4,430
Amounts owed to Group undertakings	0	0	3,383	3,906
Total financial liabilities	3,877	5,968	6,586	8,336

23. 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 2011.

At 31 December 2012 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).

24. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Group		Parent	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Within one year	822	865	627	669
Between two and five years	444	993	215	752
More than five years	63	95	0	0
	1,329	1,953	842	1,421

The Group leases its headquarters, Laurel House, 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.

25. 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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Sale of goods and services (including recharge of costs)	1,734	1,627	718	3,360

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

26. 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 £261,000 (2011: £215,000).

The Company operates a defined benefit plan in the UK. A full actuarial valuation was carried out on 5 April 2011 and updated at 31 December 2012 by an independent qualified actuary. The Company paid an additional £0.9 million into the plan in the year (2011: £0.9 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 2012	31 December 2011	31 December 2010
Future salary increases	2.90%	3.05%	4.45%
Rate of increase in (post 1997) pensions in payment (a)	3.40%	3.40%	3.40%
Discount rate at 31 December	4.30%	4.70%	5.40%
Expected rate of inflation	2.90%	3.05%	3.40%
Overall expected return on plan assets	4.30%	4.40%	5.90%

The expected return on plan assets is based on 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 90 years for men (2011: 88 years) and 92 years for women (2011: 90 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 £107,000 (2011: £119,000). 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 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
Equity securities	5.50%	5.60%	6.90%	7.20%	6.60%
Gilts	2.50%	2.60%	3.90%	4.20%	3.60%
Government bonds	3.90%	4.50%	5.20%	5.40%	6.50%
Cash and other	0.50%	0.50%	0.50%	0.50%	1.50%

	Market value of assets at				
	31 December 2012 £'000	31 December 2011 £'000	31 December 2010 £'000	31 December 2009 £'000	31 December 2008 £'000
Equity securities	12,168	11,207	12,511	11,004	8,826
Gilts	1,579	993	1,938	1,772	1,610
Government bonds	3,621	2,570	1,983	1,800	1,502
Cash and other	2,483	3,053	1,463	963	602
	19,851	17,823	17,895	15,539	12,540

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

26. EMPLOYEE BENEFITS (CONT)

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 2012 £'000	31 December 2011 £'000	31 December 2010 £'000	31 December 2009 £'000	31 December 2008 £'000
Fair value of plan assets	19,851	17,823	17,895	15,539	12,540
Present value of defined benefit obligations	(26,407)	(24,136)	(22,030)	(20,283)	(16,107)
Recognised liability for defined benefit obligations	(6,556)	(6,313)	(4,135)	(4,744)	(3,567)

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

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Operating profit					
Current service costs	(107)	(119)	(110)	(56)	(84)
Total operating charge	(107)	(119)	(110)	(56)	(84)
Finance expense					
Expected return on plan assets	793	1,059	979	737	1,102
Interest on obligation	(1,124)	(1,175)	(1,142)	(1,068)	(1,145)
Total finance expense	(331)	(116)	(163)	(331)	(43)
Total charge to the consolidated income statement	(438)	(235)	(273)	(387)	(127)
Group consolidated statement of comprehensive income					
Actual return less expected return on plan assets	821	(1,460)	1,033	1,901	(4,782)
Experience gains and losses arising on plan liabilities	396	96	(72)	120	1,113
Changes in the assumptions underlying the present value of the plan liabilities	(1,990)	(1,562)	(887)	(3,586)	2,383
Actuarial movement in defined benefit plan recognised in statement of comprehensive income	(773)	(2,926)	74	(1,565)	(1,286)

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

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Liability for defined benefit obligations at 1 January	(6,313)	(4,135)	(4,744)	(3,567)	(3,635)
Current service costs	(107)	(119)	(110)	(56)	(84)
Contributions paid into the plan	968	983	808	775	672
Gain on settlement of obligations	0	0	0	0	809
Other finance costs	(331)	(116)	(163)	(331)	(43)
Actuarial (loss)/gain recognised in statement of comprehensive income	(773)	(2,926)	74	(1,565)	(1,286)
Liability for defined benefit obligations at 31 December	(6,556)	(6,313)	(4,135)	(4,744)	(3,567)

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

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Opening fair value of plan assets	17,823	17,895	15,539	12,540	16,570
Expected return on plan assets	793	1,059	979	737	1,102
Actuarial gain/(loss)	821	(1,460)	1,033	1,901	(4,782)
Contributions by the Group	414	329	344	361	417
Assets distributed on settlement of obligations	0	0	0	0	(767)
Closing fair value of plan assets	19,851	17,823	17,895	15,539	12,540

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

26. EMPLOYEE BENEFITS (CONT)

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

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Opening defined benefit obligations	24,136	22,030	20,283	16,107	20,205
Current service costs	107	119	110	56	84
Contributions by participants	(554)	(654)	(464)	(414)	(255)
Other finance costs	1,124	1,175	1,142	1,068	1,145
Actuarial loss/(gain)	1,594	1,466	959	3,466	(3,496)
Liabilities discharged on settlement	0	0	0	0	(1,576)
Closing defined benefit obligations	26,407	24,136	22,030	20,283	16,107

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Difference between expected and actual return on plan assets					
Amount	821	(1,460)	1,033	1,901	(4,782)
Percentage of plan assets	4.1%	(8.2%)	5.8%	12.2%	(38.1%)
Experience gains and losses on plan liabilities					
Amount	396	96	(72)	120	1,113
Percentage of present value of plan liabilities	1.5%	0.4%	(0.3%)	0.6%	6.9%
Gain and losses on changes in assumptions					
Amount	(1,990)	(1,562)	(887)	(3,586)	2,383
Percentage of present value of plan liabilities	(7.5%)	(6.5%)	(4.0%)	(17.7%)	14.8%
Total actuarial gains and losses					
Amount	(773)	(2,926)	74	(1,565)	(1,286)
Percentage of present value of plan liabilities	(2.9%)	(12.1%)	0.3%	(7.7%)	(8.0%)

UNAUDITED FIVE YEAR SUMMARY

YEARS ENDED 31 DECEMBER

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Revenue	107,788	98,912	83,899	72,378	56,221
Operating profit before exceptional items, IAS 19 and long term incentive charges	21,741	19,038	15,426	12,891	10,431
Exceptional items	0	0	(293)	(293)	(5,940)
IAS 19 operating profit charges	(107)	(119)	(110)	(56)	(84)
Long term incentive charges	(1,117)	(770)	(199)	(334)	(543)
Operating profit after exceptional items, IAS 19 and long term incentive charges	20,517	18,149	14,824	12,208	3,864
Net finance (expense)/income	(7)	(44)	(34)	(282)	234
Profit before taxation	20,510	18,105	14,790	11,926	4,098
Taxation	(5,252)	(4,779)	(3,966)	(3,572)	(1,141)
Profit after taxation	15,258	13,326	10,824	8,354	2,957
Dividends paid	(5,866)	(5,195)	(4,601)	(4,193)	(3,914)
Retained profit/(loss)	9,392	8,131	6,223	4,161	(957)
Earnings per share - (basic)	41.43p	36.28p	29.63p	22.86p	8.10p
Earnings per share - (diluted)	41.38p	36.25p	29.59p	22.57p	8.10p
Earnings per share - (basic) before exceptional items	41.43p	36.28p	30.22p	23.44p	20.03p
Earnings per share - (diluted) before exceptional items	41.38p	36.25p	30.18p	23.15p	20.01p
Dividends paid per share	15.92p	14.10p	12.55p	11.45p	10.65p

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty first 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, 1 May 2013 at 11:00 a.m. for the following purposes:

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 2012.
2. To declare a final dividend for the year ended 31 December 2012 of 11.7 pence per ordinary share of 10 pence in the capital of the Company to be paid on 3 May 2013 to shareholders whose names appear on the register of members at the close of business on 2 April 2013.
3. To re-elect E J Healey, who retires by rotation, as a director of the Company.
4. To re-elect J Longworth, who retires by rotation, as a director of the Company.
5. To reappoint M-J Millard, who has been appointed by the Board since the last Annual General Meeting, as a director of the Company.
6. To reappoint Grant Thornton UK LLP as auditors of the Company.
7. To authorise the directors to determine the remuneration of the auditors.
8. 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 £1,219,969, 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 1 August 2014 (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:

9. That, subject to the passing of resolution 8 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 8 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:
 - 9.1 in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):
 - 9.1.1 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
 - 9.1.2 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
 - 9.2 otherwise than pursuant to paragraph 9.1 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 1 August 2014 (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 573 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).
10. 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:
 - 10.1 the maximum aggregate number of Shares which may be purchased is 3,696,877;
 - 10.2 the minimum price (excluding expenses) which may be paid for a Share is 10p;

GENERAL NOTES

- 10.3 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 1 August 2014 (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
Secretary

27 March 2013

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

Registered in England and Wales No. 238303

General Notes

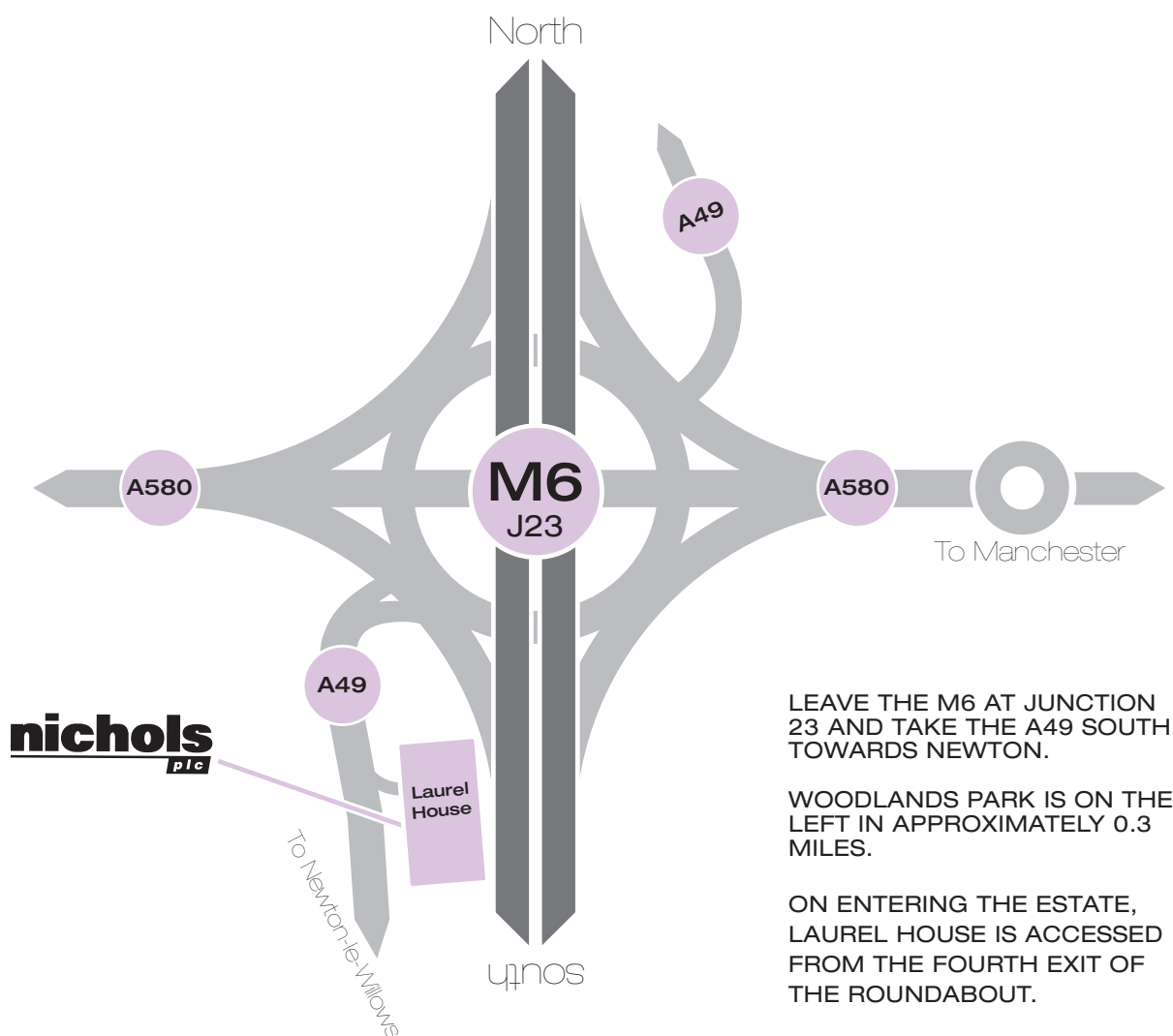
1. Copies of the executive directors' service agreements and non-executive directors letters of appointment will be available for inspection at the registered office of the Company during normal business hours (excluding weekends and public holidays) from the date of this notice until the conclusion 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, 29 April 2013 (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 8:30 a.m. – 5:30 p.m., 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. A proxy may only be appointed in accordance with the procedures set out in notes 4 to 8 below and the notes to the form of proxy.
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 29 April 2013 (or, in the event that the meeting is adjourned, no later than 48 hours before the time of any adjourned 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 29 April 2013 (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

GENERAL NOTES & DIRECTIONS TO THE ANNUAL GENERAL MEETING

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.

8. 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.
9. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.
10. As at 22 March 2013 (being the last practicable date before the publication of this notice), the Company's issued share capital consists of 36,968,772 ordinary shares of 10 pence each, carrying one vote each. As the Company holds 144,747 ordinary shares in treasury, in respect of which it cannot exercise any votes, the total voting rights in the Company as at 22 March 2013 are 36,824,025.
11. You may not use any electronic address provided either in this notice of general meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.





PRELIMINARY RESULTS
ANNOUNCED

7TH MARCH 2013

ANNUAL GENERAL
MEETING

1ST MAY 2013

INTERIM RESULTS
ANNOUNCED

25TH JULY 2013





THE QUEEN'S AWARDS
FOR ENTERPRISE:
INTERNATIONAL TRADE
2012



nichols
plc

Laurel House / Woodlands Park / Ashton Road / Newton-le-willows / Merseyside / WA12 0HH
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