nichols plc

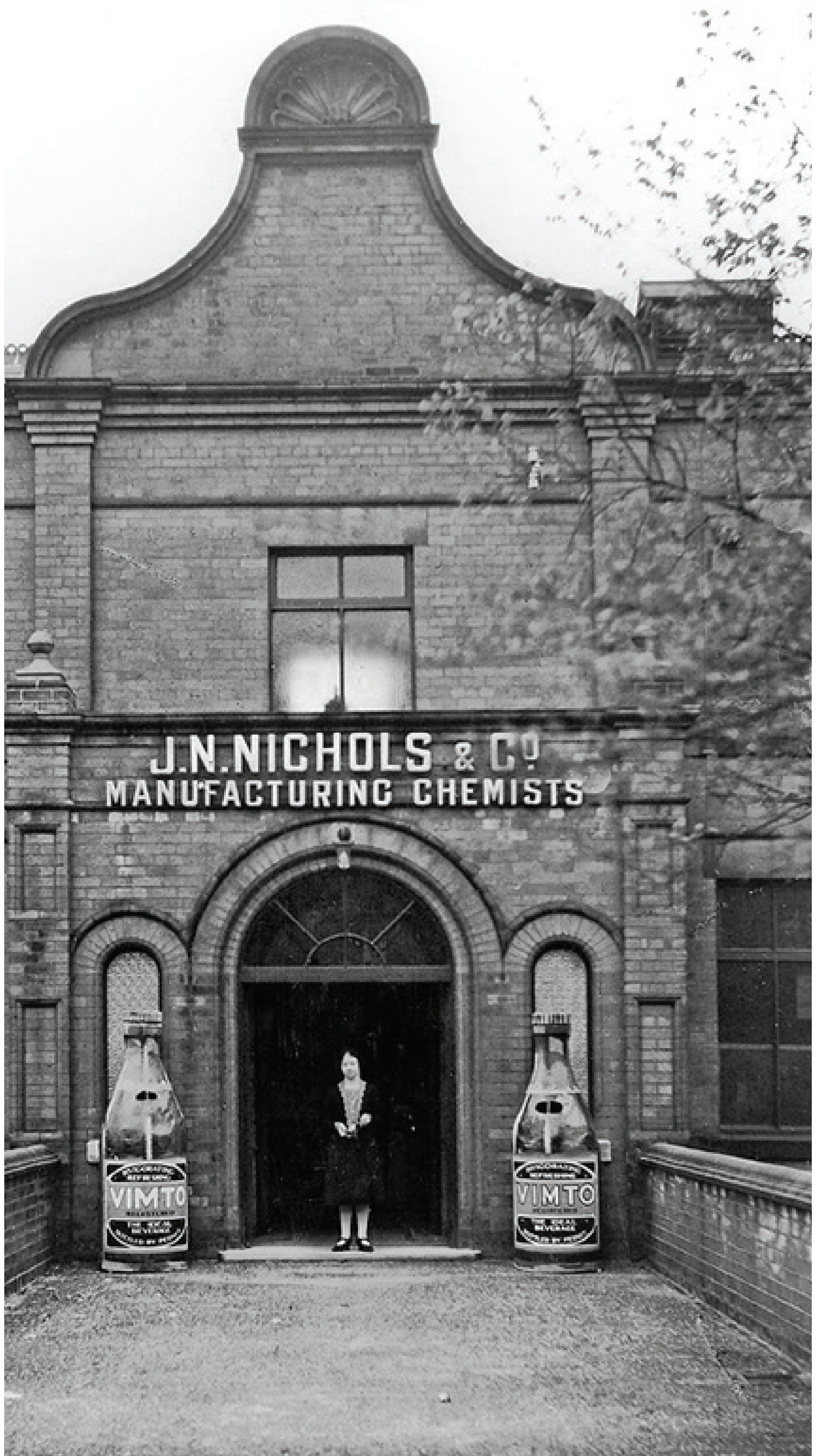
2014 ANNUAL REPORT & FINANCIAL STATEMENTS.

THE GROUP.

Nichols PLC is a highly focused soft drinks business.

Its brand portfolio includes Vimto, which is sold in over 65 countries and Levi Roots, Sunkist and Panda which are sold in the UK.

The Group has a leading market position in both the "Still" and "Carbonate" drinks categories.



CONTENTS.

THE HERITAGE AND STRENGTH OF OUR BRAND REMAIN A CORE ELEMENT OF OUR CONTINUED SUCCESS

Performance at a glance.
(Pre-exceptional items)

Group Revenue

2013	105.5m
2014	109.2m

+3.5%

Operating Profit

2013	22.4m
2014	25.6m

+14.1%

Operating Profit R.O.S

2013	21%
2014	23%

Profit Before Tax

2013	22.5m
2014	25.7m

+14.1%

Net Cash

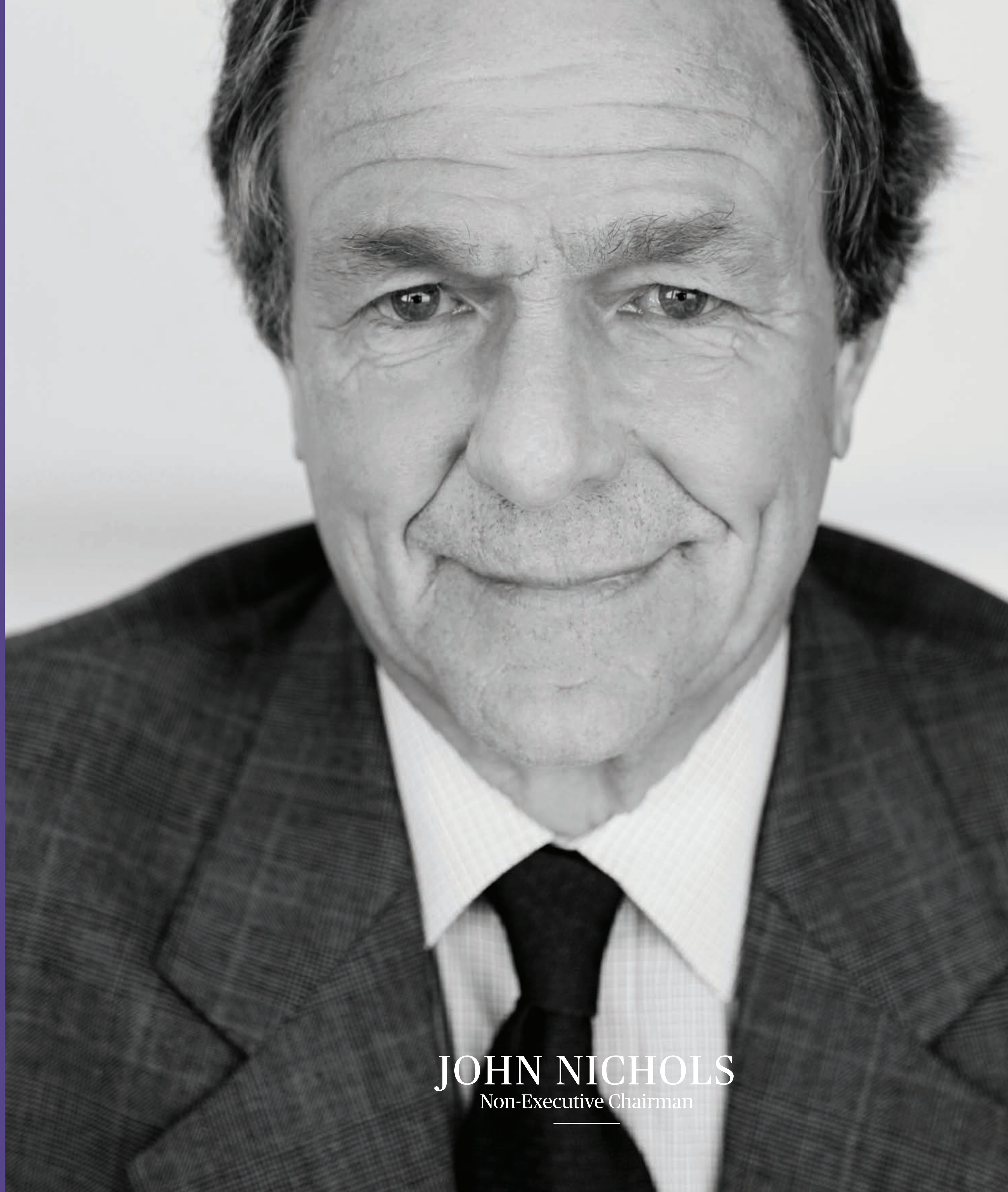
2013	34.3
2014	34.5

EPS (basic)

2013	45.8p
2014	55.0p

+20.2%

> *"One of the key strengths of our business is the diversity of our markets. Our Still and Carbonate revenues span both the domestic and international regions."*



I am delighted to report another strong performance for the Nichols Group. Once again, our sales growth has outperformed the soft drinks market (as measured by Nielsen), we have delivered double digit profit growth and the Group continues to be cash generative.

UK SALES INCREASED BY
3.3%

INTERNATIONAL SALES INCREASED BY
4.3%

MIDDLE EAST SALES INCREASED BY
12.3%

AFRICAN MARKETS INCREASING YOY BY
3.9%

Trading

Group sales totalled £109.2m, an increase of 3.5% compared to the prior year and represents growth of 4.1% on a constant exchange rate basis. In addition to the sales increase we continued with our strategy of focusing on value over volume and our operating margin improved to 23% (2013: 21%) driven by healthy international growth. As a result, profit before tax (pre-exceptional items) grew by 14.1% to £25.7m (2013: £22.5m).

One of the key strengths of our business is the diversity of our markets. Our Still and Carbonate revenues span both the domestic and international regions with sales of packaged products, dispensed products and concentrate.

In the UK our total sales increased by 3.3%, out-performing the soft drinks market growth of 0.4% (Nielsen MAT to 3 January 2015). During 2014 we continued to invest in our brands and in the spring we successfully introduced the new Vimtoad advertising campaign along with a complete redesign of the Vimto packaging. These activities contributed to a healthy 4.5% growth in UK sales of the Vimto brand, which was achieved despite the continued challenging trading conditions in the UK grocery market.

Driven by our performance in the Middle East, international sales increased by 4.3% to £24.1m. The underlying increase was even stronger at 7.3% when viewed on a constant exchange rate basis. It was encouraging to see Vimto concentrate sales to our key Middle East market increase by 12.3% on the back of strong in-country demand for the brand.

Elsewhere sales to our African markets again performed well, increasing 3.9% on a reported basis, or 8.6% on a constant exchange rate basis against the prior year.

Exceptional cost

As reported in our Interim announcement, the Group's Income Statement includes a one-off exceptional cost of £7.8m with regard to damages awarded against Nichols plc in the High Court. The cash payment was settled in the second half of 2014.

Dividend

After another strong performance in 2014 and reflecting the Board's continued confidence in the outlook, I am pleased to recommend a final dividend of 15.3 pence per share (2013: 13.3 pence). If approved by our shareholders, the total dividend for 2014 will be 22.4 pence per share (2013: 19.62 pence), an increase of 14.2% on the prior year.

The final dividend will be paid on 5 May 2015 to shareholders registered on 7 April 2015; the ex-dividend date is 2 April 2015.

Board Change

Eric Healey, Non-Executive Director, is stepping down from the Board today and we would like to thank Eric for his contribution to Nichols plc's success over the last four years. A successor will be appointed in due course.

Outlook

2014 proved to be another successful year for the Group. Despite the ongoing challenges within the UK grocery sector, our UK sales again outperformed the soft drinks market and in particular the Vimto brand performance was strong. General consensus suggests that the UK grocery market will continue to be challenging into 2015 and against that back drop it is important to emphasise the Group's diverse income streams, with less than 25% of Group sales coming from the UK major multiple retailers. As we progress into 2015, we will continue to deliver our growth strategy, including further investment in our brands and markets both in the UK and overseas.

In summary, the Group has continued to perform successfully in 2014 delivering increased sales, strong profit growth and has maintained a robust 'balance sheet'. The Board is confident that the Group is well placed to continue this trend into 2015.

P. J. Nichols

John Nichols
Non-Executive Chairman
4 March 2015

"The Vimto brand, now 107 years old, is distributed and sold in more than 65 countries worldwide"

MARNIE MILLARD
Chief Executive Officer

I am very pleased with Nichols' strong performance and continued progress during the year, delivering 14.1% profit growth (pre-exceptional items) in what remained a challenging soft drinks market globally.

Nichols is a focused international soft drinks Group and the home of Vimto. The Vimto brand, now 107 years old, is distributed and sold in more than 65 countries worldwide. The strength and heritage of our core brand continues to be a key element of the Group's growth and success.

The diversification of our business underpins the Group's track record of consistent growth. Our leading portfolio of soft drinks brands, as well as established UK, International and Out of Home operations, means we are able to grow and generate value for the Group and its shareholders.

The UK Soft Drinks Market

(as measured by Nielsen MAT to 3 January 2015)

In 2014, volumes in the UK soft drinks market decreased by 1%. The total value of the UK soft drinks market, excluding the "on trade" channel, grew by a modest 0.4% year on year to a total value of £7.6bn.

All sectors of the market remained competitive during the year with continued reliance by many brands on heavy promotional activity to drive sales.

During the year we continued to execute our successful strategy of focusing on value over volume and minimising promotional driven sales. As a result the Vimto brand value grew during the year by 6.2% to £69.1m.

Within the Vimto portfolio, whilst we saw strong performances from both the Still and Carbonate product categories, the most noticeable growth was from the Vimto ready to drink range which significantly outperformed the market to deliver growth of 26% versus the prior year.

It is clear that over recent years the buying habits of the UK consumer have fundamentally changed as shoppers increasingly prioritise value and convenience. Consumers now shop more frequently but are happy to visit different fascia stores to buy different products. It is therefore critical for the ongoing success of Vimto that we continue to innovate and evolve so that all pack formats are relevant for the designated route to market and satisfy consumers' changing needs.

Our commercial platforms for development and growth as detailed below, reflect the changing behaviours of the consumer:

MORE FROM THE CORE
Unlocking and exploiting growth opportunities that still exist for our core and much loved Vimto brand.

WHEREVER WHENEVER
Extending Vimto's availability to wider geographical territories and through different routes to market.

HEALTHIER FUTURE
Ensuring that our product range provides a wide range of choice to meet consumer needs for healthier drinks.

THIRST FOR NEW
Having a culture of innovation to develop our business and our products to meet consumers' preferences and needs.

14%
PROFIT BEFORE TAX GROWTH

20%
EARNINGS PER SHARE GROWTH

14%
FULL YEAR DIVIDEND GROWTH

£34.5m
CASH IN THE BANK

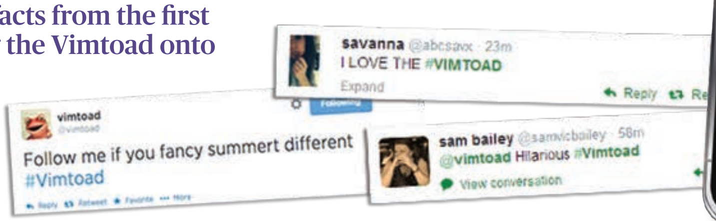
Festive Vimtoad

4,231 TWITTER FOLLOWERS

NO'3 TREND WORLDWIDE

3,439 APP DOWNLOADS

Some interesting facts from the first week of launching the Vimtoad onto social media



Operational Review

In 2014, the sales of our Still products grew by 5.3% to £56.0m with this product area being the strategic focus for the Vimto brand. Supporting this required a broadening of our target audience to encompass both teens and their parents. As a result we embarked on a new communications campaign to enhance our engagement with this audience.

A new branded character, a giant purple toad named Vimtoad, was developed to front this campaign and explains to target consumers looking for refreshment why Vimto is both delicious and unique.

The national multi-channel campaign was launched on TV in April, with additional activity on radio, digital media and social media, as well as a nationwide sampling road show. This was supported by trade advertising and PR to enhance retailers' interest and demand.

At the same time, the entire Vimto range benefited from a complete redesign, which ensured the presentation of each of our products reflected the appropriate category language. This redesign saw the launch of Vimto Fizzy Zero, which is our diet carbonated product.

During the year a new sector emerged in the UK soft drinks market in the form of water enhancers. We spotted this emerging category and the potential growth opportunity early on.

Vimto Squeezy was launched in January 2014 and was one of the first water enhancers to be launched in the UK market. The sales performance of this new product has been promising during the year adding in excess of £1.0m to the brand value.

Consolidation in the Group's Out of Home business was successfully concluded in 2014. A product rationalisation programme was also realised during the year to simplify the business and make it more relevant for the market.

During 2015 we will represent Coca-Cola within our Out of Home business via the dispense route to market. Our ability to secure distribution of the biggest global soft drink brand is indicative of our commitment to the quality and service we provide to the independent on trade sector.

Internationally, in the Middle East a new above the line communications campaign for Vimto was launched by our partner Aujan Coca-Cola. The theme "Bring them Home" was targeted at younger mothers but still emphasised the traditional family values that Vimto represents to our customers during the period of Ramadan.

This was supported with a fully integrated digital campaign helping to drive year on year market growth of 6% in the region, contributing to the growth of the Group's Still business.

Within the African Business Unit, Senegal and Cameroon performed very well during the year, as did Nigeria where we were able to re-establish the presence of Vimto.

Our model within this region is to seed a territory with imported cans and, as critical mass is achieved, we seek to partner a local bottler. As a result, in 2014 we experienced a switch in sales from cans to sales of concentrate, accounting for a 9% increase in Concentrate revenue in the overall African business. Shipments to the West African region remained broadly stable, despite the devastating and indeed tragic outbreak of Ebola in that region during the year.

Non soft drinks brand licensing continues to grow within our portfolio. In 2014 we had over 20 million Vimto brand interactions with our consumers. Vimto Jellies were successfully launched and in their first year achieved retail sales in excess of £1.0m.

Financial Review

The Group has delivered pleasing sales growth of 3.5% to £109.2m (2013: £105.5m) despite challenging overall market conditions. We have continued with our strategy of focusing on value over volume and as a result our gross margin has remained robust and contributed to the strong profit delivery.

In summary in 2014 we achieved:

- 3.5% total sales growth to £109.2m (2013: £105.5m)
- 4.3% International sales growth to £24.1m (2013 £23.1m)
- 14.1% profit before tax growth (pre-exceptional items) to £25.7m (2013: £22.5m)
- 20.2% earnings per share growth (pre-exceptional items)
- 14.2% full year dividend growth

Cash generation remained positive in 2014 and, as a result, we finished the year with £34.5m cash in the bank.

VIMTO BONBONS IN 2014 WE SOLD A TOTAL OF 4 MILLION BAGS AND JARS OF BONBONS WHICH EQUATED TO

117million

INDIVIDUAL BONBONS!

VIMTO JELLIES GAINED LISTINGS IN ASDA & MORRISONS. IN 2014 RETAIL SALES EXCEEDED £1M (£1.041M). THATS

2,167,380

INDIVIDUAL JELLIES!

VIMTO GIFTING WAS NEW FOR 2014. FRONT OF STORE LISTINGS IN SELFRIDGES MADE RETAIL SALES OF

£443K

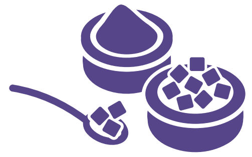
IN JUST A FEW MONTHS!

CALORIES PER 100ML OF OUR READY TO DRINK PRODUCTS IS DOWN BY

28%

PROPORTION OF OUR NO ADDED SUGAR SALES HAS INCREASED FROM 19% TO

36%



OUR TOTAL USE OF SUGAR HAS REDUCED BY

23%

Corporate Responsibility

Issues of obesity and sugar consumption continue to challenge the soft drinks industry. We believe that improving dietary health in the UK is a shared responsibility and we are working hard to ensure that our product range offers our consumers a range of options, as well as transparency to enable them to make an informed choice.

We continue to support the Government's Public Health Responsibility Deal and strive to improve our calorie reduction pledge year on year. Since 2011 we have achieved the following:

- A reduction of 28% in average calories per 100ml of our Ready to Drink products sold.
- Proportion of our no added sugar sales has increased from 19% to 36%.
- Our total use of sugar has reduced by 23%.

To support our corporate responsibility programme, we embarked on a recipe rationalisation programme at the Nichols manufacturing site in Ross-on-Wye. This has resulted in improved manufacturing efficiencies, better labour utilisation and a reduction in energy usage and waste levels.

OUR COMMUNITY.

I am pleased to report our key charity this year has been Warrington Youth Club.

Warrington Youth Club believes in "inspiring young people to achieve" and supports young people's development by offering opportunities to gain, increase and develop skills, self awareness and confidence. This in turn enables them to make positive and healthy life choices through a range of programmes.

Dragons Den, winning designs!

In order to support the charity, Team Vimto climbed Kilimanjaro in early 2014 and hosted a "Dragons Den" style activity which produced some amazing performances and ideas from the students. The co-operation between the two organisations has been mutually beneficial and highly rewarding.

Warrington Youth Club
Inspiring young people to achieve

CLIMB TO KILIMANJARO.

In order to launch Nichols support of WYC, 3 members of Nichols staff agreed to climb Mount Kilimanjaro in March 2014.

Kilimanjaro is the highest mountain in Africa and the highest free standing mountain in the world, standing at 5,895 metres or 19,341 feet high.

James Nichols, Tim Spurr and David Perkins were joined in their efforts by 3 of Nichols Plc suppliers; Paul Heesterman from Senient Flavors, Steve Watt from Rose Confectionery and Bin Donaldson from Cobell.

The Group aimed to raise £25,000 for WYC. In fact, thanks to the fantastic generosity of friends, families, colleagues and suppliers; the Group raised in excess of £50,000. A fantastic start to Nichols Plc support of WYC and put us well on track to the £100k total that was raised for the club in 2014.

James Nichols with Tim Spurr and David Perkins (Nichols); Steve Watt (Rose Marketing); Paul Heesterman (Sensient Flavors)

OUR TEAM.

Our strongest asset remains the quality of our people and the excellent team work found across our Group.

Our business thrives on the energy, enthusiasm and positive attitude of all colleagues. The professionalism and capability of our people reinforces my confidence in our ability to continue to improve our performance and achieve our strategic goals together. We have a strong and distinctive culture which we are proud of and work hard to narture and maintain.

I would like to take this opportunity to thank all my colleagues for their continued effort and commitment.

Outlook

Overall 2014 was a good year for the Group, underpinned by our strengths of core brands, international operations and a winning team. We look forward with continued confidence into 2015.

STAR AWARDS

DIANE McGINN
Innovator of the Year

ANDY JOHNSON
Mentor of the Year

JOE ASHCROFT
NewComer of the Year

DAVID EAVES
Unsung Hero of the Year

FINANCE
Team of the Year

THE DIVERSIFICATION OF OUR BUSINESS IS A MAJOR CONTRIBUTOR TO OUR CONSISTENT GROWTH.

VIMTO FROM AROUND THE WORLD.

As a long standing global organisation our aim is to be a business admired for our people, partnerships, products and performance.

Our Vision

We have an established five year rolling strategy for all the activities within our Group. Our plan for growth is centred around our commercial activities in both the UK and overseas.

To support our commercial initiatives we work to ensure we have well established operations and partners to support our business growth and development.

In the UK our core focus will be the Vimto brand. Investment, commitment and innovation will be central to the continued growth of the Vimto brand. Our intention will be to grow the brand more aggressively by geographical expansion in our home market.

Internationally we will continue to develop and expand our large presence in the Middle East region. There also remains potential new territories in Africa, where it is essential we seek new partners to realise further success. In addition we continue to evaluate opportunities in new export markets to add to our successful international business.

As a truly diversified business acquisition remains a key feature in our growth strategy. It is likely that any successful acquisition either in the UK or overseas would be incorporated into our current business model characterised by outsourcing production and using third party distribution partners in the export markets.

Marnie Millard
Chief Executive Officer
4 March 2015

> *"Whilst it is very pleasing to report that our UK sales again outperformed the market, our strong performance in the international regions demonstrates the diversity of the Group's business"*

2014 was another successful year for Nichols plc, our sales growth outperformed the market and we delivered a double digit increase to profit.

The strong performance was delivered from both our UK and international markets. Whilst it is very pleasing to report that our UK sales again outperformed the market, our strong performance in the international regions demonstrates the diversity of the Group's business and that we are not overly reliant on any one market or geographic region.

Income Statement

Total Group sales increased by 3.5% to £109.2m, on a constant exchange rate basis, the increase was 4.1%.

Business Segments

Still

2013	53.2m
2014	56.0m

+5.3%

Carbonate

2013	52.3m
2014	53.2m

+1.7%

Total

2013	105.5m
2014	109.2m

+3.5%

VIMTO BRAND INCREASED BY
4.5%

UK REVENUE INCREASED 3.3% TO
£85.1M

MIDDLE EAST SALES INCREASED BY
12%

GROSS PROFIT INCREASED BY
4.3%

Group sales growth was weighted towards the Still category which was 5.3% ahead of the prior year. This was driven by the strong performance of Vimto 500ml sportscap in the UK and from the incremental sales of Vimto concentrate to the Middle East.

Reported Carbonate sales showed a relatively modest year on year increase of 1.7%, however it should be noted that the majority of the Group's negative currency impact affects this category as the majority of our African sales are traded in Euros.

UK Sales

Given the market conditions, our UK sales performance was excellent. During the year UK revenue increased 3.3% to £85.1m. In contrast, subdued consumer spending in the grocery sector as a whole was reflected in the UK soft drinks performance and as a result the market growth, as measured by Nielsen, reported marginal growth of 0.4% in the 12 months to 3 January 2015. The UK performance was driven by sales of Vimto branded products which increased by 4.5% in 2014, in particular we saw strong growth from both the Still and Carbonate 500ml products.

International Sales

The strong performance in our export markets was particularly pleasing, full year sales growth was 4.3% and a more indicative 7.3% higher when reported on a constant exchange rate basis.

As anticipated in our Interim announcement, the significant headline was the strong growth in our Middle East markets in the second half of the year. Whilst in-country sales of finished product have remained in healthy growth in the Middle East, the shipments of Vimto concentrate had been relatively flat in 2013 and the first half of 2014.

The timing differences between our concentrate shipments and in-country production requirements have now worked through the supply chain system resulting in a 12% increase in sales for 2014 (14% on a constant exchange rate basis).

Elsewhere sales to Africa increased by 4% against tough prior year comparatives (2013 up by 21%). The majority of our sales to Africa are traded in Euros, meaning the increase was 9% when reported on a constant exchange rate basis which reveals an even stronger underlying trading performance.

With regard to the exchange rate impact reported above, it should be noted that the Group manages a 'natural currency hedge', whereby our foreign currency payments largely match income and therefore the net exchange rate exposure to profit is minimal.

Restatement of 2013 reported sales - During the latter part of 2014, the management team undertook a review of certain customer invoiced promotional investment that was previously included within administrative expenses. This review is explained further in note 2.

Pre-exceptional Profit

Gross Profit totalled £50.2m an increase of 4.3%, adding an incremental £2.1m contribution compared to the prior year.

Gross Margin return on sales was maintained at the increased rate of 46% attained in 2013.

As referred to in the Chairman's Statement, we continued our strategy of focusing on value over volume meaning that whilst we are ambitious and invest to grow sales, we are not prepared to participate in deep discounting to the detriment of profitability and our brand values.

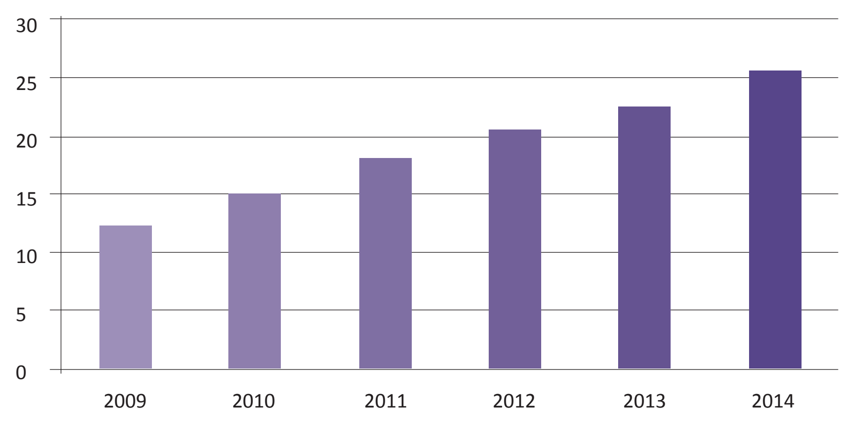
Administrative expenses were £19.3m, the total cost remained relatively flat in comparison to the prior year (2013: £19.6m).

Operating Profit for the year increased by £3.2m (14.1%), to £25.6m. The Operating Profit Margin increased to 23% (2013: 21%), this was achieved by maintaining the Gross Margin percentage and managing our administrative costs at the same level as the prior year.

As a result of the strong trading performance and good cost control, Group Pre-exceptional Profit Before Tax increased significantly to £25.7m, 14.1% up on the prior year (£22.5m).

During the year, the Group maintained its impressive performance of delivering strong year on year profit growth. Group PBT has increased by 110% over the last five years.

Profit before tax (pre exceptional £m)

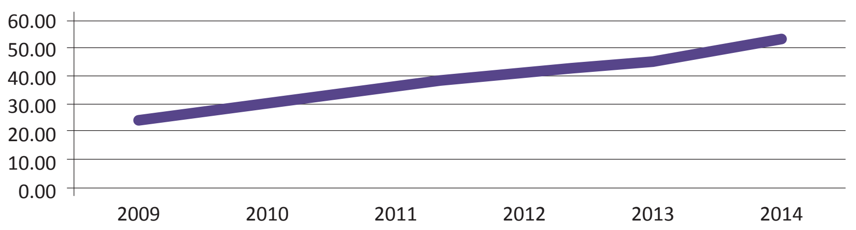


Exceptional Cost

As announced on 2 July 2014, the High Court awarded damages against Nichols plc with regard to the litigation claim from Gul Bottlers (PVT) Ltd. As a consequence, a one-off exceptional cost of £7.8m has been included in the Group's Consolidated Income Statement.

The settlement was paid during the second half of 2014 and is reflected in the Group's Consolidated Statement of Cash Flows.

EPS before exceptional item (pence per share)



Earnings Per Share

Pre-Exceptional Earnings Per Share increased by 20% to 55.03 pence.

The 2014 performance continues the strong growth trend. Over the last five years earnings have increased by 135%.

Key Performance Indicators

As reported in more detail above, the following Key Performance Indicators are used by management to monitor the Group's Income Statement:

REVENUE GROWTH
+3.5%
The increase in the current year's revenue as a percentage of the prior year's total

GROSS MARGIN
46%
Revenue less product cost as a percentage of revenue

OPERATING PROFIT MARGIN
23%
Group Profit before financing income or charges as a percentage of revenue pre-exceptional costs

Statement of Financial Position

As I explained last year, the Group's 'Balance Sheet' is relatively uncomplicated. We continue to outsource the majority of our production therefore the business is asset light. The Group remains debt free and we apply strong control to our working capital.

The year-end cash balance was £34.5m (2013: £34.3m).

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

- Property, Plant and Equipment increased by £3.5m.

  In March 2014 we purchased the freehold to our Head Office for £3.4m. This investment delivers annual benefit to the Income Statement without affecting the Group's ability to invest in its growth strategy.
- Inventories increased by £0.6m (14%).

  In addition to the trading growth, the balance of the year on year variance was simply caused by the timing of stock movements.
- Provisions reduced to zero.

  The prior year provision for the litigation case was paid during 2014.
- Pension liability increased to £6.2m (2013: £4.0m).

  The year on year movement is primarily due to anticipated lower corporate bond yields. The Group has a recovery plan in place to fund the deficit.

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 Group'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 members for 2014 were 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 non-audit services with a value over £25,000 would require Nichols plc Board approval.

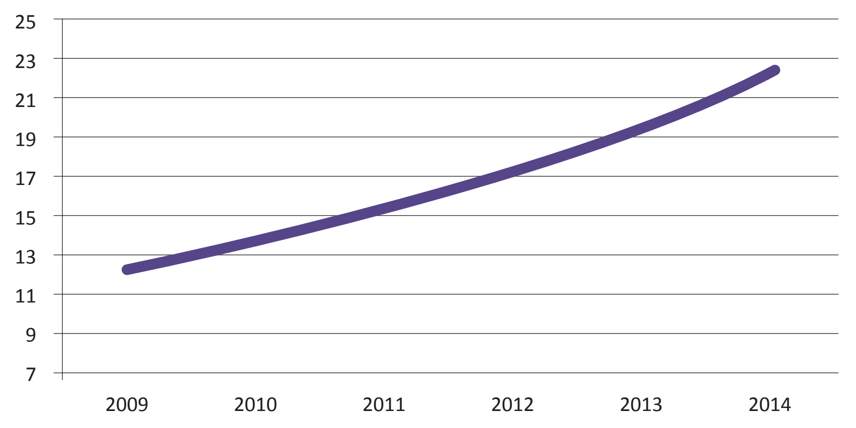
Risks and Uncertainties

Management consider the following issues to be the principal risks potentially affecting our business:

Risk	Mitigation
Unavailability of the Vimto compound – As the Vimto brand accounts for the majority of the Group's revenue it is vital that we have surety of supply of the compound.	Working in partnership with our suppliers, we have established production capability at more than one location to ensure continuity of supply.
Loss of a major customer account	We are dedicated to maintaining long term relationships with all of our customers but the Group's diverse income stream across markets and regions means we are not overly reliant on any one customer.
Loss of a production facility.	Our supply chain team work with our third party suppliers to ensure robust recovery plans are in place to ensure continuity of supply in the event of the loss of one of our production facilities.
Loss of our IT infrastructure - In common with many businesses we are now also highly dependent on the availability of IT systems.	We have a robust disaster recovery plan including the use of third party professional providers to host our systems and data.

Shareholders

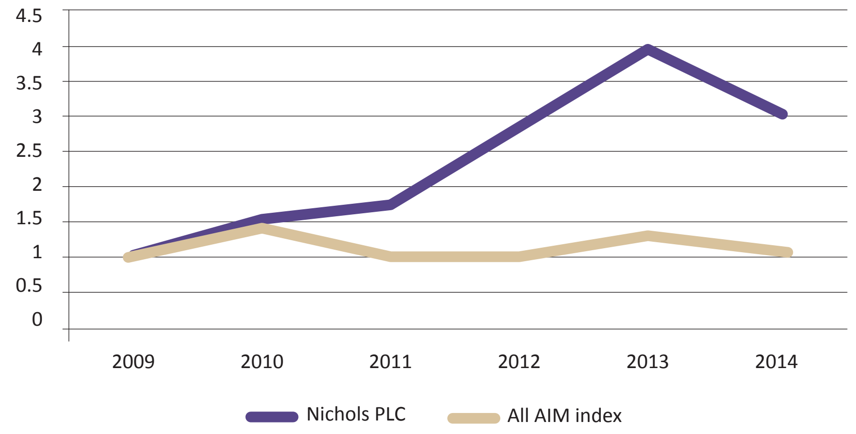
Total Dividend (pence per share)



Dividend

The Board is recommending a final dividend of 15.3 pence per ordinary share (2013: 13.3 pence) payable to shareholders on the register at 7 April 2015. The final dividend together with the interim dividend of 7.1 pence, gives a total dividend of 22.4 pence per share for the year which represents a 14.2% increase on the prior year (2013: 19.62 pence).

Nichols v All AIM (indexed from 2009)



Share Price

The Nichols plc share price closed the year at 900 pence, down 24% from the start of the year. To my knowledge, there was no business justification for the reduction other than the volatility of the markets. At the time of writing I am pleased to report that the share price has recovered considerably (1,078 pence as at 4 March 2015) and is hopefully more reflective of shareholder confidence in our future performance. The graph to the left 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 2009 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.

Strategic Report

The Strategic Report on pages 4 to 29 was approved by the Board of Directors on 4 March 2015 and signed on its behalf by:

Tim Croston
Group Finance Director

4 March 2015

FROM THE DIRECTORS DESKS.

P J NICHOLS

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

M J MILLARD

Mrs Millard joined the Group as Managing Director of the Soft Drinks Division in 2013 and was appointed Chief Executive Officer in May 2014. Previously she has held senior roles at Gerber Juice Company Ltd, Refresco Ltd and Macaw Soft Drinks Ltd.

T J CROSTON

Mr Croston initially joined the Group 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.

E HEALEY

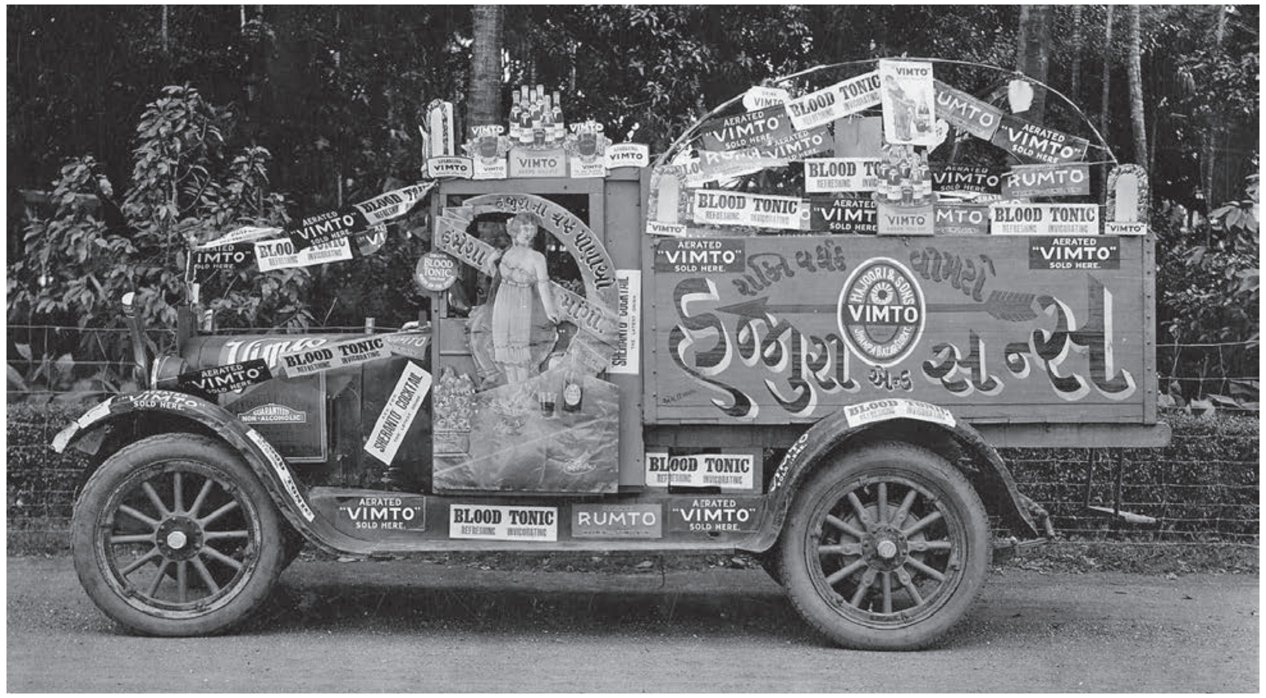
He is a former senior partner of an international accounting firm. He was appointed to the Board in January 2011.

Mr Healey resigned as Non-Executive Director on 5 March 2015.

J LONGWORTH

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 Chambers 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.



OUR PLAN FOR GROWTH IS CENTRED AROUND OUR COMMERCIAL ACTIVITIES IN BOTH THE UK & OVERSEAS

The directors present their report and the audited financial statements for the year ended 31 December 2014

Non-Executive Directors

J LONGWORTH

E HEALEY
(Resigned 4 March 2015)

P J NICHOLS

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

Executive Directors

M J MILLARD

T J CROSTON

Financial risk management objectives and policies

Business risks and uncertainties are included within the Financial Review on pages 22 to 29 and financial risks are set out in note 21 to the financial statements.

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.

Political donations

There were no political donations in either 2014 or 2013.

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.

Directors' remuneration payable in year ended 31 December 2014

	Salary and fees	Benefits in kind	Bonuses	Growth Securities Ownership Plan 2014	Pension contributions	Total 2014	Total 2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
P J Nichols	98	5	0	0	0	103	108
M J Millard	203	12	21	95	13	344	259
T J Croston	150	16	16	70	12	264	227
J Longworth	22	0	0	0	1	23	22
E Healey	22	0	0	0	0	22	22
B M Hynes	0	0	0	0	0	0	90
Total	495	33	37	165	26	756	728

Auditors

Grant Thornton UK LLP resigned as auditor during the year and BDO LLP were appointed.

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

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report and 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 (IFRS) 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.

Summary of directors' interests in the Company

(Number of Shares)	Opening shareholding	2014 movement	Closing shareholding
P J Nichols	2,077,060	-	2,077,060
M J Millard	-	-	-
T J Croston	17,250	-	17,250
J Longworth	140	-	140
E Healey	-	-	-

All figures above relate to shares owned outright, please refer to Note 19 to the financial statements for details of share options relating to directors.

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.

Director's Remuneration

Bonuses which are not guaranteed are accruing to the executive directors and certain senior executives based on pre-determined performance targets.

The Remuneration committee have considered it appropriate to issue awards under an incentive plan (the Growth Securities Ownership Plan (GSOP)) relating to growth in operating profit from continued operations before exceptional items, tax and finance costs.

The new Growth Securities Ownership Plan runs from 1 January 2014 to 31 December 2016 and the remuneration level at grant was linked to a theoretical number of shares equivalent in value to no more than twelve months salary for each year of the incentive scheme.

In respect of the scheme the first year's performance criteria has been met and as a result the Group has provided for a potential bonus in 2014 of £471,000 for two executive directors, which will be payable subsequent to the year ended 31 December 2016 if Group targets continue to be met.

P J Nichols is a member of the final salary pension scheme and M J Millard and T J Croston have a personal pension plan. The Company contributions to the respective schemes are shown in the table detailed on page 34.

By order of the Board

Tim Croston
Secretary

Laurel House, Ashton Road,
Newton-Le-Willows, WA12 0HH

4 March 2015

Independent Auditor's report to the members of Nichols PLC

We have audited the financial statements of Nichols plc for the year ended 31 December 2014 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 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 Auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2014 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and 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.

Philip Storer
(Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor, Manchester, United Kingdom

4 March 2015.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

OUR ADVISORS.

Auditors

BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3EB.

Bankers

The Royal Bank of Scotland PLC, 1 Spinningfields Square, Manchester, M3 3AP.

Solicitors

DLA Piper, 101 Barbirolli Square, Manchester, M2 3DL.

Stockbrokers & Nominated Advisor

N+1 Singer Advisory LLP, West One Wellington Street, Leeds, LS1 1BA.

Financial Advisors

N M Rothschild & Sons Limited, 82 Kings Street, 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.

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2014

	Notes	2014 Before exceptional items £'000	2014 Exceptional items £'000	2014 Total £'000	2013 Before exceptional items £'000 Restated (Note 2)	2013 Exceptional items £'000 (Note 2)	2013 Total £'000 Restated (Note 2)
Revenue	3	**109,205**	**0**	**109,205**	105,529	0	105,529
Cost of sales		**(59,035)**	**0**	**(59,035)**	(57,430)	0	(57,430)
Gross profit		**50,170**	**0**	**50,170**	48,099	0	48,099
Distribution expenses		**(5,271)**	**0**	**(5,271)**	(6,063)	0	(6,063)
Administrative expenses		**(19,302)**	**(7,768)**	**(27,070)**	(19,609)	(3,680)	(23,289)
Operating profit	4	**25,597**	**(7,768)**	**17,829**	22,427	(3,680)	18,747
Finance income	5	**257**	**0**	**257**	347	0	347
Finance expense	5	**(164)**	**0**	**(164)**	(264)	0	(264)
Profit before taxation		**25,690**	**(7,768)**	**17,922**	22,510	(3,680)	18,830
Taxation	7	**(5,413)**	**1,637**	**(3,776)**	(5,645)	924	(4,721)
Profit for the financial year attributable to equity holders of the parent		**20,277**	**(6,131)**	**14,146**	16,865	(2,756)	14,109
Earnings per share (basic)	9			**38.39p**			38.30p
Earnings per share (diluted)	9			**38.34p**			38.25p

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 2014

	2014 £'000	2013 £'000
Profit for the financial year	**14,146**	14,109
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of net defined benefit liability (see note 26)	**(2,796)**	1,909
Deferred taxation on pension obligations and employee benefits (see note 13)	**436**	(308)
Other comprehensive (expense) / income for the year	**(2,360)**	1,601
Total comprehensive income for the year	**11,786**	15,710

STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 DECEMBER 2014

	Notes	Group 2014 £'000	Group 2013 £'000	Parent 2014 £'000	Parent 2013 £'000
Assets					
Non-current assets					
Property, plant and equipment	10	**4,817**	1,295	**3,759**	355
Goodwill	11	**16,447**	16,057	**0**	0
Investments	12	**0**	0	**16,566**	16,566
Deferred tax assets	13	**1,699**	1,321	**1,699**	1,321
Total non-current assets		**22,963**	18,673	**22,024**	18,242
Current assets					
Inventories	14	**4,712**	4,144	**2,634**	2,182
Trade and other receivables	15	**23,525**	22,721	**21,120**	20,565
Cash and cash equivalents	20	**34,483**	34,293	**19,124**	30,964
Total current assets		**62,720**	61,158	**42,878**	53,711
Total assets		**85,683**	79,831	**64,902**	71,953
Liabilities					
Current liabilities					
Trade and other payables	16	**19,486**	18,152	**17,210**	23,107
Current tax liabilities	16	**1,859**	1,675	**1,090**	803
Provisions	17	**0**	2,018	**0**	2,018
Total current liabilities		**21,345**	21,845	**18,300**	25,928
Non-current liabilities					
Pension obligations	26	**6,190**	4,047	**6,190**	4,047
Deferred tax liabilities	13	**70**	0	**0**	0
Total non-current liabilities		**6,260**	4,047	**6,190**	4,047
Total liabilities		**27,605**	25,892	**24,490**	29,975
Net assets		**58,078**	53,939	**40,412**	41,978
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		**(560)**	(598)	**215**	177
Retained earnings		**50,477**	46,376	**32,036**	33,640
Total equity		**58,078**	53,939	**40,412**	41,978

The financial statements on pages 38 to 66 were approved by the Board of Directors on 4 March 2015 and were signed on its behalf by:

PJ 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 2014

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Cash flows from operating activities					
Profit for the financial year			**14,146**		14,109
Adjustments for:					
Depreciation		**480**		513	
(Profit)/loss on sale of property, plant and equipment		**(80)**		11	
Finance income	5	**(257)**		(347)	
Tax expense recognised in the income statement		**3,776**		4,721	
Change in inventories		**(568)**		1,103	
Change in trade and other receivables		**(787)**		1,050	
Change in trade and other payables		**1,324**		(1,224)	
Change in provisions		**(2,018)**		1,971	
Change in pension obligations		**(653)**		(600)	
			1,217		7,198
Cash generated from operating activities			**15,363**		21,307
Tax paid			**(3,465)**		(4,765)
Net cash generated from operating activities			**11,898**		16,542
Cash flows from investing activities					
Finance income		**239**		316	
Proceeds from sale of property, plant and equipment		**124**		148	
Acquisition of property, plant and equipment		**(4,034)**		(692)	
Acquisition of subsidiary, net of cash acquired		**(85)**		0	
Acquisition of trade and assets		**(305)**		0	
Net cash used in investing activities			**(4,061)**		(228)
Cash flows from financing activities					
Funds provided to ESOT		**(129)**		(127)	
Dividends paid	8	**(7,518)**		(6,639)	
Net cash used in financing activities			**(7,647)**		(6,766)
Net increase in cash and cash equivalents			**190**		9,548
Cash and cash equivalents at 1 January			**34,293**		24,745
Cash and cash equivalents at 31 December	20		**34,483**		34,293

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

PARENT COMPANY STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Cash flows from operating activities					
Profit for the financial year			**8,441**		11,332
Adjustments for:					
Depreciation		**272**		209	
Loss on sale of property, plant and equipment		**14**		0	
Finance income		**(257)**		(347)	
Tax expense recognised in the income statement		**2,258**		3,812	
Change in inventories		**(452)**		587	
Change in trade and other receivables		**(548)**		632	
Change in trade and other payables		**(5,897)**		2,677	
Change in provisions		**(2,018)**		1,971	
Change in pension obligations		**(653)**		(600)	
			(7,281)		8,941
Cash generated from operating activities			**1,160**		20,273
Tax paid			**(1,913)**		(4,641)
Net cash (used up in)/generated from operating activities			**(753)**		15,632
Cash flows from investing activities					
Finance income		**239**		316	
Proceeds from sale of property, plant and equipment		**0**		18	
Acquisition of property, plant and equipment		**(3,679)**		(184)	
Net cash (used in)/generated from investing activities			**(3,440)**		150
Cash flows from financing activities					
Funds provided to ESOT		**(129)**		(127)	
Dividends paid	8	**(7,518)**		(6,639)	
Net cash used in financing activities			**(7,647)**		(6,766)
Net (decrease)/increase in cash and cash equivalents			**(11,840)**		9,016
Cash and cash equivalents at 1 January			**30,964**		21,948
Cash and cash equivalents at 31 December	20		**19,124**		30,964

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

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2014

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 2013	3,697	3,255	1,209	(474)	37,308	44,995
Dividends	0	0	0	0	(6,639)	(6,639)
Movement in ESOT	0	0	0	(124)	(3)	(127)
Transactions with owners	0	0	0	(124)	(6,642)	(6,766)
Profit for the year	0	0	0	0	14,109	14,109
Other comprehensive income	0	0	0	0	1,601	1,601
Total comprehensive income	0	0	0	0	15,710	15,710
At 1 January 2014	3,697	3,255	1,209	(598)	46,376	53,939
Dividends	0	0	0	0	(7,518)	(7,518)
Movement in ESOT	0	0	0	38	(167)	(129)
Transactions with owners	0	0	0	38	(7,685)	(7,647)
Profit for the year	0	0	0	0	14,146	14,146
Other comprehensive expense	0	0	0	0	(2,360)	(2,360)
Total comprehensive income	0	0	0	0	11,786	11,786
At 31 December 2014	**3,697**	**3,255**	**1,209**	**(560)**	**50,477**	**58,078**

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 2013	3,697	3,255	1,209	301	27,349	35,811
Dividends	0	0	0	0	(6,639)	(6,639)
Movement in ESOT	0	0	0	(124)	(3)	(127)
Transactions with owners	0	0	0	(124)	(6,642)	(6,766)
Profit for the year	0	0	0	0	11,332	11,332
Other comprehensive income	0	0	0	0	1,601	1,601
Total comprehensive income	0	0	0	0	12,933	12,933
At 1 January 2014	3,697	3,255	1,209	177	33,640	41,978
Dividends	0	0	0	0	(7,518)	(7,518)
Movement in ESOT	0	0	0	38	(167)	(129)
Transactions with owners	0	0	0	38	(7,685)	(7,647)
Profit for the year	0	0	0	0	8441	8441
Other comprehensive expense	0	0	0	0	(2,360)	(2,360)
Total comprehensive income	0	0	0	0	6,081	6,081
At 31 December 2014	**3,697**	**3,255**	**1,209**	**215**	**32,036**	**40,412**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

1. Reporting entity

Nichols plc (the "Company") is a company incorporated and 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 2014 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 10 to 21. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Finance Review on pages 22 to 29. 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 4 March 2015.The financial statements have been prepared on the historical cost basis. The accounting policies have been applied consistently by the Group, except as stated below.

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 £8,441,000 (2013: £11,332,000).

Adoption of new and revised standards

In the current year, the following new and revised Standards and Interpretations, all effective for periods beginning on 1 January 2014, have been adopted and have affected the amounts reported in these financial statements. The directors do not consider that the new and revised Standards and Interpretations described below have had a material impact on the Group consolidated results.

IFRS 10 Consolidated Financial Statements. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

IFRS 11 Joint Arrangements. The principle in IFRS 11 is that a party to a joint arrangement recognises its rights and obligations arising from the arrangement rather than focussing on the legal form.

IFRS 12 Disclosure of Interests in Other Entities. IFRS 12 Disclosure of Interests in Other Entities includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IAS 27 Separate Financial Statements. IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with the applicable financial instruments standard (i.e. IAS 39 or IFRS 9).

IAS 32 Offsetting Financial Assets and Liabilities – Amendments to IAS 32. This amendment seeks to clarify rather than to change the off-setting requirements previously set out in IAS 32. The changes clarify:

- the meaning of 'currently has a legally enforceable right of set-off'; and
- that some gross settlement systems may be considered equivalent to net settlement.

IAS 36 Recoverable Amount Disclosures – Amendments to IAS 36. The amendments align the disclosures required for the recoverable amount of an asset (or CGU) when this has been determined on the basis of fair value less costs of disposal with those required where the recoverable amount has been determined on the basis of value in use. Certain disclosures are now only required when an impairment loss has been recorded or reversed in respect of an asset or CGU. Other disclosures requirements have been clarified and expanded, for assets or CGUs where the recoverable amount has been determined on the basis of fair value less costs of disposal.

Transition Guidance - Amendments to IFRS 10, IFRS 11 and IFRS 12. The Amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements. They also provide additional transition relief in IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities', limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

IFRS 10, IFRS 12, IAS 27 Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27. The Amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements.

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 reporting 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 reporting date was £16.4 million (2013: £16.1 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 reporting 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.

Settlements and legal costs

During 2014 the Group lost an outstanding legal case which an exceptional cost and provision had been provided for in 2013. The quantum of this was significantly higher than the Group had provided for at the end of 2013 and consequently a charge of £7,768,000 has been charged to exceptional costs during the year (see note 4).

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2014. Subsidiaries are entities controlled by the Group. Control exists if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. 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 statement of financial position 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 calculated on the basis of the invoiced price, less any agreed discounts or rebates and excluding VAT and after the deduction of certain promotional and brand support costs invoiced by customers.

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. With regards to discounts, rebates, promotional costs and brand support costs, these costs are calculated to reflect the expected amount of customer claims in respect of these items. The statement of financial position includes accruals for claims yet to be received for discounts, rebates and promotional costs.

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 2014 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.

Exceptional items

Exceptional items are material items which individually, or if a similar type, in aggregate, need to be disclosed separately by virtue of their size, nature or incidence in order to better understand the Group's financial performance.

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 income/(expense), in which case it is recognised in comprehensive income.

Current tax

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

Deferred tax

Deferred tax is recognised using the balance sheet liability method, with no discounting, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, provided they are enacted or substantively enacted at the reporting date.

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

Goodwill

Goodwill arises on the acquisition of subsidiaries.

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.

Reserves

Share capital represents the nominal value of equity shares.

Share premium 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 cash-generating unit.

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.

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

Property, plant and equipment	3-10 years
Land and buildings	50 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. Financial assets are a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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, such as significant financial difficulties on the part of the counterparty or default or significant delay in payment.

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.

Post-employment benefit plans

The Group provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plan

The Group pays fixed contributions into independent entities in relation to plans and insurances for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Defined benefit plan

Under the Group's defined benefit plan, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on the standard rates of inflation, salary growth and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Service cost on the net defined benefit liability is included in employee benefits expense. Net interest expense on the net defined benefit liability is included in finance costs.

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 recognises 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 2014 for the year ending 31 December 2014.

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

The total amount to be expensed over the vesting period is determined with reference to the fair value of options granted, excluding the impact of any non market vesting conditions. Non market vesting conditions are included in the assumptions about the number of options expected to vest. At each reporting 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 potential costs of a legal claim is recognised when Management have considered the merits of the claim and taken appropriate legal advice as to the outcome of the litigation.

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 statement of financial position at cost less any provision for impairment.

Restatements

The revenue figure for comparative periods has been restated to include certain customer invoiced promotional investment that was previously included within administrative expenses. This change in policy reduces revenue by £4.4m by including certain invoiced costs associated with promotional activities and brings our reporting to a basis consistent with the accounting policy adopted by our peer group.

This has no impact on the operating profit previously reported, nor on the statement of financial position at the beginning of the preceding period and therefore a third statement of financial position has not been presented.

Standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRIC 21, Levies
- IFRS 9, Financial instruments
- IFRS 15, Revenue from contracts with customers
- Amendments to IFRS 10 and IAS28, Consolidated Financial Statements and Investments in Associates and Joint Ventures
- Amendments to IFRS 11, Joint Arrangements
- Amendments to IAS 1, Disclosure initiative
- Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 19, Defined Benefit Plans: Employee Contributions
- Amendments to IAS 27, Equity Method in Separate Financial Statements
- Annual Improvements to IFRSs, 2010-2012 Cycle, 2011-2013 Cycle and 2012–2014 Cycle

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.

3. Segmental information

a. Key Operating segments

The Management 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 Management 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		Gross Profit	
	2014 £'000	2013 £'000 Restated	**2014 £'000**	2013 £'000 Restated
Still	**56,025**	53,225	**30,756**	28,721
Carbonate	**53,180**	52,304	**19,414**	19,378
Total	**109,205**	105,529	**50,170**	48,099

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 overheads are managed centrally by the Management Committee and consequently there is no reconciliation to profit before tax at a segmental level.

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.

	2014 £'000	2013 £'000
Capital Expenditure	**4,035**	692
Depreciation	**480**	513

b. Reporting by geographic area Revenue by geographic destination

	2014 £'000	2014 %	**2013 £'000 Restated**	2013 % Restated
Middle East	**11,789**	10.8	**10,498**	9.9
Africa	**8,289**	7.6	**7,975**	7.6
Rest of the World	**3,997**	3.6	**4,619**	4.4
Total exports	**24,075**	22.0	**23,092**	21.9
United Kingdom	**85,130**	78.0	**82,437**	78.1
	109,205	100.0	**105,529**	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 2014 or 2013.

Total assets

The assets of the Group at 31 December 2014 and 31 December 2013 are entirely located within the United Kingdom.

Capital expenditure

The capital expenditure of the Group for the years ended 31 December 2014 and 31 December 2013 was entirely made within the United Kingdom.

Depreciation

The Group's depreciation charges for the years ended 31 December 2014 and 31 December 2013 are against property, plant and equipment all retained within the United Kingdom.

4. Operating profit

	2014 £'000	2013 £'000
Operating profit is stated after charging/(crediting):		
Inventory amounts charged to cost of sales	**59,035**	57,430
Grant Thornton remuneration whilst auditor:		
Audit services	0	60
Non-audit services	**72**	17
BDO remuneration before auditor:		
Non-audit services	**175**	0
BDO remuneration whilst auditor:		
Audit services	**55**	0
Non audit services	**35**	0
Depreciation of property, plant and equipment	**480**	513
Operating lease rentals payments	**576**	824
Awards under Growth Securities Ownership Plan	**929**	2,671
Equity-settled share-based payment	**0**	179
Gain on foreign exchange differences	**(157)**	(108)
(Profit) / loss on sale of property, plant and equipment	**(80)**	11

In the prior year awards under GSOP of £720,000 were included within costs classified as exceptional items. These were amounts awarded to individuals as part of the restructure.

Exceptional expenses included within administrative expenses are summarised below;

	2014 £'000	2013 £'000
Group restructuring costs	**0**	1,662
Litigation costs	**7,678**	2,018
Total	**7,678**	3,680

As announced on 2 July 2014, the High Court awarded damages against Nichols plc with regard to the litigation claim from Gul Bottlers (PVT) Ltd.

As a consequence, a one-off exceptional cost of £7.8m has been included in the Group's consolidated income statement. The settlement was paid during the second half of 2014 and is reflected in the Group's Consolidated Statement of Cash Flows.

5. Finance income and expense

	Notes	**2014 £'000**	2013 £'000
Finance income comprises: Bank interest receivable		**257**	347
Finance expense comprises:			
Net interest income on defined benefit pension scheme assets	26	**(1,001)**	(854)
Interest on defined benefit pension scheme obligations	26	**1,165**	1,118
Finance expense		**164**	264

6. Directors and employees

a. Average number of persons employed during the year, including directors:	2014 Number	2013 Number
Total	171	172

b. Group employment costs were as follows:	2014 £'000	2013 £'000
Wages and salaries	7,155	7,366
Social security costs	782	769
Pension costs - defined contribution scheme	333	269
Pension costs - defined benefit scheme (see note 26)	103	96
Awards under Growth Securities Ownership Plan	929	2,671
Equity-settled share-based payment	0	179
	9,302	11,350

The employment costs for the parent Company amounted to £7,911,000 (2013: £8,352,000).

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company listed on page 33.

	2014 £'000	2013 £'000
Wages and salaries	565	597
Pension costs	25	18
Awards under annual Growth Securities Ownership Plan	165	121
Awarded under 2011 - 2013 Growth Securities Ownership Plan	0	2,462
Accrued under 2014 - 2016 Growth Securities Ownership Plan	471	0
	1,226	3,198

The highest paid director has received £331,000 (2013: £1,684,000) excluding pension contributions.

Benefits are accruing to 2 directors (2013: 1 director) under a defined contribution scheme, the highest paid director has received contributions of £13,000 in the year.

Equity settled share based payments in respect of directors, not included in the above figures amounted to nil (2013: £179,000).

Further information regarding directors' remuneration and the Growth Securities Ownership Plan is provided in the directors' report on page 34.

The following employment costs were classified within exceptional items.

	2014 £'000	2013 £'000
Wages and salaries	0	801
Social security costs	0	64
Pension costs - defined contribution scheme	0	16
Awards under Growth Securities Ownership Plan	0	720
	0	1,601

7. Taxation

a. Analysis of expense recognised in the consolidated income statement	2014 £'000	2013 £'000
Current taxation:		
UK corporation tax on income for the year	3,771	4,234
Adjustments in respect of prior years	(123)	15
Total current tax charge for the year	3,648	4,249
Deferred tax:		
Origination and reversal of temporary differences	166	390
Adjustments in respect of prior years	(38)	82
Total deferred tax charge for the year	128	472
Total tax expense in the Consolidated Income Statement	3,776	4,721

The tax expense is wholly in respect of UK taxation

b. Tax reconciliation	2014 £'000	2013 £'000
Profit before taxation	17,922	18,830
Profit before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 21.5% (2013: 23.25%)	3,853	4,378
Effect of:		
Non-deductible expenses	71	64
Permanent element of share scheme deduction	0	(25)
Removal of permanent element of share scheme deduction	0	25
Impact on deferred tax of use of hybrid tax rate	62	223
Other timing differences	1	0
Adjustments to the tax charge in respect of prior years	(162)	50
Depreciation for the year greater than capital allowances	(49)	(24)
Impact on deferred tax due to rate change taken to SOCIE	0	30
Total tax expense in the consolidated income statement	3,776	4,721

The effective rate of tax for the year of 21.1% (2013: 25.1%) is lower than the standard rate of corporation tax in the United Kingdom (21.5%). The differences are explained above.

c. The effective rate of tax on profit is 21.1% (2013: 25.1%).

d. Tax on items recognised in other comprehensive expense

In addition to the amount charged to the consolidated income statement, £436,000 (2013: £308,000) has been recognised in other comprehensive (expense)/income, being the movement on deferred taxation relating to retirement benefit obligations and employee benefits.

8. Equity dividends

	2014 £'000	2013 £'000
Interim dividend 7.10p (2013: 6.32p) paid 29 August 2014	**2,618**	2,328
Final dividend for 2013 13.30p (2012: 11.70p) paid 2 May 2014	**4,900**	4,311
	7,518	6,639

The interim dividend for the prior year of £2,328,000 was paid on 30 August 2013.

The 2014 final proposed dividend of £5,656,000 (15.30p per share) has not been accrued as it had not been approved by the year end.

9. Earnings per share

	2014	2013
Earnings per share (basic)	**38.39p**	38.30p
Earnings per share (diluted)	**38.34p**	38.25p
Earnings per share (basic) - before exceptional items	**55.03p**	45.79p
Earnings per share (diluted) - before exceptional items	**54.96p**	45.72p

Earnings per share - before exceptional items

	2014 Earnings £'000	2014 Weighted average number of shares	2014 Earnings per share	2013 Earnings £'000	2013 Weighted average number of shares	2013 Earnings per share
Basic earnings per share	**14,146**	**36,846,564**	**38.39p**	14,109	36,834,655	38.30p
Dilutive effect of share options		**45,714**			49,447	
Diluted earnings per share	**14,146**	**36,892,278**	**38.34p**	14,109	36,884,102	38.25p

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

	2014 Earnings £'000	2014 Weighted average number of shares	2014 Earnings per share	2013 Earnings £'000	2013 Weighted average number of shares	2013 Earnings per share
Basic earnings per share	**14,146**	**36,846,564**	**38.39p**	14,109	36,834,655	38.30p
Exceptional items	**7,768**			3,680		
Taxation in respect of exceptional items	**(1,637)**			(924)		
Basic earnings per share before exceptional items	**20,277**	**36,846,564**	**55.03p**	16,865	36,834,655	45.79p
Dilutive effect of share options		**45,714**			49,447	
Diluted earnings per share before exceptional items	**20,277**	**36,892,278**	**54.96p**	16,865	36,884,102	45.72p

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

10. Property, plant and equipment

Group

Cost	Land and buildings £'000	Property, plant and equipment £'000	Total £'000
At 1 January 2013	0	5,761	5,761
Additions	0	692	692
Disposals	0	(1,098)	(1,098)
At 1 January 2014	0	5,355	5,355
Additions	3,444	591	4,035
Disposals	0	(139)	(139)
At 31 December 2014	**3,444**	**5,807**	**9,251**

Depreciation	Land and buildings £'000	Property, plant and equipment £'000	Total £'000
At 1 January 2013	0	4,486	4,486
Charge for the year	0	513	513
On disposals	0	(939)	(939)
At 1 January 2014	0	4,060	4,060
Charge for the year	40	440	480
On disposals	0	(106)	(106)
At 31 December 2014	**40**	**4,394**	**4,434**
Net book value at 31 December 2014	**3,404**	**1,413**	**4,817**
Net book value at 31 December 2013	0	1,295	1,295

Parent

Cost	Land and buildings £'000	Property, plant and equipment £'000	Total £'000
At 1 January 2013	0	2,291	2,291
Additions	0	184	184
Disposals	0	(41)	(41)
At 1 January 2014	0	2,434	2,434
Additions	3,444	235	3,679
Disposals	0	(3)	(3)
At 31 December 2014	**3,444**	**2,666**	**6,110**

Depreciation	Land and buildings £'000	Property, plant and equipment £'000	Total £'000
At 1 January 2013	0	1,893	1,893
Charge for the year	0	209	209
On disposals	0	(23)	(23)
At 1 January 2014	0	2,079	2,079
Charge for the year	40	232	272
On disposals	0	0	0
At 31 December 2014	**40**	**2,311**	**2,351**
Net book value at 31 December 2014	**3,404**	**355**	**3,759**
Net book value at 31 December 2013	0	355	355

11. Goodwill

Group

Cost	£'000
At 1 January 2013	15,973
Restatement of fair value of assets acquired in prior year	84
At 1 January 2014	16,057
Acquisitions	390
At 31 December 2014	**16,447**

Goodwill relates to the historic Out of Home business which is considered by management to be two cash-generating units of Still and Carbonate inline with our Group operating segments.

On 31 January 2014 the Group acquired 100% of the issued share capital of Dispense Solutions (Wales) Limited and the trade and assets of a distribution territory from Cabana Soft Drinks (Essex) Limited, paying cash consideration of £85,000 and £305,000 respectively. The fair value of assets acquired by the Group was deemed to be nil and therefore goodwill increased by £390,000.

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 10.35% 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 5 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 excess 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 is it correctly allocated to goodwill.

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.

12. Investments: shares in Group undertakings

Parent

Cost and net book amount	£'000
At 1 January 2013, 1 January 2014 and at 31 December 2014	**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
Nichols Dispense Limited	100
Nichols Dispense (S.W.) Limited ****	51
Dispense Solutions (Wales) Limited *****	100

The Company directly owns Ben Shaws Dispense Drinks Limited, Dayla Liquid Packing Limited and Nichols Dispense 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.

**** Nichols Dispense (S.W.) Limited is directly owned by Nichols Dispense Limited.

***** Dispense Solutions (Wales) Limited is directly owned by Nichols Dispense (S.W.) Limited.

All Group undertakings are consolidated.

Although there is a non-controlling interest in Nichols Dispense (S.W.) Limited the value of this interest is not considered to be material and is therefore not disclosed in the accounts.

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.

As part of a Group restructuring, the assets and trade of Beacon Drinks Limited, Ben Shaws Dispense Drinks Limited, Cabana Soft Drinks Limited, Dayla Liquid Packing Limited and Festival Drinks Limited were transferred to Nichols Dispense Limited on 31 December 2013.

The fair value of assets transferred is deemed to be the same as the book value and consideration has been settled through an intercompany account. This transaction has no impact on the Group result for the financial year.

13. Deferred tax assets and liabilities

Movement in temporary differences during the year

Group

	Net balance at 1 January 2014 £'000	Recognised in income £'000	Recognised in other comprehensive expense £'000	Net balance at 31 December 2014 £'000
Property, plant and equipment	28	(65)	0	**(37)**
Goodwill	314	(20)	0	**294**
Employee benefits	971	(130)	436	**1,277**
Provisions	8	87	0	**95**
	1,321	(128)	436	**1,629**

Group

	Net balance at 1 January 2013 £'000	Recognised in income £'000	Recognised in other comprehensive income £'000	Net balance at 31 December 2013 £'000
Property, plant and equipment	69	(41)	0	**28**
Goodwill	383	(69)	0	**314**
Employee benefits	1,580	(301)	(308)	**971**
Provisions	69	(61)	0	**8**
	2,101	(472)	(308)	**1,321**

Parent

	Net balance at 1 January 2014 £'000	Recognised in income £'000	Recognised in other comprehensive expense £'000	Net balance at 31 December 2014 £'000
Property, plant and equipment	28	6	0	**34**
Goodwill	314	(20)	0	**294**
Employee benefits	971	(130)	436	**1,277**
Provisions	8	86	0	**94**
	1,321	(58)	436	**1,699**

Parent

	Net balance at 1 January 2013 £'000	Recognised in income £'000	Recognised in other comprehensive income £'000	Net balance at 31 December 2013 £'000
Property, plant and equipment	50	(22)	0	**28**
Goodwill	383	(69)	0	**314**
Employee benefits	1,580	(301)	(308)	**971**
Provisions	69	(61)	0	**8**
	2,082	(453)	(308)	**1,321**

13. Deferred tax assets and liabilities (continued)

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	**33**	28	**(70)**	0	**(37)**	28
Goodwill	**294**	314	**0**	0	**294**	314
Employee benefits	**1,277**	971	**0**	0	**1,277**	971
Provisions	**95**	8	**0**	0	**95**	8
	1,699	1,321	**(70)**	0	**1,629**	1,321

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	**34**	28	**0**	0	**34**	28
Goodwill	**294**	314	**0**	0	**294**	314
Employee benefits	**1,277**	971	**0**	0	**1,277**	971
Provisions	**94**	8	**0**	0	**94**	8
	1,699	1,321	**0**	0	**1,699**	1,321

14. Inventories

	Group		Parent	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Finished goods	**3,900**	3,136	**2,634**	2,182
Raw materials	**812**	1,008	**0**	0
Total inventories	**4,712**	4,144	**2,634**	2,182

In 2014 the Group write-down of inventories to net realisable value amounted to £257,000 (2013: £79,000).

15. Trade and other receivables

	Group		Parent	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Trade receivables	**21,919**	22,019	**16,981**	16,328
Amounts owed by Group undertakings	**0**	0	**3,257**	3,776
Other receivables	**876**	125	**304**	3
Prepayments and accrued income	**730**	577	**578**	458
	23,525	22,721	**21,120**	20,565

All amounts above are short-term debt. The difference between the carrying value and fair value of all receivables is not considered to be material.

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:

All trade and other receivables have been reviewed for indicators of impairment and a provision of £424,000 (2013: £528,000) has been recorded accordingly.

Group	**2014 £'000**	2013 £'000
Up to 30 days overdue	**3,118**	2,300
Over 30 days and up to 60 days overdue	**188**	75
Over 60 days and up to 90 days overdue	**82**	64
	3,388	2,439

Parent	**2014 £'000**	2013 £'000
Up to 30 days overdue	**2,402**	1,947
Over 30 days and up to 60 days overdue	**149**	56
Over 60 days and up to 90 days overdue	**76**	55
	2,627	2,058

Group	At 1 January 2014 £'000	Release in the year £'000	Utilised £'000	At 31 December 2014 £'000
Bad debt provision	528	(85)	(19)	**424**

Group	At 1 January 2013 £'000	Charge in the year £'000	Utilised £'000	At 31 December 2013 £'000
Bad debt provision	1,031	98	(601)	528

Parent	At 1 January 2014 £'000	Release in the year £'000	Utilised £'000	At 31 December 2014 £'000
Bad debt provision	512	(90)	(7)	**415**

Parent	At 1 January 2013 £'000	Charge in the year £'000	Utilised £'000	At 31 December 2013 £'000
Bad debt provision	1,016	97	(601)	512

16. Trade and other payables and current tax liabilities

	Group		Parent	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Trade payables	**5,705**	1,031	**4,097**	624
Amounts owed to Group undertakings	**0**	0	**805**	6,981
Other taxes and social security	**720**	1,719	**(24)**	885
Accruals and deferred income	**13,061**	15,402	**12,332**	14,617
	19,486	18,152	**17,210**	23,107
Current tax liabilities	**1,859**	1,675	**1,090**	803
	21,345	19,827	**18,300**	23,910

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

At 31 December 2014, liabilities have contractual maturities which are summarised below:

	2014		2013	
Group	**Within 6 months £'000**	**Within 6 to 12 months £'000**	Within 6 months £'000	Within 6 to 12 months £'000
Trade payables	**5,705**	**0**	1,031	0
Other short term financial liabilities	**13,061**	**0**	15,402	0
	18,766	**0**	16,433	0

	2014		2013	
Parent	**Within 6 months £'000**	**Within 6 to 12 months £'000**	Within 6 months £'000	Within 6 to 12 month £'000
Trade payables	**4,097**	**0**	624	0
Other short term financial liabilities	**12,332**	**805**	14,617	6,981
	16,429	**805**	15,241	6,981

17. Provisions

Group	At 1 January 2014 £'000	Charge in the year £'000	Utilised £'000	**At 31 December 2014 £'000**
Exceptional cost provision	2,018	0	(2,018)	**0**

Parent	At 1 January 2014 £'000	Charge in the year £'000	Utilised £'000	**At 31 December 2014 £'000**
Exceptional cost provision	2,018	0	(2,018)	**0**

The exceptional cost provision was utilised by the settlement paid to Gul Bottlers (PVT) in respect of the exceptional cost discussed in Note 4.

18. Share capital

	2014 £'000	2013 £'000
Allotted, issued and fully paid 36,968,772 (2013: 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 2014 and 31 December 2013.

19. Share options

The Group operates a Long Term Incentive Plan (LTIP) for certain executive board members to reward performance during the year. These options are exercisable on the completion of three years service from the date of grant.

The Group also 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 June 2010	9,008	£3.54	£2.83	£0.71	5.00 years	3.43%	5.00%	4.75%	25.70%
1 June 2011	27,177	£4.81	£3.85	£0.96	3.00 years	2.43%	5.00%	2.75%	32.94%
1 June 2011	8,970	£4.81	£3.85	£0.96	5.00 years	2.43%	5.00%	1.75%	32.94%
1 June 2012	18,179	£6.30	£5.04	£1.26	3.00 years	2.16%	5.00%	0.66%	30.63%
1 June 2012	18,925	£6.30	£5.04	£1.26	5.00 years	2.16%	5.00%	1.01%	30.63%
31 May 2013	19,545	£8.85	£7.08	£1.77	3.00 years	1.79%	5.00%	0.50%	21.02%
31 May 2013	5,841	£8.85	£7.08	£1.77	5.00 years	1.79%	5.00%	0.92%	21.02%
1 June 2014	32,327	£10.56	£7.92	£2.64	3.00 years	1.86%	5.00%	1.04%	22.10%
1 June 2014	10,978	£10.56	£7.92	£2.64	5.00 years	1.86%	5.00%	1.87%	22.10%

Long Term Incentive Plan

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
31 July 2013	17,561	£10.20	£0.00	£10.20	3.00 years	1.70%	5.00%	0.47%	20.50%

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 2014	Granted	Exercised	Lapsed	**At 31 December 2014**	Exercise price per share
1 June 2010	7,910	0	(3,737)	(878)	**3,295**	283p
1 June 2011	26,962	0	(20,395)	(320)	**6,247**	385p
1 June 2012	28,345	0	(3,121)	(4,830)	**20,394**	504p
31 May 2013	24,624	0	(513)	(2,067)	**22,044**	708.4p
31 July 2013	17,561	0	0	0	**17,561**	0p
1 June 2014	0	43,305	0	(953)	**42,352**	792.3p
	105,402	43,305	(27,766)	(9,048)	**111,893**	

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 2014 varied between 838.5p and 1,175.69p and the weighted average price for the year was 1,060p.

At 31 December 2014, options over 111,893 shares were outstanding under Employee Share Option Plans (2013: 105,402).

19. Share options (continued)

	2014		2013	
	Number	Weighted average exercise price in pence	Number	Weighted average exercise price in pence
Outstanding on 1 January	**105,402**	**420.76**	109,609	367.38
Granted	**43,305**	**792.30**	42,947	418.74
Exercised	**(27,766)**	**390.62**	(41,936)	275.05
Lapsed	**(9,048)**	**555.41**	(5,218)	454.19
Outstanding on 31 December	**111,893**	**561.14**	105,402	420.76

20. Cash and cash equivalents

Group	At 1 January 2014 £'000	Cash flow £'000	At 31 December 2014 £'000
Cash at bank and in hand	34,293	190	**34,483**

Parent	At 1 January 2014 £'000	Cash flow £'000	At 31 December 2014 £'000
Cash at bank and in hand	30,964	(11,840)	**19,124**

21. Financial instruments

Exposure to treasury management, liquidity, credit and currency risks arise 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 2014 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.

Foreign currency assets	2014 £'000	2013 £'000
US Dollar	**4,057**	2,125
Euro	**3,942**	1,859
	7,999	3,984

Foreign currency sensitivity

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

If Sterling had strengthened against the US Dollar and Euro by 5% (2013: 5%), then this would have had the following impact:

	2014			2013		
	USD £'000	Euro £'000	Total £'000	USD £'000	Euro £'000	Total £'000
Net result for the year	**(190)**	**(242)**	**(432)**	(102)	(89)	(191)

If Sterling had weakened against the US Dollar and Euro by 5% (2013: 5%), then this would have had the following impact:

	2014			2013		
	USD £'000	Euro £'000	Total £'000	USD £'000	Euro £'000	Total £'000
Net result for the year	**217**	**281**	**498**	111	98	209

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.

22. Summary of financial assets and liabilities by category

The IAS 39 categories of financial assets included in the Statement of Financial Position and the headings in which they are included are as follows:

Current assets	Group		Parent	
Loans and other receivables	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Trade receivables and other receivables	**22,795**	22,144	**20,542**	20,107
Cash and cash equivalents	**34,483**	34,293	**19,124**	30,964
Total financial assets	**57,278**	56,437	**39,666**	51,071

The IAS 39 categories of financial liability included in the Statement of Financial Position and the headings in which they are included are as follows:

Current liabilities	Group		Parent	
Other financial liabilities at amortised cost	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Trade and other payables	**5,705**	1,031	**4,902**	7,605
Total financial liabilities	**5,705**	1,031	**4,902**	7,605

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 2013.

At 31 December 2014 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

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non cancellable operating leases, which fall due as follows:

	Group		Parent	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Within one year	**496**	532	**301**	303
Between two and five years	**940**	900	**390**	155
More than five years	**5**	46	**0**	0
	1,441	1,478	**691**	458

The Group leases its operating depots under non-cancellable operating lease agreements 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	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Sale of goods and services (including recharge of costs)	**1,173**	1,775	**2,452**	(3,205)

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

Details of key management personnel compensation have been disclosed in note 6, no other transactions were entered into with key management personnel in the year.

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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 £256,000 (2013: £269,000).

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 2014 by an independent qualified actuary.

The assets of the defined benefit plan are managed by a pension fund that is legally separated from the Group. Governance of the plan is the responsibility of appointed trustees, acting on professional advice.

The plan is exposed to a number of risks, including changes to long term UK interest rates and inflation expectations, movements in global investment markets, changes in UK life expectancy rates and regulatory risk from changes in UK pension legislation.

Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in sterling. A decrease in market yield on high quality corporate bonds will increase the Group's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

Investment risk

The plan assets at 31 December 2014 are predominantly equity and debt instruments.

Longevity risk

The Group is required to provide benefits for life for the members of the defined benefit liability. Increases in the life expectancy of the members, where the pension payments are linked to CPI, will increase the defined benefit liability.

Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

A reconciliation of the pension obligation and plan assets to the amounts presented in the statement of financial position for 2014 and 2013 is shown below.

	31 December 2014 £'000	31 December 2013 £'000
Present value of funded obligations	**(29,970)**	(26,250)
Fair value of plan assets	**23,780**	22,203
Deficit in the plan	**(6,190)**	(4,047)
Related deferred tax asset	**1,368**	809
Net liability recognised	**(4,822)**	(3,238)

Defined benefit obligation
The details of the Group's defined benefit obligation are as follows:

	31 December 2014 £'000	31 December 2013 £'000
Opening defined benefit obligation	**26,250**	26,407
Current service cost (Company only)	**103**	96
Interest cost	**1,165**	1,118
Actual contributions paid by plan participants	**13**	25
Experience adjustment	**(110)**	(339)
Actuarial losses from changes in financial assumptions	**3,918**	(98)
Actuarial losses from changes in demographic assumptions	**(509)**	-
(Benefits paid - including insurance premiums)	**(860)**	(959)
Closing defined benefit obligation	**29,970**	26,250

26. Employee benefits (continued)

Plan assets

The reconciliation of the balance of the assets held for the Group's defined benefit plan is presented below:

	31 December 2014 £'000	31 December 2013 £'000
Fair value of plan assets at start of accounting period	**22,203**	19,851
Interest income	**1,001**	854
Return on plan assets (excluding amounts included in net interest)	**503**	1,472
Contributions paid by the employer	**920**	960
Actual contributions paid by plan participants	**13**	25
(Benefits paid)	**(860)**	(959)
Fair value of plan assets at end of accounting period	**23,780**	22,203

The actual return on plan assets was £1,504,000 (2013: £2,326,000).

Plan assets do not comprise any of the Group's own financial instruments or any assets used by Group companies. Plan assets can be broken down into the following category of investments.

The major categories of plan assets, measured at fair value are:	31 December 2014 £'000	31 December 2013 £'000
Equities	**14,791**	14,392
Gilts	**1,684**	1,461
Bonds	**3,864**	3,079
Other, including cash	**3,441**	3,271
Total fair value of assets	**23,780**	22,203
Assets included which do not have a quoted market value:		
Equities	**-**	-
Gilts	**-**	-
Other, including cash	**-**	-
Total	**-**	-

The significant actuarial assumptions used for the valuations are as follows:	31 December 2014	31 December 2013
Future salary increases	**3.10%**	3.40%
Rate of increase in (post 1997) pensions in payment (a)	**3.20%**	3.40%
Discount rate at 31 December	**3.50%**	4.50%
Expected rate of inflation - RPI	**3.10%**	3.40%
Overall expected return on plan assets	**3.50%**	4.50%

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

Other material actuarial assumptions were the rate of salary increases and mortality assumptions. In terms of future salary increases, the actuary is assuming salaries will increase in line with the RPI inflation assumption.

Assumptions regarding future mortality experience are set based on the advice of actuaries and in accordance with published statistics. For members not yet retired, life expectancies have been estimated as 90 years for men (2013: 90 years) and 92 years for women (2013: 92 years). For current pensioners life expectancies have been estimated as 87 years for men (2013: 88 years) and 90 years for women (2013: 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 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.

Defined benefit plan expenses

	31 December 2014 £'000	31 December 2013 £'000
Amounts recognised in profit or loss are:		
Current service cost (Company)	**103**	96
Net interest cost (on net defined benefit liability)	**164**	264
Total amount recognised in the Consolidated income statement	**267**	360

The current service cost is included in employee benefits expense and the net interest expense is included in finance costs.

Amounts recognised in other comprehensive income related to the Group's defined benefit plan are as follows:

	31 December 2014 £'000	31 December 2013 £'000
Remeasurements recognised in Other Comprehensive Income		
Actuarial gains on the assets	**503**	1,472
Experience adjustment	**110**	339
Actuarial (losses) / gains from changes in financial assumptions	**(3,918)**	98
Changes in demographic assumptions	**509**	-
Total (loss) / gain recognised in Other Comprehensive Income	**(2,796)**	1,909

Other defined benefit plan information.

Employees of the Group are required to contribute a fixed 6% of their pensionable salary.

The remaining contribution is partly funded by the Group's subsidiaries. The funding requirements are based on the pension funds actuarial measurement framework as set out in the funding policies.

Based on historical data, the Group expects contributions of £908,000 to be paid in 2015.

The weighted average duration of the defined benefit obligation at 31 December 2014 is 18 years (2013: 17.4 years).

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, salary growth rate, the inflation assumption and the mortality loading.

The calculation of the net defined benefit liability is sensitive to these assumptions.

The table below summarises the sensitivity of the obligation to changes to these assumptions.

	31 December 2014	31 December 2013
Increase in discount rate by 0.5%	**9.40%**	9.10%
Increase in salary growth by 0.5%	**0.40%**	0.60%
Increase in inflation adjustment by 0.5%	**7.70%**	9.10%
Increase of 10% on the mortality loading	**-3.00%**	-3.00%

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YEAR ENDED 31 DECEMBER 2014

27. Audit exemption statement

Under section 479A of the Companies Act 2006 the Group is claiming exemption from audit for the subsidiary companies listed below. The parent undertaking guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year.

	Company Number
Beacon Drinks Limited	1732905
Ben Shaws Dispense Drinks Limited	231218
Cabana Soft Drinks Limited	938594
Dayla Liquid Packing Limited	603111
Festival Drinks Limited	1256006
Nichols Dispense Limited	8795779
Nichols Dispense (S.W.) Limited	8766560
Dispense Solutions (Wales) Limited	8671127

UNAUDITED FIVE YEAR SUMMARY
YEARS ENDED 31 DECEMBER

	2014 £'000	2013 £'000	Restated 2012 £'000	2011 £'000	2010 £'000
Revenue	**109,205**	105,529	103,642	95,072	80,925
Operating profit before exceptional items, IAS 19 and Long Term Incentive Scheme Charges	**26,464**	25,194	21,741	19,038	15,426
Exceptional items	**(7,768)**	(3,680)	0	0	(293)
IAS 19 operating profit charges	**(103)**	(96)	(107)	(119)	(110)
Long Term Incentive Scheme operating profit charges	**(764)**	(2,671)	(1,117)	(770)	(199)
Operating profit after exceptional items, IAS 19 and Long Term Incentive Scheme Charges	**17,829**	18,747	20,517	18,149	14,824
Net finance income/(expense)	**93**	83	(7)	(44)	(34)
Profit before taxation	**17,922**	18,830	20,510	18,105	14,790
Taxation	**(3,776)**	(4,721)	(5,252)	(4,779)	(3,966)
Profit after taxation	**14,146**	14,109	15,258	13,326	10,824
Dividends paid	**(7,518)**	(6,639)	(5,866)	(5,195)	(4,601)
Retained earnings	**6,628**	7,470	9,392	8,131	6,223
Earnings per share - (basic)	**38.39p**	38.30p	41.43p	36.28p	29.63p
Earnings per share - (diluted)	**38.34p**	38.25p	41.38p	36.25p	29.59p
Earnings per share - (basic) before exceptional items	**55.03p**	45.79p	41.43p	36.28p	30.22p
Earnings per share - (diluted) before exceptional items	**54.96p**	45.72p	41.38p	36.25p	30.18p
Dividends paid per share	**20.40p**	18.02p	15.92p	14.10p	12.55p

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty third Annual General Meeting of Nichols plc ("Company") will be held at Haydock Park Racecourse, Newton le Willows, Merseyside, WA12 0HQ on Wednesday, 29 April 2015 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, strategic report and directors' and auditors' reports for the year ended 31 December 2014.

2. To declare a final dividend for the year ended 31 December 2014 of 15.3 pence per ordinary share of 10 pence in the capital of the Company to be paid on 5 May 2015 to shareholders whose names appear on the register of members at the close of business on 7 April 2015.

3. To re-elect M J Millard, 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 BDO LLP as auditors of the Company.

6. To authorise the directors to determine the remuneration of the auditors.

7. That, pursuant to section 551 of the Companies Act 2006 ("Act"), the directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,228,135.90, 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 28 July 2016 (whichever is the earlier), save that the Company may make an offer or agreement before this authority expires which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after this authority expires and the directors may allot shares or grant such rights pursuant to any such offer or agreement as if this authority had not expired. This authority is in substitution for all existing authorities under section 551 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

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

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

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

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

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

8.2 otherwise than pursuant to paragraph 8.1 of this resolution, up to an aggregate nominal amount of £184,244, 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 28 July 2016 (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).

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

9.1 the maximum aggregate number of Shares which may be purchased is 3,684,882.

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

9.3 the maximum price (excluding expenses) which may be paid for a Share is an amount equal to 105 per cent of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is made, and (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 28 July 2016 (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

Tim Croston
Secretary

17 March 2015

Registered Office, Laurel House, Woodlands Park, Ashton Road, Newton-Le-Willows, WA12 0HH.

Registered in England and Wales No. 238303

GENERAL NOTES

1. To receive the Company's annual accounts, strategic report and directors' and auditors' reports for the year ended 31 December 2014.

2. Biographical details of all those directors who are offering themselves for re-election at the meeting are set out on pages 30-31 of the enclosed annual report and accounts.

3. 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, 27 April 2015 (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.

4. 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.

5. 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.

6. 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 asset services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive no later than 11:00 a.m. on Monday 27 April 2015 (or, in the event that the meeting is adjourned, no later than 48 hours (excluding any part of the day that is not a working day) before the time of any adjourned meeting).

7. 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.

8. 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 mmby the Company's Registrar, Capita Registrars (CREST ID RA10) no later than 11:00 a.m. on Monday 7 April 2015 (or, if the meeting is adjourned, no later than 48 hours (excluding any part of the day that is not a working day) before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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 13 March 2015 (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

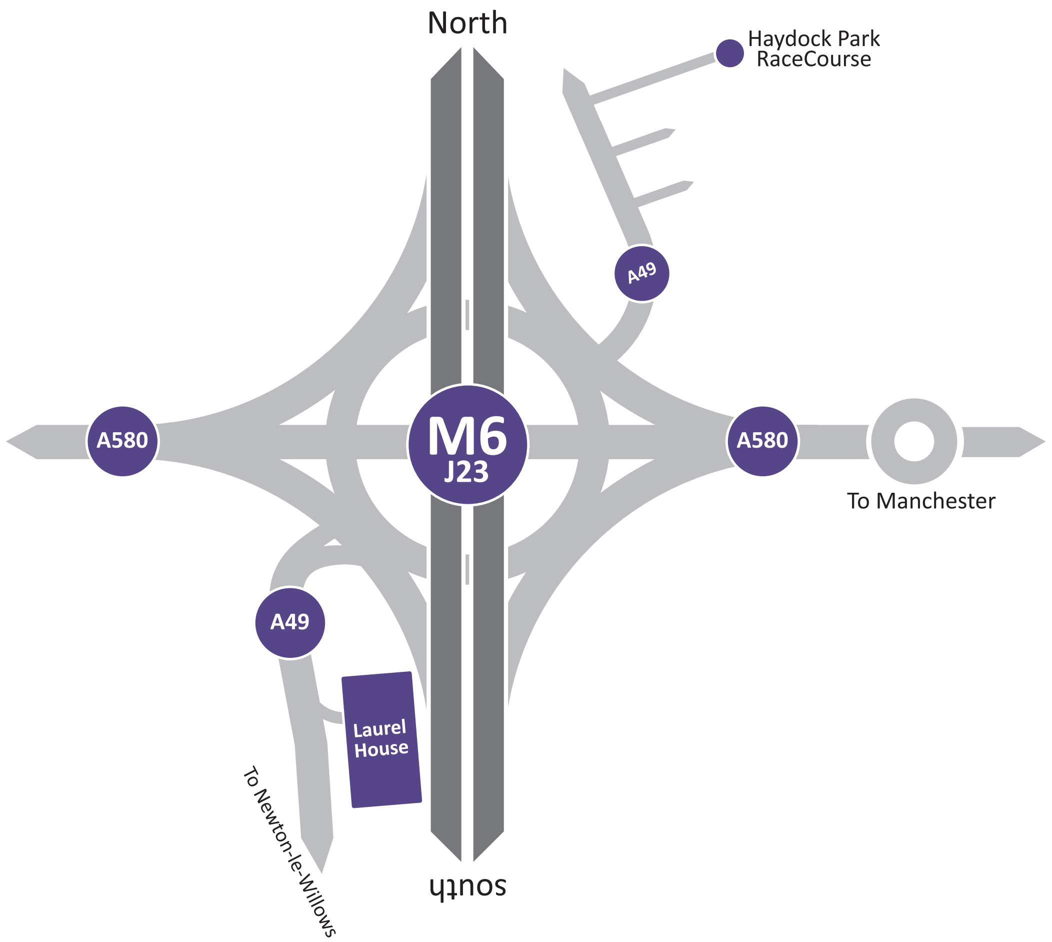
GENERAL NOTES & DIRECTIONS TO THE ANNUAL GENERAL MEETINGS

122,208 ordinary shares in treasury, in respect of which it cannot exercise any votes, the total voting rights in the Company as at 17 March 2015 are 36,846,564.

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.

Directions to the Annual General Meeting:

Leave the M6 at Junction 23 and take the A49 north towards Ashton and Haydock Park. Haydock Park Racecourse is on the right after approximately 0.6 miles. On entering the estate, Haydock Park is accessed via a long drive.



NOTES

FINANCIAL CALENDAR

Interim Results Announced

23 July 2015

Annual General Meeting

29 April 2015

Preliminary Results Announced

5 March 2015

nichols plc

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