NORISH

NORISH plc

Annual Report & Accounts

2005

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FINANCIAL CALENDAR 2006

Announcement of preliminary results	3 March
Annual Report posted to shareholders	31 March
Record date for final dividend	28 April
Annual General Meeting	4 May
Payment date for final dividend	26 May
Announcement of interim results	8 September
Payment date for interim dividend	13 October

CORPORATE PROFILE

Background

Norish plc is a leading warehousing company dedicated to serving the food manufacturing, distribution and retailing sectors. Norish was founded in 1975 and became a public company in 1986. Its shares are listed on the Alternative Investment Market of the London Stock Exchange.

Norish mainly operates strategically located temperature controlled distribution centres, each of which provides storage, freezing, picking, order assembly and distribution services to food companies engaged in processing, wholesaling and retailing.

GROUP OPERATIONS

Norman Hatcliff – Group Operations Director - norman.hatcliff@norish.com

P.O. Box 255
Dartford
Kent DA1 9AL
Tel: 0870 7351318
Mob: 07879 447427

Locations

- Bury St. Edmunds, Suffolk (Cold store)
- Brierley Hill, West Midlands (Cold store)
- Wrexham, Clwyd (Cold store)
- Braintree, Essex (Cold store)
- Lympne, Kent (Cold store)
- Shipton by Beningbrough, York (Ambient warehouse)

FINANCIAL HIGHLIGHTS

	2005 £'000	2004 £'000
Turnover		
- continuing operations	**9,485**	8,731
- discontinued operations	**1,943**	3,512
Operating profit/(loss)		
- continuing operations	**537**	353
- discontinued operations	**(441)**	22
Profit before tax	**1,030**	264
Basic earnings per share		
- continuing operations	**3.3p**	2.5p
- discontinued operations	**8.2p**	0.2p
	11.5p	2.7p
Dividend paid per share		
- interim for 2005	**€1.25c**	-
- final for 2004/2003	**€2.0c**	€1.27c
	€3.25c	€1.27c
Adjusted earnings per share (see Note 8 to the financial statements)	**5.4p**	2.7p
Gearing – excluding goodwill (see Note 1 below)	**122%**	38%
Capital employed	**£'000**	£'000
Shareholders' funds	**6,145**	5,365
Net debt (see Note 24 to the financial statements)	**7,216**	1,967
	13,361	7,332

Note 1

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

EXECUTIVE CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report of Norish Plc for 2005.

Earlier in the year we availed of the fast track admission procedures and moved from the Official List of the United Kingdom Listing Authority to the Alternative Investment Market of the London Stock Exchange ("AIM"), and delisted from the Official List of the Irish Stock Exchange. The AIM market is better suited to a company of our size and gave us the ability to complete necessary transactions in a time efficient and cost effective manner.

As part of the Group's strategy in exiting the coffee and cocoa commodity storage market we were able to dispose of our Belvedere, Kent premises, in April 2005 for a cash consideration of £2.9m, which gave rise to a profit on disposal of £1.0m. We have now taken the decision to exit the non-food storage sector and have successfully agreed to sub-let our leased facility at Felixstowe. The operating loss incurred in exiting these activities amounted to £0.4m.

In August 2005 we exercised our option to acquire the land and property of the ambient food storage facility at York, from RSH Properties for a total consideration of £2.0m. The company had leased this facility for a period of five years since July 2000. The property covers an area of approximately 10 acres, within six miles from the city of York.

Just before the year end we acquired the land and property at Wrexham, for £5.8m. This is a cold storage facility on a freehold site of approximately 14 acres, which has been leased by the company since 1994.

The company incurred an exceptional reorganisation cost of £0.2m in restructuring the business to meet its current needs.

Results

The Group announces pre-tax profits of £1.0m (after net exceptional gains of £0.8m and operating losses from discontinued operations of £0.4m). This compares with pre-tax profits of £0.3m for last year. Turnover from continuing operations increased by £0.8m to £9.5m. The total profit per share is 11.5p compared with 2.7p last year and profit per share from continuing operations is 3.3p compared to 2.5p for last year. Net debt at the year-end increased to £7.2m, from £2.0m. The increase in debt arose mainly as a result of the purchase of the York and Wrexham properties.

Operations

Our cold stores performed well last year in a market still suffering from overcapacity and increased energy costs. We started the year better than expected which helped to contribute to the improved performance. Our stores finished the year with high occupancy levels.

The Bury St Edmunds site was operating at reduced capacity for 3 months, while essential maintenance work was undertaken. This resulted in the contribution from this site falling short on expectations.

We are encouraged by improved results at Wrexham, West Midlands and Braintree cold stores.

Following the exit from commodity and non-food business we no longer operate from Belvedere and Felixstowe. We are now concentrating on the storage of temperature controlled and ambient food products.

Dividend

At the interim stage we declared a dividend of €1.25c per share. The board recommend the payment of a final dividend of €1.25c per share. Subject to shareholder approval this dividend will be paid on 26 May 2006 to shareholders on the register on 28 April 2006. This will bring the total dividend (paid and proposed) for the year to €2.5c per share which compares with €2.0c per share in respect of last year's results. This represents an increase of 25%. Under new accounting standards proposed dividends are not provided in the year end results.

Personnel

The Board again would like to thank the staff for their contribution in a difficult trading environment in 2005.

Trading Outlook

We have started the year with high occupancy levels. However, as is being experienced throughout industry, we are experiencing high energy costs and are struggling to pass these increases onto customers. However, we are continuously introducing initiatives to reduce our consumption.

The group will continue to operate in the areas of both temperature controlled and ambient food storage.

Ted O'Neill
Executive Chairman
2 March 2006

FINANCIAL REVIEW

Reporting currency

The Group, the parent company of which is a public limited company incorporated in Ireland, continues to report its results in Sterling, as all of its operating activities are carried out in the United Kingdom. The financial information contained in the profit and loss account and balance sheets is also expressed in Euro, solely for convenience, at the rate of €1 = £0.69.

Turnover and operating profit

Turnover from continuing operations increased from £8.7m to £9.5m. The group operating profit from continuing operations (after reorganisation costs of £0.2m) increased from £0.4m to £0.5m, representing 5.7% (2004 – 4.0%) of turnover from continuing operations. Continuing operations relates to the temperature controlled and ambient food storage business.

For our continuing operations, the number of pallets into our sites increased by 10% to 367,589, blast freezing volumes increased 9% to 58,665 pallets and closing customer stocks at the year end increased by 18% to 65,648 pallets.

Turnover from discontinued operations reduced from £3.5m to £1.9m. The discontinued activities generated an operating loss of £0.4m which compares with an operating break-even for the previous year. Discontinued operations relates to the commodity and non-food storage business.

Key ratios

Basic earnings per share increased to 11.5p, (3.3p from continuing operations, 8.2p from discontinued operations), compared with 2.7p (2.5p from continuing operations, 0.2p from discontinued operations) in 2004. In 2005, the basic earnings included an exceptional reorganisation charge totalling £0.2m, a gain on sale of property of £1.0m and an operating loss in respect of discontinued operations of £0.4m. Adjusted earnings per share (see note 8 of the financial statements) increased to 5.4p from 2.7p.

Year-end gearing (after eliminating goodwill) was 122% compared with 38% at 31 December 2004.

Depreciation and goodwill amortisation totalled £0.6m (2004: £0.9m).

Cash position

The Group's operating cash inflow for the year was £0.7m (2004: £1.4m). Net debt at the year-end increased to £7.2m due to funding for property purchases compared with £2.0m at 31 December 2004. The Group retains adequate term loan and overdraft facilities.

Treasury policy and management

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

FINANCIAL REVIEW (continued)

Financial risk management

The Group's financial instruments comprise borrowings, cash and various items, such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of the financial instruments not arising directly from operations is to raise finance for the Group's operations.

The Group may enter into derivative transactions such as interest rate swaps or forward foreign currency transactions in order to minimise its risks. The purpose of such transactions is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. It is Group policy not to trade in financial instruments.

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

Interest rate risk

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

Liquidity risk

The Group's policy is that, in order to ensure continuity of funding, a significant portion of its borrowings should mature in more than one year. At the year-end, 93% of the Group's borrowings were due to mature in more than one year.

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

Aidan Hughes
Company Secretary
2 March 2006

SHAREHOLDER INFORMATION

Shareholder analysis at 2 March 2006

Number of shares	Number of accounts	Percentage of accounts	Number of shares (000)	Percentage of shares
1 - 1,000	149	44.3	71	0.8
1,001 - 10,000	122	36.3	488	5.8
10,001 - 100,000	52	15.5	1,668	19.7
Over 100,000	13	3.9	6,239	73.7
Total	**336**	**100.0**	**8,466**	**100.0**

Share price data (€)

	High	Low	31 December
Year ended 31 December 2005	66p (€0.96)	38p (€0.55)	66p (€0.96)
Year ended 31 December 2004	€0.92	€0.60	€0.80

The market capitalisation of Norish plc at 31 December 2005 was £5.6m (€8.1m) compared with £4.8m (€6.8m) at 31 December 2004, and £6.0m (€8.7m) at 2 March 2006.

Investor relations

Investor enquiries should be addressed to Aidan Hughes, Company Secretary, at:
- Norish plc, P.O. Box 255, Dartford, Kent, DA1 9AL
- Email: aidan.hughes@norish.com

Registrars

Administrative enquiries relating to the holding of Norish shares should be directed to the Company's Registrars whose address is:
- Computershare Services (Ireland) Ltd., Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.
- Telephone: +353 (0)1 2163100

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

SHAREHOLDER INFORMATION (continued)

Amalgamation of accounts

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

Dividends

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

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

CREST

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

Annual General Meeting

The Annual General Meeting will be held at Bewleys Hotel Leopardstown, Central Park, Dublin 18 on Thursday 4 May 2006 at 11am.

BOARD OF DIRECTORS

Executive Directors

Executive Chairman

Ted O'Neill (54) was appointed to the board and became Executive Chairman in 2004. He is currently the Chief Executive Officer of Newcourt Group plc and Chairman of Accommodation and Building Systems Limited, both in Ireland, and was previously founder and Chief Executive Officer of port services and transport group Imari Limited and a director of Seafield plc.

Group Operations Director

Norman Hatcliff (51) joined the group in January 2000 as Operations Director of the Temperature Controlled Division and was appointed Group Operations Director in August 2004. He has extensive experience in the temperature controlled storage industry, initially with Tempco Severnside and subsequently with Exel Logistics. He joined TDG plc in 1990, and was Operations and Commercial Director of TDG Novacold from 1996 to 1999.

Non-Executive Directors

Torgeir Mantor (49) was appointed to the board in 1993. He is Chairman of Norse Group and VisionMonitor Software LLC, both in Houston, Texas, and is a director of Tore B. Mantor A/S and ProPac A/S, both in Norway.

Willie McCarter (58) was appointed to the board in 2004, and was subsequently appointed as the Senior Independent Non-Executive Director. Up to 28 February 2005 he was Chairman of the International Fund For Ireland and the Enterprise Equity Venture Capital Group. He is also a director of Cooley Distillery plc.

Company Secretary

Aidan Hughes (41) joined Norish as Group Accountant in 1996 and was appointed Company Secretary in 2004. He is a Chartered Accountant and heads the Group's finance function.

CORPORATE INFORMATION

Directors
Ted O'Neill – Executive Chairman
Norman Hatcliff (British) - Operations Director
Torgeir Mantor (Norwegian) *
Willie McCarter *
* non-executive

Company Secretary
Aidan Hughes

Audit Committee
Torgeir Mantor
Willie McCarter

Remuneration Committee
Torgeir Mantor
Willie McCarter

Nomination Committee
Consists of all Directors

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

Operational Head Office
P.O Box 255
Dartford
Kent,
DA1 9AL

Solicitors
Mason Hayes & Curran
7 Fitzwilliam Square
Dublin 2

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

Stockbrokers
Davy Stockbrokers
49 Dawson Street
Dublin 2

Bankers
HSBC Bank plc
Anglo Irish Bank Corporation plc
Bank of Ireland plc

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

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

DIRECTORS' REPORT

The Directors present their Annual Report together with the audited financial statements of the Group for the year ended 31 December 2005.

Principal Activities and Review of Business

Norish plc is a provider of temperature controlled, ambient storage and related logistic services to the food industry in the United Kingdom. The group is no longer involved in the activity of commodity and non-food storage and such is now reflected in the accounts as a discontinued operation.

The main risk facing the business is the uncertainty about the future cost of energy. The board is continually reviewing this cost and are introducing initiatives to reduce consumption and monitor usage.

The company is now better positioned going forward, concentrating on its principal activity of temperature controlled and ambient storage in the food industry. The purchase of the freehold properties at York and Wrexham will help improve the company's performance going forward. We will continue to look at minimising costs as well as improving the revenue generated by the business. Future growth will have to come from acquisitions and we are continuously looking for the appropriate opportunity.

Details of the Group's subsidiary undertakings are set out in Note 28 to the financial statements.

Further commentaries on the Group's development and performance, including the principal risks and uncertainties facing the business, are contained in the Executive Chairman's Statement and the Financial Review on pages 3 to 6.

Dividends

An interim dividend of €1.25c per share was paid during the year.

The Directors recommend the payment of a final ordinary dividend of €1.25c per share. Subject to shareholder approval this dividend will be paid on 26 May 2006 to shareholders on the register on 28 April 2006. Under a new accounting standard proposed dividends are not accrued in the year end financial statements.

Post Balance Sheet Events

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

Transactions with Related Parties

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

Directors

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

The names of the Group's Directors at 31 December 2005 together with brief biographical notes are set out on page 9.

On 15 July 2005 Iain Buntain resigned as Finance Director and Norman Hatcliff joined the Board as Operations Director.

In accordance with Article 87 of the Company's Articles of Association, Mr Ted O'Neill retires by rotation, and being eligible, offers himself for re-election.

In accordance with Article 94 of the Company's Articles of Association, Mr Norman Hatcliff retires, and being eligible, offers himself for re-election.

The Operations Director has a service contract with the Company that is terminable by either party giving 6 months' notice. Neither the Executive Chairman nor the non-executive Directors have service contracts.

Interests of Directors and Secretary

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

The interests, all of which are beneficial, of the Directors and the Secretary who held office at 31 December 2005 (including their respective family interests) in the share capital of Norish plc were as follows:

	31 December 2005 Ordinary Shares	31 December 2004** Ordinary Shares
Ted O'Neill	**424,000**	**254,000**
Norman Hatcliff	**-**	**-**
Torgeir Mantor *	**12,600**	**12,600**
Willie McCarter	**-**	**-**
Aidan Hughes (Secretary)	**13,000**	**13,000**

* *Torgeir Mantor is a director of T. B. Mantor A/S, which also holds 718,782 (2004: 718,782) shares and is owned by the Mantor family.*

*** or date of appointment, if later.*

DIRECTORS' REPORT (continued)

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

	1 Jan 2005	Granted in year	31 Dec 2005	Exercise Price €	Exercisable from	Expiry date
Norman Hatcliff	5,000	-	5,000	1.30	Mar 2003	Mar 2010
	3,000	-	3,000	0.75	May 2004	May 2011
Total	**8,000**	**-**	**8,000**			
Aidan Hughes	7,500	-	7,500	1.21	Feb 2000	Feb 2007
	3,750	-	3,750	2.22	Feb 2001	Feb 2008
	5,000	-	5,000	1.55	Mar 2003	Mar 2009
	3,000	-	3,000	0.75	May 2004	May 2011
Total	**19,250**	**-**	**19,250**			

* *or date of appointment, if later*

The mid-market price of an ordinary share on 31 December 2005 was 66p (€0.96) and the price range during the year was between 38p (€0.55) and 66p (€0.96). Apart from the interests disclosed above, neither the Directors nor the Secretary had an interest at any time during the year in the share capital of the Company or Group companies. There have been no changes in the above interests between 31 December 2005 and the date of this Report.

Pensions

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

Substantial shareholdings

At 2 March 2006 the Company had been advised of the following shareholdings in excess of 3% of its issued share capital:

	Beneficial shareholding	% holding
Kappa Alpha	899,684	10.63
John Teeling	835,093	9.86
T.B. Mantor A/S	718,782	8.49
Tom Cunningham	710,593	8.39
Friends First	674,737	7.97
Leslie McCauley	518,600	6.13
Ted O'Neill	424,000	5.00
Focus Investments	319,539	3.77

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

Subsidiary companies

The statutory information required by sub-sections (4) and (5) of Section 158 of the Companies Act, 1963 is presented in Note 28 to the financial statements.

Executive share option scheme

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

Share options are offered to executive Directors and senior management to encourage identification with shareholders' interests, and to help them to build up, over time, a shareholding in the Company that is material in relation to their net worth. The Remuneration Committee believes this policy has facilitated the recruitment, retention and motivation of high quality managers who are vital to the future growth and success of Norish. This policy has been consistently applied and has not changed since the inception of the scheme.

The aggregate nominal value of shares issued under the scheme may not exceed 10% of the nominal value of the issued ordinary share capital. Between 1989 and 2005 the Company issued a total of 752,237 ordinary options. In 2005 the Company issued no share options.

To date 46,000 options have been exercised and 590,987 options have expired. At 31 December 2005 options were outstanding over 115,250 ordinary shares.

DIRECTORS' REPORT (continued)

Group website

Our website, *www.norish.com*, provides our customers, shareholders and the general public with useful information on the Group's facilities and services, together with key financial data, company announcements etc.

Personnel development

The Group is committed to ensuring that its employees are capable of achieving the highest standards in their employment by providing training at all levels for current and future business needs. Emphasis is placed on training in key areas such as computer skills, safe driving of vehicles, proper utilisation of materials handling equipment, etc. The Group seeks to ensure that all employees receive up-to-date information on current business events and developments pertaining to their own work place.

Disabled employees

The policy of Norish plc is to offer the same opportunities to disabled people as to all employees in respect of recruitment, promotion and career development depending on their skills and abilities. Employees who become disabled will, wherever possible, be rehabilitated, retrained and redeployed if necessary.

Electoral Act, 1997

The Group did not make any political contributions during the year.

Environmental policies

The Group continues to implement improved working practices with a view to minimising harmful environmental impacts. It has initiated policies designed to further this end and monitors adherence to these policies. It is committed to maintaining its efforts in the area of energy conservation.

Corporate governance

The Directors are committed to the revised Combined Code on Corporate Governance, published in July 2003.

Principles of good corporate governance

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

Board of Directors

The Board of Directors comprises an Executive Chairman, an Executive Operations Director and two Non-Executive Directors. On appointment all non-executive directors receive comprehensive briefing documents on the Group and its operations, and further appropriate briefings are provided to non-executive directors on an ongoing basis. Willie McCarter is the Senior Independent Non-Executive Director.

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

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

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

It is the opinion of the Board that the Non-Executive Directors are independent of management and have no business or other relationship which could interfere materially with the exercise of their judgement.

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

The Board has a regular schedule of meetings together with further meetings when required. In addition, there is a formal schedule of matters reserved specifically to the Board for its decision, including the approval of the annual financial statements, budgets, significant contracts, significant capital expenditure and senior management appointments.

The Non-Executive Directors meet with the Chairman separately during the year to discuss the business and strategy.

The Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Group's professional advisors are available for consultation by the Board as required. Individual Directors may take independent professional advice, if necessary, at the Group's expense.

The Executive Chairman holds regular business review meetings with Senior Management.

Attendance

The Board meets regularly and details of attendances by individual Directors at meetings of the Board and its Committees during the year ended 31 December 2005 are as follows:

	Board	Remuneration	Audit
Meetings held	**6**	**1**	**1**
Meetings Attended:			
Ted O'Neill	**6**	**-**	**-**
Norman Hatcliff	**6***	**-**	**-**
Iain Buntain	**4**	**-**	**-**
Torgeir Mantor	**6**	**1**	**1**
Willie McCarter	**6**	**1**	**1**

* *includes attendance at 4 meetings prior to appointment as director*

Directors' Remuneration

The remuneration of Directors and senior management is determined by the Remuneration Committee consisting solely of the non-executive Directors whose names are listed on page 10. The Remuneration Committee is chaired by Mr Willie McCarter. This committee also recommends the granting of share options to Executive Directors and senior management. In considering and agreeing salaries and benefits as well as performance related incentives the Committee aims to ensure that remuneration packages are competitive and that individuals are fairly rewarded relative to their responsibilities, experience and value to the Group. The committee takes advice where appropriate from external professional advisors in assessing salary levels and determining its remuneration policy and practice.

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

Details of the interests of Directors and Secretary in shares and options are set out earlier in this Report while details of Directors' remuneration are given in Note 26 to the financial statements.

Relations with Shareholders

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

Internal control

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

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

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

The Group's overall internal control system includes:

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

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

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

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

DIRECTORS' REPORT (continued)

Audit Committee and Auditors

The Audit Committee is chaired by Willie McCarter. The other member is Torgeir Mantor. Its written terms of reference deal clearly with its authority and duties. The committee meets to review the group's annual financial statements before their submission to the Board, to review the appropriateness and effectiveness of the Group's internal controls, accounting policies and procedures and financial reporting and also to assess the effectiveness of the external audit and the Group Internal Audit function.

The Group's policy regarding external auditor independence and the provision of non-audit services by the external auditors is that, where appropriate, non-audit related work is put out to competitive tender. Details of the year's fees payable to the external auditors are given in note 5 to the financial statements.

The Directors and senior management, the Group's external auditors and internal audit, as appropriate, attend meetings of the committee.

Compliance statement

Norish has complied during the year to 31 December 2005 with all provisions of the Principles of Good Governance and Code of Best Practice as contained in the revised Combined Code on Corporate Governance except for the following matters:

- Given the size of the group and the restructuring programme carried out it was considered appropriate to combine the offices of Chairman and Chief Executive Officer. In view of this, and due to his interests in the company's shares, the Executive Chairman would not be perceived to be independent. This will be kept under review.

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

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

- Due to the small size of the Board, performance evaluation of the Board, its Committees and Directors has not been conducted.

Going concern

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

DIRECTORS' REPORT (continued)

Accounting records

The Directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at Regus House, Admirals Way, Dartford, Kent, DA2 6AG. The Executive Chairman maintains records in Ireland for the purposes of Section 202(6) of the Companies Act, 1990.

Auditors

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

On behalf of the board:

T.J. O'Neill *Executive Chairman*	**N.A Hatcliff** *Operations Director*	2 March 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the group and parent company financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss of the group for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2005. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts 1963 to 2005.

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

On behalf of the Board

T.J. O'Neil	**N.A. Hatcliff**	2 March 2006
Executive Chairman	*Operations Director*	

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORISH PLC

We have audited the group and parent company financial statements, expressed in pounds Sterling, (the "financial statements") of Norish plc for the year ended 31 December 2005 on pages 24 to 50. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the group financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities on page 21.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts 1963 to 2005. We also report to you whether, in our opinion: proper books of account have been kept by the company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the parent company balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We review, at the request of the directors, whether the voluntary statement on page 19 reflects the company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, Corporate Profile and Group Operations section, Financial Highlights, Executive Chairman's statement, Financial Review, Shareholder Information, Board of Directors section, Corporate Information and Historical Financial Summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORISH PLC (continued)

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements, expressed in pounds Sterling, give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the group's and parent company's affairs as at 31 December 2005 and of the group's profit for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2005.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company balance sheet is in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the company, as stated in the company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2005 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

KPMG 2 March 2006
Chartered Accountants
Registered Auditors
1 Stokes Place
St Stephen's Green
Dublin 2

STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements, except for the accounting policy for proposed dividends which has been changed to meet the requirements of FRS21 "Events After the Balance Sheet Date". Accordingly, proposed dividends have not been accounted for as liabilities at the year end. Comparative figures have been restated accordingly.

Basis of preparation

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

Basis of consolidation

The consolidated financial statements for the year to 31 December 2005 include the results of Norish plc and its subsidiary undertakings for that period.

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

Turnover

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

An appropriate proportion of handling income is deferred until the despatch of goods out.

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

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

Tangible fixed assets and depreciation

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

Freehold buildings	50 years
Leasehold buildings	35 years
Plant and equipment	3 to 14 years

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

Taxation

Current tax, including Irish corporation tax and foreign tax, is provided on the group's taxable profits, at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

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

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

Government grants

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

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

Leased assets

Expenditure on operating leases is charged to the profit and loss account on a basis representative of the benefit derived from the asset, normally on a straight line basis over the lease period.

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

Pensions

The costs of providing defined contribution pensions are charged to the operating profit as they fall due. The scheme funds are administered by trustees and are independent of the Group's finances. Differences between the amounts charged in the profit and loss account and payments made to the pension scheme are treated as prepayments or accruals.

Financial fixed assets

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

Goodwill

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

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

Purchased goodwill arising on acquisitions after 1 January 1997 is capitalised in the balance sheet and amortised over the estimated economic life of the goodwill, normally 20 years. Provision is made for impairment of goodwill where the carrying value exceeds the recoverable amount.

Euro

The primary financial statements, presented in pounds sterling as of and for the year ended 31 December 2005 are also expressed in Euro (€), solely for information purposes, at the rate of €1 = £0.69, the conversion rate applicable on 31 December 2005.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2005	Note	*2005* *€'000*	**2005** **£'000**	2004 £'000
Group turnover - continuing operations	1	*13,746*	**9,485**	8,731
- discontinued operations	1	*2,816*	**1,943**	3,512
		16,562	**11,428**	12,243
Cost of sales	1	*(15,474)*	**(10,677)**	(11,294)
Gross profit		*1,088*	**751**	949
Administrative expenses		*(610)*	**(421)**	(559)
Goodwill amortisation		*(22)*	**(15)**	(15)
Group operating profit before exceptional item		*456*	**315**	375
Exceptional item - reorganisation costs - continuing operations	2	*(317)*	**(219)**	-
Group operating profit/(loss) - continuing operations	1	*778*	**537**	353
- discontinued operations	1	*(639)*	**(441)**	22
		139	**96**	375
Exceptional item - profit on disposal of property - discontinued operations	2	*1,449*	**1,000**	-
		1,588	**1,096**	375
Interest receivable and other income		*58*	**40**	24
Interest payable and similar charges	4	*(153)*	**(106)**	(135)
Profit on ordinary activities before taxation	5	*1,493*	**1,030**	264
Tax on profit on ordinary activities	6	*(86)*	**(59)**	(35)
Profit for the financial year		*1,407*	**971**	229
Basic and diluted earnings per ordinary share	8			
- continuing operations			**3.3p**	2.5p
- discontinued operations			**8.2p**	0.2p
- total			**11.5p**	2.7p

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

Approved on behalf of the board on 2 March 2006 by:

T.J. O'Neill
Executive Chairman

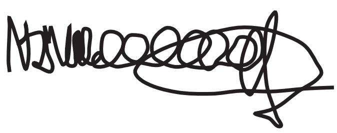
N.A. Hatcliff
Operations Director

CONSOLIDATED BALANCE SHEET

at 31 December 2005	Note	*2005*	2005	2004
				As restated
		€'000	**£'000**	£'000
Fixed assets				
Intangible assets - goodwill	9	***313***	**216**	231
Tangible assets	10	***18,952***	**13,077**	7,402
		19,265	**13,293**	7,633
Current assets				
Debtors	12	***4,498***	**3,103**	2,800
Cash at bank and in hand		***411***	**284**	49
		4,909	**3,387**	2,849
Creditors: amounts falling due within one year	13	***(4,206)***	**(2,902)**	(3,604)
Net current assets/(liabilities)		***703***	**485**	(755)
Total assets less current liabilities		***19,968***	**13,778**	6,878
Creditors: amounts falling due after more than one year	13	***(10,145)***	**(7,000)**	(859)
Provisions for liabilities and charges	14	***(917)***	**(633)**	(654)
Net assets		***8,906***	**6,145**	5,365
Capital and reserves				
Called up share capital	15	***2,163***	**1,493**	1,493
Share premium account	16	***4,574***	**3,156**	3,156
Capital conversion reserve fund	16	***33***	**23**	23
Profit and loss account	17	***2,136***	**1,473**	693
Shareholders' funds	18	***8,906***	**6,145**	5,365

Approved on behalf of the board on 2 March 2006 by:

T.J. O'Neill
Executive Chairman



N.A. Hatcliff
Operations Director

COMPANY BALANCE SHEET

at 31 December 2005	Note	*2005*	**2005**	2004
				As restated
		€'000	**£'000**	£'000
Fixed assets				
Financial fixed assets	11	***858***	**592**	592
Current assets				
Debtors	12	***6,103***	**4,211**	4,253
Net assets		***6,961***	**4,803**	4,845
Capital and reserves				
Called up share capital	15	***2,164***	**1,493**	1,493
Share premium account	16	***4,574***	**3,156**	3,156
Capital conversion reserve fund	16	***33***	**23**	23
Profit and loss account	17	***190***	**131**	173
Shareholders' funds		***6,961***	**4,803**	4,845

Approved on behalf of the board on 2 March 2006 by:

T.J. O'Neill
Executive Chairman

N.A Hatcliff
Operations Director

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2005	Note	***2005***	**2005**	2004
		€'000	**£'000**	£'000
Net cash inflow from operating activities	21	***952***	**657**	1,373
Returns on investments and servicing of finance	22	***(57)***	**(39)**	(111)
Taxation		***(513)***	**(354)**	19
Capital expenditure and financial investment	22	***(7,713)***	**(5,322)**	(472)
Dividends paid		***(277)***	**(191)**	(76)
Cash (outflow)/inflow before financing activities		***(7,608)***	**(5,249)**	733
Financing activities	22	***8,710***	**6,010**	(653)
Increase in cash in the year		***1,102***	**761**	80

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	***2005***	**2005**	2004
		€'000	**£'000**	£'000
Increase in cash in the year		***1,102***	**761**	80
(Increase)/decrease in debt	22	***(8,768)***	**(6,050)**	600
Decrease in finance leases	22	***58***	**40**	53
Change in net debt resulting from cash flows		***(7,608)***	**(5,249)**	733
Non-cash movements		***-***	**-**	-
(Increase)/decrease in net debt in the year		***(7,608)***	**(5,249)**	733
Net debt at 1 January	23	***(2,850)***	**(1,967)**	(2,700)
Net debt at 31 December	23	***(10,458)***	**(7,216)**	(1,967)

forming part of the financial statements

1 Components of operating profit

	2005			2004		
	Continuing £'000	**Discontinued £'000**	**Total £'000**	Continuing £'000	Discontinued £'000	Total £'000
Turnover	**9,485**	**1,943**	**11,428**	8,731	3,512	12,243
Cost of sales	**(8,293)**	**(2,384)**	**(10,677)**	(7,804)	(3,490)	(11,294)
Gross profit/(loss)	**1,192**	**(441)**	**751**	927	22	949
Administrative expenses	**(421)**	**-**	**(421)**	(559)	-	(559)
Goodwill amortisation	**(15)**	**-**	**(15)**	(15)	-	(15)
Exceptional item	**(219)**	**-**	**(219)**	-	-	-
Operating profit/(loss)	**537**	**(441)**	**96**	353	22	375

Discontinued operations arise from the exit from cocoa and coffee commodity related services and non-food storage activities.

The group formerly provided a range of services to manufacturers, importers and commodity dealers in the UK cocoa and coffee market, including importation, bean handling, storage and delivery. Those services were provided principally through the Belvedere site (sold during 2005) and the Felixstowe warehouses which the group ceased to operate from in December 2005 (and on which agreements to sub-let have been reached). The commodity related services were wound down in 2005 as the Group implemented the measures required to exit from this area of operations.

The Group's residual commodity related activities at the year end were immaterial. They have been taken over by a third party and are awaiting formal re-registration by LIFFE. The group has formally notified LIFFE of its exit from commodity related activities and that its current annual LIFFE membership which was due to expire on 31 March 2006 will not be renewed.

The Felixstowe site's other area of business was non-food storage.

Continuing operations represent the ongoing food services business operations in the Group's five cold stores and one ambient food storage warehouse. These operations are centrally managed.

2 Exceptional items – continuing operations

Reorganisation costs

Reorganisation costs of £219,000 related to board termination costs of £190,000, and costs of de-listing from the Irish Stock Exchange and moving from the Official List of the London Stock Exchange to the Alternative Investment Market (AIM) of £29,000. These costs were allowable for tax at an effective rate of 28% resulting in an attributable tax credit of £61,000.

Profit on disposal of property

This relates to the sale of the freehold premises at Belvedere, Kent. The proceeds from the sale were £2,900,000 and the net book value of assets disposed was £1,852,000. Other costs incurred in respect of the disposal amounted to £48,000, giving a net profit of £1,000,000. Due to the effect of indexation on the original cost of this property, no capital gain and therefore no tax charge arose on its disposal.

3 Prior year adjustment

The adjustment arises from a change in the accounting policy for proposed dividends arising from the introduction of FRS21 "Events After the Balance Sheet Date". Under this standard it is not permitted to accrue proposed dividends as a liability at the year end. In order to present the prior year's results on a comparable basis the profit and loss account and balance sheet for 2004 have been restated as set out below and the effect on the current year is as shown.

Dividend	**2004 €'000**
Dividends – as originally stated	(119)
Adjustments:	
Removed proposed dividend for 2004	119
Proposed dividend for 2003 paid in 2004	(76)
As restated	(76)

Balance sheet

Creditors: amounts falling due within one year	
As originally stated	(3,723)
Removed proposed dividend for 2004	119
As restated	(3,604)

The impact of the change in policy on the current year is to increase dividends by €119,000 in respect of the final proposed 2004 dividend which was paid in 2005. The proposed final dividend for 2005 of €1.25c per share, totalling £73,000, has not been accrued in these financial statements.

4 Interest payable and similar charges

	2005 £'000	2004 £'000
On bank overdraft and loans wholly repayable within five years	**87**	131
On bank overdraft and loans wholly repayable after five years	**18**	-
Interest on hire purchase arrangements	**1**	4
	106	135

5 Statutory and other information

	2005 £'000	2004 £'000
Depreciation of tangible fixed assets	**630**	897
Profit on disposal of property	**(1,000)**	-
Loss on disposal of other fixed assets	**17**	-
Amortisation of goodwill	**15**	15
Rentals payable under operating leases		
- Buildings	**2,343**	2,308
- Plant and machinery	**586**	555
Auditors' remuneration - audit	**39**	34
- non-audit services	**25**	28
Government grants- capital	**(27)**	(43)

5 Statutory and other information *(continued)*

The average number of persons employed by the Group including executive directors was 122 (2004: 125) and is analysed into the following categories:

Average number of persons employed	**2005**	2004
Management	**13**	13
Administration	**19**	22
Technical	**6**	6
Operational	**84**	84
	122	125

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£'000	£'000
Wages and salaries	**2,692**	2,395
Social welfare costs	**254**	237
Other pension costs	**122**	65
	3,068	2,697

6 Tax on profit on ordinary activities

(a) Analysis of charge in year	**2005**	2004
	£'000	£'000
UK		
Corporation tax at 30% (2004: 30%)	**90**	209
Refund of tax from prior periods	**-**	(110)
Adjustment in respect of previous periods	**(16)**	(7)
Ireland		
Corporation tax at 12.5% (2004: 12.5%)	**-**	7
Adjustment in respect of previous periods	**6**	-
	80	99
Deferred tax credit (note 14)	**(21)**	(64)
	59	35

6 Tax on profit on ordinary activities *(continued)*

(b) Factors affecting tax charge for year	**2005**	2004
	£'000	£'000
Profit on ordinary activities before taxation	**1,030**	264
Profit on ordinary activities multiplied by standard UK tax rate (30%)	**309**	79
Effects of:		
Goodwill amortisation	**4**	4
Other expenses not deductible for tax purposes	**56**	69
Depreciation in excess of capital allowances	**21**	64
Zero tax arising on profit on property disposal	**(300)**	-
Refund of tax from prior periods	**-**	(110)
Adjustments in respect of previous periods	**(10)**	(7)
Current tax charge for year – Note 6 (a)	**80**	99

7 Dividends

	2005	2004
		As restated
	£'000	£'000
Final dividend paid of €2.0c(2004: €1.27c) per ordinary share	**119**	76
Interim dividend paid of €1.25c (2004: Nil) per ordinary share	**72**	-
	191	76

The policy of accounting for dividends has changed in the year as described in Note 3.

8 Earnings per share

	2005 £'000	2004 £'000
Basic		
Profit attributable to ordinary shareholders	**(971)**	(229)
Discontinued operations:		
Operating loss/(profit) for discontinued operations	**441**	(22)
Attributable tax	**(132)**	6
Profit on sale of property - discontinued operations (nil tax arising)	**(1,000)**	-
Profit arising from discontinued operations	**(691)**	(16)
Profit arising from continuing operations	**(280)**	(213)
Weighted average number of ordinary shares outstanding	**8,466,230**	8,466,230
Basic earnings per share - continuing operations	**3.3p**	2.5p
- discontinued operations	**8.2p**	0.2p
- total	**11.5p**	2.7p

Basic earnings per share figures are calculated by dividing the weighted average number of Ordinary Shares in issue during the period into the profit after taxation attributable to the shareholders of Norish plc for the year (from continuing operations, discontinued operations and in total respectively).

8 Earnings per share (continued)

	2005 £'000	2004 £'000
Diluted		
Profit attributable to ordinary shareholders	**971**	229
Weighted average number of ordinary shares outstanding	**8,466,230**	8,466,230
Dilutive effect of share options	**1,165**	4,481
Weighted average number of shares for the calculation of diluted earnings per share	**8,467,395**	8,470,711
Diluted earnings per share - total	**11.5p**	2.7p

For the purposes of calculating diluted earnings per share, dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the period. The diluted earnings per share figures for continuing and discontinued operations are identical to the related basic earnings per share figures.

Adjusted	**2005 £'000**	**Earnings per share - pence**	2004 £'000	Earnings per share - pence
Profit attributable to ordinary shareholders	**971**	**11.5**	229	2.7
Goodwill amortisation	**15**	**0.2**	15	0.2
Exceptional items (note 2)				
- Reorganisation costs (after effective tax credit of 28%)	**158**	**1.9**	-	-
- Profit on disposal of property (nil tax arising)	**(1,000)**	**(11.8)**	-	-
Operating loss/(profit) on discontinued operations (after effective tax credit of 30%)	**309**	**3.6**	(16)	(0.2)
Adjusted earnings	**453**	**5.4**	228	2.7
Weighted average number of ordinary shares	**8,466,230**		8,466,230	
Adjusted earnings per share	**5.4p**		2.7p	

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

9 Goodwill

	Group 2005 £'000		Group 2004 £'000
Cost			
At beginning of year	**4,162**		4,162
Written off in the year	**(3,421)**	*	-
At end of year	**741**		4,162
Amortisation			
At beginning of year	**3,931**		3,916
Eliminated on write-off in the year	**(3,421)**	*	-
Amortisation in year	**15**		15
At end of year	**525**		3,931
Net book value at end of year	**216**		231

Goodwill, relating to the acquisition of the York business in 2000, is being amortised on a straight-line basis over its useful life which the directors estimate to be 20 years.

10 Tangible fixed assets

Group	Land £'000	Freehold and Leasehold Buildings £'000	Plant and Equipment £'000	Total £'000
Cost				
At beginning of year	960	7,278	5,089	13,327
Additions	1,758	6,065	351	8,174
Disposals	-	(2,300)	(40)	(2,340)
At end of year	2,718	11,043	5,400	19,161
Depreciation				
At beginning of year	-	2,464	3,461	5,925
Charge for year	-	200	430	630
Eliminated on disposals	-	(448)	(23)	(471)
At end of year	-	2,216	3,868	6,084
Net book value				
31 December 2005	**2,718**	**8,827**	**1,532**	**13,077**
31 December 2004	960	4,814	1,628	7,402

11 Financial fixed assets

	2005		2004	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Shares in subsidiary undertakings	**-**	**592**	-	592

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

Details of the Company's subsidiary undertakings are presented in note 28.

12 Debtors

	2005		2004	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Trade debtors	**2,060**	**-**	1,836	-
Amount receivable from subsidiary undertakings	**-**	**4,211**	-	4,253
Corporation tax	**199**	**-**	-	-
Prepayments	**844**	**-**	964	-
	3,103	**4,211**	2,800	4,253

All amounts fall due within one year.

13 Creditors

	2005	2004
		As restated
	£'000	£'000
Group		
Amounts falling due within one year		
Bank loans and overdrafts (note 20)	**500**	1,126
Trade creditors	**771**	809
Corporation tax	**-**	75
Value added tax and payroll taxes	**324**	337
Accruals and deferred income	**1,307**	1,199
Hire purchase finance	**-**	40
Government grants (note 19)	**-**	18
	2,902	3,604

13 Creditors (continued)

Group
Amounts falling due after more than one year

	2005 £'000	2004 £'000
Bank loans (note 20)	**7,000**	850
Government grants (note 19)	**-**	9
	7,000	859

14 Provisions for liabilities and charges

Deferred taxation
Group

	2005 £'000	2004 £'000
At beginning of year	**654**	718
Deferred tax credit for year (note 6)	**(21)**	(64)
At end of year	**633**	654

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

15 Called up share capital

	2005 £'000	2004 £'000
Authorised		
20,000,000 Ordinary shares of €25c each	**3,527**	3,527

Allotted, called up and fully paid	Number	£'000
Ordinary shares of €25c each		
At 1 January 2005 and 31 December 2005	**8,466,230**	**1,493**

During the year 3,000 options over ordinary shares lapsed. At 31 December 2005 options were outstanding over 115,250 ordinary shares. Details of the Executive Share Option Scheme are given in the Directors' Report. All options were granted prior to 7 November 2002 and accordingly are exempt from the accounting requirements of FRS 20 "Share-based Payments".

16 Reserves

	Share premium £'000	**Capital conversion reserve fund £'000**
At beginning and end of year	**3,156**	**23**

17 Profit and loss account

	2005 £'000	2004 £'000
Profit and loss account at beginning of year		
As previously stated	**574**	464
Prior year adjustment (Note 3)	**119**	76
As restated	**693**	540
Profit for the financial year	**971**	229
Dividends paid	**(191)**	(76)
Profit and loss account at end of year	**1,473**	693
Retained profit at end of year:		
The Company	**131**	173
Subsidiary undertakings	**6,833**	6,011
Goodwill eliminated against reserves	**(1,627)**	(1,627)
Goodwill amortised/written-off on consolidation	**(3,864)**	(3,864)
Profit and loss account	**1,473**	693

17 Profit and loss account *(continued)*

In accordance with Section 148(8) of the Companies Act, 1963 a separate profit and loss account for the Company has not been presented. The profit for the year arising in Norish plc amounted to £132,000 (2004: £94,000).

18 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit for the financial year	**971**	229
Dividends paid	**(191)**	(76)
Net increase in shareholders' funds	**780**	153
Opening shareholders' funds		
As previously stated	**5,246**	5,136
Prior year adjustment	**119**	76
As restated	**5,365**	5,212
Closing shareholders' funds	**6,145**	5,365

19 Government grants

	2005 £'000	2004 £'000
At beginning of year	**27**	70
Released to profit and loss account	**(27)**	(43)
At end of year	**-**	27
Included in creditors:		
Amounts falling due within one year	**-**	18
Amounts falling due after more than one year	**-**	9
At end of year	**-**	27

20 Financial assets and liabilities

Narrative disclosures concerning the Group's treasury policy and management are set out in the Financial Review on pages 5 and 6.

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

In 2005 the Group arranged the following borrowing facilities with HSBC Bank plc and its subsidiary HSBC Invoice Finance Limited.

20 Financial assets and liabilities *(continued)*

(a) HSBC Bank plc agreed to a term loan of £7.5 million drawndown in December 2005 over a maximum period of 15 years and an overdraft facility of £0.5 million which is reviewed annually.

(b) HSBC Invoice Finance Limited agreed to allow the Group to borrow up to a maximum amount equivalent to 10% of trade debtors.

The term loan attracts interest at LIBOR plus 0.97%. Overdraft interest is charged quarterly at an interest rate of bank base rate plus 1.25%. Invoice finance interest is charged on a daily basis at bank base rate plus 1.25%.

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

(1) debentures creating first fixed and floating charges over all the assets, past present and future of Norish Limited and its subsidiaries;

(2) unlimited multilateral guarantees given by all group companies each guaranteeing payment of the liabilities of the other;

(3) legal mortgages held over the Bury St. Edmunds, Wrexham and York properties

The company has not adopted amendments to FRS 26 in relation to financial guarantee contracts which apply after 1 January 2006. Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee. The company does not expect the amendments to have any impact on the financial statements for the period commencing 1 January 2006.

At 31 December 2005 the Group had £284,000 of financial assets, representing cash at bank held in demand accounts at an average rate of 4.52%.

The maturity profile of the carrying amount of financial liabilities at 31 December 2005 is set out below:

	Within 1 year £'000	**1 to 2 years £'000**	**2 to 5 years £'000**	**Greater than 5 years £'000**	**Total £'000**
Bank overdraft	-	-	-	-	-
Invoice finance	-	-	-	-	-
Bank loans	500	500	1,500	5,000	7,500
	500	**500**	**1,500**	**5,000**	**7,500**

The undrawn committed facilities available to the Group at 31 December 2005 are set out below:

	£'000	
Invoice finance	206	(reviewed annually)
Bank overdraft	500	(repayable on demand, reviewed annually)
	706	

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

	2005	2004
	£'000	£'000
Operating profit	**96**	375
Goodwill amortisation	**15**	15
Depreciation of tangible fixed assets	**630**	897
Loss on disposal of fixed assets	**17**	-
Amortisation of government grants	**(27)**	(43)
(Increase)/decrease in operating debtors	**(104)**	116
Increase in operating creditors	**30**	13
Net cash inflow from operating activities	**657**	1,373

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

	2005	2004
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	**40**	24
Interest paid	**(78)**	(131)
Hire purchase finance interest	**(1)**	(4)
Net cash outflow from returns on investments and servicing of finance	**(39)**	(111)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(8,174)**	(472)
Proceeds from disposal of tangible fixed assets	**2,852**	-
Net cash outflow from capital expenditure and financial investment	**(5,322)**	(472)
Financing activities		
Bank loans repaid	**(1,450)**	(600)
New loans received	**7,500**	-
Capital element of hire purchase rentals	**(40)**	(53)
Net cash inflow/(outflow) from financing	**6,010**	(653)

23 Analysis of net debt

	At 1 Jan 2005 £'000	Cash flow £'000	Non cash movements £'000	At 31 Dec 2005 £'000
Cash at bank and in hand	**49**	**235**	**-**	**284**
Bank overdraft / invoice finance	**(526)**	**526**	**-**	**-**
	(477)	**761**	**-**	**284**
Debt due within 1 year	**(600)**	**100**	**-**	**(500)**
Debt due after 1 year	**(850)**	**(6,150)**	**-**	**(7,000)**
Hire purchase finance	**(40)**	**40**	**-**	**-**
	(1,490)	**(6,010)**	**-**	**(7,500)**
	(1,967)	**(5,249)**	**-**	**(7,216)**

24 Group net debt

	2005 £'000	2004 £'000
Loans and overdrafts repayable within one year	**(500)**	(1,126)
Loans repayable after more than one year	**(7,000)**	(850)
Hire purchase finance	**-**	(40)
Cash at bank and in hand	**284**	49
	(7,216)	(1,967)

25 Commitments and contingencies

(a) Operating leases

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

	2005 Land and Buildings £'000	**2005 Other operating leases £'000**	**2005 Total £'000**	2004 Land and Buildings £'000	2004 Other operating leases £'000	2004 Total £'000
Expiring:						
Within one year	**-**	**51**	**51**	-	56	56
Between two and five years	**188**	**306**	**494**	-	219	219
Beyond five years	**1,564**	**29**	**1,593**	2,276	31	2,307
	1,752	**386**	**2,138**	2,276	306	2,582

(b) Capital

At 31 December 2005, the Group had £278,000 (2004 : £183,000) of capital projects authorised of which £278,000 (2004 : £183,000) was contracted at 31 December 2005.

(c) Guarantees on leasehold properties

The annual operating lease commitment on land and buildings of £1,752,000 (2004: £2,276,000) arises on leasehold properties, of which £1,299,000 (2004: £1,637,000) is subject to parent company guarantees.

26 Directors' remuneration

	Salary £'000	Directors' fees £'000	Benefits in kind £'000	Annual bonus £'000	Pension contributions £'000	Compensation for loss of office £'000	Total 2005 £'000	Total 2004 £'000
Ted O'Neill	-	75	-	-	-	-	75	75
Norman Hatcliff	38	-	8	22	4	-	72	-
Iain Buntain	61	-	1	8	7	180	257	128
Torgeir Mantor	-	12	-	-	-	-	12	12
Willie McCarter	-	12	-	-	-	-	12	12
Total – 2005	99	99	9	30	11	180	428	227
Total – 2004	104	99	1	9	14	-	227	

Notes

- As an alternative to the provision of a company car, a non-pensionable payment included in salary above was given to Iain Buntain of £7,000.
- The pension contributions above were made to Iain Buntain in respect of his personal pension arrangement.

Details of directors' interests in shares and share options are set out on pages 12 and 13.

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

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

At the date of his appointment as director (15 July 2005) an unsecured interest free loan of £12,000 was outstanding from Norman Hatcliff. £5,000 was repaid subsequently and the balance outstanding at 31 December 2005 was £7,000. This loan is required to be repaid by 31 December 2007.

27 Pensions

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

Total pension costs for the year were £122,000 (2004: £65,000).

There were no prepayments or accruals for pension costs at 31 December 2005.

28 Group undertakings

Subsidiary undertakings	Holding Direct	Holding Indirect	Nature of business
Incorporated in Northern Ireland			
Norish (U.K.) plc	100%		Investment company
Norish (N.I.) Limited	100%		Property management
Incorporated in England			
Norish Limited (subsidiary of Norish (N.I.) Limited)		100%	Public cold storage and ambient warehousing
Belvedere Warehousing Limited (subsidiary of Norish Limited)		100%	Property management
Norish Warehousing Limited (subsidiary of Belvedere Warehousing Limited)		100%	Ambient warehousing

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

Norish plc	1 Stokes Place, St. Stephen's Green, Dublin 2
Norish (U.K.) plc, Norish (N.I.) Limited	Stokes House, College Square East, Belfast BT1 6DH
Norish Limited, Belvedere Warehousing Limited, Norish Warehousing Limited	Northern Industrial Estate, Bury St Edmunds, Suffolk, IP32 6NL

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

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

29 Post balance sheet events

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

30 Approval of financial statements

The Board of Directors approved these financial statements on 2 March 2006.

HISTORICAL FINANCIAL SUMMARY

Consolidated profit and loss account

	2001 £'000	2002 £'000	2003 £'000	2004 * £'000	**2005** **£'000**
Turnover	13,310	13,082	12,428	12,243	**11,428**
Trading profit - continuing	1,778	2,029	1,648	1,287	**1,401**
- discontinued	-	-	-	-	**(441)**
Goodwill – normal	(204)	(204)	(15)	(15)	**(15)**
Goodwill – exceptional	-	(3,192)	-	-	**-**
Profit/(loss) on sale of property	-	(74)	-	-	**1,000**
Other exceptional items	(158)	205	(880)	-	**(219)**
Interest	(352)	(219)	(165)	(111)	**(66)**
Depreciation	(939)	(1,031)	(983)	(897)	**(630)**
Profit / (loss) before taxation	125	(2,486)	(395)	264	**1,030**
Taxation	(176)	(369)	90	(35)	**(59)**
Profit/(loss) after taxation attributable to shareholders	(51)	(2,855)	(305)	229	**971**
Dividends	(272)	(287)	(152)	(119)	**(191)**
Retained profit/(loss) for the financial year	(323)	(3,142)	(457)	110	**780**

** As originally stated*

Consolidated balance sheet

	2001 £'000	2002 £'000	2003 £'000	2004 * £'000	**2005** **£'000**
Total assets less current liabilities					
Fixed assets and investments	13,744	9,082	8,073	7,633	**13,293**
Current assets	3,197	3,170	3,006	2,849	**3,387**
Current liabilities	(5,116)	(3,408)	(3,708)	(3,723)	**(2,902)**
	11,825	8,844	7,371	6,759	**13,778**
Financed by					
Called up share capital	1,493	1,493	1,493	1,493	**1,493**
Share premium account	3,156	3,156	3,156	3,156	**3,156**
Capital conversion reserve fund	23	23	23	23	**23**
Profit and loss account	4,063	921	464	574	**1,473**
Shareholders' funds - equity	8,735	5,593	5,136	5,365	**6,145**
Provisions for liabilities and charges	932	839	718	654	**633**
Long term liabilities	2,158	2,412	1,517	859	**7,000**
	11,825	8,844	7,371	6,759	**13,778**

** As originally stated*

NORISH

N O R I S H   p l c

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