



NORISH plc

Annual Report & Accounts

2006

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FINANCIAL CALENDAR 2007

Announcement of preliminary results	2 March
Annual Report posted to shareholders	30 March
Annual General Meeting	3 May
Announcement of interim results	7 September

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 – Managing Director - norman.hatcliff@norish.com

Northern Industrial Estate
Bury St Edmunds
Suffolk IP32 6ML
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

	2006	2005
	£'000	£'000
Turnover - continuing operations	10,671	9,485
- discontinued operations	-	1,943
Operating profit/(loss) - continuing operations	815	537
- discontinued operations	-	(441)
Profit before tax	430	1,030
Basic earnings per share		
- continuing operations	3.0p	3.3p
- discontinued operations	-	8.2p
	3.0p	11.5p
Dividend paid per share		
- interim for current year	€1.25c	€1.25c
- final for previous year	€1.25c	€2.0c
	€2.50c	€3.25c
Adjusted earnings per share (see Note 7 to the financial statements)	3.2p	5.4p
Gearing – excluding goodwill (see Note 1 below)	106%	122%
Capital employed	£'000	£'000
Shareholders' funds	6,254	6,145
Net debt (see Note 23 to the financial statements)	6,416	7,216
	12,670	13,361

Note 1

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

EXECUTIVE CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report of Norish Plc for 2006.

During 2006 the Group had to cope with increased energy costs and continuing over-capacity in the cold storage market. As a result of increased energy costs we have invested capital in various projects aimed at reducing energy consumption.

We are continually reviewing our structure and cost base and as part of this review we have decided to close our administration office at Dartford. This closure will have no negative effect on the management of the business.

Results

The Group announces pre-tax profits of £0.4m. This compares with pre-tax profits of £1.0m (after net exceptional gains of £0.8m and operating losses from discontinued operations of £0.4m) for last year. The profit per share from continuing operations is 3.0p compared to 3.3p for last year. Net debt at the year-end decreased from £7.2m to £6.4m.

Operations

Our cold stores did not perform as well as last year in a market still suffering from overcapacity and increased energy costs. However, as a result of sales and marketing activities our stores finished the year with high occupancy levels.

Due to the closure of a customer's factory, the contribution of the Bury St Edmunds site fell short of expectations. We successfully replaced this business in the final quarter of the year.

The Wrexham and West Midlands sites struggled with low occupancy during the year whilst increased activity at the Braintree, East Kent and York sites produced an improvement on last year.

Dividend

At the interim stage we declared a dividend of €1.25c per share. The board does not recommend the payment of a final dividend for the year. This will bring the total dividend for the year to €1.25c per share (€2.5c last year).

Board

I am very pleased to report that Norman Hatcliff has been appointed Managing Director. He was appointed to the board as Operations Director in July 2005 and has made a very significant contribution since he joined the company in 2000.

I am also pleased to report that Aidan Hughes was appointed to the board on 7 September 2006 as Finance Director. He joined the company in 1996 and has been responsible for the Company's finance function over the past year. He will also continue in the role as Company Secretary.

EXECUTIVE CHAIRMAN'S STATEMENT (continued)

Personnel

The Board would like to thank the staff for their contribution in a difficult trading environment in 2006.

Trading Outlook

We have started 2007 with high occupancy levels. This level of occupancy together with the reduced cost base should help to combat the ongoing challenges in the market place during the current year.

A handwritten signature in black ink, appearing to read "Ted O'Neill". The signature is written in a cursive style with a prominent initial "T" and "O".

Ted O'Neill

Executive Chairman

1 March 2007

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 = £0.67.

Turnover and operating profit

Turnover from continuing operations increased from £9.5m to £10.7m. The group operating profit from continuing operations increased from £0.5m (after reorganisation costs of £0.2m) to £0.8m, representing 7.6% (2005 – 5.7%) 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 decreased by 9% to 333,229, blast freezing volumes reduced 5% to 55,551 pallets and closing customer stocks at the year end decreased by 1% to 65,219 pallets. Our average energy price per unit increased by 38% in 2006, however, we have managed to reduce the number of units consumed by 8% through energy saving initiatives.

Key ratios

Basic earnings per share decreased to 3.0p, compared with 11.5p (3.3p from continuing operations, 8.2p from discontinued operations) in 2005. 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 7 of the financial statements) decreased to 3.2p from 5.4p.

Year-end gearing (after eliminating goodwill) was 106% compared with 122% at 31 December 2005.

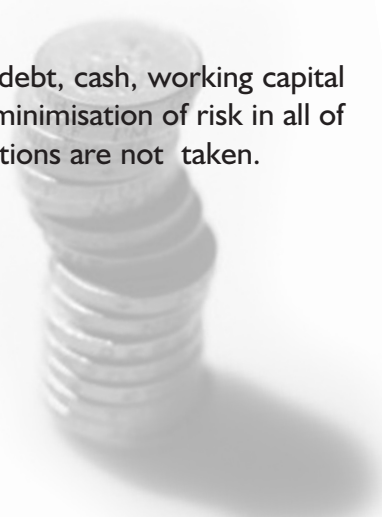
Depreciation and goodwill amortisation totalled £0.5m (2005: £0.6m).

Cash position

The Group's operating cash inflow for the year was £1.5m (2005: £0.7m). Net debt decreased by £0.8m to £6.4m compared to the prior year. The Group retains adequate term loan and overdraft facilities to meet its ongoing operating needs.

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. At the year-end, €3.75 million of the term loan balance is fixed at a rate of 5.86% until 2 March 2009 by the use of an interest rate swap, with €3.25 million of the term loan at floating rates.

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

Finance Director

1 March 2007

SHAREHOLDER INFORMATION

Shareholder analysis at 1 March 2007

Number of shares	Number of accounts	Percentage of accounts	Number of shares (000)	Percentage of shares
1 - 1,000	145	47.1	68	0.8
1,001 - 10,000	100	32.5	403	4.8
10,001 - 100,000	50	16.2	1,728	20.4
Over 100,000	13	4.2	6,267	74.0
Total	308	100.0	8,466	100.0

Share price data (€)

	High	Low	31 December
Year ended 31 December 2006	71.5p (€1.07)	62p (€0.93)	63p (€0.94)
Year ended 31 December 2005	66p (€0.96)	38p (€0.55)	66p (€0.96)

The market capitalisation of Norish plc at 31 December 2006 was £5.3m (€8.0m) compared with £5.6m (€8.1m) at 31 December 2005, and £5.2m (€7.6m) at 1 March 2007.

Investor relations

Investor enquiries should be addressed to Aidan Hughes, Company Secretary, at:

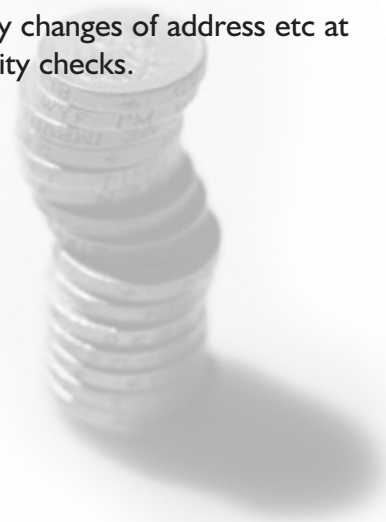
- Norish plc, Northern Industrial Estate, Bury St Edmunds, Suffolk, IP32 6NL
- Email: aidan.hughes@norish.com

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, Leopardstown, Dublin 18 on Thursday 3 May 2007 at 11am.

BOARD OF DIRECTORS

Executive Directors

Executive Chairman

Ted O'Neill (55) 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.

Managing Director

Norman Hatcliff (52) joined the group in January 2000 as Operations Director of the Temperature Controlled Division and was appointed Managing Director in September 2006. He has been a member of the board since 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.

Finance Director & Company Secretary

Aidan Hughes (42) joined Norish as Group Accountant in 1996 and was appointed Finance Director in September 2006. He has carried out the role of Company Secretary since 2004. He is a Chartered Accountant and has had previous experience in the travel industry.

Non-Executive Directors

Torgeir Mantor (50) was appointed to the board in 1993. He is Chairman of Norse Group, USA and VisionMonitor Software LLC, both in Houston, Texas, and is a director of Tore B. Mantor AS and ProPac AS, both in Norway.

Willie McCarter (59) was appointed to the board in 2004, and was subsequently appointed as the Senior Independent Non-Executive Director. He is also a director of Cooley Distillery plc and was formerly Chairman of the International Fund for Ireland and the Enterprise Equity Venture Capital Group.



CORPORATE INFORMATION

Directors

Ted O'Neill – Executive Chairman
Norman Hatcliff (British) – Managing Director
Aidan Hughes – Finance Director
Torgeir Mantor (Norwegian) *
Willie McCarter *

* *non-executive*

Company Secretary

Aidan Hughes

Audit Committee

Torgeir Mantor
Willie McCarter

Remuneration Committee

Torgeir Mantor
Willie McCarter

Nomination Committee

Consists of all Directors

Registered Office

1 Stokes Place
St. Stephen's Green
Dublin 2

Operational Head Office

Northern Industrial Estate
Bury St Edmunds
Suffolk
IP32 6NL

Solicitors

Mason Hayes & Curran
7 Fitzwilliam Square
Dublin 2

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

Nomad and Brokers

NCB
3 George's Dock
IFSC
Dublin 1

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 2006.

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 discontinued its activities in commodity and non-food storage in the prior year.

The main risk to the business in 2007 is seen as the abnormally high occupancy levels prevalent in the market place. This may have the effect of restricting our customers' forward stock build planning if space commensurate with requirements is not available. In addition, high occupancy levels can restrict the level of throughput and handling operations. The Management Team are focussed on maintaining open communications with our customers in order to assist with planning; to assess future requirements and to implement contingency strategies thus ensuring continuity of service is maintained. The volatility of energy costs continue to be a concern. However, it is envisaged that the energy purchasing and consumption-reduction initiatives implemented and monitored by the management team will counter this.

Details of the Group's subsidiary undertakings are set out in Note 27 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 do not recommend the payment of a final dividend.

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' REPORT (continued)

Directors

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

The names of the Group's Directors at 31 December 2006 together with brief biographical notes are set out on page 9.

On 7 September 2006 Aidan Hughes joined the Board as Finance Director and Norman Hatcliff was promoted from Operations Director to Managing Director.

In accordance with Article 87 of the Company's Articles of Association, Mr Torgeir Mantor retires by rotation, and being eligible, offers himself for re-election. In accordance with Article 94 of the Company's Articles of Association, Mr Aidan Hughes retires, and being eligible, offers himself for re-election.

The Managing Director and Finance Director have service contracts with the Company that are 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 2006 (including their respective family interests) in the share capital of Norish plc were as follows:

	31 December 2006	31 December 2005
	Ordinary Shares	Ordinary Shares
Ted O'Neill	424,000	424,000
Norman Hatcliff	10,000	-
Aidan Hughes	14,000	13,000
Torgeir Mantor *	12,600	12,600
Willie McCarter	-	-

* *Torgeir Mantor is a director of T. B. Mantor AS, which also holds 763,017 (2005: 718,782) shares and is owned by the Mantor family.*

DIRECTORS' REPORT (continued)

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

	1 Jan 2006	Granted in year	31 Dec 2006	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 2010
	3,000	-	3,000	0.75	May 2004	May 2011
Total	19,250	-	19,250			

The mid-market price of an ordinary share on 31 December 2006 was 63p (€0.94) and the price range during the year was between 62p (€0.93) and 71.5p (€1.07). 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 2006 and the date of this Report.

Pensions

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



DIRECTORS' REPORT (continued)

Substantial shareholdings

At 1 March 2007 the Company had been advised of the following shareholdings in excess of 3% of its issued share capital:

	Number of shares	Percentage held
Kappa Alpha	1,039,684	12.28
John Teeling	835,093	9.86
T.B. Mantor AS	763,017	9.01
Tom Cunningham	710,593	8.39
F & C Asset Management Plc	671,450	7.93
Leslie McCauley	488,656	5.77
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 27 to the financial statements.

Executive share option scheme

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

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 2006 the Company issued a total of 752,237 ordinary options. In 2006 the Company issued no share options.

To date 46,000 options have been exercised and 678,987 options have expired. At 31 December 2006 options were outstanding over 27,250 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.



DIRECTORS' REPORT (continued)

Corporate governance

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

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 2003 Combined Code are applied in Norish plc.

Board of Directors

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

DIRECTORS' REPORT (continued)

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 2006 are as follows:

Table of attendance

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

* includes attendance at 2 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 I of the 2003 Combined Code. In designing schemes of performance-related remuneration, the Remuneration Committee has given full consideration to the provisions in Schedule A to the 2003 Combined Code.

Details of the interests of Directors and Secretary in shares and options are set out earlier in this Report and details of Directors' remuneration are given in Note 25 to the financial statements.

Relations with Shareholders

Recognising the importance of communications with shareholders the Board seeks to provide through its Annual Report a clear and balanced assessment of Group performance and prospects. The Group's Internet website, www.norish.com, 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.

DIRECTORS' REPORT (continued)

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 4 to the financial statements.

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

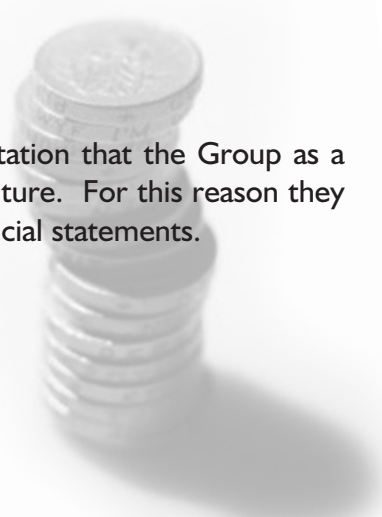
Compliance statement

Norish has complied during the year to 31 December 2006 with all provisions of the Principles of Good Governance and Code of Best Practice as contained in the 2003 Combined Code 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 five directors and three 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.

Transition to International Financial Reporting Standards (IFRS)

The Group will be required, due to its AIM listing, to adopt IFRS for its consolidated financial statements for future accounting periods. The impact of IFRS on the Group is under review.

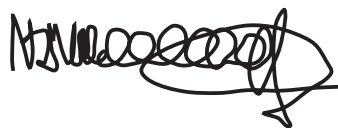
Auditor

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

On behalf of the board:



T.J. O'Neill
Executive Chairman



N.A Hatcliff
Managing Director

1 March 2007

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 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 2006. 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 2006.

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
Executive Chairman



N.A. Hatcliff
Managing Director



1 March 2007

INDEPENDENT AUDITOR'S 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 2006 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 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

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 2006. 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 AUDITOR'S 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 2006 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 2006.

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 2006 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

KPMG

Chartered Accountants
Registered Auditor
1 Stokes Place
St Stephen's Green
Dublin 2

1 March 2007



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.

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 2006 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.

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.

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.

STATEMENT OF ACCOUNTING POLICIES (continued)

Financial fixed assets

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

Turnover

Turnover, which arises principally from storage and handling income, 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.

Income from sub-letting of warehouses is also included in turnover.

Derivative financial instruments

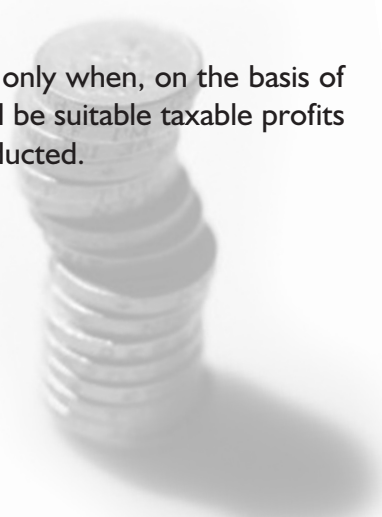
The principal objective of using derivative financial instruments, including interest rate swaps, is to hedge the Group's interest rate exposures. Where these derivative financial instruments hedge an asset, liability or interest cost reflected in the financial statements, the cost of the hedging instrument is included in the carrying amount together with the income and expenses relating to the asset and liability. Where the derivative is to hedge a future cash flow, the gains and losses on the hedging instrument are not recognised until the hedged future transaction occurs.

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.



STATEMENT OF ACCOUNTING POLICIES (continued)

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.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Euro

The primary financial statements, presented in pounds sterling as of and for the year ended 31 December 2006 are also expressed in Euro (€), solely for information purposes, at the rate of €1 = £0.67, the conversion rate applicable on 31 December 2006.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

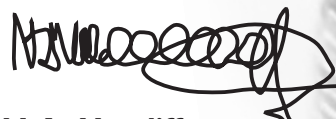
<i>for the year ended 31 December 2006</i>	Note	2006 €'000	2006 £'000	2005 £'000
Group turnover - continuing operations	1	15,927	10,671	9,485
- discontinued operations	1	-	-	1,943
		<u>15,927</u>	<u>10,671</u>	<u>11,428</u>
Cost of sales	1	(14,140)	(9,474)	(10,677)
Gross profit		<u>1,787</u>	<u>1,197</u>	<u>751</u>
Administrative expenses		(548)	(367)	(421)
Goodwill amortisation		(22)	(15)	(15)
Group operating profit before exceptional item		<u>1,217</u>	<u>815</u>	<u>315</u>
Exceptional item - reorganisation costs - continuing operations	2	-	-	(219)
Group operating profit/(loss) - continuing operations	1	<u>1,217</u>	<u>815</u>	<u>537</u>
- discontinued operations	1	-	-	(441)
		<u>1,217</u>	<u>815</u>	<u>96</u>
Exceptional item - profit on disposal of property - discontinued operations	2	-	-	1,000
		<u>1,217</u>	<u>815</u>	<u>1,096</u>
Interest receivable and other income		60	40	40
Interest payable and similar charges	3	(635)	(425)	(106)
Profit on ordinary activities before taxation	4	<u>642</u>	<u>430</u>	<u>1,030</u>
Tax on profit on ordinary activities	5	(264)	(177)	(59)
Profit for the financial year	17,18	<u><u>378</u></u>	<u><u>253</u></u>	<u><u>971</u></u>
Basic and diluted earnings per ordinary share	7			
- continuing operations			3.0p	3.3p
- discontinued operations			-	8.2p
- total			<u><u>3.0p</u></u>	<u><u>11.5p</u></u>

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 1 March 2007 by:



T.J. O'Neill
Executive Chairman



N.A. Hatcliff
Managing Director

CONSOLIDATED BALANCE SHEET

<i>at 31 December 2006</i>	Note	2006 €'000	2006 £'000	2005 £'000
Fixed assets				
Intangible assets - goodwill	8	300	201	216
Tangible assets	9	19,258	12,903	13,077
		<u>19,558</u>	<u>13,104</u>	<u>13,293</u>
Current assets				
Debtors	11	4,122	2,762	3,103
Cash at bank and in hand		872	584	284
		<u>4,994</u>	<u>3,346</u>	<u>3,387</u>
Creditors: amounts falling due within one year	12	<u>(4,545)</u>	<u>(3,045)</u>	<u>(2,902)</u>
Net current assets		<u>449</u>	<u>301</u>	<u>485</u>
Total assets less current liabilities		<u>20,007</u>	<u>13,405</u>	<u>13,778</u>
Creditors: amounts falling due after more than one year	13	<u>(9,701)</u>	<u>(6,500)</u>	<u>(7,000)</u>
Provisions for liabilities and charges	14	<u>(972)</u>	<u>(651)</u>	<u>(633)</u>
Net assets		<u>9,334</u>	<u>6,254</u>	<u>6,145</u>
Capital and reserves				
Called up share capital	15	2,228	1,493	1,493
Share premium account	16	4,711	3,156	3,156
Capital conversion reserve fund	16	34	23	23
Profit and loss account	17	2,361	1,582	1,473
Shareholders' funds	18	<u>9,334</u>	<u>6,254</u>	<u>6,145</u>

Approved on behalf of the board on 1 March 2007 by:



T.J. O'Neill
Executive Chairman



N.A. Hatcliff
Managing Director

COMPANY BALANCE SHEET

<i>at 31 December 2006</i>	Note	2006 €'000	2006 £'000	2005 £'000
Fixed assets				
Financial fixed assets	10	883	592	592
Current assets				
Debtors	11	7,018	4,702	4,211
Creditors: amounts falling due within one year	12	(697)	(467)	-
Net current assets		<u>6,321</u>	<u>4,235</u>	<u>4,211</u>
Net assets		<u><u>7,204</u></u>	<u><u>4,827</u></u>	<u><u>4,803</u></u>
Capital and reserves				
Called up share capital	15	2,228	1,493	1,493
Share premium account	16	4,711	3,156	3,156
Capital conversion reserve fund	16	34	23	23
Profit and loss account	17	231	155	131
Shareholders' funds		<u><u>7,204</u></u>	<u><u>4,827</u></u>	<u><u>4,803</u></u>

Approved on behalf of the board on 1 March 2007 by:

T.J. O'Neill

T.J. O'Neill
Executive Chairman

N.A. Hatcliff

N.A Hatcliff
Managing Director



CONSOLIDATED STATEMENT OF CASH FLOWS

<i>for the year ended 31 December 2006</i>	Note	2006 €'000	2006 £'000	2005 £'000
Net cash inflow from operating activities	20	2,204	1,477	657
Returns on investments and servicing of finance	21	(567)	(380)	(39)
Taxation		290	194	(354)
Capital expenditure and financial investment	21	(518)	(347)	(5,322)
Dividends paid		(215)	(144)	(191)
		<hr/>	<hr/>	<hr/>
Cash inflow/(outflow) before financing activities		1,194	800	(5,249)
Financing activities	21	(746)	(500)	6,010
		<hr/>	<hr/>	<hr/>
Increase in cash in the year		448	300	761
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2006 €'000	2006 £'000	2005 £'000
Increase in cash in the year		448	300	761
Decrease/(increase) in debt	21	746	500	(6,050)
Decrease in finance leases	21	-	-	40
		<hr/>	<hr/>	<hr/>
Change in net debt resulting from cash flows		1,194	800	(5,249)
Non-cash movements		-	-	-
		<hr/>	<hr/>	<hr/>
Decrease/(increase) in net debt in the year		1,194	800	(5,249)
Net debt at 1 January	22	(10,770)	(7,216)	(1,967)
		<hr/>	<hr/>	<hr/>
Net debt at 31 December	22	(9,576)	(6,416)	(7,216)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES

forming part of the financial statements

I Components of operating profit

	2006			2005		
	Continuing £'000	Discontinued	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Turnover	10,671	-	10,671	9,485	1,943	11,428
Cost of sales	(9,474)	-	(9,474)	(8,293)	(2,384)	(10,677)
Gross profit / (loss)	1,197	-	1,197	1,192	(441)	751
Administrative expenses	(367)	-	(367)	(421)	-	(421)
Goodwill amortisation	(15)	-	(15)	(15)	-	(15)
Exceptional item	-	-	-	(219)	-	(219)
Operating profit/(loss)	815	-	815	537	(441)	96

All of the group's operations in the current and preceding year are in the United Kingdom.

Discontinued operations in 2005 arose 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 which have subsequently been sub-let). The Felixstowe site's other former 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, together with, from 2006, the sub-letting of the Felixstowe warehouses. These continuing operations operate as one centrally managed segment.

Turnover from continuing operations in 2006 includes £858,000 in relation to the sub-letting of Felixstowe warehouses.



NOTES (continued)

2 Exceptional items – continuing operations

Reorganisation costs (2005)

Reorganisation costs of £219,000 in the prior year 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 (2005)

This related to the sale of the freehold premises at Belvedere, Kent in the prior year. 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 Interest payable and similar charges

	2006	2005
	£'000	£'000
On bank overdrafts and loans	425	105
Interest on hire purchase arrangements	-	1
	<hr/>	<hr/>
	425	106
	<hr/> <hr/>	<hr/> <hr/>

NOTES (continued)

4 Statutory and other information	2006 £'000	2005 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets	521	630
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	1,820	2,343
- Plant and machinery	600	586
Auditors' remuneration - audit	41	39
- non-audit services	11	25
Government grants- capital	-	(27)

Details of directors' remuneration are set out in Note 25.

The average number of persons employed by the Group including executive directors was 112 (2005: 122) and is analysed into the following categories:

<i>Average number of persons employed</i>	2006	2005
Management	13	13
Administration	13	19
Technical	6	6
Operational	80	84
	112	122

NOTES (continued)

4 Statutory and other information (continued)

The aggregate payroll costs of these persons were as follows:

	2006	2005
	£'000	£'000
Wages and salaries	2,386	2,692
Social welfare costs	226	254
Other pension costs	98	122
	<hr/>	<hr/>
	2,710	3,068
	<hr/> <hr/>	<hr/> <hr/>

5 Tax on profit on ordinary activities

(a) Analysis of charge in year

	2006	2005
	£'000	£'000
UK		
Corporation tax at 30% (2005: 30%)	175	90
Adjustment in respect of previous periods	(10)	(16)
Ireland		
Corporation tax at 12.5% (2005: 12.5%)	-	-
Adjustment in respect of previous periods	(6)	6
	<hr/>	<hr/>
Current tax charge	159	80
Deferred tax charge/(credit) (Note 14)	18	(21)
	<hr/>	<hr/>
	177	59
	<hr/> <hr/>	<hr/> <hr/>

NOTES (continued)

5 Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for year	2006 £'000	2005 £'000
Profit on ordinary activities before taxation	430	1,030
Profit on ordinary activities multiplied by standard UK tax rate (30%)	129	309
<i>Effects of:</i>		
Goodwill amortisation	4	4
Other expenses not deductible for tax purposes	60	56
Difference between depreciation and capital allowances	(18)	21
Zero tax arising on profit on property disposal	-	(300)
Adjustments in respect of previous periods	(16)	(10)
Current tax charge for year – Note 5(a)	159	80

6 Dividends

	2006 £'000	2005 £'000
Final dividend paid in respect of the previous year of € 1.25c (2005: €2.0c) per ordinary share	72	119
Interim dividend paid in respect of the current year of € 1.25c (2005: €1.25c) per ordinary share	72	72
Total dividends paid (Note 17)	144	191



NOTES (continued)

7 Earnings per share

	2006	2005
	£'000	£'000
Basic		
Profit attributable to ordinary shareholders	253	971
	=====	=====
Discontinued operations:		
Operating loss from discontinued operations	-	(441)
Attributable tax	-	132
Profit on sale of property - discontinued operations (nil tax arising)	-	1,000
	-----	-----
Profit arising from discontinued operations	-	691
	=====	=====
Profit arising from continuing operations	253	280
	=====	=====
Weighted average number of ordinary shares outstanding	8,466,230	8,466,230
	-----	-----
Basic earnings per share - continuing operations	3.0p	3.3p
- discontinued operations	-	8.2p
	-----	-----
- total	3.0p	11.5p
	=====	=====

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).

NOTES (continued)

7 Earnings per share (continued)

	2006 £'000	2005 £'000
<i>Diluted</i>		
Profit attributable to ordinary shareholders	253	971
Weighted average number of ordinary shares outstanding	8,466,230	8,466,230
Dilutive effect of share options	1,630	1,165
Weighted average number of shares for the calculation of diluted earnings per share	8,467,860	8,467,395
Diluted earnings per share - total	3.0p	11.5p

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.

<i>Adjusted</i>	2006 £'000	Earnings per share - pence	2005 £'000	Earnings per share - pence
Profit attributable to ordinary shareholders	253	3.0	971	11.5
Goodwill amortisation	15	0.2	15	0.2
Exceptional items (<i>Note 2</i>)				
- 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 on discontinued operations (after effective tax credit of 30%)	-	-	309	3.6
Adjusted earnings	268	3.2	453	5.4
Weighted average number of ordinary shares	8,466,230		8,466,230	
Adjusted earnings per share	3.2p		5.4p	

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.

NOTES (continued)

8	Goodwill	Group	
		2006 £'000	2005 £'000
	Cost		
	At beginning of year	741	4,162
	Written off in the year	-	(3,421)
		<hr/>	<hr/>
	At end of year	741	741
		<hr/> <hr/>	<hr/> <hr/>
	Amortisation		
	At beginning of year	525	3,931
	Eliminated on write-off in the year	-	(3,421)
	Amortisation in year	15	15
		<hr/>	<hr/>
	At end of year	540	525
		<hr/>	<hr/>
	Net book value at end of year	201	216
		<hr/> <hr/>	<hr/> <hr/>

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.

NOTES (continued)

9 Tangible fixed assets

Group	Land £'000	Freehold and Leasehold Buildings £'000	Plant and Equipment £'000	Total £'000
Cost				
At beginning of year	2,718	11,043	5,400	19,161
Additions	-	-	347	347
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	2,718	11,043	5,747	19,508
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation				
At beginning of year	-	2,216	3,868	6,084
Charge for year	-	202	319	521
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	2,418	4,187	6,605
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value				
31 December 2006	2,718	8,625	1,560	12,903
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
31 December 2005	2,718	8,827	1,532	13,077
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



NOTES (continued)

10 Financial fixed assets

	2006		2005	
	Group £'000	Company £'000	Group £'000	Company £'000
Shares in subsidiary undertakings	-	592	-	592

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

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

11 Debtors

	2006		2005	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	1,660	-	2,060	-
Amount receivable from subsidiary undertakings	-	4,702	-	4,211
Corporation tax	-	-	199	-
Prepayments	1,102	-	844	-
	<u>2,762</u>	<u>4,702</u>	<u>3,103</u>	<u>4,211</u>

All amounts fall due within one year.

12 Creditors: Amounts falling due within one year

	2006 £'000	2005 £'000
Group		
Bank loans (Note 19)	500	500
Trade creditors	1,075	771
Corporation tax	154	-
Value added tax and payroll taxes	371	324
Accruals and deferred income	945	1,307
	<u>3,045</u>	<u>2,902</u>
Company		
Amounts owed to subsidiary undertakings	467	-

NOTES (continued)

13 Creditors Amounts falling due after more than one year

Group	2006 £'000	2005 £'000
Bank loans (Note 19)	6,500	7,000
	<hr/>	<hr/>
	6,500	7,000
	<hr/> <hr/>	<hr/> <hr/>

14 Provisions for liabilities and charges

Deferred taxation

Group	2006 £'000	2005 £'000
At beginning of year	633	654
Deferred tax charge/(credit) for year (Note 5)	18	(21)
	<hr/>	<hr/>
At end of year	651	633
	<hr/> <hr/>	<hr/> <hr/>

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

15 Called up share capital	2006 £'000	2005 £'000
<i>Authorised</i>		
20,000,000 Ordinary shares of €25c each	3,527	3,527
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>	Number	£'000
Ordinary shares of €25c each		
At 1 January 2006 and 31 December 2006	8,466,230	1,493
	<hr/> <hr/>	<hr/> <hr/>

During the year 88,000 options over ordinary shares lapsed. At 31 December 2006 options were outstanding over 27,250 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".

NOTES (continued)

16 Reserves	Share premium £'000	Capital conversion reserve fund £'000
At beginning and end of year	3,156	23
17 Profit and loss account	2006 £'000	2005 £'000
Profit and loss account at beginning of year	1,473	693
Profit for the financial year	253	971
Dividends paid (Note 6)	(144)	(191)
Profit and loss account at end of year	1,582	1,473
Retained profit at end of year:		
The Company	155	131
Subsidiary undertakings	6,918	6,833
Goodwill eliminated against reserves	(1,627)	(1,627)
Goodwill amortised/written-off on consolidation	(3,864)	(3,864)
Profit and loss account	1,582	1,473
<p>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 £152,000 (2005: £132,000).</p>		
18 Reconciliation of movements in shareholders' funds	2006 £'000	2005 £'000
Profit for the financial year	253	971
Dividends paid	(144)	(191)
Net increase in shareholders' funds	109	780
Opening shareholders' funds	6,145	5,365
Closing shareholders' funds	6,254	6,145

NOTES (continued)

19 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.

- (a) HSBC Bank plc agreed to a term loan of £7.5 million drawn down 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.

€3.75 million of the term loan is at a fixed interest rate of 5.86% until 2 March 2009 by use of an interest rate swap. The balance of 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.

At 31 December 2006 the Group had £584,000 of financial assets, representing cash at bank denominated in sterling held in demand accounts at an average floating rate of 4.64%.

The maturity profile of the carrying amount of financial liabilities at 31 December 2006 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	4,500	7,000
	500	500	1,500	4,500	7,000

NOTES (continued)

19 Financial assets and liabilities (continued)

The undrawn committed facilities available to the Group at 31 December 2006 are set out below:

	£'000	
Invoice finance	166	(reviewed annually)
Bank overdraft	500	(repayable on demand, reviewed annually)
	<u>666</u>	

The fair value of the Group's financial liabilities as at 31 December 2006 was as follows:

<i>Primary financial instruments used to finance operations</i>	2006		2005	
	Book Value £'000	Fair Value £'000	Book Value £'000	Fair Value £'000
Current portion of bank loan (Note 12)	500	498	500	500
Long term borrowings (Note 13)	6,500	6,447	7,000	7,000
	<u>7,000</u>	<u>6,945</u>	<u>7,500</u>	<u>7,500</u>
<i>Derivative financial instruments held to manage interest rate profile</i>				
Interest rate swaps	<u>-</u>	<u>44</u>	<u>-</u>	<u>-</u>

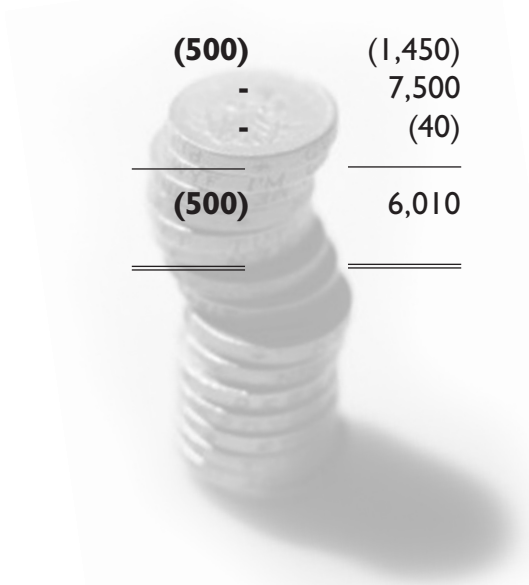
Where available market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates.

The unrecognised gains and losses on interest rate swap hedges are analysed as follows:

	£'000
Unrecognised gains and losses on hedges at 1 January 2006	-
Gains arising in 2006 not recognised in 2006	44
	<u>44</u>
Unrecognised gains on hedges at 31 December 2006	44
Of which:	
Gains expected to be recognised in 2007	29
Gains expected to be recognised in 2008 or later	15
	<u>44</u>

NOTES (continued)

20 Reconciliation of operating profit to net cash inflow from operating activities	2006 £'000	2005 £'000
Operating profit	815	96
Goodwill amortisation	15	15
Depreciation of tangible fixed assets	521	630
Loss on disposal of fixed assets	-	17
Amortisation of government grants	-	(27)
Decrease/(increase) in operating debtors	142	(104)
(Decrease)/increase in operating creditors	(16)	30
	<hr/>	<hr/>
Net cash inflow from operating activities	1,477	657
	<hr/> <hr/>	<hr/> <hr/>
21 Analysis of cash flows for headings netted in the cash flow statement	2006 £'000	2005 £'000
Returns on investments and servicing of finance		
Interest received	40	40
Interest paid	(420)	(78)
Hire purchase finance interest	-	(1)
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	(380)	(39)
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(347)	(8,174)
Proceeds from disposal of tangible fixed assets	-	2,852
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(347)	(5,322)
	<hr/> <hr/>	<hr/> <hr/>
Financing activities		
Bank loans repaid	(500)	(1,450)
New loans received	-	7,500
Capital element of hire purchase rentals	-	(40)
	<hr/>	<hr/>
Net cash (outflow)/inflow from financing	(500)	6,010
	<hr/> <hr/>	<hr/> <hr/>



NOTES (continued)

22 Analysis of net debt

	At 1 Jan 2006 £'000	Cash flow £'000	Non cash movements £'000	At 31 Dec 2006 £'000
Cash at bank and in hand	284	300	-	584
	<u>284</u>	<u>300</u>	<u>-</u>	<u>584</u>
Debt due within 1 year	(500)	500	(500)	(500)
Debt due after 1 year	(7,000)	-	500	(6,500)
	<u>(7,500)</u>	<u>500</u>	<u>-</u>	<u>(7,000)</u>
	<u>(7,216)</u>	<u>800</u>	<u>-</u>	<u>(6,416)</u>

23 Group net debt

	2006 £'000	2005 £'000
Loans repayable within one year	(500)	(500)
Loans repayable after more than one year	(6,500)	(7,000)
Cash at bank and in hand	584	284
	<u>(6,416)</u>	<u>(7,216)</u>

NOTES (continued)

24 Commitments and contingencies

(a) Operating leases

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

	2006	2006	2006	2005	2005	2005
	Land and	Other		Land and	Other	
	Buildings	operating		Buildings	operating	
	£'000	leases	Total	£'000	leases	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Expiring:</i>						
Within one year	-	41	41	-	51	51
Between two and five years	840	395	1,235	188	306	494
Beyond five years	1,029	143	1,172	1,564	29	1,593
	-----	-----	-----	-----	-----	-----
	1,869	579	2,448	1,752	386	2,138
	=====	=====	=====	=====	=====	=====

(b) Capital commitments

At 31 December 2006, the Group had £213,000 (2005 : £278,000) of capital projects authorised of which £213,000 (2005 : £278,000) was contracted at 31 December 2006.

(c) Guarantees on leasehold properties

The annual operating lease commitment on land and buildings of £ 1,869,000 (2005: £1,752,000) arises on leasehold properties, of which £1,300,000 (2005: £1,299,000) is subject to parent company guarantees.

The operating lease commitment is stated gross of annual sub-lease income of £865,000.



NOTES (continued)

25 Directors' remuneration

	Salary £'000	Directors' fees £'000	Benefits in kind £'000	Annual bonus £'000	Pension contributions £'000	Compensation for loss of office £'000	Total 2006 £'000	Total 2005 £'000
Ted O'Neill	-	75	-	-	-	-	75	75
Norman Hatcliff	85	-	13	17	8	-	123	72
Aidan Hughes	22	-	-	2	2	-	26	-
Torgeir Mantor	-	15	-	-	-	-	15	12
Willie McCarter	-	15	-	-	-	-	15	12
Other	-	-	-	-	-	-	-	257
Total – 2006	107	105	13	19	10	-	254	428
Total – 2005	99	99	9	30	11	180	428	

Notes

- Remuneration in respect of Aidan Hughes is for the period since appointment as a director on 7 September 2006. As an alternative to the provision of a company car, a non-pensionable payment included in salary above was given to Aidan Hughes of £1,700.
- Other remuneration for 2005 of £257,000 related to the then Finance Director, Iain Buntain (including £180,000 compensation for loss of office).

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.

26 Pensions

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

Total pension costs for the year were £98,000 (2005: £122,000).

There were no prepayments or accruals for pension costs at 31 December 2006.

NOTES (continued)

27 Group undertakings

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

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

Norish plc	1 Stokes Place, St Stephens 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

NOTES (continued)

28 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.

29 Related party transactions

The company has availed of the exemptions in FRS8 “Related Party Disclosures” from disclosing transactions with its subsidiary undertakings.

30 Approval of financial statements

The Board of Directors approved these financial statements on 1 March 2007.

HISTORICAL FINANCIAL SUMMARY

Consolidated profit and loss account

	2002	2003	2004	2005	2006
	£'000	£'000	£'000	£'000	£'000
Turnover	13,082	12,428	12,243	11,428	10,671
Trading profit - continuing	2,029	1,648	1,287	1,401	1,351
- discontinued	-	-	-	(441)	-
Goodwill – normal	(204)	(15)	(15)	(15)	(15)
Goodwill – exceptional	(3,192)	-	-	-	-
Profit/(loss) on sale of property	(74)	-	-	1,000	-
Other exceptional items	205	(880)	-	(219)	-
Interest	(219)	(165)	(111)	(66)	(385)
Depreciation	(1,031)	(983)	(897)	(630)	(521)
Profit / (loss) before taxation	(2,486)	(395)	264	1,030	430
Taxation	(369)	90	(35)	(59)	(177)
Profit/(loss) for the financial year	(2,855)	(305)	229	971	253
Dividends	(287)	(152)	(119)	(191)	(144)

Consolidated balance sheet

	2002	2003	2004	2005	2006
	£'000	£'000	£'000	£'000	£'000
Total assets less current liabilities					
Fixed assets and investments	9,082	8,073	7,633	13,293	13,104
Current assets	3,170	3,006	2,849	3,387	3,346
Current liabilities	(3,408)	(3,708)	(3,723)	(2,902)	(3,045)
	8,844	7,371	6,759	13,778	13,405
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	921	464	574	1,473	1,582
Shareholders' funds	5,593	5,136	5,246	6,145	6,254
Provisions for liabilities and charges	839	718	654	633	651
Long term liabilities	2,412	1,517	859	7,000	6,500
	8,844	7,371	6,759	13,778	13,405



NORISH

N O R I S H p l c

Registered Office

1 Stokes Place
St. Stephen's Green
Dublin 2

Operational Head Office

Northern Industrial Estate
Bury St Edmunds
Suffolk
IP32 6NL