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NORCAY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

52 WEEKS ENDED 1 APRIL 2006

REGISTERED NO. FC.012185



NORCAY LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

I A Ellis (resigned 19 May 2006)

G M Reid (resigned 30 June 2006)

J Lill (appointed 19 May 2006)

S Henderson (appointed 30 June 2006)

SECRETARY

C Williams

INDEPENDENT AUDITORS

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

1 City Square

Leeds

LS1 2AL

REGISTERED OFFICE

PO Box 309

Cayman International Trust Building

Grand Cayman

Cayman Islands

British West Indies

UK OFFICE

2180 Century Way

Thorpe Park

Leeds

LS15 8ZB

NORCAY LIMITED

DIRECTORS' REPORT

The directors present their Annual report and audited financial statements for the 52 weeks ended 1 April 2006.

INCORPORATION AND STATUS

The company is incorporated in the Cayman Islands, British West Indies and is resident and carries on business in Great Britain.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Northern Foods plc.

Norcay Limited holds intercompany balances and does not trade.

The result for the period, as disclosed in the company's profit & loss account on page 6, is a loss and is principally due to group interest payable on intercompany loans.

Principal risks and uncertainties

The company is financed by inter group loans from its parent company and therefore has no interest rate exposure.

Group risks are discussed in the group's Annual report which does not form part of this report.

Environment

The Northern Foods plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damages that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's Annual report which does not form part of this report.

Employees

Details of the directors emoluments can be found in note 2.

The company is committed to equality of opportunity amongst its employees. Recruitment, pay and conditions, training and career development policies are based solely on ability, without regard to gender, race, age, disablement, marital status or religion.

The company uses a variety of methods to enable all its employees to understand the performance of the group and of their own operating company. These include briefing groups, meetings with employee representatives and company newspapers. Employees are consulted on a wide range of issues affecting their current and future interests, and particularly on changes affecting their company.

Future Prospects

The directors have considered the future prospects of the company to be satisfactory.

RESULTS AND DIVIDENDS

The loss for the period attributable to shareholders amounts to £230,726 (2004/05: profit £28,491) and is dealt with as shown in the profit and loss account. No interim dividend was paid in the period (2004/05: £7,000,000). The directors do not recommend the payment of a final dividend (2004/05: £nil).

NORCAY LIMITED

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the period ended 1 April 2006 and up to the date of signing the financial statements are those listed on page 1.

According to the register maintained as required by the Companies Act 1985, none of the directors held any beneficial interest in the shares of the company during the year.

The interests of the directors in the ordinary shares of 25p each of the ultimate parent company, Northern Foods plc, were as follows:

	<i>At 1 April 2006 (or date of resignation)</i>	<i>At 2 April 2005 (or date of appointment)</i>
I A Ellis	10,771	21,562
G M Reid	-	7,969

The executive options over ordinary shares of Northern Foods plc granted to or exercised by the directors during the period ended 1 April 2006 were as follows:

	<i>Options granted in the period</i>	<i>Options exercised in the period</i>
I A Ellis	40,000	-
G M Reid	-	-

At 1 April 2006 the mid-market price of the ordinary shares of Northern Foods plc was 97.5p (2004/05: 154.0p). During the period the market price ranged between 164.0p and 97.0p.

NORCAY LIMITED

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHARITABLE AND POLITICAL CONTRIBUTIONS

There were no donations to charitable organisations (2004/05: £nil). There were no political contributions (2004/05: £nil).

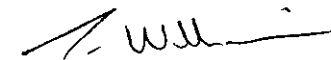
AUDITORS

In the case of each of the persons who are directors of the company at the date when this report was approved;

- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- Each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board



C Williams
Secretary

23 October 2006

NORCAY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORCAY LIMITED

We have audited the financial statements of Norcay Limited for the 52 weeks ended 1 April 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 11. 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 235 of the Companies Act 1985. 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

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above period as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 April 2006 and of its loss for the 52 weeks then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- and the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Leeds

23 October 2006

NORCAY LIMITED

PROFIT AND LOSS ACCOUNT

for the 52 weeks ended 1 April 2006

	Notes	2006 £	2005 £
Interest receivable from group undertakings		-	40,702
Interest payable to group undertakings		(329,608)	-
(Loss)/profit on ordinary activities before taxation		(329,608)	40,702
Taxation on (loss)/profit on ordinary activities	3	98,882	(12,211)
(Loss)/profit on ordinary activities after taxation		(230,726)	28,491
(Loss)/profit for the financial period	8	(230,726)	28,491


All results derive from continuing operations.

There are no recognised gains or losses in either period other than the (loss)/profit for that period.

NORCAY LIMITED

BALANCE SHEET
as at 1 April 2006

	Notes	1 April 2006 £	2 April 2005 £
Current assets			
Debtors: amounts falling due within one year	5	22,068,882	21,970,000
		22,068,882	21,970,000
Creditors: amounts falling due within one year	6	(6,250,955)	(5,933,558)
Net current assets		15,817,927	16,036,442
Total assets less current liabilities		15,817,927	16,036,442
Creditors: amounts falling due after more than one year	6	(886,442)	(874,231)
Net assets		14,931,485	15,162,211
Capital and reserves			
Called up share capital	7	13,567,812	13,567,812
Profit and loss account	8	1,363,673	1,594,399
Equity shareholders' funds	9	14,931,485	15,162,211



S Henderson
Director

23 October 2006

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 April 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

A summary of the more important accounting policies is set out below. These have been applied consistently, with the exception of FRS 25 'Financial instruments: disclosure and presentation' which was adopted in the current year.

Cash flow statement

The company is exempt from the requirement of FRS1 to present a cash flow statement since it is a wholly owned subsidiary undertaking of Northern Foods plc, in whose financial statements a cash flow statement is presented.

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Classification of financial instruments issued by the company

FRS 25 has been adopted for the first time in this financial period. Following this adoption, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends presented within shareholders' funds

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 are no longer authorised at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2. EMOLUMENTS OF DIRECTORS AND AUDITORS' REMUNERATION

None of the directors received any remuneration from the company during the period (2004/05: £nil). In both the current and prior period, auditors' remuneration was borne by another group company. The only employees of the company are the directors.

NORCAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 April 2006

3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2006 £	2005 £
UK Corporation tax (credit)/charge at 30%	(98,882)	12,211
The corporation tax (credit)/charge is at the standard UK corporation tax rate of 30% (2004/05: 30%).		

4. EQUITY DIVIDENDS

	2006 £	2005 £
Interim equity dividends payable	-	7,000,000

5. DEBTORS

	2006 £	2005 £
Amounts falling due within the year:		
Amounts due from group undertakings	21,970,000	21,970,000
Corporation tax	98,882	-
	22,068,882	21,970,000

6. CREDITORS

	2006 £	2005 £
Amounts falling due within the year:		
Corporation tax	-	12,211
Accruals and deferred income	22	22
Amounts due to group undertakings	6,250,933	5,921,325
	6,250,955	5,933,558

Amounts falling due after more than one year:

Amounts due to group undertakings	886,442	874,231
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7. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised:		
30,000,000 ordinary shares of \$1 each	15,655,168	15,655,168
Allotted, called up and fully paid:		
26,000,000 ordinary shares of \$1 each	13,567,812	13,567,812

8. PROFIT AND LOSS ACCOUNT

	£
At start of period	1,594,399
(Loss) for the financial period	(230,726)
At end of period	1,363,673

NORCAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 1 April 2006

9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2006 £	2005 £
(Loss)/profit attributable to equity shareholders	(230,726)	28,491
Equity dividends on shares classified in shareholders' funds	-	(7,000,000)
Movement in equity shareholders funds	(230,726)	(6,971,509)
Opening equity shareholders' funds	15,162,211	22,133,720
Closing equity shareholders' funds	14,931,485	15,162,211

10. CONTINGENT LIABILITIES

The company, together with Northern Foods plc and certain fellow subsidiary undertakings, has entered into a guarantee with HSBC Bank plc in respect of the net overdrafts due by the other group companies which are parties to the guarantee. At 1 April 2006 the company's contingent liability under the guarantee amounted to £517,000 (2004/05: £nil).

11. ULTIMATE PARENT UNDERTAKING

The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Northern Foods plc, registered in England and Wales. Northern Foods plc is also the immediate and ultimate parent company. Copies of Northern Foods plc's financial statements can be obtained from 2180 Century Way, Thorpe Park, Leeds, LS15 8ZB or from the company's website at www.northernfoods.com.

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Northern Foods plc group.