Enodis is... the name behind the occasion

Annual report and accounts 2006

TOP MARKS FOR ENODIS UK (COVER + PAGE 2)

Marks & Spencer, one of the UK's leading retailers with a flourishing international business, appointed Enodis UK Food Service Group as its preferred supplier of catering equipment in early 2006. Working as a strategic partner with Marks & Spencer's hospitality division Enodis UK provides a one stop shop for all kitchen equipment at the retailer's 450 UK stores. At Bluewater, Kent, Europe's largest retail and leisure destination, Marks & Spencer operates an Eat Over Deli, Food To Go take away counter and Café Revive coffee shop showcasing Merrychef, Convotherm, Lincoln and Garland cooking products, Delfield refrigeration products and Scotsman Ice machines.

Financial highlights

£768.3m
Revenue
(2005: £667.9m)

£70.8m
Adjusted operating profit
(2005: £54.6m)

£39.3m
Profit after tax
(2005: £25.4m)

13.5p
Adjusted diluted earnings per share
(2005: 9.1p)

3.0p
Dividend per share
(2005: 1.3p)

£41.8m
Net debt
(2005: £79.1m)

Enodis is... in a unique position to help the foodservice industry innovate and grow. We are creating new and better ways for our global clients to deliver consumer experiences in food and beverages where and when they want. We operate in growth markets and are focused on delivering excellence in all areas of our business.

The following pages highlight the key drivers that will deliver long-term value to all our stakeholders.

Enodis is... enabling consumer lifestyles

Consumers rely on restaurateurs and other foodservice outlets to provide food and beverages for business, relaxation, socialising and entertainment. With innovative solutions that accelerate service and more, Enodis helps restaurants meet consumer lifestyle requirements in an ever-changing world.

SUPPORTING MENU EXPANSION

Food and beverage offerings in restaurants are becoming more varied to satisfy increasingly diverse and sophisticated palates. Enodis is at the forefront of this trend, providing culinary support around the world to restaurant operators as they develop and perfect new menus to delight their diners.

ENODIS IS THE NAME BEHIND THE OCCASION

In more than 100 countries, Enodis' branded equipment drives the global restaurant business which offers an increasingly wide variety of cuisines. One of the largest manufacturers of commercial food equipment in North America, and the largest global company dedicated exclusively to commercial food equipment, Enodis innovation delivers technology, brands and service.

GETTING SERIOUS ABOUT HEALTHY FOOD

Nearly 75% of consumers report they will try to eat more healthily in restaurants than they did two years ago. Enodis helps: Frymaster launched its Four Factors for Fit Frying programme, providing practical tips to operators on how to improve their frying results. Steam cooking products offered by Cleveland and Convotherm also deliver food with more nutritional value than the same products prepared by microwave ovens.

16.7 billion

Estimated 2006 global foodservice equipment sales in US dollars. North American foodservice equipment markets are forecast to grow at 4.25% – 4.75% in 2007.

252,197

Restaurant locations operated globally in 2006 by the Top 500 chains based in the United States.

715

Number of locations operated by China's largest indigenous chain restaurant, Little Sheep.

5.3

Average number of weekly "away from home" dining occasions reported by American adults.

QUALITY FOOD WITHOUT THE WAIT

For some restaurants, a six second improvement in drive through service times is estimated to translate to a 1% increase in revenue. But often consumers aren't willing to trade quality for speed. Integrated solutions combining Enodis Accelerated Cooking Technology® with point-of-service refrigeration deliver kitchen productivity and freshly-cooked foods.

500 MEALS ALL AT ONCE

The new kitchen at *CLUB.catering*, the largest caterer in Austria, is set up with eight Convotherm combi-ovens and can handle events for 500–600 guests.

CLUB.catering is committed to the highest standards of quality food and a focus on presentation, upon which the success of every event depends.

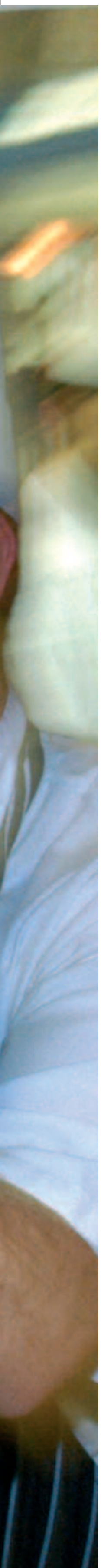
Banquets and galas are prepared for many public events such as the Robbie Williams concert in Vienna, the new Porsche presentation and the McDonald's Supply Chain Symposium in Austria.

BETTER QUALITY, COLDER DRINKS

The climate in bars, pubs, clubs and restaurants worldwide is changing; the taste for drinks is getting distinctly colder. Scotsman Beverage Systems ("SBS") is one of Europe's leading suppliers of drink cooling and dispense equipment. It has worked with leading brewers to develop new cooling technology and eye-catching condensating fonts to quench the thirst of today's drinkers for extra cold beers, lagers and ciders served at 3^{0}C and below. SBS's energy efficient, scaleable Glykool cooler range super chills both the drinks and the bar top dispense units, helping to stimulate and then satisfy the demand for icy cold, quality drinks.

In large global chains and one-unit outlets, restaurateurs focus daily on improving profitability. By applying its global resources to the top challenges facing restaurant operators, Enodis is improving operator profitability.

Enodis is... improving operator profitability



ENERGY EFFICIENT

As increased global energy demands drive prices higher, restaurant operators in growing numbers are seeking energy efficient kitchen solutions. Anticipating these needs, Enodis introduced Enodis Enerlogic, designed to make it easy for operators to identify, evaluate and purchase energy-efficient products. More than 200 Enodis Enerlogic products are certified to meet or exceed third-party energy efficiency standards using internationally-accepted performance testing methods. Beyond energy, Enodis has embraced efforts to reduce environmental footprints by adopting regulatory standards.

EXTENDED HOLDING TIMES

Ensuring food quality and safety during holding times allows operators to optimise the efficiency of their kitchens and profits. This is true whether it is plated food awaiting table delivery in fine dining, or burgers and fries during the lunch rush. With a variety of products and technologies, Convotherm, Delfield, Frymaster, Merco and other Enodis brands keep almost any food ready to meet peak demands with impeccable results.

SMALLER FOOTPRINT, GREATER POWER

Space is at a premium in a restaurant kitchen. Thus, compact, flexible equipment that delivers quality food fast, helps operators squeeze more productivity, increased revenue and new menu items into their existing operations. The Merrychef 402S meets those challenges and has been welcomed into use in fine restaurants, casual dining, quick service and convenience food locations around the globe.

10–15 TIMES FASTER

Restaurant cooking is part art, part production line. Chefs require a full range of tools to create menus and dishes that bring diners back. With the broadest line of Accelerated Cooking Technology® products in the industry, Enodis uniquely allows chefs to experiment with and select the right accelerated cooking oven to meet virtually any cooking requirement, at speeds up to 15 times faster than conventional methods.

CUSTOMER-FOCUSED SOLUTIONS

Looking to shrink kitchens while expanding capacity, one of the world's largest chains worked for weeks at the Enodis Technology Center to perfect accelerated cooking alternatives. Others worked with Enodis culinarians, engineers and process experts to find alternative oils for frying, develop new holding technology, add new menu items and more.

KI Kitchen Innovations 2006 AWARD NATIONAL RESTAURANT ASSOCIATION

INNOVATION AND SUPPORT

With six Kitchen Innovation Awards in 2006 from the US-based National Restaurant Association, Enodis leads the foodservice industry in innovative products. Lincoln's DTF and Fusion ovens, the Convotherm +3 combi oven-steamer, Merrychef accelerated cooking ovens, Delfield LiquiTec® refrigeration, and Scotsman Prodigy ice machines are among recent products recognised for innovation by restaurant operators, design consultants and others.

30 NEW PRODUCTS

Foodservice operators face a multitude of daily challenges. By working shoulder-to-shoulder in restaurants, watching and listening carefully for problems and needs, Enodis is able to develop new products that optimise labour, reduce energy use, and improve kitchen profits. This process has led to more than 30 new products in the past 12 months, and many other opportunities being identified.

FIRST-CLASS HOTEL, FIRST-CLASS PERFORMANCE

Rated as one of America's Top 10 resorts, the Hotel del Coronado in San Diego recently added a second Jackson flight-type warewasher. Water-saving technology and quiet operation are among major innovations of the units. Big enough to handle the dishwashing needs of the resort's five restaurants and effective enough to meet the Hotel del Coronado standards of quality, both of their Jackson Flight Machines are a perfect fit.

Enodis is... an innovation engine

Enodis has pioneered a collaborative process to power proven innovation. Enodis innovation ensures that customers are intimately involved from concept to completion. Insight from customers helps make the path to innovation a clear one.

Enodis is... great brands supported globally

Wherever restaurant operators expand, they require local support. Enodis understands that requirement, and continues investment in emerging markets, expanding manufacturing, service and consultative resources around the world.

EXPERT SUPPORT

Before, during and after the sale, Enodis professionals provide expert advice and practical tips. Our people are key assets. By blending chefs, culinarians, dieticians, engineers, kitchen designers and service experts with a wide array of manufacturing, distribution, and other expertise, Enodis surrounds global foodservice operators with outstanding support.

Enodis STAR CERTIFIED SERVICE AND PARTS

CERTIFIED ENGINEERS 24/7

Enodis STAR Service means Standards, Training, Authorisation, and Response which guarantees expert service for our leading equipment brands in North America, 24/7. Around the world, Enodis provides parts and service from trained technicians in more than 100 countries.

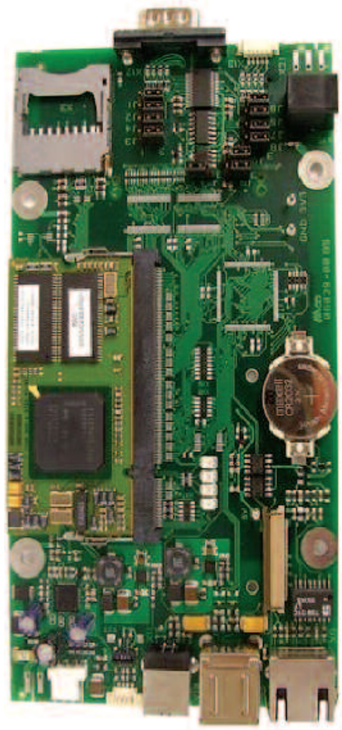
RECOGNISED BRANDS

Around the globe, Enodis brands are used in almost every type of foodservice outlet. From Shanghai to Stuttgart, Sheffield to San Francisco, our brands are rated Best In Class, helping operators to store, prepare, cook, warm, hold, dispense, serve and clean.

Cleveland
Convotherm
Delfield
Frymaster
Garland
Ice O-Matic
Jackson
Lincoln
merrychef
Scotsman

27 FACTORIES IN EIGHT COUNTRIES

Regional locations and Lean manufacturing processes make Enodis factories strategic assets for our customers. By integrating global supply chain management with internal manufacturing core competencies, Enodis accelerates innovation, production and delivery.



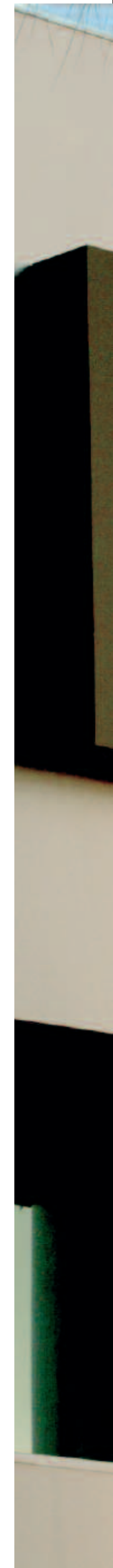
MODULAR CONTROLLER

In the interest of providing faster development times to our customers, we have developed a modular concept for our controllers. Some of the benefits will include a coherent use and style between different appliances for easy training and operation. In addition they will offer flexibility by providing several user interfaces for our different customers to the same type of appliance. The modular design will allow us to have a leaner development and manufacturing of controls.

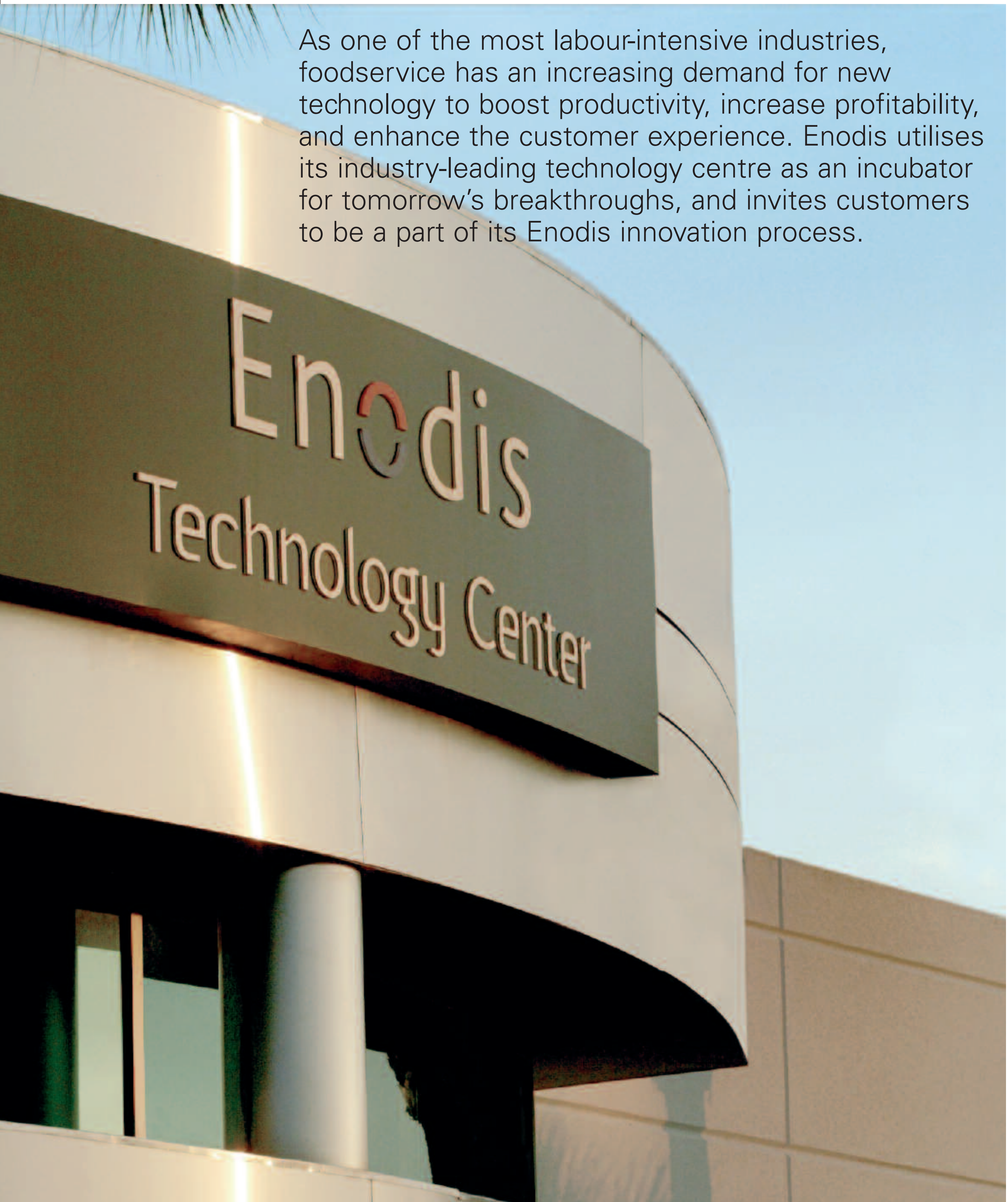
ERGONOMICALLY DESIGNED

A state-of-the-art model shop allows the Enodis Technology Center ("ETC") to produce rapid prototypes, decreasing the development time required for new products. The newest addition is a water-jet cutter, capable of pressuring water to 60,000 psi which is enough force to cut eight inch thick steel. Despite its power, the water-jet can produce very intricate detailed cutting, as well as being able to cut items such as metal, plastic, plywood and pizza stones.

Enodis is... technology for the future



As one of the most labour-intensive industries, foodservice has an increasing demand for new technology to boost productivity, increase profitability, and enhance the customer experience. Enodis utilises its industry-leading technology centre as an incubator for tomorrow's breakthroughs, and invites customers to be a part of its Enodis innovation process.



Chairman's statement

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Introduction

I am delighted to be presenting an outstanding set of results for 2006, as demonstrated by the numbers on this page. We have continued to make further significant progress this year on all our strategic objectives and I am particularly pleased that our focus on top line growth has achieved excellent results. As we move forward, we continue to refine our strategy and long-term goals, recognising both our current solid financial position and the impressive progress over the last three years. More details are contained in pages 18 to 21.

Approaches

The Board and senior corporate management team spent a significant amount of the second half of the year involved in addressing the approaches from The Middleby Corporation and The Manitowoc Company Inc. We adhered throughout to our guiding principle, to ensure that shareholders' interests were paramount. With the help of our advisors, we kept in close touch with the wishes of shareholders and strove to meet them. In the event, no offer was ultimately forthcoming but the experience has helped shape our goals to ensure that we do all in our power to deliver the value that shareholders expect. Given the amount of senior management time devoted to that activity, the excellent results are a tribute both to the calibre and determination of our management and to the continuing success of our programmes to enhance the quality and depth of our people.

More recently, we have received yet another approach, this time from Aga Foodservice plc. My statement is not the place to comment on that proposal. It is concerning that senior management's attention is once again diverted from the business but as always we will keep the interests of our shareholders at the front of our minds during this period.

The Board

We have been assisted in addressing the challenges we have faced over the year by having a stable and committed Board to support our excellent management team. We have continued to set high expectations for ourselves as a Board and, as set out in the Corporate Governance Report, we have maintained our efforts continually to examine our performance and to develop. I would like to thank my Board colleagues for their time, commitment in the face of increasing demands and for the quality of their contributions. Not the least of these was handling the approaches from Middleby and Manitowoc where the Board members gave unstintingly of their time and experience.

Employees

Our people are central to our success. Our updated goals specifically recognise this. At the same time as we position ourselves around technology and innovation, we state clearly that these are the tools for which people are the key. I and all Board members take this opportunity to express our great thanks and appreciation to all our employees worldwide for their vital contribution, support and hard work throughout the year.

Dividends and use of our balance sheet

Dividends represent an important component of total shareholder return. The Board is therefore pleased to recommend a final dividend in respect of FY06 of 2.17p per share bringing our total for the year to 3.0p, payable on 15 February 2007, subject to approval by shareholders at the Annual General Meeting. This makes the total dividend in respect of FY06 3.0p, a 50% increase on the full prior year equivalent of 2.0p.

As more fully explained later in this report, we intend to use on-market share buy-backs to enhance shareholder value whilst ensuring gearing stays around our target levels. Accordingly, we are proposing to make use of our existing authority to purchase and cancel up to 10% of our issued share capital in the open market over the next 12 months. We will determine the appropriate timing for such activity in accordance with circumstances at any particular time.

FY07 outlook

There are a number of fundamental drivers in the food equipment markets including increasing consumer disposable income, lifestyle changes and the growth of multi-unit operators throughout the world. These factors are leading to increased demand for solutions to foodservice challenges and in particular Accelerated Cooking Technology®.

Industry forecasts for foodservice equipment market growth in calendar 2007 are 4.25% to 4.75% in North America and 2% to 3% in Europe. Along with the consumer trends highlighted above, energy cost and environmental factors are emerging as a driver of equipment demand. According to the National Restaurant Association, more than half of North American operators report purchasing energy-efficient equipment over the past two years.

Emerging markets such as the Middle East, Eastern Europe and Asia are high potential regions for Western-style food equipment. China's restaurant market is expected to maintain double digit growth for the rest of the decade. Although occupying a small section of the entire market, Quick Service Restaurants ("QSR") are growing at approximately 20% per year as both local and foreign chains expand. Of more than 3.5 million restaurant locations in China, approximately 7,000 are chain outlets, with 70% to 80% of those outlets owned indigenously.

After several years of slow growth in food retail equipment, there has been a recent increase in activity as retailers have started upgrading stores and recommenced opening new stores. Overall food retail equipment market growth is forecasted to be c2%, with higher growth in cases.

Enodis is very well positioned to continue the momentum of the last two years. We begin FY07 with the introduction of two important product lines:

- the new Scotsman "Prodigy" cuber ice machines which we believe will be very attractive to the industry, and particularly to chains, due to smart diagnostic controls and increased energy efficiency; and
- a "mini" countertop combi-oven from Convotherm suitable for small restaurant footprints and QSR chains.

Several other new products are scheduled for introduction throughout the year. We expect these products, along with the cumulative effect of an aggressive new product programme in the last few years including over 30 new products introduced in FY06, to propel continued revenue growth.

We are very focused on the high growth segments of the market, in particular global chains. We are streamlining our pipeline of innovation projects to increase our penetration at global accounts and we continue to invest in our global sales and service infrastructure, particularly in China, to support this thrust.

In our Retail Group, we are building a new plant in Fort Worth, Texas for Kysor Panel Systems and investing in sophisticated fabrication equipment at our Kysor//Warren factory to increase capacity for continued growth and improved manufacturing efficiency.

We continue to see significant materials cost inflation and anticipate headwinds of £12m–£15m in FY07. However, we have a proven track record of mitigating these impacts and have already taken a number of steps to counter this impact including a US price increase three months earlier than normal, continued focus on Lean manufacturing and Group-wide purchasing, alternative material substitution and the benefits of higher margin new products.

We are off to a good start in FY07 with strong order rates and continued momentum from our competitive advantages.

In summary, we expect another year of good progress in FY07 and have confidence in the long term prospects of the Group.

Conclusion

We continue to benefit from the pursuit of a consistent strategy under the strong and skilled leadership of our management. The year has seen the accelerating progress we expected. As you will see from the following pages of this report, we are evolving our approach. Enodis has excellent prospects and I am confident that our strategy and management will enable us to continue to deliver increasing value for our shareholders.

Peter Brooks
Chairman

Operating and financial review
Our markets

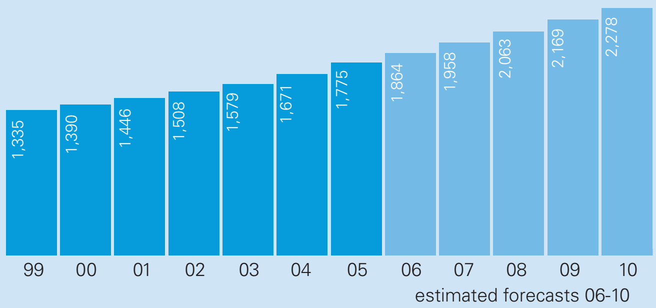
MARKET DRIVERS

Around the world, consumer lifestyles are driving demand for food and beverages outside the home. Increasing disposable income and consumer lifestyle changes have generated cumulative growth in foodservice markets throughout the last 15 years, even during recessions. These markets are expected to continue to grow at the historic rate of approximately 5% per annum in the future. In the past, restaurant dining was considered a special event or treat. Today and continuing in the future, consumers in established and developing countries use the full range of foodservice outlets as outsourcing of their home kitchen.

Supporting consumer demand, the number of foodservice outlets continues to grow around the world, led by expansion of multi-unit operators in their domestic and global markets. Simultaneously, the very definition of a "foodservice operation" is changing as consumer habits place new demands on traditional operators. The industry has moved beyond sit-down restaurants, counter self-service and drive through windows in primary locations. Increasingly, operators are extending their operations into non-traditional spaces and locations, creating alternate concepts, downsized locations, "grab-and-go" kiosks, mobile merchandising and more.

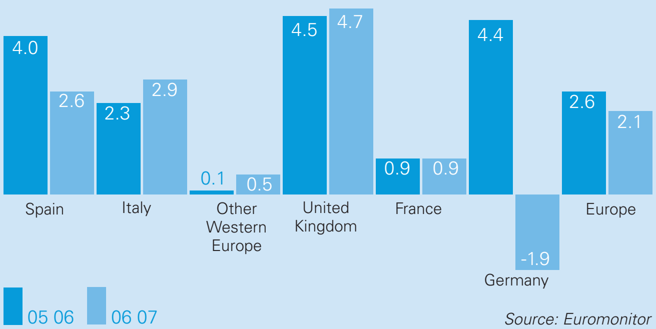
The change in restaurant types is driving demand for new menus and new types of equipment. Accelerated cooking technology, compact refrigeration at the point of service, rethermalisation units and merchandising equipment are now among frequent purchases, along with more traditional primary cooking equipment, fryers, refrigeration, ice and clean-up equipment.

World – total consumer foodservice
Sales US$bn



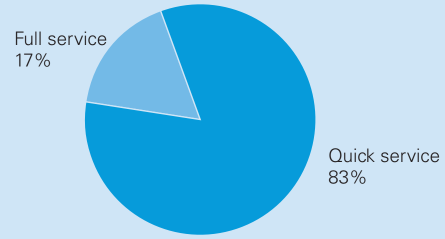
Source: Euromonitor

Western Europe – total consumer foodservice
Growth forecast %



Source: Euromonitor

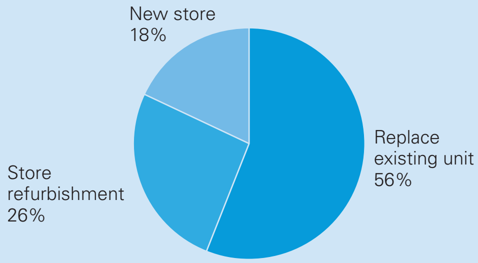
China's restaurant market
China's restaurant market reached an estimated US$110bn in 2005 and is expected to maintain double digit growth to the end of the decade



The Chinese market is made up of two key restaurant types

Source: Technomic Asia

Reason for equipment purchase
2006 estimate



Source: Botany Hill Management Inc.

MARKET GROWTH

Global Foodservice Equipment

Foodservice equipment is a capital spend and market statistics in North America suggest that sales growth is related to GDP with some time delay.

North America

The Technomic forecast for calendar 2007 is for market growth in North America between 4.25% and 4.75% in foodservice equipment. Along with trends noted previously, energy cost and availability is emerging as a driver of equipment demand. According to the National Restaurant Association, more than half of operators report purchasing energy-efficient equipment over the past two years.

Europe

The UK and Continental European market for foodservice equipment is expected to increase by 2%–3% in 2007, broadly in line with the food and beverage markets. Helping to boost sales in the UK and Continental Europe will be strong demand for innovative types of catering equipment, including those that offer energy-saving and other environmentally friendly features.

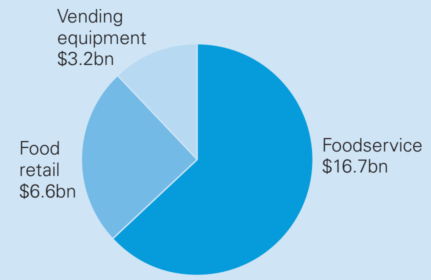
Asia

Asia is a high potential region for Western-style food equipment. China's restaurant market is expected to maintain double digit growth up to the end of the decade. Quick service restaurants are growing 20% per year as both local and foreign chains expand. Of more than 3.5 million restaurant locations in China, approximately 7,000 are chain outlets, with approximately 70% to 80% of those outlets owned indigenously.

Food Retail Equipment – North America

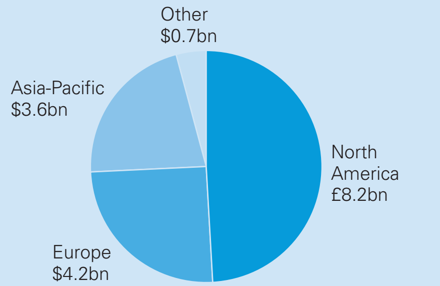
After several years of slow growth in grocery store sales, there has been a recovery to a growth rate of over 4% for the first three quarters of calendar 2006. The recent market growth has spurred investment in new and remodelled stores. More and more, upscale retailers are enjoying success as consumers look for more choices in ethnic, organic and fresh foods. In addition, super-centres and retail clubs have continued to out pace the market as the venue of choice for price focused consumers. Beyond these trends, the movement of populations, most notably toward the southern states, has created opportunities for new store growth. In summary, having digested the entry of large cost driven competitors into the market along with the continued consolidation of retailers, the lethargy of the equipment market has given way to an aggressive approach by many retailers to competing for the retail dollar.

Estimated global food equipment sales
$26.5bn – 2006 forecast



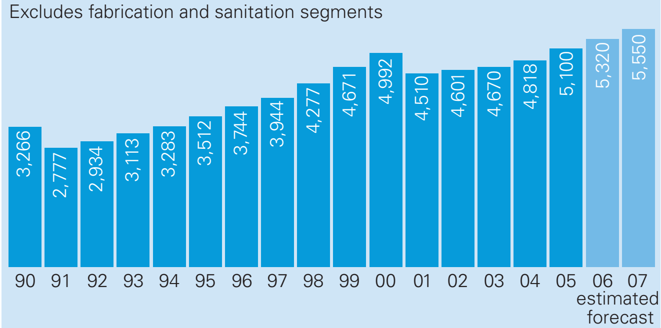
Source: Botany Hill Management Inc.

Estimated global foodservice equipment sales
$16.7bn – 2006 forecast



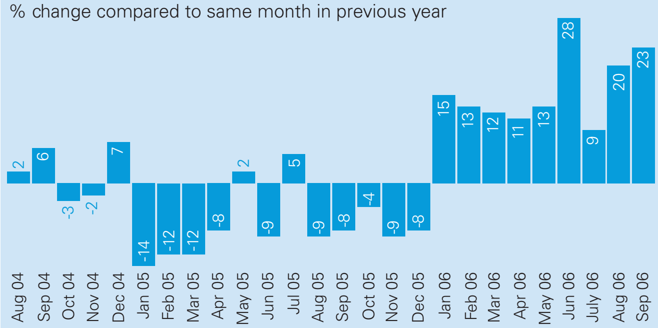
Source: Botany Hill Management Inc.

Foodservice equipment – manufacturers' shipments
North American market US$m
Excludes fabrication and sanitation segments



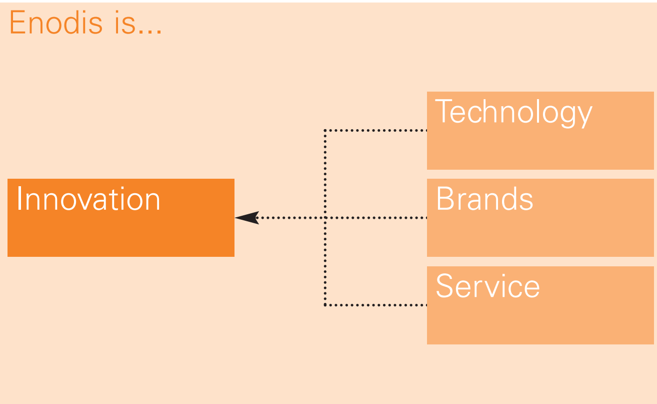
Source: Botany Hill Management Inc.

Refrigerated display case unit shipments
% change compared to same month in previous year



Source: CRM Division of the Air Conditioning and Refrigeration Institute

Strategy and long-term goals



STRATEGY REVIEW

In the summer we performed a thorough review of strategic options. Key conclusions are:

- it is clear that the momentum gained from our dedicated focus on commercial food and beverage equipment solutions is delivering results and this will remain a core element of our strategy;
- part of this success, particularly in high growth segments, is rooted in innovation and we intend to accelerate our technology efforts; and
- we are now able to use the strength of our balance sheet for synergistic acquisitions and share buy-backs.

We have benefited from end user industry consolidation and will continue to focus on global chains that are outpacing the market and who typically favour fewer suppliers. Organic growth remains a priority and we are now able to enhance this with acquisitions.

STRATEGY REFINEMENT

As we move forward, we continue to refine our strategy. We are focusing our strategy around "Innovation in Technology, Brands and Service" that enables our customers to increase their revenue and profit, specifically:

- innovative technology that enables our customers to deliver consumer experiences in food and beverages where and when they want;
- innovative high performance brands that individually and collectively provide best in class solutions to our customers; and
- innovative service supporting our customers before, during and after the sale.

NEW LONG-TERM GOALS

We are also refining our long-term goals into six drivers of shareholder value and adding some new goals.

VALUE DRIVERS:

1. People

We will continue to develop a winning team with the right people, in the right positions, with the right skill sets who are customer focused and results orientated;

2. Lean systems and processes

We will continue to develop Lean processes throughout all aspects of our business in order to achieve best in class practices across the Group, including implementing a common ERP system to deliver real time information;

FINANCIAL DRIVERS:

3. Top line growth

Global growth through innovation in technology, premium brands and exemplary service, achieving organic revenue growth of greater than GDP+2% through the cycle enhanced by ongoing synergistic acquisitions;

4. Margin improvement

Continuous improvement in pricing, productivity, product and purchasing aimed to achieve EBIT margins (pre-corporate costs) of 12% in FY09. At a divisional level we are targeting Foodservice North America to be at 15%, with both Foodservice Europe/Asia and Food Retail being 8%.

Long term we are establishing a goal of 14% pre-corporate which represents estimated "best in class" industry margins applied to the businesses in our Group;

5. Cash generation

Rapid conversion of profit to cash, optimisation of tax rates and efficient use of our balance sheet achieving cash conversion days of less than 35, a Group percentage tax rate in the low 30s and leverage ratios of around two times net debt to EBITDA; and

6. Use of balance sheet

We will balance the requirements of capital expenditure, acquisitions, dividends and share buy-backs to optimise shareholder value:

- we anticipate an ongoing capex requirement of £15m to £25m per annum;
- we will pursue an ongoing synergistic acquisition programme; and
- we plan to progressively move dividend cover to 2.5 times over the next two years.

Consistent with the above strategy and long-term goals, we intend to initiate an ongoing, on-market share buy-back programme. We anticipate purchasing up to 10% of the Company's share capital over the next 12 months to enhance shareholder value whilst maintaining gearing near our target levels.

People

We will continue to develop a winning team with the right people in the right positions with the right skill sets who are customer focused and results orientated.

We continue to believe that our human resource management strategies have been instrumental in the success of Enodis. We develop our people through training that specifically targets our business goals, and we align the efforts of all employees with Enodis objectives through performance management goal-setting and feedback, as well as through our "pay for performance" approach to compensation.

Much of the talent upgrading that we have done over the past few years in the areas of supply chain, marketing, engineering and Lean manufacturing has paid off handsomely. We organise ourselves primarily along geographic lines, thereby staying close to our customers in the various parts of the world in which we do business. This keeps us on top of changing local tastes and market conditions, allowing us to develop product and service solutions for our customers which keep them profitable.

To lead this activity in North America, Bob Nerbonne was promoted from the presidency of Delfield to Group President, The Americas, responsible for sales, service and distribution in North and Latin America. The presidents of our North American foodservice operating companies also now report to Bob. Replacing Bob at Delfield is externally recruited Kevin Clark. Another President added this year is Jim Laycock, who took over the reins at Kysor//Warren. Julian Turner was recruited to lead our global tax department. Finally, Steve Beck, our President of Merrychef USA, was given the additional role of President, Commercial Business Development. In this capacity, Steve leads our focus on large global chains.

Further to our global chain strategy we have strengthened our infrastructure outside North America. Chris Karssiens, our Group MD Asia/Pacific recruited an entirely new management team. Based in our Shanghai office, we now have Ian Dixon in charge of operations, Renee Zhang running Marketing, Daniel Han overseeing supply chain activities, and Kitty Hua in Finance. Roger Li has been recruited to be Commercial Director for China and Ken Ee holds the same role for ASEAN countries. We have also consolidated a number of operating company sales and service personnel in the region into this organisation.

In Europe, Africa and the Middle East, we have also increased our management staffing. David Daniels, formerly of Frymaster now heads distribution and service activities for the region. Jean-Luc Bekaert was recruited to be the MD for the Benelux region. Eric Weiss was hired to manage Enodis-Italia and Pere Taberner joined Enodis to lead our efforts at Enodis-Spain.

We rededicated ourselves to developing and retaining the good people we have. We sent a number of high potential managers to the Center for Creative Leadership in the USA for skill building and self awareness. We enrolled almost 50 senior managers at the University of South Carolina MBA programme for a week of instruction in strategy formulation and global business issues. We plan to enroll another 50 this year. Five of our executives attended a senior level seminar in strategy development at the University of Chicago Business School.

This year our hourly workforce demonstrated significant improvements in productivity, quality, safety and delivery performance. In contract negotiations, our unions gave us additional work rule flexibility to initiate Lean manufacturing changes, as well as some help with our rising medical costs.

Finally, we are moving from the culture of a manufacturing and distribution business to that of a technology company specialising in innovation and service. Rick Caron, our Chief Technology Officer, has firmly established the Enodis Technology Center ("ETC") as the preferred destination for customers who want to partner in the search for newer and better equipment solutions to drive essential menu changes. The ETC, supported by the sales and marketing teams, is also now firmly established as an education and training centre for our customers and employees. Above all this, however, is the noticeable spirit of entrepreneurship that pervades. These are exciting times at Enodis and we are finding that our employees are responding with increased engagement and discretionary effort in pursuit of our shared vision to be the number one commercial food equipment supplier in the world.

Lean systems and processes

Lean processes

2006 was another year of continuous improvement for the Enodis Lean Enterprise initiative. The first annual Whiteley award recognition event served as the vehicle by which we were able to share best practices once again across our companies.

Scotsman Beverage Systems was singled out for effectively using their Lean achievements as sales and marketing tools. Their factory layout has become a showcase for customers to appreciate the competitive advantages gained through Lean achievement.

Scotsman Ice turned in another remarkable year. Their Fairfax, South Carolina plant was recognised as one of the ten best in the nation by Industry Week. Scotsman was also a finalist for the coveted Shingo Award. Scotsman management report that recent progress there has been fuelled by consistent benchmarking of other world class companies and through the effective use of employee teams.

Kysor//Warren distinguished themselves this year by using Lean methodologies to handle dramatic upsurges in customer demand while maintaining customer responsiveness and product quality levels.

Ice-O-Matic's highly motivating hourly reward and recognition system was adopted by a number of companies across Enodis. This best practice drives both performance and employee satisfaction, essentially by stimulating plant-wide feelings of shared accomplishment as key business metrics are achieved.

Our formal Lean Enterprise Assessment process once again served to focus attention on Lean opportunities. Furthermore, a number of our operating companies responded to the Lean challenge by upgrading key staff and expanding Lean-related training. Finally, significant investment in automation, such as new fabrication equipment and robotic welding, has begun to pay off in terms of labour savings and shorter lead times.

Overall, our Lean efforts have saved Enodis approximately £6m during this past year. Even more encouraging, however, is the employee enthusiasm that has generated additional momentum for continuous improvement on into fiscal year 2007.

Information Technology

We will continue to install and roll-out a common Enterprise Resource Planning ("ERP") system, real time information and lean processes to achieve best in class practices across the Group.

The function of Information Technology is to provide the appropriate, cost effective application infrastructure and solutions directly linked to a clearly defined business model and strategy. Significant progress toward this end has been achieved since FY03 through the execution of several Global Technology initiatives including the deployment of the ERP system, establishment of a Central Application Hosting facility, a common email system, and the consolidation of WEB applications. The specific components of this strategy are as follows:

Common ERP system:

Deployment of a common global ERP system based on common data standards, common "Best Practice" procedures and processes, and measured by the same business metrics is the foundation of this strategy. Execution of this initiative is accomplished through a consistent methodology directed through the Enodis Global IT organisation and augmented with a small number of outside consultants. The strategy is based on developing business processes consistent with common practices and minimising software customisations. This "Common Model" allows for the reuse of solutions as future businesses are migrated to this solution. The immediate objective is to complete the ERP deployments to all key businesses over the next 24 months.

Central Hosting facility:

The most cost effective execution of a global systems strategy is accomplished through the use of a Central Hosting model. This ensures consistency of performance, improved security, and simplifies Disaster Recovery requirements. A small, highly skilled technical staff is leveraged across all businesses freeing the operating companies to focus on business objectives, not technology issues.

Real time information:

The benefits of a common global data model are significant when aligned with business intelligence tools. All functional areas are provided with advanced tools to proactively manage based on real time data. These tools are currently being deployed as part of the ERP migrations.

Common email system:

Email systems have evolved to become one of the primary communication technologies used in businesses. Reliability, security, and performance are fundamental to the deployment of this technology. Internal and external communication linked to business applications and the internet is mandated by customers and suppliers.

Major upgrades to the global email system have been initiated in FY06 and the strategy will be completely deployed in FY07. This includes enhanced data security, spam email control and advanced network access capabilities.

Top line growth strategy

Our top line growth strategy will be achieved by outperforming major US competitors through product innovation, integrated solutions and leveraging distribution and service networks. We will drive our strategy through a passion for customer service before, during, and after the sale.

Through our focus on chains, we have benefited from end user consolidation of the industry. Global chains have been growing at almost twice the rate of independents and these chains typically favour fewer suppliers capable of providing global service.

Specifically our strategy by region is as follows:

- North America – technology led, focusing R&D on core next generation products/brands and Accelerated Cooking Systems. We will align our marketing and product specification efforts on the specific requirements of our customers while leveraging our distribution network and STAR service offerings.
- Asia/Pacific – we will follow our global chain customers into China and Asia and offer them a full service and distribution network to improve support. We will leverage our local manufacturing capabilities in China and source locally.
- Europe – we will focus investment on Accelerated Cooking Technology® products delivered by Merrychef and Convotherm and will continue investment in our Beverage and Ice businesses. We have Enodis distribution and service companies to support global chains, enhanced during the year by the acquisition of Frau in Spain. We have established sales and support offices in the Middle East and increased our presence in Eastern Europe.

We will enhance our existing top line growth strategy through acquisitions that focus on technology or product gaps or that offer a new route to market.

Management of key risks

The Board has identified the following potential risks and uncertainties that could have a material impact on the Group's performance, and has put in place internal processes and controls designed to mitigate each risk. These risks are consistent with those identified in FY05. See page 38 for reference to the Group's statement of internal control.

Risk	Internal processes and controls
Adverse change to macro economic condition of major markets	Detailed planning process and appropriate contingency plans Regular monitoring of market and company trends Diversification of geographic footprint
Competitive pressures	Lean manufacturing and purchasing initiatives Multi-source purchasing
Major product recall	Embedded new product development protocol Quality control procedures
Strategy not aligned with capabilities	Appropriate planning processes Strengthening of talent pool
Succession	Robust review and development process for all employees Specific HR plans reviewed at Board level
Acquisitions and disposals	Clear financial targets Rigorous due diligence processes Board approvals
Litigation – loss of Consolidated Industries cases	Vigorous defence coordinated by Board Committee Flexibility obtained within banking facilities
Tax rate increases	Implemented appropriate tax structures

Performance

FINANCIAL OVERVIEW

Group revenue in FY06 was £768.3m (FY05: £667.9m) an increase of £100.4m (15%) over the prior comparative period. On top of the £75.5m increase in like-for-like Food Equipment revenue we benefited from a favourable impact of £15.0m arising from the translation effect of foreign exchange rate movements and a contribution of £8.1m resulting from the Group's recent acquisition of the Frau group in Spain. Prior year numbers include £4.3m from the Vent Master businesses which were sold in March 2005.

In FY06, Group operating profit before exceptional items ("adjusted operating profit") was £70.8m (FY05: £54.6m), an increase of £16.2m (30%). This was principally due to an increase of £12.9m (19%) in like-for-like Food Equipment operating profit and a small favourable impact of £1.3m arising from the translation effect of foreign exchange rate movements.

Pre-exceptional corporate costs reduced by £1.6m, in part as a result of our successful FY05 capital restructuring programme and the resultant elimination of costs in respect of Section 404 of the Sarbanes-Oxley Act following deregistration from the SEC. Corporate costs also benefited from £0.8m of gains on nickel hedges, arising in H206, which did not meet IAS39's definition of a hedging instrument and £0.7m of other one-off benefits.

In FY06, adjusted profit before tax was £64.0m (FY05: £44.1m) an increase of £19.9m (45%), reflecting the improved adjusted operating profit performance and a reduction in net financing costs of £3.7m (35%) to £6.8m as we saw the benefits of our FY05 capital restructuring programme and lower principal debt balances. In FY06, profit before tax was £62.2m (FY05: £15.1m) reflecting the reduction in exceptional costs to £1.8m (FY05: net cost of £29.0m).

Profit after tax was £39.3m (FY05: £25.4m) as improvements in profit before tax were partially offset by additional tax charges of £33.2m. The Group's tax charge reflects an overall rate of 35.8% of profit before tax and exceptional items. Tax is discussed further below.

Adjusted diluted earnings per share calculated on the same basis used for the last two years increased by 48% to 13.5p (FY05: 9.1p). This includes adjusting for both exceptional items and deferred tax including significant credits in the prior year in respect of US tax losses. Going forward, we would expect to adjust solely for exceptional items as the Group returns to a more normal tax rate. On this basis, current year adjusted diluted earnings per share were 9.9p.

Basic earnings per share were 9.7p (FY05: 6.3p).

Current year performance against our long-term goals applicable in FY06 was:

	Goal:	**2006**	2005	2004
Top line organic sales growth	> GDP +2%*	**11%**	9%	5%
Like-for-like Food Equipment operating profit margin	> 12%	**10.7%**	10.0%	10.1%
Covenant leverage ratio	1–1.5x	**0.5**	1.1	1.3

* FY06 US GDP +2% approx 5.4%

Following our strategic review we have refined, and added to, our long-term goals (see page 18 for details).

REVIEW OF OPERATIONS*

The Group's Food Equipment operations comprise our Global Foodservice Equipment businesses (approximately 80% of revenue) which provide primary cooking, ovens, storage, preparation and holding, ice and beverage equipment to restaurants and other customers worldwide and our Food Retail Equipment operations (approximately 20% of revenue) which provide walk-in cold storage and refrigeration display cases to supermarkets and convenience stores ("C-stores") in North America.

FY06 was an exciting year, during which we introduced over 30 new products or product line extensions, completed our first acquisition in a number of years, continued to establish infrastructure in China and made further excellent progress across all areas of the Group.

We grew Food Equipment revenue by 11%, operating profit by 19% and margins improved to 10.7% from 10.0% in FY05.

Global Foodservice Equipment

We continued to improve our performance in FY06 achieving revenue growth of 9% reflecting a 6% increase in the first half and 12% in the second. This was on top of the 7% growth achieved in FY05. Operating profit increased 16% with second half growth of 23% on top of 7% in the first. Operating margin improved by 0.7pts to 11.4%.

	Revenue			Operating profit		
	2006 £m	2005 £m	Change %	**2006 £m**	2005 £m	Change %
North America	**445.7**	416.4	7	**60.7**	53.0	15
Europe and Asia	**166.0**	145.7	14	**9.3**	7.4	26
	611.7	562.1	9	**70.0**	60.4	16
Operating margin				**11.4%**	10.7%	

North America

Revenue growth of 7% reflects a 4% increase in the first half and a 10% increase in the second half. This came on top of the 9% achieved in FY05 which benefited from a number of chain roll-outs. Operating profit improved by 15% with a 22% increase in H2 and a 6% increase in H1. Operating margins were 13.6% (FY05: 12.7%). This increase was driven by improved performances at our oven, refrigeration, fryer and ice businesses, the benefits of volume leverage and our purchasing, Lean and other cost savings activities which more than offset materials and other cost inflation.

*Throughout the Review of Operations, references to revenue or operating profit refer to like-for-like revenue or like-for-like adjusted operating profit defined as follows: Prior year revenue and operating profit adjusted for exceptional items, disposals and foreign exchange. Current year revenue and operating profit are adjusted for the effect of exceptional items and acquisitions. (See Other unaudited financial information in the attached financial statements for details.)

We benefited from a number of market factors including:

- a vibrant market, with food and beverage sales up 4%, led by the segments on which we focus, in particular chains, growing at c5%. Foodservice equipment market growth was estimated to be between 4.75% and 5.25%;
- continued demand for customer solutions to meet consumer demands profitably, in particular for our Accelerated Cooking Technology® ("ACT"); and
- Continued replacement equipment "catch up".

Our focused approach on commercial food equipment has allowed us to benefit from these trends. The highlights of the year included:

- a successful North American Food Equipment Manufacturers ("NAFEM") show in September 2005, which kick-started the year with 12 new products;
- the successful introduction of the Convotherm brand of combi-ovens to the North American market which exceeded our expectations. The higher volume Convotherm +3 product models are manufactured by our Cleveland subsidiary based in Cleveland, Ohio;
- following the formation of Merrychef USA in FY05, in FY06 we had a particularly successful introduction of the Merrychef brand into the US and introduced the new high speed Merrychef 402S to the North American and European markets. Merrychef supplied a roll-out of over 650 ovens to Wawa, a North Eastern convenience store chain, enabling them to rapidly deliver hot deli sandwiches to their customers. There are a number of other exciting opportunities being pursued;
- Frymaster introducing several new products including the H55 high efficiency fryer, the unique multi-technology "Applications Series" and the E^4 electric fryer;
- Jackson achieving an impressive increase in sales and profitability primarily by supporting a major customer's business expansion, as well as significant operational improvements from Lean manufacturing;
- Garland, Delfield and Ice-O-Matic all substantially improving profitability by focusing on new products and operational improvements;
- Lincoln introducing the new "Fusion" high speed toaster and Merco rolled out a new holding unit to Tim Hortons; and
- Scotsman achieving double digit revenue growth whilst investing in Prodigy, a new, energy efficient ice cuber product line with smart controls. Prodigy was previewed in August at the Western Show, USA, where it was voted the best new product. Shipping will start in Q107.

Margin improvement has been an important focus in the year and we have been successful despite significant increases in commodity costs particularly steel, aluminium and copper. Volume leverage has been supplemented by our continued purchasing and Lean manufacturing initiatives and these, together with price increases, have more than offset materials cost inflation. For example, we invested in flexible manufacturing systems and robotics at a number of factories to improve quality, efficiency and capacity in our fabrication areas. The ongoing implementation of a common ERP system across the Group is also paying dividends in Lean manufacturing. In addition, as we have introduced new product lines and upgraded existing products, we have focused on reducing product cost by partnering with our key suppliers.

These efforts were recognised when Scotsman's Fairfax facility in North Carolina was again recognised in a national manufacturing excellence programme, making it to the final four of the Shingo Award, the "Nobel prize of manufacturing".

More customers visit our Technology Center each year to seek ways of taking advantage of innovative technology solutions to enhance their business, supported by our expanding sales and service network worldwide.

In summary, a significant number of new products contributed to revenue growth and this, along with price increases, the ongoing commitment to Lean manufacturing and purchasing savings and continued progress on Information Technology, combined to improve margins.

Europe and Asia

Revenue growth was very strong at 14% with 12% growth in H1 and 16% in H2. This was on top of the 4% achieved in FY05. Operating profit was up 26% in FY06 with 23% in H1 and 27% in H2. Margins improved to 5.6% compared to 5.1% in FY05. Margins in Europe are diluted by mix with approximately 25% of revenue relating to our distribution companies.

In FY06, we benefited from:

- our restructuring programme completed in FY05;
- stronger market conditions in a number of countries; and
- new product introductions.

The highlights of the year included:

- the signing of a three year strategic partnership with Marks & Spencer to supply the equipment for a number of their new concepts;
- on top of US successes Merrychef enjoyed 17% growth as a result of strong domestic sales including sales to Marks & Spencer, Little Chef and Tesco and, in addition, increasing international penetration with chains such as Starbucks, StatOil and KFC. Including intercompany sales to Merrychef USA, revenue was up 41%;
- another outstanding year for Scotsman Beverage Systems, with over 25% revenue growth as a result of continued new product innovation and penetration of new accounts, including Heineken. Profitability was also spurred by continuing their very successful Lean manufacturing efforts and the benefits of the FY05 restructuring programme at the German factory;
- a record year at Convotherm as the new +3 design gained traction around the world. Reduced marketing and launch costs and improved efficiencies led to substantially improved operating profits;

- our European Ice Group continued its success achieving solid gains in sales and profitability, enhanced by several new products introduced at the Milan Show in November 2005;
- our European distribution companies grew strongly, including benefiting from the success of recent product introductions such as the Convotherm +3; and
- in Asia Pacific, our new organisation is taking shape. The operating units in Asia achieved very strong growth, albeit on a small base and hold significant promise for the future. Operating profit was adversely impacted by the planned investment in infrastructure of c£1.0m which included the formation of a new trading company, Enodis Shanghai, in July 2006 which will begin distributing all Enodis products in FY07.

Acquisition of Frau

On 31 January 2006, the Group acquired the Frau group of companies ("Frau"), based in Madrid and Barcelona, Spain. Frau consists of a distribution business concentrating on ice machines and combi-ovens, together with a service and installation business which trades under the name of Teuros. The acquisition significantly expands the Group's owned distribution and service capabilities in the Spanish market for its existing Scotsman ice products, the new Convotherm +3 combi-ovens and other Enodis products, including our wide range of ACT and beverage systems.

The total cost was £6.9m represented by £5.8m paid on completion, £0.7m deferred for one year and acquisition expenses of £0.4m.

This year's performance was slightly better than our acquisition expectations and Frau contributed revenue of £8.1m and reported a small operating profit despite incurring initial integration expenditure. We expect that it will be earnings enhancing in the future and encouragingly the early signs are that we have been successful in introducing the Convotherm +3 combi-oven to the Spanish market. During FY07, to improve efficiency, we have consolidated several facilities into one new facility located in Barcelona.

Food Retail Equipment

We enjoyed another year of very strong growth with revenue up 22% on top of 15% growth last year. Operating profit was up 45% and margins improved to 7.4% from 6.3% in FY05.

	Revenue			Operating profit		
	2006 £m	2005 £m	Change %	**2006 £m**	2005 £m	Change %
Food Retail	**142.3**	116.4	22	**10.6**	7.3	45
Operating margin				**7.4%**	6.3%	

In FY06 we benefited from our continued focus on customer service and the strongest food retail equipment market in some time. In recent years the retail market has faced the entry of large cost driven retailers along with continued consolidation. The recent market growth has spurred investment in new and remodelled stores. More and more, upscale retailers are enjoying success as consumers look for more choices in ethnic, organic and fresh foods.

In addition, super-centres and retail clubs have continued to out pace the market as the venue of choice for price focused consumers.

The highlights of the year included:

- a record sales year for Kysor Panel Systems ("KPS"), which came from continued penetration of the leading supermarket chains, increased focus on convenience stores, an expanding non-food business including environmental rooms, and niche plays in the foodservice sector. Factory capacity constraints impacted both revenue and profit at KPS in the second half. Construction of a new facility in Fort Worth, Texas scheduled for operation next month will provide much needed capacity to support this business which has grown by 40% over the last three years; and
- revenue growth at Kysor//Warren of over 30% with substantially improved profitability, the highest in five years. This came from continued focus on customers and further operational improvements. We are investing in sophisticated fabrication equipment, to be delivered in FY07, to achieve increased capacity and lower costs. The continued improvement in rapid delivery of high quality products is expanding business with current and new customers in a highly competitive marketplace.

Food Equipment like-for-like revenue by destination

	Revenue		
	2006 £m	2005 £m	Change %
North America	**548.1**	493.4	11
EMEA	**167.8**	151.2	11
Asia Pacific	**38.1**	33.9	12
	754.0	678.5	

Our revenue in the EMEA regions (22% of revenue) grew by 11% on top of 15% last year. The integration of our UK sales force, investment in sales infrastructure throughout the region and increased focus on the Middle East and Eastern Europe all combined to deliver continued strong growth.

Our focus on Asia Pacific (5% of revenue) and China in particular started to pay off with growth of 12% compared to 4% last year, which included several chain roll-outs. The Chinese economy is growing at approximately 9% with the chain restaurant industry growing at approximately 20%. A number of major Western chains, including Starbucks, McDonald's and KFC have announced plans to expand in the region, and we are expanding our local presence to serve them.

Our core market, the Americas (73% of revenue) showed strong growth, up 11% in FY06 on top of 8% growth in FY05. This was driven by a combination of extremely robust growth in our Retail Division and 8% growth in foodservice powered by our strong brands, a strong distribution network and our STAR service which was introduced in Canada during the year.

These results demonstrate the success of our multi-brand regional organisations focused on customer service before, during and after the sale.

FINANCIAL REVIEW

International Financial Reporting Standards

Under European Union ("EU") regulations, these consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board ("IASB"), as adopted for use in the EU effective at 30 September 2006.

This is the first year that the Group has presented its consolidated financial statements under IFRS. The Group's comparative information presented for 2005 was initially prepared under United Kingdom generally accepted accounting principles ("UK GAAP") and has been restated in accordance with IFRS. The Group has applied IFRS1 "First-time Adoption of International Financial Reporting Standards" ("IFRS1") in determining its IFRS results. IFRS1 includes a number of optional exemptions available to entities when they adopt IFRS for the first time. The IFRS1 exemptions applied by the Group are set out in the Group's IFRS Restatement of Financial Information for 2005 announced on 26 January 2006 which is available on the Group's website: http://www.enodis.com. An explanation of the impact of IFRS, when compared to UK GAAP, on the Group's retained profit, equity shareholders' funds and cash flows is included in note 34 of these financial statements.

These financial statements have been prepared on the historical cost basis except for certain financial instruments and pension assets and liabilities which are measured at fair value.

The Group's income statement prepared under IFRS is presented in accordance with IAS1 "Presentation of Financial Statements" which does not provide definitive guidance on the format of the income statement but states key lines that should be disclosed. It also requires additional line items, sub totals and headings to be presented on the face of the income statement when such presentation is relevant to an understanding of the entity's financial performance. Factors to be considered include materiality and the nature and function of the components of income and expense. The Group believes that items referred to as "exceptional items" under UK GAAP should still be separately identified to assist in understanding the financial performance of the Group. Such items will still be disclosed by the Group as "exceptional items" under IFRS. Additionally, the Group also excludes any profit or loss arising from the disposal of businesses from operating profit/(loss). Such gains and losses are reported separately from operating profit/(loss) so as to highlight the underlying operating results of the Group.

At the start of the current financial period, the Group applied IAS39 ("Financial Instruments: Recognition and Measurement") for the first time resulting in a transitional increase in net debt of £1.7m arising from the different valuation principles prescribed in IAS39 compared to UK GAAP. This increase is reconciled as follows:

	£m
Net debt at 2 October 2005 under UK GAAP	79.1
Transitional effect of applying IAS39 (predominantly due to adjusting the interest element of cross currency swaps to market value)	1.7
Net debt at 2 October 2005 restated for IAS39	80.8

In accordance with IAS39, comparative information is not restated.

The IASB has issued revisions to certain IFRS which are not applicable to the Group in FY06 although they will impact future reporting:

- IAS39 Financial Instruments: Recognition and Measurement: During 2005, the IASB published an amendment to IAS39 relating to Financial Guarantee Contracts. The amendment to IAS39 extends the balance sheet recognition to cover certain forms of financial guarantees currently regarded as off balance sheet and is applicable to the Group from the start of FY07. The Group has not finalised its assessment of the impact of adopting this amendment, but does not anticipate that its impact on the income statement will be material; and
- IFRS7 Financial Instruments: A new standard relating to the disclosure of financial instruments is applicable for the Group's FY07 financial statements. These amendments to disclosure requirements will have no effect on the reported results.

The Group does not consider that any other Standards or Interpretations issued by the IASB, but not yet applicable, will have a significant impact on its financial statements.

Significant accounting policies

In the process of applying the Group's accounting policies, which are described in note 1, the Group has made certain judgements and estimates. The following accounting policies have been identified by the Board as being the most significant of these and where there is most risk of causing a material adjustment to the carrying value of the Group's assets and liabilities within the next financial year. These policies concern the following:

- warranty liabilities;
- goodwill impairment;
- non-operational accruals particularly in respect of onerous property leases;
- retirement benefits; and
- deferred taxation.

Interest

The Group's pre-exceptional net interest cost in the period was £6.8m, an improvement of £3.7m from the prior year. This reduction is principally the result of the Group's capital restructuring programme completed in H205 whereby we made a successful tender offer for, and repurchase of, 80% of the Group's Senior Subordinated Notes ("Notes"). The remaining 20% of the Notes are held in a trust which will exercise its call option to buy-back the Notes in April 2007.

The Group's debt is now funded primarily by our current senior credit facilities. We have also benefited from lower average principal balances and lower borrowing margins. As at the end of FY06, our leverage ratio was 0.5x EBITDA.

Exceptional items

During the second half of FY06, we incurred costs of approximately £1.8m, principally professional fees, considering and responding to the conditional approaches from The Manitowoc Company Inc and The Middleby Corporation. In FY05 we incurred a net £29.0m on our capital restructuring programme, our European restructuring programme, additional property provisions in respect of the Group's surplus leasehold properties and the sale of the Vent Master businesses.

Property

Property activities represent management of the Group's legacy freehold and leasehold property interests.

The loss in the period of £0.9m (FY05: loss of £0.6m) represents the ongoing costs of running our property segment. The results of our property segment are dependent upon the sale of land principally at our residential development site at Felsted, UK.

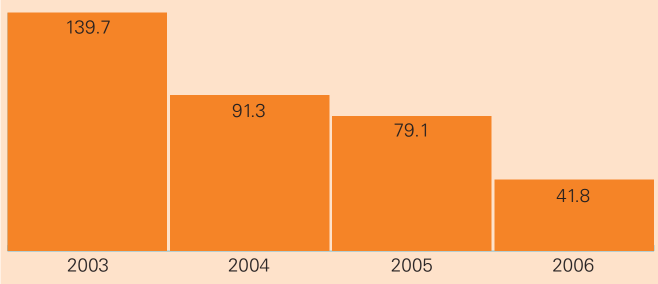
In the current period, the Group sold a small piece of land at Felsted. As indicated last year, there was no profit associated with this transaction. We have embarked on a number of planning applications that require public enquiries and potentially there will be land sales in FY07 and/or FY08.

Taxation

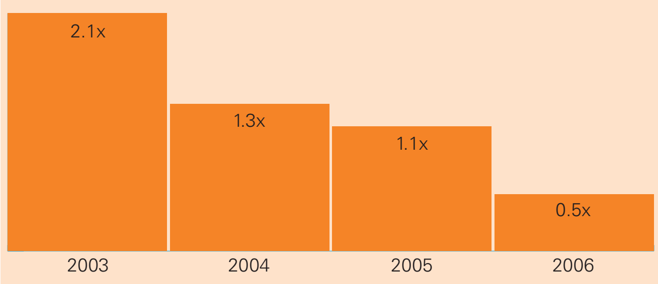
In FY06, our tax charge represented 35.8% of profit before tax and exceptional items (FY05: credit of 2.5%) recognising the utilisation of our brought forward US tax losses, partially offset by the expected benefit of tax planning opportunities implemented during the second half of the year. Of the charge of £22.9m only £8.0m (approximately 12.5% of profit before tax and exceptional items) is payable in cash. The balance is represented by deferred tax movements. The prior year tax credit arose due to recognition of all the remaining benefits of our US federal tax losses.

We now have in place strategies that are expected to reduce the Group's overall percentage tax rate to the low 30s as our tax planning structures are implemented and we start to use UK tax losses. We expect the cash tax rate to remain around 15% until at least the end of FY07.

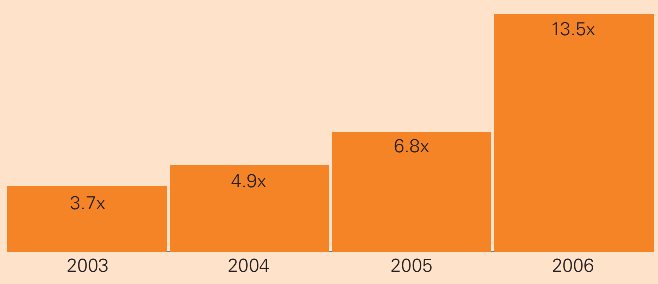
Period end net debt £m



Covenant leverage ratio[1]



Covenant interest cover[2]



1 The ratio of net debt to earnings before interest, exceptional items, tax, depreciation, amortisation and impairments.

2 The ratio of adjusted operating profit before depreciation and impairments to total interest.

Dividend

The Board is recommending a final dividend in respect of FY06 of 2.17p per share (FY05: 1.3p) payable on 15 February 2007 to shareholders on the register on 19 January 2007. This makes the total dividend in respect of FY06 3.0p, a 50% increase on the full prior year equivalent of 2.0p.

The Group's future dividend and capital structure policies are discussed further below.

Pensions

The Group operates a number of defined benefit and defined contribution schemes as discussed in note 28 to the accounts on pages 81 to 84. Under IAS19, we have a net pre-tax pension liability in respect of defined benefit and post retirement medical obligations of £10.0m (FY05: £15.2m).

Cash contributions to our defined benefit plans are determined following actuarial advice and were £2.2m (FY05: £1.2m). We expect the annual funding level to increase in FY07.

Cash flow

At the end of FY06 our net debt was £41.8m compared to £80.8m at the start of the year. The principal factors behind the £39.0m decrease in net debt in the period were as follows:

	£m	£m
Net debt at the start of the period		80.8
Operating cash flow before exceptional items	(78.4)	
Net capital expenditure	18.1	
Tax and interest	11.3	
Free cash flow		(49.0)
Acquisitions		4.7
Dividends		8.6
Share issues		(1.4)
Other movements in debt		0.9
Foreign exchange		(2.8)
Net debt at the end of the period		41.8

An analysis of the Group's free cash flow[1] is as follows:

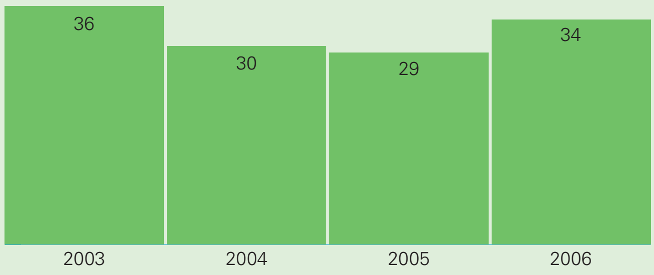
	2006 £m	2005 £m
Operating profit[1]	**70.8**	54.6
Depreciation, amortisation and impairment	**14.4**	11.6
Other non-cash items	**1.2**	1.8
Utilisation of provisions	**(2.1)**	(3.3)
Working capital	**(5.9)**	(6.5)
Net capital expenditure	**(18.1)**	(11.9)
Cash inflow from operating activities, after capital expenditure	**60.3**	46.3
Net interest paid	**(5.1)**	(13.3)
Taxation	**(6.2)**	(7.4)
Free cash inflow	**49.0**	25.6

1 Before exceptional items.

The Group generated an operating cash inflow before exceptional items and tax of £78.4m (FY05: £58.2m) including an outflow in respect of working capital movements of £5.9m (FY05: £6.5m). The outflow in working capital resulted from increased levels of trade debtors reflecting the improved trading performance, with movements in trade inventory and trade payables broadly offsetting. The resulting increase in trade working capital was partially offset by reductions in inventory following property sales and other creditor movements. Cash conversion days, the Group's measure of working capital conversion, were 34 compared to 29 at the end of FY05 reflecting the timing of working capital conversion, particularly due to the significant volume increases in our Retail segment. Our operating cash flows were again higher in the second half reflecting the seasonality of some of our businesses.

Net capital expenditure in the period was £18.1m (FY05: £11.9m). We continued to invest in our businesses to improve our product range through innovation, enhance our Lean capabilities and improve the quality of information through our ERP system implementations with two further businesses coming on line in the second half. We incurred £2.0m on capex for the development of ice machines including Prodigy and £1.4m to enhance our capability to manufacture controls in-house. In FY07 we expect capital expenditure in the range of £18m to £20m.

Food Equipment cash conversion days
(goal of 40 days revised to 35 days going forward)



Liquidity

Our borrowing requirements are primarily funded by our \$400m committed credit agreement ("the Facility"), \$225m of which matures in September 2009 and the balance, \$175m, matures in October 2010. The drawings under the Facility bear interest between 0.75% and 1.5% above LIBOR as periodically determined by reference to certain agreed financial ratios. Current drawings bear interest at LIBOR + 0.85%, although this will reduce to LIBOR + 0.75% with the leverage ratio falling below one.

Most of our significant subsidiaries are guarantors under the Facility and have unconditionally guaranteed all of the outstanding obligations under the Facility.

Following the tender offer to repurchase £100m Senior Subordinated Notes ("Notes") in 2005 the Group irrevocably transferred the remaining liabilities of £19.9m with a current value under IFRS of £20.6m into a trust administered by Bank of New York ("the Trustee") together with UK government gilts and cash sufficient to meet all remaining future liabilities arising under the notes including an early redemption fee payable in April 2007.

In certain circumstances, it is possible for the assets and liabilities to be returned to the Company. These circumstances, which are considered to be remote are:

- that a court, government or similar authority issues an order preventing the trustee from applying the funds to settlement of the debt obligations;
- circumstances in which the transfer is not effective due to insufficient funds being initially deposited; and
- if any amounts remain unclaimed by April 2009.

Accordingly, the Notes and associated gilts and related cash are not derecognised from balance sheets of the Company or the Group. The Trustee has been given irrevocable instructions to call the Notes in April 2007, realising the defeasance trust assets. Accordingly both the trust assets and liabilities have been shown as current.

Share buy-back

Consistent with our strategy and long-term goals we intend to initiate an ongoing, on-market share buy-back programme. We anticipate purchasing up to 10% of the Company's issued share capital over the next 12 months whilst maintaining gearing near our target levels.

Foreign exchange and treasury management

Treasury management

The Group Treasury function of Enodis is responsible for ensuring the availability and flexibility of funding arrangements in order to meet the ongoing requirements of the Group. In addition, it is responsible for managing the interest rate risks, liquidity risks, foreign exchange and commodity risks of the Group. Appropriate policies that regulate the activity of the Group Treasury function are in place and have been approved by the Board. The Group Treasury function, in turn, has implemented policies and guidelines to regulate and monitor the activities of subsidiary companies.

We use derivative instruments and forward foreign exchange contracts to hedge our foreign exchange, interest rate and commodity risks where applicable and, with the exception of our hedging of nickel purchases, the hedging of these exposures is effective under IFRS.

Foreign exchange risk management

We sell products in over 100 countries and have manufacturing operations in eight countries. Therefore, we face transactional currency exposure when our operating subsidiaries enter into transactions denominated in currencies other than their functional currency. Foreign exchange transaction exposures are identified and managed directly by operating subsidiaries within policies and guidelines established by Group Treasury. Group Treasury enters into foreign exchange hedging transactions on behalf of subsidiaries in accordance with our policies and procedures.

It is the Group's policy not to hedge income statement foreign exchange translation exposures. We estimate that a one cent movement in the US dollar will affect our adjusted operating profit by approximately £0.3m and net debt by approximately £0.3m.

Enodis has significant capital employed in overseas operations. As a result, the Group's balance sheet can be affected by movements in foreign exchange rates. The Group has a policy to hedge this risk, where appropriate, to limit the impact of foreign exchange rate movements. Accordingly we have loans in the same currencies as the capital employed in the Group's main overseas operating units. Cross currency swap instruments may be used where appropriate to convert the currency of the Group's borrowings to such functional currencies.

Interest rate risk management

The Group finances its operations through a mix of retained profits and borrowings. Borrowings are predominately made at fixed and floating rates of interest. The Group may use interest rate swaps and forward rate agreements to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

As at 30 September 2006, the Group had gross borrowings of £114.8m; the interest rate on £73.1m of these borrowings was fixed, principally through interest rate swaps. Together with other minor fixed rate borrowings, these represent 64% of the Group's total borrowings, £41.7m (36%) remains floating or non-interest bearing. The interest rate profile is in line with the Group's objectives.

Commodity risk management

The Group contracts to purchase a range of materials. Some of the Group's purchase contracts fix the price variations. The Group has exposure to the price variations for nickel, aluminium and copper. To reduce exposures to fluctuations in the price of these commodities, the Group often enters into contracts for difference that have the effect of fixing the overall price paid.

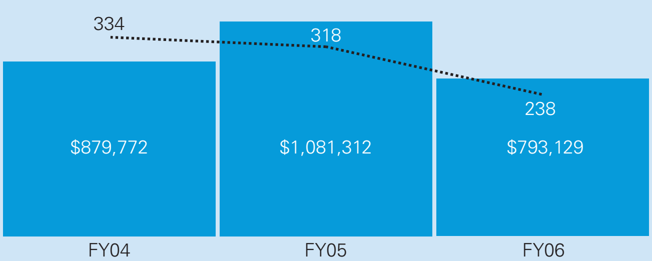
Corporate Social Responsibility

Introduction

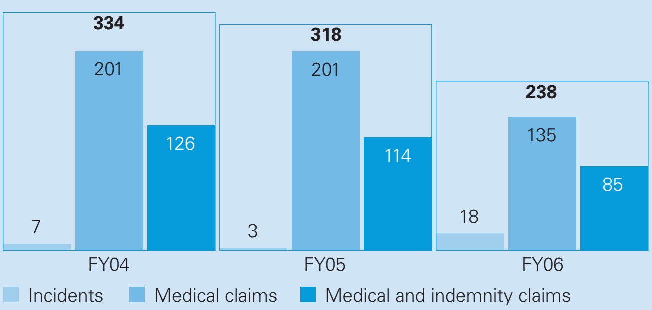
Enodis believes in the importance of social responsibility in its business practices. To this end, the Company and its businesses seek to achieve the highest standards consistent with its obligations to its shareholders, employees and customers.

Operating throughout the world, the Board recognises the need to reflect local conditions in our approach to Corporate Social Responsibility. So while we apply a number of policies across the Group, for example the Group Code of Ethics, we also look to each operating company to develop its own particular programmes and policies that are relevant to their own business environment.

Estimated number and cost of workers' compensation claims
FY04 to FY06



Numbers of workers' compensation claims
Losses: FY04 to FY06



The charts above show our three-year history of US workers' compensation losses, claims and indemnity payments.

Ethical code

We publicly acknowledge our responsibilities to the wider community through the Enodis Code of Ethics. This document helps to instil a set of core values and high standards of conduct across the Group. Available on our website, the Code addresses, among other things:

- fair business practice;
- staff relations and dignity;
- bribery and corruption,
- supply-chain issues; and
- cultural sensitivity.

Ethical performance is monitored regularly using independent surveys and prior to publishing financial results, management obtains representation letters from all operating companies confirming complete disclosure and compliance with internal and external requirements.

Each company across the Group also undertakes a range of initiatives to:

- support our people;
- benefit the communities in which we operate; and
- reduce the impact on our environment.

Responsibilities to our people

General

Without our people we will not be able to succeed. Having the right people, with the correct training and tools is critical to our success and we therefore prioritised development, succession planning and organisation. Driven by Robert Eimers, our Executive Vice President, Global Human Resources we have a number of initiatives in place which are described on page 19.

We seek to create a work environment where our employees know that we value the contributions they make to Enodis' success. This includes encouragement to contribute to the weekly CEO update, which is published throughout the Group, and staff communications particularly following the announcement of Group results.

Health & Safety

We believe that we should provide a safe working environment for our people. Accordingly, the Group Health & Safety policy, initiated and pioneered by the Group CEO, David McCulloch, requires regular reporting of incidents or, preferably, their absence.

In the US we have a dedicated corporate team focused on improving our health and safety performance. With regular training, on-site inspections and advice, significant improvements have been made. We implemented a structured monitoring and evaluation system in the USA in 2002 and expanded worldwide in 2003. Since then we have reduced Group-wide accidents by some 50%. Examples of progress achieved are: Frymaster recently completed one million hours without a lost time accident; Scotsman and Garland both recognise and reward employees for safety ideas and safety performance, and partly as a result, Scotsman's accident incident rate is 50% below the US national average.

In FY06 the UK employers' liability insurance premium reduced by 15% despite payroll costs rising by 45%. This was in part due to the excellent safety record achieved at Scotsman Beverage Systems.

Responsibilities to our communities

Safety, and our investments in advanced training, help create an overall culture that recognises employees' contributions to their company. Empowering employees to contribute to the direction of the business improves performance, morale, and a sense of pride in themselves and their company. We run many programmes throughout the Group with a view to involving employees in our corporate goals. In addition we take opportunities where appropriate to involve families in our community. On a more practical level we support work based education for our families – such as the Cleveland programme which gives children an opportunity to see what their parents do at work and to learn why it is important to stay in school to develop the skills needed in today's world.

Recognising our involvement in the wider community we have numerous examples of companies working in the locality. For example:

- in Germany, Convotherm has contributed equipment and staff time to support good causes, including a hospital treating Chernobyl victims and Tabaluga Haus, a centre for children that have suffered trauma;
- following the Hurricane Katrina tragedy last year in Southern USA, Enodis companies including Frymaster and Ice-O-Matic collected and contributed thousands of dollars to the Katrina Relief Fund, as well as equipment for use in temporary kitchens and to help businesses destroyed by the hurricane; and
- with their MD in goal, Merrychef in the UK competed in a charity five-a-side football tournament in September, raising money to improve educational facilities in Ghana.

Whether they are inside or outside work, many of our people continue being a part of their community. By helping our employees to support their communities, we can improve morale and strengthen employees' commitment to support their company.

Enodis' support of our communities starts right from the top, and a number of the Group's senior executives volunteer their time to coach children's sports teams, raise money for charity, or volunteer at local hospitals.

The Enodis Foundation also provides a vehicle through which our US-based companies can provide grants to charities, and in 2006 we were able to donate approximately $190,000.

Responsibilities to our environment

Our communities and our Company rely on a sustainable natural environment. This is becoming a more important personal motivation, but also an important driver of change in companies.

Enodis has a Group-wide environment policy, requiring each operating company to manage its own environmental impacts. In many cases, such as Convotherm in Germany, this includes certification to the ISO 14001 environmental management system.

Response to climate change and energy efficiency are important across the Group. These impact not only how we run our business, but also the products that we develop for customers. Lean and value engineering techniques lead to efficient processes, reduced waste and effective material utilisation. For example, at Viscount, in the UK, we have identified energy reduction strategies through research undertaken in partnership with the Department for Trade and Industry's Manufacturing Advisory Service. At Scotsman in the US, our new Prodigy line of ice machines dramatically reduces water and energy usage, already beating the US energy standards planned for 2010 by 20%.

We are also taking a proactive approach to environmental issues, such as by researching refrigerant alternatives that have less impact on both ozone-depletion and global warming. Many companies, such as the Garland Group, go beyond legal requirements and recycle all scrap metal, timber, cardboard, and paper, often working in collaboration with local specialist suppliers.

Jackson is committed to protecting the environment and they demonstrate that commitment daily. Their plant is located in a designated wetlands area. As such, they have collaborated with county and state environmentalists to devise a unique and successful filtration system for wastewater from the plant. They constructed and continually monitor a filtration pond that is a complete and thriving ecosystem in itself. It features native plants and fish and other necessary elements to completely filter the wastewater before it is released into the wetlands area.

Working with our partners

We recognise that one company acting alone cannot solve environmental and social problems, and so we welcome partnerships. For instance, Castelmac in Italy are co-founders of a consortium created to promote end-of-line recycling of our products. Frimont, also in Italy, works with a local cooperative to source components from physically impaired workers.

The Directors

1 **Peter Brooks** (59) non-executive Chairman
Joined the Enodis Board as a non-executive Director on 21 May 1998 and was appointed Chairman on 17 January 2000. He was formerly General Counsel to the Board of the Global and Corporate and Institutions Division at the Deutsche Bank Group and subsequently Chairman European corporate coverage at City solicitors Clifford Chance. He is a director of Genting International (UK) Limited and associated companies. He is Chairman of the Nomination Committee and a member of the Remuneration Committee.

2 **David McCulloch** (59) Chief Executive Officer
Joined the Group in 1986. Progressively he held the positions of President Garland Canada (1992), President Garland Group (1995), President Specification Group (1999), President NA Foodservice Group (March 2001), President Global Food Service Equipment Group (September 2001). He was appointed to the Board on 2 November 2001, was made Chief Operating Officer in May 2002 and promoted to Chief Executive Officer on 1 June 2003. Prior to joining Enodis, he spent 15 years in the residential appliance business with Camco Inc, a subsidiary of General Electric.

3 **David Wrench** (60) Chief Financial Officer
Joined Enodis in 2000 as Chief Financial Officer for the Specification Group and was appointed a Director and Chief Financial Officer on 23 May 2002. Before joining Enodis he held executive positions with three different companies that included responsibilities for operations in the US, Canada and Mexico. He had previously worked for GE Canada for 23 years in both Chief Financial Officer and general management positions.

4 **Robert Eimers** (58) Executive Vice President, Global Human Resources
Joined Enodis in July 2001 as Vice President Global Human Resources and was appointed to the Board on 23 May 2002, having previously been employed with Scotsman. He has been the senior human resource executive in three major corporations; Household International, Sonoco Products Company and Service Merchandise.

5 **Michael Cronk** (63) non-executive Director
Joined the Enodis Board on 8 May 2003. He was Executive Vice President of Aramark Corporation until January 2003. He is a non-executive director of United Financial Holding Inc and Solar Roofing Systems, is Principal of the Natoma Group and Chairman of both Geostrategy Consulting and Purchasing Solutions & Dermal Defenses Inc. He is Chairman of the Remuneration Committee and a member of the Audit Committee.

6 **Waldemar Schmidt** (66) non-executive Director
Joined the Enodis Board on 3 April 2000. He was Chief Executive Officer of ISS Group from October 1995 to September 2000. He is Chairman of Superfos A/S and Thrane & Thrane A/S, and Deputy Chairman of MAF-Majid Al Futtaim Holding LLC. He is also non-executive director of Welzorg Group b.v., Cicor S/A, Kwintet AB and Alfa Laval AB. He is a member of the Remuneration and Nomination Committees.

7 **Michael Arrowsmith** (53) non-executive Director
Joined the Enodis Board on 11 February 2004. He is a member of the Governing Council of Cranfield University and until August 2004 was Chief Executive Officer of Tibbett & Britten Group plc. He is Chief Executive Officer of Linpac Group Limited. Previous appointments include Senior Vice President – Finance for SmithKline Beecham plc and Group Finance Director for Astec (BSR) plc. He is the Chairman of the Audit Committee.

8 **Joseph Ross** (61) non-executive Director
Joined the Enodis Board on 11 March 2004. He was Chairman and Chief Executive Officer of Federal Signal Corporation until November 2003. He is a director of Quanex Corporation. He is a member of the Audit and Nomination Committees.

Directors' report

1. PRINCIPAL ACTIVITIES

The principal activities of the Group consist of the manufacture and sale of commercial food equipment through its Global Foodservice Equipment and Food Retail Equipment groups.

2. ENHANCED BUSINESS REVIEW REQUIREMENTS

The Group is obliged to comply with the Enhanced Business Review disclosures required by the Companies Act 1985 as amended to comply with the EU Modernisation Directive. The Group has chosen to include much of the disclosure within its Operating and Financial Review ("OFR") including the following:

- disclosure of key performance indicators for the Group on page 18;
- disclosure of principal risks and uncertainties affecting the business on page 21; and
- disclosure of financial risk management policy including the use of financial instruments on pages 28 and 29 and pages 73 to 77.

In addition the Group has made certain disclosures about its environmental impact in the current year in the Corporate Social Responsibility Statement on pages 30 and 31.

3. RESULTS AND DIVIDENDS

The Group's revenue, operating profit, total assets and total liabilities are shown by business sector in note 4 to the consolidated financial statements.

The Group's profit before taxation amounted to £62.2m (2005: £15.1m). Having adjusted for exceptional items, profit before taxation was £64.0m (2005: £44.1m). The Directors recommend a final dividend of 2.17p (2005: 1.3p) for payment on 15 February 2007. An interim dividend of 0.83p (2005: nil) has been paid in respect of the period.

4. RESEARCH AND DEVELOPMENT

During the period the Group incurred expenditure on research and development of £11.7m (2005: £10.1m). The Group's major research and development facility, the Enodis Technology Center ("ETC") at New Port Richey near Tampa, Florida, provides a central resource for the Group's research and development activity. Many of the Group's operating companies also have local development facilities.

5. SHARE CAPITAL

a) Details of movements of the Company's ordinary shares during the period are provided in note 25 to the consolidated financial statements.

b) During the period, the Company did not exercise the authority granted by shareholders at the Annual General Meeting held on 16 February 2006 for the Company to purchase up to 40.3 million of its ordinary shares. As stated elsewhere, the Board intends to use this authority during the coming year and will seek shareholders' approval to renew it at the Annual General Meeting on 8 February 2007.

6. BOARD OF DIRECTORS

The current Directors of the Company, their ages and the dates of their appointment are shown on page 32. They all held office throughout the period.

Michael Arrowsmith, Peter Brooks and David McCulloch will retire at the next Annual General Meeting by rotation in accordance with Article 97 of the Articles of Association of the Company and, being eligible, offer themselves for reappointment in accordance with Article 98 of the Articles of Association of the Company.

The Board believes that these three Directors should be re-elected for the following reasons:

a) Michael Arrowsmith was appointed to the Enodis plc Board on 11 February 2004. He is Chairman of the Audit Committee. Until August 2004 he was CEO of Tibbett & Britten Group plc having previously been its CFO. He is CEO of Linpac Group Limited. His significant management and accounting experience qualify him as a suitable member of the Board. Following the evaluation of his performance, described in the report on Corporate Governance, it was determined that he continued to be an effective member of the Board.

b) Peter Brooks joined the Board in May 1998 and was appointed Chairman on 17 January 2000. As described on page 36 the Board evaluated his performance and in the light of that evaluation, the Directors other than the Chairman determined that it was in the best interests of the Company that he should continue in that role. It is of course essential for the Chairman to be a Director of the Company.

c) David McCulloch joined the Board on 2 November 2001 having joined the Group in 1986. He has been Chief Executive Officer of the Company since 1 June 2003, having held senior management positions in the Group including President of the Garland Group appointed in 1995 and Chief Operating Officer in 2002. As CEO, his contribution is critical to the Board's deliberations and it would be most unusual for a CEO not to be a Director. Following the evaluation of his performance, described in the report on Corporate Governance, it was determined that he continued to be an effective member of the Board.

The interests of the Directors in the share capital and other securities of the Company and its subsidiary undertakings are shown on pages 42 and 43 of the Annual Report.

7. SUBSTANTIAL SHAREHOLDINGS

The following shareholdings are disclosed as having been notified to the Company in accordance with Sections 198 to 208 of the Companies Act 1985 as at 20 November 2006:

Shareholder	Ordinary shares of 10p each	Percentage of issued share capital
Legal & General Investment Management	59,166,041	14.59%
Bear Stearns International Trading Ltd	23,919,631	5.91%
Harris Associates LP	26,985,060	6.66%
Lazard Asset Management Ltd	15,599,059	3.84%
Aviva plc	16,533,380	4.08%
Fidelity International Ltd	16,387,117	4.04%
Deutsche Bank AG London	16,123,269	3.98%

8. CHARITABLE AND POLITICAL DONATIONS

The Group made charitable donations of £120,000 during the period (2005: £112,000), £109,000 of which was donated in the US (2005: £102,000). Neither the Company nor any of its subsidiaries made any donation for political purposes in either 2006 or 2005.

9. AUDIT AND AUDITORS

a) So far as each of the Directors is aware, there is no relevant audit information (as defined by Section 234ZA Companies Act 1985) of which the Company's auditors are unaware; and

b) Each of the Directors has taken all of the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

Resolutions to reappoint Deloitte & Touche LLP as the Group's auditors and to authorise the Directors to determine their remuneration following recommendation by the Audit Committee, will be proposed at the Annual General Meeting to be held on 8 February 2007.

10. DISABLED EMPLOYEES

Applications for employment from disabled persons are considered on their merits and regard is paid only to the ability of an applicant to carry out satisfactorily the functions required. The same policy is adopted when considering career development and promotion, while in the field of training, a distinction would be made only in order to meet the particular requirements of the disabled person.

If an employee became disabled while in employment, all due consideration would be given to continued employment whether in the same or in an alternative capacity and training would be given where necessary.

11. EMPLOYEE CONSULTATION

The Group places great value on the involvement of its employees and has reinforced its previous practice of consulting and keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved in many Group companies through newsletters, formal and informal meetings. A weekly update from the Chief Executive Officer is widely disseminated throughout the Group, supplemented by half-yearly electronic presentations.

12. CREDITOR PAYMENT POLICY

The terms of payment to most suppliers are agreed, and abided by, on an ongoing basis by each Group company. Trade creditors at 30 September 2006 represented, on average, 39 days purchases (2005: nil days) for the Company and 64 days purchases (2005: 72 days) for the Group.

13. ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at The Millennium Hotel, Grosvenor Square, London W1K 2HP on 8 February 2007 at 11.30 a.m. A separate Circular to shareholders, containing the Notice of the Annual General Meeting and requisite information on the resolutions to be proposed as special business at the Meeting, accompanies this Report and Accounts.

By order of the Board

D R Hooper Secretary
20 November 2006

Corporate governance

1. THE COMBINED CODE

The Company applied the principles set out in Section 1 of the Combined Code – Principles of Good Governance and Code of Best Practice issued in July 2003 ("the Code") throughout the period as detailed herein. Whilst formal compliance is important, the Board's overall approach is to be guided by and observe the spirit of the Code and apply high standards of corporate governance.

2. COMPLIANCE STATEMENT

The Listing Rules require the Board to report on compliance with the Code throughout the accounting period. The Company complied throughout the accounting period ended 30 September 2006 with the provisions set out in Section 1 of the Code except in respect of the following:

- no evaluation of the Nomination Committee was performed as it did not meet during the period (Code provision A.6.1);
- the provisions of the employment agreements of the executive Directors contain liquidated damages on termination thereof without cause, as explained on page 41 (B.1.5);
- one provision in the employment agreement of David McCulloch, as explained on page 41 (B.1.6); and
- The Chairman is a member of the Remuneration Committee (B.2.1). The Board was aware of the guidance in force in FY06 on this subject but, given the Chairman's overall responsibility for the operation of the Board, continued to be of the view that it was appropriate for him to be a member of this Committee for it properly to discharge its duties. The Board notes that the Code has been amended effective 1 November 2006 to permit the Chairman to be a member of the Remuneration Committee.

3. THE BOARD AND COMMITTEES

General

The Directors' biographies, which are set out on page 32, demonstrate a range of business backgrounds and international experience.

The composition of the Board is balanced, with a non-executive Chairman, four non-executive Directors and three executive Directors. The Board has determined that, leaving aside the Chairman, each non-executive Director is independent. Waldemar Schmidt is the Senior Independent Director.

The Board has agreed a written statement setting out the division of the responsibilities between the Chairman and the Chief Executive Officer. Broadly, the Chairman is responsible for the management of the Board and the Chief Executive Officer is responsible for the management of the Group's business and operations.

The Board's policy is that its Chief Executive Officer should not become Chairman of the Company.

Re-election

All non-executive Directors, including the Chairman, have been appointed for a term of three years. In the case of Peter Brooks and Waldemar Schmidt, they were appointed for an initial term of five years and their appointments have been extended in each case for a further period of three years. During the period the appointments of Michael Cronk and Peter Brooks were extended for further three year periods.

All Directors are subject to election by shareholders at the first opportunity after their appointment and to re-election thereafter by rotation at least every three years in accordance with the Company's Articles of Association. The names of the Directors submitted for re-election, and reasons why the Board believes they should be re-elected, are detailed in the Directors' report on page 33. Biographical details for each of them appear on page 32.

Board procedures and support

The Board considers, as confirmed by the performance evaluation referred to below, that it provides effective leadership and control of the Group. Matters reserved for approval by the Board include:

- approval of annual budget;
- approval of annual three year Long Range Plan;
- setting Group strategy;
- monitoring performance against budget;
- approval of acquisitions and disposals;
- approval of major capital projects;
- Board appointments; and
- dividend recommendation.

The Board maintains a dialogue as and when necessary between formal meetings. Briefing papers are circulated in advance of all meetings. Any newly appointed Directors will receive a full, formal and tailored induction programme. A formal procedure is in place to enable Directors, in the furtherance of their duties, to take independent professional advice, if necessary, under the guidance of the Company Secretary and at the Company's expense. Should a Director have any concerns about a particular issue, such concerns will be recorded in the minutes of the relevant Board meeting. Furthermore, should he choose to resign over such a matter, the concerns would be formally communicated to the other Directors through the Chairman. All Directors are expected to keep themselves regularly up to date with developments relevant to their role. Periodic visits to operating locations and facilities are expected and during the year, non-executive members of the Board visited several Group sites and relevant trade shows. Directors also receive appropriate UK and US journals and investor materials and have full and timely access to relevant information and the advice and services of the Company Secretary. The non-executive Directors met without executive Directors present on a number of occasions during the period.

Board performance evaluation

An evaluation of each Director was led by the Chairman after the end of FY06. This was the fourth year such an exercise had been undertaken. Interviews were conducted by the Chairman with each other Director regarding the performance of the Board and of each Director. Due to the abortive bid activities of the summer, the Board had spent an intensive amount of time working together and it was considered that it would have been inappropriate and potentially disruptive to involve an outside third party in the exercise. The outcome of the evaluation was discussed by the Board at its November 2006 meeting. The Board concluded that the evaluation exercise had confirmed that the Directors had the appropriate range of skills and experience and constituted an effective and unified Board. Progress had been made in addressing the matters identified in the previous year's evaluation. The experiences of the summer had enhanced the cohesiveness and effectiveness of the Board and the overall conclusion was that the right approach was to continue to seek, as the Board does, ways to develop the level of Board performance by building on current practices.

An evaluation of the performance of the Chairman was conducted by the Senior Independent Director in October 2006. This was effected by the completion of a questionnaire and designed to explore subjects such as management of Board meetings (identification of correct topics, enough time for discussion), quality of papers for meetings, effective review of financial performance, quality of presentations, establishment of appropriate structures to ensure proper oversight of significant corporate actions, receipt of relevant additional materials (analysts' reports, industry data) to monitor Company performance and communication of Board goals to the CEO. The conclusion was that the Chairman continues effectively to manage the Board's affairs most competently.

Relationships with major shareholders and understanding their views

There is an agreed allocation of responsibilities for regular executive Director and senior executives' communication with institutional investors and analysts. The Chief Executive Officer, Chief Financial Officer and other senior corporate executives have made a number of structured presentations to major shareholders following results' announcements. Feedback from these presentations is reported to other members of the Board. During the abortive bid activity in May to August there was extensive contact with a range of shareholders to ensure the Board was fully appraised of their views on the proposals being discussed. Quarterly analyses of shareholders are prepared by the Company's brokers and distributed to the Board. The Board believes the Company's communications with shareholders are satisfactory. The Chairman and the Senior Independent Director continue to be available to shareholders at any time, in the event of their wishing to discuss any matters regarding the Company.

Principal communication with private shareholders is through the provision of the Annual Report and Accounts and the Interim Results. Also, the Annual General Meeting provides an opportunity for private shareholders to question the Board and discuss issues with executive management after the meeting. The Group's website (www.enodis.com) contains financial and other information and is regularly updated.

Nomination Committee

The Board has established a Nomination Committee. Appointments to the Board are reviewed by the Board as a whole, while the Nomination Committee is empowered to undertake the search process and to recommend candidates to the Board as necessary. The Committee comprises Peter Brooks (Chairman), Waldemar Schmidt and Joseph Ross and meets as needed. It did not meet during the period. As there were no meetings of the Committee there was no need to conduct an evaluation of the Committee's performance. The terms of reference of the Nomination Committee are available for inspection on the Group's website.

Remuneration Committee

Details concerning the Remuneration Committee are set out in the Directors' remuneration report. The Committee reviewed its effectiveness in November 2006 and concluded that it had continued to operate effectively.

Report on the Audit Committee and its main activities in the period to 30 September 2006.

The Audit Committee's written terms of reference are available on the Group's website and its principal oversight responsibilities cover:

- financial reporting;
- internal control and risk management;
- recommendation to the Board on the appointment of auditors;
- external audit (including audit scope, approval of audit fee and auditor independence); and
- internal audit.

The Committee's Chairman is Michael Arrowsmith, appointed on 11 February 2004 who sits together with Michael Cronk and Joseph Ross appointed on 31 July 2003 and 5 May 2004 respectively. The Secretary of the Committee is David Hooper, the Company Secretary. A comprehensive induction programme is made available for any new members of the Committee and ongoing education is actively encouraged. At all times, the Committee must comprise only non-executive Directors and shall normally consist of not less than three members. The Board is satisfied that the Committee Chairman, a Fellow of the Chartered Institute of Management Accountants, and having had extensive experience as a senior finance executive of publicly traded companies, has recent and relevant financial experience. As indicated on page 32, Michael Cronk is an experienced businessman having formerly been Executive Vice President of Aramark. Joseph Ross, a qualified US attorney, was formerly Chairman and Chief Executive Officer of Federal Signal Corp, a public US corporation. Details of the remuneration of the members of the Committee are set out in the table on page 42 in the Directors' remuneration report. Other Directors and executives may attend meetings of the Committee by invitation. During the year the Audit Committee Chairman invited (inter alia) the Chief Financial Officer, the Deputy CFO and the Head of Internal Audit to attend. Representatives from the external auditors, Deloitte & Touche LLP, were also present at each meeting. The Committee also met separately with the external and internal auditors and with management.

Amongst other things, the Committee undertook the following activities at its meetings during the period:

- reviewed and recommended to the Board the interim and annual results, considering any matters raised by management and the external auditors and reviewed judgements made on provisioning and accounting treatments;
- reviewed and approved the audit plans for the external and internal auditors;
- monitored the scope, effectiveness, independence and objectivity of the external auditors;
- discussed the results of internal audit reviews, including significant findings, management's action plans and the timeliness of resolution;
- reviewed and approved the Group's "Turnbull Report" to support the Board's sign-off on the system of internal control (see page 38 for more details);
- maintained oversight of the risk management process introduced the previous year;
- approved the process whereby the Directors would satisfy themselves that they complied with the provisions of Section 234ZA of the Companies Act 1985 (statement as to disclosure of information to the auditors);
- reviewed and approved the Company's implementation of International Financial Reporting Standards ("IFRS"); and
- reviewed its own effectiveness and concluded that it had continued to operate as an effective Audit Committee.

4. EXTERNAL AUDITOR

In February 2006, the Audit Committee appraised the effectiveness of the external audit process and of the external auditor. This was achieved by reviewing a thorough appraisal by management of the 2005 audit process and a response thereto by the external auditors, and by conducting a qualitative evaluation of the external auditors. This covered such matters as their quality assurance processes, capabilities of the audit team, their degree of independence, balance of fee against scope of the audit and quality of communications.

The Company has a policy and procedures in place for the review and pre-approval of the performance of non-audit services by the external auditor, Deloitte & Touche LLP, to ensure that there is no impairment of independence and objectivity. The policy, approved by the Audit Committee and the Board, includes a description of the non-audit services that the external auditor can provide, after pre-approval. The policy specifies those services which shall not be performed by the auditor, including those that would involve self-review.

Details of the audit and non-audit services performed by, and of the amounts paid to, the external auditor are set out in note 6 to the consolidated financial statements.

Deloitte & Touche LLP reported to the Audit Committee in writing that they are independent within the meaning of regulatory and professional requirements and that the objectivity of the audit engagement partner and staff is not impaired.

5. GOING CONCERN

The Directors believe that the Group has adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Number of Board and Committee meetings and attendance

Director	Board meeting*	Attendance	Audit Committee meeting	Attendance	Remuneration Committee meeting	Attendance	Nomination Committee meeting	Attendance
M R Arrowsmith	19	19	4	4				
P M Brooks	19	19			5	5	–	–
G M Cronk	19	19	4	4	5	5		
R C Eimers	19	19						
D S McCulloch	19	19						
J J Ross	19	18	4	4			–	–
W Schmidt	19	18			5	5	–	–
W D Wrench	19	19						

*Ten of these were ad hoc Board telephone meetings to review the indicative offers received for the Company in FY06.

6. INTERNAL CONTROL

Introduction

The Board has established procedures to implement the Turnbull Guidance "Internal Control: Guidance for Directors on the Combined Code". These procedures, which are subject to regular review, provide an ongoing process designed to identify, evaluate and manage significant risks faced by the Group.

Responsibility

The Board has overall responsibility for the system of internal control. A sound system of internal control 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.

Framework

The Board recognises that Risk Management is the cornerstone of a sound system of internal control. Therefore, the Board performs an annual review of the key risks faced by the Group, covering strategic, business, financial, compliance and other risks. Controls are then identified to alleviate or mitigate these risks to an acceptable level, and these are then constantly monitored to ensure they have been operating throughout the period under review and any weaknesses or issues addressed on a timely basis.

Control structure

The Group maintains an extensive system of internal controls. Key elements include:

- a defined operating structure for the Group with clear lines of responsibility and delegated authority. The Group's organisational structure is relatively flat, assisting close control, fast information flow and responsiveness;
- written policies and procedures which define the limits of delegated authority and provide a framework for management to deal with areas of significant business risk. These policies and procedures are regularly reviewed and, where necessary, updated;
- a Treasury Operating Committee which oversees the operation of the Group treasury function and sets appropriate limits to mitigate treasury risk;
- representation letters obtained from all operating companies prior to publishing results confirming disclosures and compliance with internal and external requirements, compliance with ethical policies, that appropriate recruitment checks have been made and that a whistleblower policy has been circulated;
- operating procedures which include a comprehensive system for reporting information to the Directors which is adjusted as necessary; and
- budgets prepared by operating company management and subject to review by both Group management and the Directors. Forecasts are revised during the year and compared against budget.

When setting budgets and forecasts management identifies, evaluates and reports on potential significant business risks.

Monthly reports of operating performance, with commentary on variances against budget, forecasts and prior year, are prepared at operational and Group levels. Key performance indicators are monitored by the Board.

The acquisition of any business requires a rigorous analysis of the financial implications of the acquisition and key performance figures. A sensitivity analysis is performed of the key assumptions made in the acquisition case. Post investment appraisals of the Group's investments are conducted on a periodic and timely basis.

A treasury report, with details of borrowings and investments, is distributed to corporate management on a weekly basis.

The Audit Committee reviews reports detailing any significant legal actions faced by Group companies.

Monitoring and review activities

There are clear processes for monitoring the system of internal control and reporting any significant control failings or weaknesses together with details of corrective action.

The Audit Committee is responsible for monitoring and reviewing, on behalf of the Board, the Group's system of internal control, risk assessment, management policies and the integrity of management systems.

The Audit Committee periodically receives and reviews reports on internal controls from the external auditors and a formal annual self assessment is provided by the presidents and controllers of each operating company detailing the operation of their control systems and highlighting any weaknesses.

A biannual survey is prepared of employees' views and opinions on a wide variety of risk management issues.

Regional management, the Audit Committee and the Board review the results of such reports and assessment taking action as appropriate.

Where, as a result of these reviews, issues are identified in the internal control environment, prompt corrective actions are taken.

The Group has an internal audit function that reports directly to the Audit Committee whose role includes assisting the Board to discharge its responsibilities regarding internal control.

Review of effectiveness

The Directors confirm that they have reviewed the effectiveness of the system of internal control through the monitoring process set out above for the period under review and to the date of approval of the annual report and financial statements.

Directors' remuneration report

1. INTRODUCTION

This remuneration report sets out the Company's policy on the remuneration of executive and non-executive Directors together with details of Directors' remuneration, employment agreements and letters of appointment. The report was approved by the Board on 20 November 2006 and signed on its behalf by order of the Board.

At the Annual General Meeting of the Company, to be held on 8 February 2007, an ordinary resolution will be proposed to approve this report.

All information disclosed in this Directors' remuneration report is unaudited save where it is stated that the information is audited.

2. REMUNERATION POLICY

For executive Directors and senior executives

The policy underlying the remuneration arrangements for executive Directors and senior executives is designed to enable the Company to recruit and retain executives of the calibre needed to maintain and develop Enodis' position as one of the world's leading manufacturers and distributors of food equipment. The policy established by the Remuneration Committee is governed by seven principles. These are that executive remuneration should be:

- locally competitive, by reference to external markets in the various countries (particularly the US) where it operates;
- seen throughout the business to be fair and equitable;
- based on total remuneration;
- supportive of key strategies;
- affordable;
- aligned with shareholder value; and
- understandable, both internally and externally.

The Remuneration Committee keeps this policy under review and intends to ensure that the Company's reward programmes remain competitive and provide appropriate incentives for performance.

In forming its remuneration policy, the Remuneration Committee has given full consideration to the principles set out in Section A of the Code (as defined on page 35).

For non-executive Directors

The fees for the non-executive Directors are determined by the Board. They are reviewed annually to ensure they are competitive and properly reflect the Directors' workload and responsibilities at that time.

Non-executive Directors do not participate in any of the Group's incentive or benefit schemes.

Since 2003, the appointment policy for non-executive Directors is that they should be appointed for an initial period of three years. Copies of the letters of appointment of the non-executive Directors are available on request. There are no provisions for notice periods or compensation in the event of termination of the appointment of the non-executive Directors and no element of their remuneration is performance related.

3. REMUNERATION COMMITTEE

Composition

Remuneration policy for executive Directors and the determination of individual Directors' remuneration has been delegated to the Remuneration Committee. The Committee consists of Michael Cronk (Chairman), Waldemar Schmidt and Peter Brooks. Each is a non-executive Director and was a member of the Committee throughout the period.

Meetings and function

The Committee met five times during the period, with all members present at each meeting. The Remuneration Committee's terms of reference (which are available for inspection on the Company's website) include reviewing and setting the remuneration and benefits packages of the executive Directors. The Committee also monitors the level and structure of remuneration for senior management, to ensure an appropriate relativity between the remuneration packages of the executive Directors and senior management. Hewitt Associates were appointed by the Remuneration Committee as its consultants on 22 May 2003 and have since then provided the Remuneration Committee with advice and guidance. Save for developing a new long-term incentive plan for the Company, which is being submitted for shareholder approval at the Annual General Meeting to be held on 8 February 2007, they provide no other services and have no other connection with the Group. The Remuneration Committee is also supported by Robert Eimers, the Executive Vice President, Global Human Resources and David Hooper, the Company Secretary.

4. POLICY ON OUTSIDE APPOINTMENTS

Executive Directors are permitted, with Board approval, to hold one non-executive directorship with outside companies. Such appointment will only be approved where the Board is satisfied that it will not interfere with the carrying out of the executive Director's role with the Company. At present none of the executive Directors has any outside appointments. They may retain any fees payable to them, with the consent of the Remuneration Committee, except in cases where the directorship is as a representative of the Company.

5. ELEMENTS OF EXECUTIVE DIRECTORS' REMUNERATION

Certain details of Directors' contracts, remuneration and interests in the Company's securities, including share options, are set out on pages 40 to 44. At present, the Remuneration Committee regards the current year short-term elements of the executive Directors' remuneration as of primary importance in supporting the Group's remuneration policy and strategy. With a view to further enhancing alignment with shareholder value, the Remuneration Committee has developed a new Performance Share Plan which shareholders are being asked to approve at the Annual General Meeting in February 2007. Further details of the new Plan are contained in the Chairman's letter which accompanies the Annual Report. It is expected that, following introduction of the new Plan, the long-term element will assume greater importance.

The remuneration arrangements for the executive Directors consist of:

I. Base salary

Base salaries are not performance-related. They are determined having regard to local competitiveness and to salaries for similar positions in international businesses of broadly comparable size and structure, taking account of revenue, market value, number of employees, business sector and international involvement. External consultants are used to provide comparative information for the Remuneration Committee. In determining salary increases the Remuneration Committee is also made aware of salary inflation throughout the Group and takes such information into consideration, together with internal relativities and external survey data. Base salaries were reviewed at the end of the last financial period and, with effect from 1 October 2006, a 3.5% increase was applied for the Chief Executive Officer, the Chief Financial Officer and the Executive Vice President, Global Human Resources.

II. Annual bonus

Annual cash bonuses are based on Group financial targets. The measures for executive Directors and senior corporate executives for the period were Group revenue growth (FY06 only), Group operating profit before exceptional items and net debt reduction. If the relevant targets are met, awards range from 50% (minimum), 100% (target), to 167% (maximum) of base salary for the Chief Executive and from 42% (minimum), 84% (target), to 140% (maximum) of base salary for the other executive Directors. The higher range for the Chief Executive Officer more closely aligns his annual bonus plan with the Group's compensation strategy of being locally competitive, being comparable to that of CEOs of similar sized US businesses. The Remuneration Committee may add other corporate or job-related measures as it considers appropriate.

III. Long-term incentives: executive share option schemes

Executives hold options under the Enodis 2001 and 1995 Executive Share Option Schemes, which uses new shares, and the Enodis 1993 Executive Share Option Scheme, which use shares purchased by an employee share trust.

In the period ended 30 September 2006, options have been granted under the Enodis 2001 Executive Share Option Scheme. In normal circumstances, the face value of options which an executive may be granted in any financial year may not exceed twice base salary.

Performance conditions

The performance conditions attached to the grants in the period are based on the Company's total shareholder return ("TSR") compared against the companies comprising the FTSE Mid-250 (excluding investments trusts) at the date of grant, excluding companies that have ceased to be listed. Options granted over shares with a value of up to one times base salary in any financial year will be exercisable in full if Enodis' TSR is greater than that of the median ranked company. Options contained in an award with a value above one times base salary, or in an award which, when aggregated with another award granted in the same financial year, brings the value above one times base salary, will be exercisable as to 35% if Enodis' TSR is greater than that of the median ranked company, and exercisable in full if Enodis' TSR is at least as great as that of the company ranked at the upper quartile, with pro rata exercisability between these two points. TSR performance was selected by the Remuneration Committee as the measure which it considers most closely aligns with shareholder value. In addition, no options may be exercised unless the Remuneration Committee is satisfied that there has been a sustained improvement in the Group's underlying financial performance. Options granted to Directors in earlier years have been subject to different performance conditions as follows:

- options granted under the 1995 Executive Share Option Scheme will be exercisable in normal circumstances only if the increase in the Group's adjusted earnings per share has exceeded the growth in the Retail Price Index by an average of at least 3% per annum over a three year period;
- options granted under the 2001 Executive Share Option Scheme in the year ended 29 September 2001 and at 147p in the year ended 28 September 2002 will be exercisable in full only if the Company's TSR is ranked in the upper quartile relative both to other FTSE Mid-250 companies (excluding Investment Trusts) and to a group of about 20 comparable quoted companies. Options will be exercisable on a sliding-scale basis if the Company's TSR falls between the median and upper quartile levels, as compared with the two comparator groups. In addition, no options may be exercised unless the Company's earnings per share growth has exceeded inflation over the relevant performance period;
- options granted under the 2001 Executive Share Option Scheme at 85.5p in the year ended 28 September 2002 and subsequently are subject to the same performance conditions as applied to the options granted in the period ended 30 September 2006 and described above; and
- performance conditions for options granted under the 2001 Executive Share Option Scheme after December 2005 shall not be capable of being retested after the end of the first performance measurement period.

The calculation of whether the performance criteria have been met will initially be prepared for the Chairman of the Remuneration Committee, as advised by the Company's remuneration consultants. The figures will be reviewed and then submitted for the approval of the Remuneration Committee as advised by its consultants. This method was selected by the Remuneration Committee as providing shareholders with comfort that all appropriate external advice has been obtained.

The Remuneration Committee has taken full note of a number of comments raised on the report last year. With its consultants, it has reviewed the performance conditions applicable to future grants under the 2001 Executive Share Option Scheme. It determined that they remain appropriate for the Group in line with the policy of being locally competitive in remuneration matters. For grants under the scheme in the current year therefore the conditions will remain unaltered.

IV. Long-term incentives: share matching scheme

No awards have been made under the share matching scheme (under which executives may be awarded matching free shares linked to the deferral of their annual cash bonus) and the Remuneration Committee has decided not to operate it.

V. Pension

The Company makes payments equivalent to 25% of base salary to the pension arrangements of the executive Directors including contributions to Group pension schemes.

VI. Other benefits (not performance-related)

Executive Directors are provided with medical insurance, disability insurance, an allowance in lieu of a company car and other benefits in line with practice in other listed companies of similar size.

6. NON-EXECUTIVE DIRECTORS' REMUNERATION

The fees of the Chairman and non-executive Directors were reviewed on 1 November 2005 and in October 2006. On each occasion it was determined that they should not be changed.

In September 2006 additional fees of £12,000 were paid to each of the non-executive Directors other than the Chairman to reflect the significant increase in the time they were required to devote to the affairs of the Company during the abortive bid activity in May to August. This resulted in ten additional Board meetings together with review of associated papers. An additional fee of £36,000 was paid to the Chairman to reflect the increase in time he spent, together with a considerably greater degree of involvement with the bid approach process.

7. EMPLOYMENT AGREEMENTS AND COMPENSATION

The Company's policy with regard to employment agreements for executive Directors is that they be rolling contracts and will normally contain a provision entitling the Director to a 12 month notice period, or the financial effects thereof, but with the ability to give consideration to a longer period in exceptional circumstances. In order to be locally competitive, with regard to termination payments under such employment agreements with our US based executive Directors, and in order to achieve certainty, liquidated damages have been agreed at their commencement.

The employment agreements with each of David McCulloch, David Wrench and Robert Eimers, are for an indefinite period and are terminable at will. Each agreement contains provisions that, in the event of termination without cause, payment will be made of an amount equivalent to 12 months' salary, 12 months' target annual bonus, 12 months' pension contribution and bonus for the current year prorated to date of termination. In addition, the employment agreement of David McCulloch contains provisions ("change of control provision"), which were in place before his appointment to the Board, whereby if the contract is terminated by a Group company without cause in the event of a change of control or by Mr McCulloch in the event of a change of control, a payment will be made of 24 months' base salary, 24 months' pension contribution and 24 months' target annual bonus.

At the Annual General Meeting in February 2006, the resolution to approve last year's Remuneration Report was passed but by only a small majority. The Remuneration Committee has taken full account of the increased level of concern regarding the change of control provision, as well as the established standards of corporate governance in the UK market, and reviewed the position very carefully.

In doing so, it has borne in mind all relevant factors, including that the change of control provision was originally included in Mr McCulloch's employment contract at a time when he was not a Director of the Company and that the very circumstances that the provision was designed to address applied for a material part of the year. Its advisors have again noted that the provision is not out of line with US practice and indeed is for a lesser period than applies in the employment agreements of the Chief Executive Officers of many US-based competitors of the Company who commonly have the benefit of up to three years' protection. These factors confirm that the provision is a balance between UK and US practice and in line with the Company's remuneration policy of being locally competitive.

After careful consideration, the Remuneration Committee, conscious of the views of a number of shareholders, concluded that it would not be in the Company's interests to seek to change the provision at this time. The Committee concluded that the priority for the Company at this time was that its leader should remain highly committed to the business and motivated to achieve the successful execution of its strategy. It was strengthened in this conclusion by the fact that Mr McCulloch has successfully led the Company to exceptional results over the tenure of his office and that, on the basis of those results, it would not be possible to characterise the provision as a reward for failure. It also noted that the protection afforded by the provision should substantially reduce any concerns that management response to an offer would be influenced by future employment considerations.

The Remuneration Committee intends to keep the position under careful review. The Committee confirms that, subject to the requirements of any future recruitment process, it does not intend to agree to a change of control provision of greater than 12 months in the future; should such a provision be agreed to, the Committee's intention would be that the period of protection should reduce over time to a maximum of 12 months.

The effective dates of these agreements were 1 June 2003 for Mr McCulloch and 21 July 2003 for Messrs Wrench and Eimers. The agreements reflect US employment practice, given that the Directors are US-based.

As far as the unexpired terms of employment agreements of Directors offering themselves for reappointment at the Annual General Meeting are concerned, Messrs Arrowsmith and Brooks have no employment agreements, their responsibilities being set out in letters of appointment. Mr McCulloch has an employment agreement of an indefinite period terminable at will, as stated above.

No Director has a material interest in any contract with Group companies other than employment agreements.

8. DIRECTORS' REMUNERATION AND PENSION INFORMATION (AUDITED)

Remuneration

The remuneration of the Directors for the 52 weeks ended 30 September 2006 is shown below:

Director	Base salary £	Fees £	Bonuses† £	Benefits†† £	Total 2006 £	Total 2005 £
M R Arrowsmith	–	**62,000**	**–**	**–**	**62,000**	49,208
P M Brooks (Chairman)	–	**151,000**	**–**	**–**	**151,000**	114,167
G M Cronk	–	**59,500**	**–**	**–**	**59,500**	46,917
R C Eimers	**142,355**	**–**	**199,298**	**50,539**	**392,192**	353,083
D S McCulloch	**355,889**	**–**	**594,334**	**112,223**	**1,062,446**	872,520
J J Ross	–	**52,000**	**–**	**–**	**52,000**	39,542
W Schmidt	–	**52,000**	**–**	**–**	**52,000**	39,542
W D Wrench	**206,312**	**–**	**288,837**	**64,168**	**559,317**	503,244
	704,556	**376,500**	**1,082,469**	**226,930**	**2,390,455**	2,018,223

†Bonuses paid by reference to achievement by the Group of budgeted financial targets and are calculated by reference to base salary earned in the period. Bonuses and benefits are not included in pensionable salary.
††Includes car allowance and contributions to unapproved defined contribution pension arrangements as detailed in Directors' pension information below.
Salaries of North American Directors have been translated at the relevant monthly exchange rate, the average for the year being £1 = $1.806.

No compensation for loss of office or other payments have been paid to or are due for payment to any person who has served as a Director during the financial year.

Pension information

The Group paid the following sums to defined contribution pension arrangements for the benefit of the Directors. These sums are included in the Directors' remuneration table above:

Name	2006 £	2005 £
R C Eimers	**24,775**	22,257
D S McCulloch	**73,582**	58,943
W D Wrench	**32,303**	28,695
	130,660	109,895

The Group maintains a provision of £1.4m (2005: £0.8m) in respect of a pension (including tax) payable to a former Director.

9. DIRECTORS' INTERESTS IN SHARES

The beneficial interests of the Directors in office at 30 September 2006 in the ordinary shares of the Company were as follows:

Ordinary shares

Director	2 October 2005 ordinary shares	Purchases of ordinary shares	30 September 2006 ordinary shares
M R Arrowsmith	50,000	–	**50,000**
P M Brooks	73,500	13,000	**86,500**
G M Cronk	1,691,600	100,000	**1,791,600**
R C Eimers	15,000	–	**15,000**
D S McCulloch	130,000	60,000	**190,000**
J J Ross	30,000	–	**30,000**
W Schmidt	200,000	–	**200,000**
W D Wrench	10,000	–	**10,000**

The above interests are in the ordinary share capital of the Company. No Director had any beneficial interest in any share capital of other Group companies or in any debenture of any Group company. As at 20 November 2006 there were no changes to the interests of the Directors in office at the period end as stated above and in the table on page 43.

Share options (audited)

Options to subscribe for or acquire shares of the Company were held during the period by the Directors as disclosed below, each of which was granted for nil consideration. The aggregate emoluments in the remuneration table on page 42 do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

i) The Berisford 1995 Executive Share Option Scheme ("Executive Scheme (1995)") and the Enodis 2001 Executive Share Option Scheme ("Executive Scheme (2001)").

Director	At 2 October 2005	Number of options during the period Granted	Lapsed	At 30 September 2006	Exercise price	Date of grant	Date from which exercisable††	Latest expiry date††
R C Eimers	24,669†	–	–	**24,669**	**260.73p**	**03.07.00**	**03.07.03**	**03.07.10**
	102,013	–	–	**102,013**	**85.50p**	**21.03.02**	**21.03.05**	**21.03.12**
	249,152	–	–	**249,152**	**59.00p**	**22.11.02**	**22.11.05**	**22.11.12**
	600,000	–	–	**600,000**	**63.50p**	**11.08.03**	**11.08.06**	**11.08.13**
	168,146	–	–	**168,146**	**84.00p**	**19.11.03**	**19.11.06**	**19.11.13**
	130,431	–	–	**130,431**	**102.00p**	**25.11.04**	**25.11.07**	**25.11.14**
	–	**110,878**	–	**110,878**	**130.00p**	**03.01.06**	**03.01.09**	**03.01.16**
D S McCulloch	49,399†	–	–	**49,399**	**116.60p**	**01.07.97**	**01.07.00**	**01.07.07**
	43,223†	–	–	**43,223**	**212.88p**	**28.07.99**	**28.07.02**	**28.07.09**
	302,401	–	–	**302,401**	**85.50p**	**21.03.02**	**21.03.05**	**21.03.12**
	271,218	–	**(81,907)**	**189,311**	**147.00p**	**21.03.02**	**21.03.05**	**21.03.12**
	396,610	–	–	**396,610**	**59.00p**	**22.11.02**	**22.11.05**	**22.11.12**
	1,500,000*	–	–	**1,500,000**	**63.50p**	**11.08.03**	**11.08.06**	**11.08.13**
	420,365	–	–	**420,365**	**84.00p**	**19.11.03**	**19.11.06**	**19.11.13**
	326,079	–	–	**326,079**	**102.00p**	**25.11.04**	**25.11.07**	**25.11.14**
	–	**277,196**	–	**277,196**	**130.00p**	**03.01.06**	**03.01.09**	**03.01.16**
W D Wrench	37,049†	–	–	**37,049**	**260.73p**	**03.07.00**	**03.07.03**	**03.07.10**
	194,551	–	–	**194,551**	**85.50p**	**21.03.02**	**21.03.05**	**21.03.12**
	296,610	–	–	**296,610**	**59.00p**	**22.11.02**	**22.11.05**	**22.11.12**
	750,000	–	–	**750,000**	**63.50p**	**11.08.03**	**11.08.06**	**11.08.13**
	210,183	–	–	**210,183**	**84.00p**	**19.11.03**	**19.11.06**	**19.11.13**
	189,031	–	–	**189,031**	**102.00p**	**25.11.04**	**25.11.07**	**25.11.14**
	–	**160,693**	–	**160,693**	**130.00p**	**03.01.06**	**03.01.09**	**03.01.16**

Notes:
†All options have been granted under the Executive Scheme (2001) except those marked † which have been granted under the Executive Scheme (1995).
††Subject to performance conditions being achieved as described earlier in this report.
*When these options are exercised pursuant to the rules of the Scheme, D S McCulloch is entitled to a payment of £404,203. The employment agreement of Mr McCulloch entered into following his appointment as Chief Executive Officer on 1 June 2003 included a commitment by the Company to grant him share options at the market price prevailing at that time or an alternative benefit payable in cash. For regulatory reasons the options could not be granted at that time and when they were granted the market price had risen. As the rules of the share option scheme require options to be granted at the market price on date of grant, the sum of £404,203 was agreed to be paid. If these options are not exercised, this sum will not be paid. During the prior year it transpired that at the time of the grant of these options the date for measurement of performance conditions was stated as the date of grant whereas the date should have been the date from which they were to take economic effect, 1 June 2003. Having consulted with its independent consultants, the Remuneration Committee determined the appropriate correction should be made.

No options were exercised during the period.

Under the Companies Act, each of the executive Directors is deemed to have an interest in 1,269,341 shares held by the trustee of the Company's employee share trust. No Director has an actual interest in any of such shares.

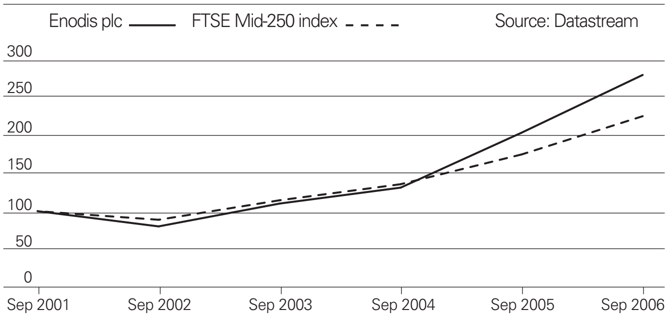
During the year the closing prices of the Company's shares have been in the range 122.75p to 217.75p. On 29 September 2006, the closing mid market share price was 174p. In the period no share options expired unexercised (save as disclosed above) and none of the conditions or terms of the options have been varied.

ii) The Berisford 1992 Sharesave Scheme ("Sharesave Scheme (1992)").

No Director holds options under the Sharesave Scheme (1992).

10. PERFORMANCE GRAPH – TOTAL SHAREHOLDER RETURN ("TSR")

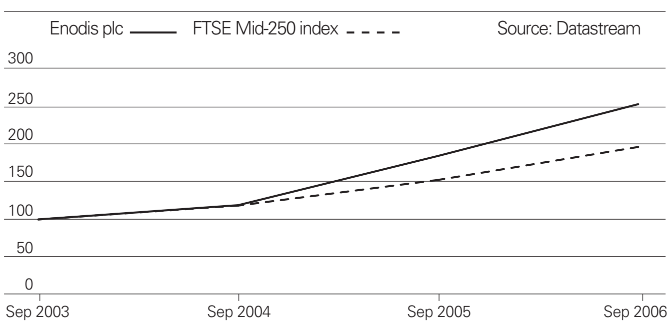
Set out below is a graph showing the Company's TSR for each of the last five years compared to the companies comprising the FTSE Mid-250 index. The TSR was calculated using a fair method in accordance with the Companies Act 1985, Schedule 7A Pt 2 Paragraphs 4 (4) to (8).



This graph shows the value, by 30 September 2006, of £100 invested in Enodis on 29 September 2001 compared with the value of £100 invested in the FTSE Mid-250 index. The other points plotted are the values at intervening financial year-ends.

The Company is a member of the FTSE Mid-250 index and has been for some time, including when its current executive share option scheme was adopted. The FTSE Mid-250 excluding investment trusts was therefore selected as the comparator group for measuring performance conditions in the Company's executive share option scheme. Accordingly, the Remuneration Committee considers that to be the most appropriate broad market index for identifying the Company's relative performance for the purpose of this report.

In order to provide a more recent relative performance review, set out below is a chart showing relative Company TSR for each of the last three years.



This graph shows the value, by 30 September 2006, of £100 invested in Enodis on 27 September 2003 compared with the value of £100 invested in the FTSE Mid-250 index. The other points plotted are the values at intervening financial year-ends.

By order of the Board

D R Hooper Secretary
20 November 2006

Statement of Directors' responsibilities in respect of the consolidated financial statements of Enodis plc

United Kingdom company law requires the Directors to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group as at the end of the financial period and of the profit or loss of the Group for that period.

In preparing the consolidated 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; and
- state whether applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation. They are also responsible for the Group's system of internal control, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

D R Hooper Secretary
20 November 2006

Independent Auditors' report to the members of Enodis plc

We have audited the Group financial statements of Enodis plc for the 52 weeks ended 30 September 2006 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of recognised income and expenses, the reconciliation of changes in consolidated shareholders' equity and the related notes 1 to 35. These Group financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' remuneration report that is described as having been audited.

We have reported separately on the individual Company financial statements of Enodis plc for the 52 weeks ended 30 September 2006.

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

The Directors' responsibilities for preparing the annual report, the Directors' remuneration report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the Group financial statements and the part of the Directors' remuneration report described as having been audited 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 Group financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and whether the Group financial statements and the part of the Directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We report to you whether in our opinion the information given in the Directors' report is consistent with the Group financial statements. The information given in the Directors' report includes that specific information presented in the Operating and Financial Review that is cross referred from the Enhanced Business Review section of the Directors' report. We also report to you if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' transactions with the Company and other members of the Group is not disclosed.

We also report to you if, in our opinion, the Company has not complied with any of the four Directors' remuneration disclosure requirements specified for our review by the Listing Rules of the Financial Services Authority. These comprise the amount of each element in the remuneration package and information on share options, details of long-term incentive schemes, and money purchase and defined benefit schemes. We give a statement, to the extent possible, of details of any non-compliance.

We review whether the corporate governance statement 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 Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statement on internal control covers 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 Directors' report and the other information contained in the annual report for the above period as described in the contents section including the unaudited part of the Directors' remuneration report and we consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group 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 Group financial statements and the part of the Directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Group 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 Group financial statements and the part of the Directors' remuneration report described as having been audited 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 Group financial statements and the part of the Directors' remuneration report described as having been audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the Group's affairs as at 30 September 2006 and of its profit for the period then ended; and
- the Group financial statements and the part of the Directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' report is consistent with the Group financial statements.

Separate opinion in relation to IFRS

As explained in note 1 of the Group financial statements, the Group, in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board. Accordingly, in our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 30 September 2006 and of its profit for the period then ended.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

20 November 2006

Consolidated income statement for the 52 weeks to 30 September 2006

	Notes	**52 weeks to 30 September 2006** Before exceptional items £m	Exceptional items (notes 1 and 7) £m	Total £m	52 weeks to 1 October 2005 Before exceptional items £m	Exceptional items (notes 1 and 7) £m	Total £m
Revenue							
Food equipment		**762.1**	**–**	**762.1**	667.8	–	667.8
Property		**6.2**	**–**	**6.2**	0.1	–	0.1
	1,3,4	**768.3**	**–**	**768.3**	667.9	–	667.9
Operating profit/(loss)	1						
Food equipment		**80.7**	**–**	**80.7**	65.8	(6.7)	59.1
Property		**(0.9)**	**–**	**(0.9)**	(0.6)	(5.4)	(6.0)
Corporate costs		**(9.0)**	**(1.8)**	**(10.8)**	(10.6)	(2.1)	(12.7)
Operating profit/(loss)	1,4,6	**70.8**	**(1.8)**	**69.0**	54.6	(14.2)	40.4
Financing costs	9	**(9.7)**	**–**	**(9.7)**	(11.3)	(15.4)	(26.7)
Investment income	3,10	**2.9**	**–**	**2.9**	0.8	–	0.8
Profit/(loss) on disposal of businesses	1	**–**	**–**	**–**	–	0.6	0.6
Profit/(loss) before taxation		**64.0**	**(1.8)**	**62.2**	44.1	(29.0)	15.1
Taxation (expense)/benefit	11	**(22.9)**	**–**	**(22.9)**	1.1	9.2	10.3
Profit/(loss) for financial period		**41.1**	**(1.8)**	**39.3**	45.2	(19.8)	25.4
Profit/(loss) for the financial period is attributable to:							
– Equity holders of the parent				**39.1**			25.3
– Minority interests				**0.2**			0.1

	Notes	**52 weeks to 30 September 2006 pence**	52 weeks to 1 October 2005 pence
Earnings/(loss) per share	13		
– Basic earnings/(loss) per share		**9.7**	6.3
– Diluted earnings/(loss) per share		**9.5**	6.2

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of recognised income and expense

	Notes	**52 weeks to 30 September 2006 £m**	52 weeks to 1 October 2005 £m
Exchange differences on translation of foreign operations	1	**(15.2)**	4.8
Gains/(losses) on cash flow hedges		**0.5**	–
Gains/(losses) on net investment hedges		**3.3**	–
Actuarial gains/(losses) on defined benefit and other post-retirement schemes	28	**4.1**	4.8
Tax on items taken directly to equity		**(1.2)**	1.4
Net income/(expense) recognised directly in equity		**(8.5)**	11.0
Transfers to profit or loss on cash flow hedges		**(0.2)**	–
Profit/(loss) for the financial period		**39.3**	25.4
Impact from adopting IAS32 and IAS39	22	**(1.2)**	–
Total recognisable income/(expense) for the period		**29.4**	36.4
Total recognisable income/(expense) for the period is attributable to:			
– Equity holders of the parent		**29.2**	36.3
– Minority interests		**0.2**	0.1
		29.4	36.4

Reconciliation of changes in consolidated shareholders' equity

	Notes	**52 weeks to 30 September 2006 £m**	52 weeks to 1 October 2005 £m
Total recognised income/(expense) for the financial period, attributable to equity holders of the parent		**29.2**	36.3
Dividends paid	12	**(8.6)**	–
New shares issued	25, 26	**1.4**	2.2
Addition to share option reserve	27	**1.6**	1.8
Net addition to/(reduction in) shareholders' equity		**23.6**	40.3
Shareholders' equity at the beginning of the period		**233.7**	193.4
Shareholders' equity at the end of the period		**257.3**	233.7

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated balance sheet

	Notes	**30 September 2006 £m**	1 October 2005 £m
Assets:			
Non-current assets			
Goodwill	14	**179.9**	184.8
Other intangible assets	15	**6.8**	7.8
Property, plant and equipment	16	**74.5**	70.7
Pension and other post-retirement assets	28	**9.3**	5.3
Investments	17	**6.5**	30.4
Deferred tax assets	11	**49.1**	67.5
		326.1	366.5
Current assets			
Inventories	18	**84.8**	85.3
Trade and other receivables	19	**119.3**	107.4
Investments	17	**22.7**	1.3
Cash and cash equivalents		**50.5**	49.1
		277.3	243.1
Total assets		**603.4**	609.6
Liabilities:			
Current liabilities			
Trade and other payables	20	**155.2**	146.4
Borrowings	20	**26.1**	3.5
Corporation tax payable		**12.1**	10.8
Short-term provisions	24	**18.2**	17.1
		211.6	177.8
Non-current liabilities			
Borrowings and obligations under finance leases	21	**88.7**	146.8
Other payables		**1.0**	1.1
Pension and other post-retirement obligations	28	**21.7**	22.9
Long-term provisions	24	**22.6**	27.0
		134.0	197.8
Equity:			
Called up equity share capital	25	**40.5**	40.4
Share premium account	26	**1.7**	0.4
Retained earnings	26	**217.3**	187.0
Foreign currency translation and hedging reserve	26	**(4.4)**	4.8
Other reserves	26	**4.6**	3.5
ESOP Trust	26	**(2.4)**	(2.4)
Equity shareholders' funds		**257.3**	233.7
Minority interests		**0.5**	0.3
Total liabilities and equity		**603.4**	609.6

The accompanying notes form an integral part of these consolidated financial statements.

Approved by the Board on 20 November 2006

D S McCulloch Director

W D Wrench Director

Consolidated cash flow statement

	Notes	**52 weeks to 30 September 2006 £m**	52 weeks to 1 October 2005 £m
Net cash inflow/(outflow) from operating activities	(a)		
Operating activities before exceptional items and tax	1,7	**78.4**	58.2
Operating exceptional items	1,7	**(0.5)**	(6.8)
Tax paid		**(6.2)**	(7.4)
Net cash inflow from operating activities		**71.7**	44.0
Cash flows from investing activities			
Acquisition of subsidiary undertakings	23	**(4.7)**	–
Disposal of subsidiary undertakings		**–**	2.7
Acquisition of property, plant and equipment		**(16.6)**	(11.8)
Disposal of property, plant and equipment		**0.1**	0.6
Acquisition of software		**(1.6)**	(0.7)
Disposal of investments		**1.4**	–
Payments for investment in defeasance trust		**–**	(23.6)
Dividends received from joint venture		**–**	0.3
Net cash flows (used in)/from investing activities		**(21.4)**	(32.5)
Cash flows from financing activities			
Dividends paid		**(8.6)**	–
Issue of ordinary shares		**1.4**	2.2
Increase/(decrease) in revolving credit facility		**(36.5)**	93.6
Decrease in 10⅜% Senior Subordinated Notes		**–**	(80.1)
Increase/(decrease) in borrowings due within one year		**0.7**	1.8
Increase/(decrease) in other long-term debt		**(0.3)**	(1.8)
Interest received		**1.7**	1.2
Interest paid – pre-exceptional	1,7	**(6.8)**	(13.9)
Interest paid – exceptional	1,7	**–**	(11.6)
Financing fees paid		**–**	(0.6)
Net cash flows (used in)/from financing activities		**(48.4)**	(9.2)
Increase/(decrease) in cash and cash equivalents		**1.9**	2.3
Cash and cash equivalents at the beginning of the period		**46.8**	44.5
Exchange gains and losses on cash and cash equivalents		**(1.2)**	–
Cash and cash equivalents at the end of the period		**47.5**	46.8
Cash and cash equivalents at the end of the period comprise:			
Cash and cash equivalents per balance sheet		**50.5**	49.1
Overdrafts included in current liabilities	21	**(3.0)**	(2.3)
		47.5	46.8

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated cash flow statement

	52 weeks to 30 September 2006			52 weeks to 1 October 2005		
	Before exceptional items £m	**Exceptional items (notes 1 and 7) £m**	**Total £m**	Before exceptional items £m	Exceptional items (notes 1 and 7) £m	Total £m
a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities before tax:						
Operating profit/(loss)	**70.8**	**(1.8)**	**69.0**	54.6	(14.2)	40.4
Depreciation, amortisation and impairments	**14.4**	**–**	**14.4**	11.6	0.2	11.8
Share option expense	**1.6**	**–**	**1.6**	1.8	–	1.8
Gain on disposal of investments	**(0.4)**	**–**	**(0.4)**	–	–	–
Increase/(decrease) in provisions	**(2.1)**	**–**	**(2.1)**	(3.3)	5.6	2.3
(Increase)/decrease in inventories	**(1.4)**	**–**	**(1.4)**	(3.1)	1.4	(1.7)
(Increase)/decrease in trade and other receivables	**(12.3)**	**–**	**(12.3)**	(2.0)	0.1	(1.9)
Increase/(decrease) in trade and other payables	**7.8**	**1.3**	**9.1**	(1.4)	0.1	(1.3)
Net cash inflow/(outflow) from operating activities before tax	**78.4**	**(0.5)**	**77.9**	58.2	(6.8)	51.4

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
b) Summary of movements in net debt[i] and reconciliation to balance sheet:		
Net increase/(decrease) in cash and cash equivalents	**1.9**	2.3
Net (increase)/decrease in borrowings	**35.4**	(13.5)
Net increase/(decrease) in defeasance trust investments	**(1.1)**	23.6
Effect of adopting IAS32 and IAS39 (note 22)	**(1.7)**	–
Effect of foreign exchange rate movements	**2.8**	(0.2)
Movement in net debt for the period	**37.3**	12.2
Net debt at the beginning of the period	**(79.1)**	(91.3)
Net debt at the end of the period	**(41.8)**	(79.1)
Net debt at the end of the period comprises:		
Cash and cash equivalents	**50.5**	49.1
Investments in defeasance trust	**22.5**	23.6
10⅜% Senior Subordinated Notes	**(20.6)**	(19.9)
Other current borrowings	**(5.5)**	(4.1)
Non-current borrowings	**(87.4)**	(126.4)
Non-current lease obligations	**(1.3)**	(1.4)
Net debt at the end of the period	**(41.8)**	(79.1)

(i) Net debt consists of all borrowings (including the effect of cross-currency swaps), finance lease obligations, cash and cash equivalents, and investments in respect of the defeasance trust. IAS39 changes the treatment of deferred financing costs and was only applicable to the Group from 2 October 2005. Deferred financing costs, previously separately disclosed, are now shown as part of the value of the debt instrument to which they relate.

Notes to the consolidated financial statements

1 Accounting policies

Basis of preparation

Enodis plc is a company incorporated in the UK under the Companies Act 1985. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board, and its committees and as interpreted by any regulatory bodies applicable to the Group as adopted for use in the European Union ("EU"), and therefore comply with Article 4 of the IAS regulation.

This is the first year that Enodis plc ("the Group") has presented its consolidated financial statements under IFRS. The Group's comparative information presented for 2005 was initially prepared under United Kingdom generally accepted accounting principles ("UK GAAP") and has been restated in accordance with IFRS. Details of the Group's transition to IFRS are included in the IFRS Restatement of Financial Information announced on 26 January 2006, a copy of which is available on the Group's website: http://www.enodis.com. The Group applied IFRS1 "First-time Adoption of International Financial Reporting Standards" ("IFRS1") in determining its IFRS results. IFRS1 includes a number of optional exemptions available to entities when they adopt IFRS for the first time. Details of the exemptions applied by the Group, as well as an explanation of the impact of IFRS, when compared to UK GAAP, is included in note 34 of these financial statements.

These financial statements have been prepared on the historical cost basis except for certain financial instruments, pensions, other post employment benefits and share-based payments.

The Group's income statement prepared under IFRS is presented in accordance with IAS1 "Presentation of Financial Statements". IAS1 does not provide definitive guidance on the format of the income statement but states key lines that should be disclosed. It also requires additional line items, sub totals and headings to be presented on the face of the income statement when such presentation is relevant to an understanding of the entity's financial performance. Factors to be considered include materiality and the nature and function of the components of income and expense. The Group believes that items referred to as "exceptional items" under UK GAAP should still be separately identified to assist in understanding the financial performance of the Group. Such items will still be disclosed by the Group as "exceptional items" under IFRS. Additionally, the Group also excludes any profit or loss arising from the disposal of businesses from operating profit/(loss). Such gains and losses are reported separately from operating profit/(loss) so as to highlight the underlying operating results of the Group.

Reclassifications

Certain reclassifications have been made to the 2005 financial statements in order to conform to the 2006 presentation.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Entities over which the Group has the ability to exercise control (control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities) are accounted for as subsidiary entities ("subsidiaries") and where the Group has the ability to exercise significant influence, they are accounted for using the equity method of accounting.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of controlled subsidiaries are identified separately from the Group's equity therein.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

On consolidation the assets and liabilities of overseas subsidiaries are translated into Sterling at rates of exchange ruling at the balance sheet date. Income and expense items are translated at the average rate for the month in which they arose. Differences arising from the restatement of opening foreign currency net investments (or date of control in the case of acquisitions during the year) and foreign currency borrowings to the rate ruling at the balance sheet date are taken directly to the Group's foreign currency translation reserve. In addition, exchange differences arising from the retranslation of overseas profit and losses from average rate to closing rate are taken directly to the Group's foreign currency translation reserve. Such translation differences are recognised as income or as expense in the financial period in which the related operations are disposed of.

Transaction differences arising from exchange rate variations are included within operating profit/(loss).

1 Accounting policies (continued)

Revenue

Revenue represents the fair value of the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and allowances, value added tax and other sales related taxes. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in light of contractual and historical information.

Revenue from product sales is recognised when evidence of an arrangement exists, all the risks and rewards of ownership and loss have transferred to the customer, the price is fixed or determinable and collectability is reasonably assured. Revenue from the installation of products is recognised when the installation is complete, while service revenue is recognised over the period to which services are rendered. Revenue from the sale of extended warranty cover is recognised on a straight-line basis over the term of the contract. Property revenue is recognised at fair value of the consideration received or receivable on legal completion.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Research and development

Expenditure on research activities is charged to the income statement in the period in which it is incurred.

Development expenditure on new or substantially improved products is capitalised only once the criteria specified under IAS38 "Intangible Assets" have been met which, among other requirements, requires the technical feasibility of the developed product having being proven. Prior to and during the 52 weeks ending on 30 September 2006, no development expenditure satisfied the necessary conditions of IAS38.

Pensions and other post-employment benefits

The costs of providing pensions under defined benefit schemes are calculated using the Projected Unit Credit Method and are spread over the period during which the benefit is expected to be derived from the employees' services, in accordance with the advice of professionally qualified actuaries. Pension obligations are measured at the present value of estimated future cash flows discounted at rates reflecting the yields of high quality corporate bonds. Pension scheme assets are measured at fair value at the balance sheet date.

Actuarial gains and losses, differences between the expected and actual returns, and the effect of changes in actuarial assumptions are recognised in the statement of recognised income and expense in the period that they arise.

The Group's contributions to defined contribution schemes are charged to the income statement as they fall due.

The costs of other post-retirement liabilities are calculated in a similar way to defined benefit pension schemes and are spread over the period during which benefit is expected to be derived from the employees' services, in accordance with the advice of professionally-qualified actuaries.

Borrowing costs

The Group's policy is not to capitalise interest costs for qualifying assets during their construction.

Taxation

Corporation tax payable is provided on taxable profits for the current period at the current rate. Credit is taken for Advance Corporation Tax written-off in previous years when it is recoverable against current corporation tax liabilities.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences, including any brought forward tax losses, can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Acquisitions and disposals

The Group applies the purchase method of accounting for the acquisition of a business, including joint ventures. Under this approach, fair values are attributed to the Group's share of net identifiable assets acquired. The cost of the acquisition is measured at the aggregate of the fair values of assets given and liabilities incurred plus any costs directly attributable to the business combination. Where the cost of the net assets acquired exceed the fair value attributable to such net assets, the difference is treated as purchased goodwill.

On the subsequent disposal of a previously acquired business, the profit or loss on disposal is calculated by deducting from the net proceeds the carrying amount of any related goodwill, net assets, related foreign exchange gains and losses held in reserves and charging any related transaction costs.

Goodwill

Goodwill is initially measured at cost. Goodwill arising on the acquisition of subsidiaries and joint ventures subsequent to 1998 has been capitalised. In the case of acquisitions that arose prior to 1998, goodwill was written off directly to equity. Prior to the Group's transition to IFRS on 3 October 2004, goodwill previously written-off to equity was charged to the consolidated income statement when the related business was sold. Following the Group's transition to IFRS, goodwill remaining in equity is no longer charged to the consolidated income statement when the related business is sold.

1 Accounting policies (continued)

Goodwill recognised as an asset on the Group's balance sheet is denominated in the currency of the related acquisition and is stated at cost less any accumulated impairment losses and amounts previously amortised. Following the date of the Group's transition to IFRS, goodwill is now deemed to have an indefinite useful life and is not subject to an annual amortisation charge. Instead, goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Other intangible assets

Assets presented under other intangible assets are stated at cost less accumulated depreciation and any accumulated impairment loss. Other intangible assets include:

Software: The costs of acquiring and developing computer software for internal use are capitalised as intangible fixed assets where the software supports significant business systems and the expenditure leads to the creation of a durable asset. Depreciation on software is calculated to write off the cost to the expected residual value, on a straight line basis, over the expected useful lives as follows:

– Enterprise Resource Planning software: 14.3% p.a.

– Other software: 33.3% p.a.

Purchased patents and brands: These are amortised on a straight line basis over their estimated useful lives, ranging from 6.7%–20% p.a.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation on property, plant and equipment is charged so as to write-off the cost, other than assets in the course of construction, to the expected residual value, on a straight line basis, over the expected useful lives as follows:

– Freehold land: nil.

– Freehold and long leasehold buildings: 1%–2% p.a.

– Short leasehold properties: over the unexpired period of the lease.

– Plant and equipment: 10%–33.3% p.a.

The Group does not capitalise any borrowing costs during the construction of items of property, plant and equipment.

Impairment of non-current assets

The carrying values of all non-current assets are reviewed for impairment at each balance sheet date, to determine whether there is an indication that the asset carrying value might exceed the higher of estimated net present value of the future cash flows generated by the asset or the net realisable value of the asset. Any provision for impairment is charged to the income statement in the period concerned.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets relating to a finance lease are recognised at their fair value on acquisition, or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and the lease liability so as to achieve a constant rate of interest over the lease term. Finance charges are charged to the income statement.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of work-in-progress and finished goods includes an appropriate portion of manufacturing overheads incurred in bringing the inventories to their present location and condition. Net realisable value represents fair value less costs to sell.

Legal and other disputes

Provision is made for anticipated settlement costs where the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. No provision is made for other unasserted claims.

Share-based payments

Incentives in the form of share-based payments ("share options") are provided to employees under the Group's share option schemes. Based on the transitional exemptions under IFRS, the Group has elected not to apply IFRS2 "Share Based Payment" retrospectively to share options granted prior to 7 November 2002. Options granted after 7 November 2002 are measured at fair value on the date of grant. Fair value is calculated using the Black-Scholes pricing model, as well as incorporating a discount for the scheme's market based performance conditions. The fair value is charged to the income statement on a straight-line basis over the option's vesting period.

Operating profit/(loss)

Operating profit/(loss) includes revenue less related cost of sales, distribution and administration expenses, corporate costs and other operating items. Operating profit/(loss) excludes any profit or loss arising from the disposal of businesses. Such gains or losses are reported separately.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1 Accounting policies (continued)

Borrowings

Borrowings are recorded at the proceeds received net of direct issue costs. Finance charges are accounted for on an accruals basis in profit and loss using the effective interest rate method and are added to the carrying amount of the instrument.

Trade receivables

Trade receivables are stated at their initial fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables

Trade payables are not interest bearing and are stated at their initial fair value.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Investments

Investments in joint ventures are carried in the Group's balance sheet at cost and are adjusted for post-acquisition changes in the Group's share of the joint venture net assets. Any excess of the cost of the acquisition of the joint venture over the fair value of the acquired net assets at the date of acquisition is recognised as goodwill and is included within investments. Any impairment in the carrying value of the joint venture, including goodwill, is recognised immediately (see impairment of non-current assets).

The Group's US pension investments in non-qualified pension arrangements ("Rabbi Trusts"), where the Group sets aside funds specifically for payment of pensions or deferred compensation, are shown at fair value with changes in fair value recognised in profit and loss.

Defeasance trust assets are classified under IAS39 as assets available for sale and held at fair value. Changes in fair value are taken to equity. On disposal of the related asset, the accumulated changes in value recorded in equity are included in the gain or loss recorded in the income statement.

Other loans and receivables are held at amortised cost using the effective interest method.

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under contract. Initial recognition is measured at cost including transaction costs.

Financial instruments

a) The Group has adopted the provisions of IAS32 "Financial Instruments: Disclosure and Presentation" ("IAS32") and IAS39 "Financial Instruments: Recognition and Measurement" ("IAS39") effective from 2 October 2005. In accordance with the transitional provisions of IFRS1 "First-time Adoption of International Financial Reporting Standards" the Group is not required to restate its UK GAAP FY05 results for the effects of this change in accounting policy. Accordingly, the comparative results relating to financial instruments are prepared under UK GAAP as noted under c) below.

b) Derivative financial instruments and hedge accounting

From time to time, the Group uses derivative financial instruments to reduce exposure to foreign exchange, interest or pricing risks. The Group does not hold or issue derivative financial instruments for speculative purposes. The Group applies hedge accounting (see note 22) to most of its hedging relationships entered into.

Under IAS39, derivative financial instruments are initially recognised in the Group's balance sheet at fair value (including transaction costs), based on either market values of equivalent instruments or the present value of expected future cash flows. The fair value is then remeasured at each subsequent balance sheet date. Hedging derivatives are classified as either fair value hedges, cash flow hedges or net investment hedges.

Changes in the fair value of derivatives designated as cash flow hedges are recognised in equity, to the extent that the hedge is effective. Amounts deferred in equity are released when the forecast hedged transaction impacts profit and loss. Any ineffective portions of cash flow hedges are recognised in the income statement immediately. Hedges of net investments in foreign entities are accounted for in a similar way to cash flow hedges.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting will be recognised immediately in the income statement.

c) The Group's accounting policies for financial instruments prior to adopting IAS39 were:

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk, interest rate and commodity price movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

For a forward foreign exchange contract to be treated as a hedge the instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange rate movements on the Group's operations. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account, or as adjustments to the carrying amount of fixed assets, only when the hedged transaction has itself been reflected in the Group's financial statements.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

1 Accounting policies (continued)

Revisions to IFRS not applicable in FY06

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in the financial statements were in issue but not yet effective:

IAS39 Financial Instruments: Recognition and measurement: During 2005, the International Accounting Standards Board published an amendment to IAS39 relating to Financial Guarantee Contracts. The amendment to IAS39 extends the balance sheet recognition to cover certain forms of financial guarantees currently regarded as off balance sheet and is applicable to the Group from the start of FY07. The Group has not finalised its assessment of the impact of adopting this amendment, but does not anticipate that its impact on the income statement will be material.

IFRS7 Financial Instruments: A new Standard relating to the disclosure of financial instruments is applicable for the Group's FY07 financial statements. These amendments to disclosure requirements will have no effect on the reported results.

The Group does not consider that any other Standards or Interpretations issued by the IASB, but not yet applicable, will have a significant impact on its financial statements.

2 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 1, the Group has made certain judgements and estimates. The most significant of these that have a risk of causing a material adjustment to the carrying value of the Group's assets and liabilities within the next financial year are described below:

Warranty liabilities – The Group records warranty liabilities for the amount that it estimates as the costs that it may incur under product warranties given in connection with the sale of its products. The warranty liabilities recorded as at 30 September 2006 totalled £29.6m as compared to £31.0m as at 1 October 2005. The specific warranty terms and conditions vary depending on the product sold and country where the sale is made, but generally includes repair or replacement parts and labour for periods of one to three years, but in some cases this may be longer. Factors that affect the Group's warranty liabilities include the number of units under warranty, historical and anticipated rates of warranty claims on those units and estimated costs to satisfy the Group's warranty obligations. Each period, the Group re-evaluates its estimates to assess the adequacy of the recorded warranty liabilities.

The Group's rate of warranty claims has been relatively predictable based on historical experience, and over recent years the Group's warranty charge has broadly equalled its annual warranty utilisation. Save for any unforeseen warranty issues arising in the future, the Group expects that its existing warranty rates would still be applicable to determine future warranty liabilities. Due to uncertainties in predicting warranty claim rates, if the Group experiences a warranty claim rate greater than that it has provided for, then it would need to increase its warranty liability, which could have a material adverse affect on its profit/(loss) and cash flows. Conversely, if it was to experience a warranty claim rate lower than expected, this could have a favourable impact on its profit/(loss) and cash flows.

Goodwill impairment – As at 30 September 2006, the Group had goodwill of £179.9m recognised on its balance sheet (2005: £184.8m). The Group's goodwill balances are subject to an annual impairment test. In determining whether there has been a goodwill impairment, the Group is required to review the fair value of each of the cash-generating units to which goodwill has been allocated. Fair values are determined based upon discounted cash flow valuation methods as well as considering the Group's market capitalisation. Consequently, any adverse differences between actual cash flows and estimated cash flows, changes in discount rates, as well as any significant decreases in our market capitalisation could require goodwill impairments to be recognised in the future.

Litigation – From time to time, the Group is subject to lawsuits arising from the ordinary course of business. The Group's policy is to accrue for estimated future legal costs associated with reaching settlement in such lawsuits. These estimates are developed in consultation with the Group's external counsel handling the Group's defence in these matters. If the lawsuits and claims were ultimately determined in a manner adverse to the Group and in excess of established accruals, or if the legal costs associated with these contingencies exceeded the Group's estimates, the Group would be required to record additional expenses or provisions which could have a material effect on the Group's profit/(loss) and cash flows. Additional information about the Group's litigation is included in note 29.

Non-operational properties – The Group is subject to non-cancellable leases expiring out to 2017, on several properties that it no longer uses. The Group records a provision equal to the amounts payable under these leases in excess of the estimated income from sub-letting these properties in the future. The Group's closing provision was £5.2m at 30 September 2006 (2005: £6.3m) and was determined based upon assessments of the remaining terms and payments due under these leases, as well as advice from external surveyors and realtors regarding the marketability of properties and, therefore, the likely level of future sub-lease income. If the Group is unable to achieve anticipated sub-lease income, it would be required to record additional expenses that could have a material effect on its future profit/(loss) and cash flows.

Retirement benefits – The Group has a number of defined benefit pension and other post retirement arrangements, as described in note 28. As at 30 September 2006 the Group had a net pension liability of £10.0m (2005: £15.2m) for its defined benefit and other post retirement medical obligations.

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

The annual expected costs of providing benefits under these arrangements are charged to the income statement, with any subsequent actuarial gains and losses that arise from differences between the expected and actual outcomes, or changes in actuarial assumptions, being recognised immediately in the consolidated statement of recognised income and expense.

Assumptions in respect of the expected costs are set after consultation with independent, qualified actuaries. While management believes the assumptions used are appropriate, the use of different assumptions would impact the Group's earnings and carrying value of these pension and other post retirement arrangements.

Deferred Taxation – The Group recognises deferred tax assets to the extent that it is probable that future taxable profits will be available against which these assets can be utilised. The recovery of deferred tax assets depends upon the Group's ability to generate suitable taxable profits from which the future reversal of the underlying timing differences, including brought forward tax losses, can be benefited. In circumstances where sufficient taxable profits are not expected to arise, the related deferred tax assets have not been recognised.

If the Group does not have suitable taxable profits in the future to recover deferred tax assets that have been recognised, then the Group could experience a material adverse effect on its profit or loss. As at 30 September 2006 the Group had net deferred tax assets of £49.1m (2005: £67.5m).

3 Revenue

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Equipment sales	**745.3**	654.7
Installation and service revenue	**16.8**	13.1
Property revenue	**6.2**	0.1
	768.3	667.9
Dividend income	**0.4**	0.1
Interest income	**2.5**	0.7
	771.2	668.7

4 Segmental information

The Group's operations comprise:

– Foodservice Equipment operations providing primary cooking equipment, ovens, storage, preparation and holding, ice and beverage cooling and dispense equipment to restaurants and other customers worldwide. For management reporting purposes the Foodservice Equipment operations are split between North America and Europe/Asia.

– Food Retail Equipment operations which provide walk-in cold storage and refrigeration display cases to supermarkets and convenience stores ("C-stores") in North America; and

– Property development operations, which include the management of the Group's residual property portfolio. The Property segment is located principally in the UK.

These operations form the basis by which information is reported to management and are accordingly the basis by which the Group reports its primary segmental information.

Inter-segment transactions occur on an arm's-length basis. All segment information relates to continuing operations.

a) Revenue by business segments:

	52 weeks to 30 September 2006			52 weeks to 1 October 2005		
	External sales £m	**Inter-segment sales £m**	**Total £m**	External sales £m	Inter-segment sales £m	Total £m
Foodservice Equipment – North America	**445.7**	**10.2**	**455.9**	406.4	7.7	414.1
Foodservice Equipment – Europe/Asia	**174.1**	**5.3**	**179.4**	147.7	3.3	151.0
Global Foodservice Equipment	**619.8**	**15.5**	**635.3**	554.1	11.0	565.1
Food Retail Equipment	**142.3**	**–**	**142.3**	113.7	–	113.7
Food Equipment	**762.1**	**15.5**	**777.6**	667.8	11.0	678.8
Property	**6.2**	**–**	**6.2**	0.1	–	0.1
Eliminations	**–**	**(15.5)**	**(15.5)**	–	(11.0)	(11.0)
Total revenue	**768.3**	**–**	**768.3**	667.9	–	667.9

4 Segmental information (continued)

b) Operating profit/(loss):

	52 weeks to 30 September 2006			52 weeks to 1 October 2005		
	Before exceptional items £m	**Exceptional items (notes 1 and 7) £m**	**Total £m**	Before exceptional items £m	Exceptional items (notes 1 and 7) £m	Total £m
Foodservice Equipment – North America	**60.7**	**–**	**60.7**	51.4	–	51.4
Foodservice Equipment – Europe/Asia (i)	**9.4**	**–**	**9.4**	7.1	(6.7)	0.4
Global Foodservice Equipment	**70.1**	**–**	**70.1**	58.5	(6.7)	51.8
Food Retail Equipment	**10.6**	**–**	**10.6**	7.3	–	7.3
Food Equipment	**80.7**	**–**	**80.7**	65.8	(6.7)	59.1
Property	**(0.9)**	**–**	**(0.9)**	(0.6)	(5.4)	(6.0)
Corporate	**(9.0)**	**(1.8)**	**(10.8)**	(10.6)	(2.1)	(12.7)
Operating profit/(loss)	**70.8**	**(1.8)**	**69.0**	54.6	(14.2)	40.4
Financing costs			**(9.7)**			(11.3)
Exceptional financing costs (notes 1 and 7)			**–**			(15.4)
Investment income			**2.9**			0.8
Profit/(loss) on disposal of businesses (note 7)			**–**			0.6
Profit/(loss) before taxation			**62.2**			15.1
Taxation (expense)/benefit			**(22.9)**			10.3
Profit/(loss) for the financial period			**39.3**			25.4

(i) The operating profit/(loss) for Foodservice Equipment – Europe/Asia includes a loss of £0.5m (2005: £nil) relating to the Group's 50% joint venture, Welbilt Manufacturing (Thailand) Limited (see note 17).

c) Other information:

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Additions to property, plant and equipment:		
Foodservice Equipment – North America	**10.8**	6.8
Foodservice Equipment – Europe/Asia (i)	**4.0**	4.2
Global Foodservice Equipment	**14.8**	11.0
Food Retail Equipment	**1.1**	0.6
Food Equipment	**15.9**	11.6
Corporate	**0.7**	0.2
	16.6	11.8

(i) Excluding assets acquired with the Frau Group (see note 23).

	£m	£m
Intangible assets acquired:		
Foodservice Equipment – North America	**0.9**	–
Foodservice Equipment – Europe/Asia (i)	**0.6**	0.1
Global Foodservice Equipment	**1.5**	0.1
Food Retail Equipment	**0.1**	0.6
	1.6	0.7

(i) Excluding assets acquired with the Frau Group (see note 23).

4 Segmental information (continued)

c) Other information: (continued)

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Depreciation, amortisation and impairment:		
Foodservice Equipment – North America	**9.1**	7.2
Foodservice Equipment – Europe/Asia	**3.4**	2.8
Global Foodservice Equipment	**12.5**	10.0
Food Retail Equipment	**1.6**	1.5
Food Equipment	**14.1**	11.5
Corporate	**0.3**	0.3
	14.4	11.8

	£m	£m
Segment assets:		
Foodservice Equipment – North America	**231.5**	234.2
Foodservice Equipment – Europe/Asia (i)	**150.2**	136.1
Global Foodservice Equipment	**381.7**	370.3
Food Retail Equipment	**70.2**	67.8
Food Equipment	**451.9**	438.1
Property	**10.3**	15.1
Corporate	**19.1**	16.2
Cash and cash equivalents	**50.5**	49.1
Defeasance trust assets	**22.5**	23.6
Deferred tax assets	**49.1**	67.5
Consolidated total assets	**603.4**	609.6

	£m	£m
Segment liabilities:		
Foodservice Equipment – North America	**104.1**	101.8
Foodservice Equipment – Europe/Asia	**45.4**	40.4
Global Foodservice Equipment	**149.5**	142.2
Food Retail Equipment	**23.2**	22.4
Food Equipment	**172.7**	164.6
Property	**10.8**	11.4
Corporate	**35.2**	38.5
Corporation tax payable	**12.1**	10.8
Borrowings	**114.8**	150.3
Consolidated total liabilities	**345.6**	375.6

(i) Foodservice Equipment – Europe/Asia includes £1.7m (2005: £2.2m) relating to the Group's 50% joint venture (see note 17).

4 Segmental information (continued)

d) Geographical segments:

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Revenue (by location of customer)		
North America	**546.0**	480.7
Europe	**168.2**	141.7
Rest of World	**54.1**	45.5
	768.3	667.9

	£m	£m
Total assets by geographic area		
North America	**343.6**	338.0
Europe	**201.9**	195.7
Rest of World	**8.8**	8.4
Deferred taxation	**49.1**	67.5
	603.4	609.6

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Capital expenditure by geographic area		
North America	**12.6**	7.7
Europe	**3.9**	4.0
Rest of World	**0.1**	0.1
	16.6	11.8

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Intangible assets acquired by geographic area		
North America	**1.0**	0.6
Europe	**0.6**	0.1
	1.6	0.7

5 Operating costs

	52 weeks to 30 September 2006			52 weeks to 1 October 2005		
	Before exceptional items £m	**Exceptional items (notes 1 and 7) £m**	**Total £m**	Before exceptional items £m	Exceptional items (notes 1 and 7) £m	Total £m
Cost of sales	**587.3**	**–**	**587.3**	518.4	–	518.4
Other operating expenses:						
Distribution costs	**31.1**	**–**	**31.1**	27.3	–	27.3
Administration expenses	**65.4**	**1.8**	**67.2**	57.5	14.2	71.7
Other operating expenses	**13.7**	**–**	**13.7**	10.1	–	10.1
Operating costs	**697.5**	**1.8**	**699.3**	613.3	14.2	627.5

6 Operating profit/(loss)

a) Operating profit/(loss) is stated after charging/(crediting):

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Depreciation of property, plant and equipment:		
– owned	**10.7**	10.8
– leased	**0.1**	0.1
Amortisation of software	**0.9**	0.6
Amortisation of other intangible assets	**0.4**	0.3
Impairment of intangible assets (see note 15)	**1.8**	–
Impairment of Welbilt Manufacturing (Thailand) Limited (see note 17)	**0.5**	–
Net foreign exchange (gains)/losses	**(0.9)**	0.2
Write-downs of inventories	**0.4**	1.6
Rental of plant and equipment under operating leases	**1.7**	1.9
Rental of land and buildings	**8.4**	8.1
Rental income	**(1.2)**	(1.2)
Research and development	**11.7**	10.1
Staff costs (see note 8)	**189.0**	186.8
Cost of materials recognised in profit and loss	**308.7**	266.3

b) Auditors' remuneration:

The total remuneration of the Group's Auditors, Deloitte & Touche LLP and its affiliates, for services provided to the Group is analysed below:

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Audit services		
– statutory audit	**1.0**	0.8
– audit-related regulatory reporting	**0.1**	0.1
Further assurance services (i)	**0.1**	0.5
Tax services		
– compliance services	**0.4**	0.3
– advisory services	**0.6**	0.5

(i) Further assurance services were charged in respect of the Group's response to the conditional approaches from The Manitowoc Company Inc and The Middleby Corporation. In the comparative period, £0.3m was charged with respect to the audit of the Group's opening IFRS balance sheet and the 2005 IFRS restatement and £0.2m was charged in respect of the Group's capital restructuring.

A description of the work performed by the Group's Audit Committee in order to safeguard Auditor Independence when non-audit services are provided is set out in the Corporate Governance section on page 37.

7 Exceptional items

As described in note 1, the Group maintains a columnar format for the presentation of its income statement. This format enables enhanced disclosures relating to the Group's pre-exceptional performance and exceptional items. The Group has determined the following pre-tax items to be exceptional:

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Costs in respect of conditional bid approaches	**1.8**	–
Restructuring costs	**–**	6.7
Increase in leasehold property provisions	**–**	5.4
Corporate reorganisation	**–**	17.5
Disposal of Vent Master businesses	**–**	(0.6)
Pre-tax exceptional items	**1.8**	29.0

Management note that exceptional items as defined or presented in these financial statements may not be comparable to similarly titled measures reported by other companies.

2006

During the second half of 2006, the Group incurred costs of £1.8m, principally professional fees, considering and responding to the conditional approaches from The Manitowoc Company Inc and The Middleby Corporation.

2005

Restructuring During 2005 the Group completed a restructuring programme at a number of its European operations. There were three elements to the programme:

– the cessation of manufacturing at the Group's Guyon factory in France;

– the consolidation of manufacturing for the Group's European Beverage business into the UK from Germany; and

– the reshaping of other UK businesses, including exiting from minor unprofitable product lines.

Associated costs included redundancy, fixed asset and inventory write-downs, vacant property costs and operating losses, arising from the decision to cease manufacturing.

Increase in leasehold property provisions During 2005 a review of the Group's surplus leasehold properties was carried out. A number of these properties were leased several years ago on what are now unattractive terms. The conclusion of the review was that whilst the Group was actively pursuing all options for these properties, an additional provision of £5.4m was required against these leases; this was charged through the 2005 income statement.

Corporate reorganisation As a result of the significant progress made over recent years and reflecting the Group's prospects a capital restructuring programme was completed during 2005. This allowed the reinstatement of dividends and led to the termination of the Company's SEC reporting obligations. The programme has simplified the Group's debt financing, reduced interest and compliance costs and freed up management time to focus on further business growth.

A total exceptional cost of £17.5m was charged during 2005 in respect of the Group's capital restructuring programme including £2.1m of professional fees (charged within operating profit), £12.6m of early settlement interest on the 10⅜% Senior Subordinated Notes and £2.8m of non-cash write off of deferred finance costs. The cash cost of the total transaction was £13.7m.

Disposal of Vent Master businesses In March 2005, the Group completed the sale of its Vent Master businesses to the Halton Group. Vent Master was formerly included in the Group's Foodservice Equipment segment. The Group received cash consideration of $6.0m (£3.1m) and incurred cash costs of £0.4m and other costs of £0.2m. The net assets disposed of totalled £1.9m, including £0.1m of cash and cash equivalents. As a result of the disposal, Group net assets increased by £0.6m.

8 Staff costs and Directors' emoluments

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
a) Employee costs, including Directors, comprised:		
Wages and salaries	**162.3**	158.6
Social security costs	**20.1**	19.6
Pension and other post-retirement costs (i)	**5.0**	6.8
IFRS2 share option costs	**1.6**	1.8
	189.0	186.8

(i) Including £1.5m (2005: £1.5m) in respect of defined benefit and other post retirement obligations.

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
b) The average monthly number of employees, including Directors, was:		
Foodservice Equipment – North America	**3,499**	3,558
Foodservice Equipment – Europe and Asia	**1,568**	1,450
Global Foodservice Equipment	**5,067**	5,008
Food Retail Equipment	**1,108**	997
Food Equipment	**6,175**	6,005
Corporate and Property	**32**	33
	6,207	6,038
c) Directors' emoluments:		
Fees as Directors	**0.4**	0.3
Salaries and benefits	**0.8**	0.8
Bonuses	**1.1**	0.8
IFRS2 share option cost	**0.5**	0.5
	2.8	2.4
Pension contributions	**0.1**	0.1
	2.9	2.5

Disclosure on Directors' remuneration, share options, pension contributions and pension entitlements required by the Companies Act 1985 and those specified for audit by the UK Listing Authority is included in the Directors' remuneration report accompanying these financial statements on pages 39 to 44.

9 Financing costs

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Interest on revolving credit facility	**6.1**	2.1
Interest on other loans	**1.1**	0.5
Interest on 10⅜% Senior Subordinated Notes	**2.5**	8.1
Exceptional financing costs (note 7)	**–**	15.4
Amortisation of deferred financing costs	**–**	0.6
	9.7	26.7

10 Investment income

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Interest received from bank deposits	**1.0**	0.5
Interest received relating to defeasance trust investments	**1.0**	0.2
Other interest received	**0.3**	–
Dividends received from investments	**0.4**	0.1
Hedging gains	**0.2**	–
	2.9	0.8

11 Taxation

a) Analysis of expense/(benefit) in the period:

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
The corporate tax expense/(benefit) for the period comprised:		
UK corporate taxation at 30% (2005: 30%)		
– current year	**–**	–
Overseas corporate taxation:		
– current year	**8.8**	6.9
– prior year	**(0.8)**	(0.1)
	8.0	6.8
Deferred taxation	**14.9**	(7.9)
	22.9	(1.1)
Tax relief on exceptional items (notes 1 and 7)	**–**	(9.2)
	22.9	(10.3)

(i) Income tax in the UK is calculated at 30% of the estimated assessable profit for the period. Taxation relating to other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

(ii) For the 52 weeks ended 1 October 2005, the tax relief on exceptional items includes a deferred tax benefit of £9.3m and a current tax charge of £0.1m.

The Group's tax charge for the period can be reconciled to the profit before tax in the income statement using the US Federal tax rate as follows:

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Income tax rate in region where majority of profits earned	**35.0%**	35.0%
Profit/(loss) on ordinary activities before taxation	**62.2**	15.1
Tax on profit/(loss) at US Federal rate	**21.8**	5.3
Permanent differences	**1.4**	2.2
Additional deferred tax assets recognised	**(3.1)**	(23.7)
US State and local taxes effect	**1.7**	1.0
Foreign tax effect	**0.2**	0.9
Other	**0.7**	4.1
Effect of adjustments in respect of prior years	**0.2**	(0.1)
Tax expense/(benefit) for the period	**22.9**	(10.3)

The reconciliation is performed to the US Federal tax rate as the majority of the Group's profits are earned in that jurisdiction.

In addition to the net income tax expense/(benefit) recognised in profit or loss, a deferred tax expense of £1.2m (2005: tax benefit of £1.4m) has been recognised in equity during the period.

11 Taxation (continued)

b) Analysis of deferred tax assets:

Deferred tax assets recognised on the balance sheet are as follows:

	2006 £m	2005 £m
Revenue losses	**10.6**	31.1
Warranties	**10.4**	10.2
US tax credits	**6.5**	5.8
Interest payments	**3.9**	3.7
Accrued compensation	**3.6**	2.8
Inventory and obsolescence	**3.5**	3.2
Pension and other deferred employee benefits	**1.1**	5.4
Other deferred tax assets	**16.2**	14.1
	55.8	76.3
Other deferred tax liabilities	**(6.7)**	(8.8)
	49.1	67.5

In certain cases, the Group has not recognised deferred tax assets due to the unpredictability of future taxable profits of the specific entities to which temporary differences, including revenue losses, relate. Deferred tax assets not recognised on the balance sheet are as follows:

	2006 £m	2005 £m
Revenue losses	**24.9**	24.5
Other	**14.6**	17.9
Total potential deferred tax assets not recognised	**39.5**	42.4

In addition to the above, the Group has surplus UK Advance Corporation Tax carried forward of £12.6m (2005: £12.6m). Based on projected taxable profits and other specific requirements, this asset is not recognised.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is £352.3m (2005: £265.6m). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The Group has the following revenue losses available for offset against future profits:

	2006 £m	2005 £m
United Kingdom losses	**90.4**	95.5
United States losses	**12.2**	72.9
Other territories	**12.4**	4.4
	115.0	172.8

The Group's losses in the US and other territories expire in stages through to 2010 if not used. Losses in the UK do not expire.

c) Analysis of movement in deferred tax asset:

	2006 £m	2005 £m
Balance at the beginning of the period	**67.5**	48.0
Impact of adoption of IAS39 (note 22)	**(0.1)**	–
(Charged)/credited to the income statement	**(14.9)**	7.9
(Charged)/credited to the income statement – exceptional items (notes 1 and 7)	**–**	9.3
(Charged)/credited to equity reserves	**(1.2)**	1.4
Acquisition of the Frau Group (note 23)	**0.4**	–
Currency realignment	**(2.6)**	0.9
Balance at the end of the period	**49.1**	67.5

12 Dividends

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Dividends recognised:		
FY05 final – 1.3p per share (paid 20 February 2006)	**5.2**	–
FY06 interim – 0.83p per share (paid 23 June 2006)	**3.4**	–
	8.6	–
Dividends proposed:		
FY05 final – 1.3p per share	**–**	5.2
FY06 final – 2.17p per share	**8.8**	–

The proposed final dividend for 2006 was approved by the Board on 20 November 2006 and has not been included as a liability as at 30 September 2006 since it is subject to approval by shareholders at the Annual General Meeting to be held on 8 February 2007.

Under current UK tax law, no withholding tax is required to be deducted from dividends paid by Enodis plc. Subject to certain exceptions for traders in securities and insurance companies, a corporate shareholder resident in the United Kingdom for tax purposes will generally not be subject to corporation tax on dividends received from Enodis plc. Individual shareholders resident in the United Kingdom for taxation purposes are generally liable to income tax on the aggregate amount of any dividend received from Enodis plc with a tax credit equal to 10% of the gross dividend (or ⅑th of the cash dividend received). The tax credit can be set against the individual shareholder's total liability to income tax on the cash dividend. Non-United Kingdom resident shareholders may be subject to tax on dividends received from Enodis plc under any law to which they are subject outside the United Kingdom.

13 Earnings/(loss) per share

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Profit/(loss) for the period attributable to equity holders of the parent	**39.1**	25.3

	Number m	Number m
Basic weighted average number of shares	**403.2**	401.0
Dilutive number of shares from executive share option schemes	**9.0**	5.4
Diluted weighted average number of shares	**412.2**	406.4

Adjusted earnings per share are presented to reflect the Group's underlying performance. The Group's adjusted earnings per share are based on profit/(loss) before exceptional items (see notes 1 and 7) and deferred taxation (see note 11).

A reconciliation to the Group's adjusted earnings per share is as follows:

	52 weeks to 30 September 2006 pence	52 weeks to 1 October 2005 pence
Basic earnings per share	**9.7**	6.3
Effect per share of exceptional items	**0.4**	5.0
	10.1	11.3
Effect per share of pre-exceptional deferred tax	**3.7**	(2.0)
Adjusted basic earnings per share	**13.8**	9.3
Diluted earnings per share	**9.5**	6.2
Effect per share of exceptional items	**0.4**	4.9
	9.9	11.1
Effect per share of pre-exceptional deferred tax	**3.6**	(2.0)
Adjusted diluted earnings per share	**13.5**	9.1

14 Goodwill

	2006 £m	2005 £m
Group		
At the beginning of the period	**184.8**	182.3
Recognised on acquisition of the Frau Group (see note 23)	**4.1**	–
Currency realignment	**(9.0)**	2.5
At the end of the period	**179.9**	184.8

On the Group's transition to IFRS on 3 October 2004 the amount of accumulated amortisation of £213.4m was eliminated against the original cost of £395.7m. Accordingly, the adjusted opening cost for goodwill under IFRS was £182.3m.

Goodwill is allocated to the Group's cash generating units ("CGUs") from which the Group is expected to benefit. The carrying amount of goodwill for the Group's CGUs are as follows:

	2006 £m	2005 £m
Scotsman Ice	**57.4**	60.6
Delfield	**29.4**	31.1
Frimont/Castelmac	**24.5**	26.0
Kysor Panel Systems	**24.3**	25.6
Scotsman Beverage Systems	**9.9**	10.5
Jackson	**13.0**	13.7
Merrychef	**12.6**	12.6
Convotherm	**6.2**	4.7
Frau Group	**2.6**	–
Goodwill carrying value	**179.9**	184.8

The Group annually tests goodwill for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount and growth rates. The Group prepares cash flow forecasts derived from its most recent financial budgets approved by management for the next three years and extrapolates cash flows for the following seven years based on a growth rate of 3%, as well as recognising a terminal value based on a constant cash flow into perpetuity. The growth rates applied beyond the most recent financial budgets do not exceed the long-term growth rates for the markets in which the Group operates. The projected cash flows are discounted based on the Group's current estimated weighted average cost of capital of 10%.

Expected future cash flows are inherently uncertain and could materially change over time. Based on current projections, management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amounts to exceed their recoverable amounts.

15 Other intangible assets

a) Asset values:

	Software £m	Purchased patents £m	Purchased brands £m	Total £m
Cost:				
At 3 October 2004	7.5	3.9	–	11.4
Additions	0.7	–	–	0.7
Currency realignment	0.2	0.1	–	0.3
At 1 October 2005	8.4	4.0	–	12.4
Additions	1.6	–	–	1.6
Acquisition of the Frau Group (note 23)	–	–	0.8	0.8
Currency realignment	(0.4)	(0.2)	–	(0.6)
At 30 September 2006	**9.6**	**3.8**	**0.8**	**14.2**
Amortisation:				
At 3 October 2004	2.6	1.0	–	3.6
Provided during the period	0.6	0.3	–	0.9
Currency realignment	0.1	–	–	0.1
At 1 October 2005	3.3	1.3	–	4.6
Provided during the period	0.9	0.3	0.1	1.3
Impairment losses (i)	–	1.8	–	1.8
Currency realignment	(0.2)	(0.1)	–	(0.3)
At 30 September 2006	**4.0**	**3.3**	**0.1**	**7.4**
Net book value at 1 October 2005	5.1	2.7	–	7.8
Net book value at 30 September 2006	**5.6**	**0.5**	**0.7**	**6.8**

The amortisation charge for all intangibles is included in the Group's determination of operating profit. The Group does not have any internally generated intangible assets.

(i) During the year, the Group reassessed the value of its purchased patent technology and concluded that, following advances in the Group's similar in-house technologies, that there will be insufficient sales of products using this particular technology to support its value. Estimated future cash flows for the patent over the next five years have been discounted at a risk adjusted discount rate of 12% which resulted in a net present value less than the carrying value. Therefore an impairment charge of £1.8m has been charged to the profit and loss account within the Foodservice North America segment.

b) Capital commitments:

	2006 £m	2005 £m
Contracted commitments for future expenditure on intangibles	**0.5**	0.1

16 Property, plant and equipment

a) Asset values:

	Land and buildings £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost:				
At 3 October 2004	60.8	118.7	6.4	185.9
Additions	1.0	5.8	5.0	11.8
Disposals and assets written off	(0.3)	(6.7)	–	(7.0)
Disposal of subsidiaries	(0.5)	(1.0)	–	(1.5)
Reclassifications and transfers	0.6	10.0	(10.6)	–
Currency realignment	0.7	2.4	–	3.1
At 1 October 2005	62.3	129.2	0.8	192.3
Additions	0.9	6.1	9.6	16.6
Acquisition of the Frau Group (note 23)	0.8	0.1	–	0.9
Disposals and assets written off	–	(3.8)	–	(3.8)
Reclassifications and transfers	0.3	4.7	(5.0)	–
Currency realignment	(2.8)	(4.9)	(0.3)	(8.0)
At 30 September 2006	**61.5**	**131.4**	**5.1**	**198.0**

	Land and buildings £m	Plant and equipment £m	Assets under construction £m	Total £m
Depreciation:				
At 3 October 2004	22.9	92.7	0.1	115.7
Provided during the period	2.0	8.8	0.1	10.9
Disposals and assets written off	(0.3)	(5.9)	–	(6.2)
Disposal of subsidiaries	(0.2)	(0.6)	–	(0.8)
Reclassifications and transfers	0.1	0.1	(0.2)	–
Currency realignment	0.4	1.6	–	2.0
At 1 October 2005	24.9	96.7	–	121.6
Charge for the period	2.0	8.8	–	10.8
Disposals and assets written off	–	(3.7)	–	(3.7)
Reclassifications and transfers	0.3	(0.3)	–	–
Currency realignment	(1.1)	(4.1)	–	(5.2)
At 30 September 2006	**26.1**	**97.4**	**–**	**123.5**
Net book value at 1 October 2005	37.4	32.5	0.8	70.7
Net book value at 30 September 2006	**35.4**	**34.0**	**5.1**	**74.5**

The Group has pledged land and buildings having a carrying amount of £0.3m (2005: £1.5m) to secure industrial revenue bond loans granted to the Group. As at 30 September 2006, £1.1m of the carrying value of land and buildings related to assets subject to finance leases (2005: £1.3m) and £0.2m of the carrying value of plant and equipment related to assets subject to finance leases (2005: £0.1m).

b) Capital commitments:

	2006 £m	2005 £m
Contracted commitments for future expenditure on property, plant and equipment	**2.8**	1.0

17 Investments

	2006 £m	2005 £m
Joint Venture (i)		
– share of net assets	**1.3**	1.3
– goodwill	**0.4**	0.9
Defeasance trust (ii)		
– Gilts	**21.4**	21.5
– Cash	**1.1**	2.1
Rabbi Trusts (iii)	**4.3**	4.2
Other loans and receivables (iv)	**0.7**	0.7
Other unlisted investments (v)	**–**	1.0
	29.2	31.7
Disclosed as:		
Current asset investments	**22.7**	1.3
Non-current asset investments	**6.5**	30.4
	29.2	31.7

(i) The joint venture relates to the Group's 50% investment in Welbilt Manufacturing (Thailand) Limited ("Welbilt Thailand"). As at 30 September 2006, adjusting to the Group's accounting policies, our share of Welbilt Thailand total assets was £1.8m (2005: £2.4m) and total liabilities was £0.5m (2005: £1.1m). For the 52 weeks ending on 30 September 2006, our share of Welbilt Thailand revenues was £2.7m (2005: £3.0m) and operating profit was £nil (2005: £nil). During the year, management reviewed the performance of Welbilt Thailand and concluded that the net present value of future trading performance discounted at a risk adjusted rate of 12% did not fully support the carrying value. As a consequence, a charge of £0.5m (2005: £nil) has been charged to profit and loss and is reported in the Foodservice Europe/Asia segment. As the Group does not control Welbilt Thailand, the Group applies equity accounting for its investment interest.

(ii) The cash and gilts represent amounts irrevocably paid into a trust, independently administered by the Bank of New York, sufficient to satisfy all remaining future liabilities arising on the Group's remaining 10⅜% Senior Subordinated Notes ("Notes"). These investments can only be used for this purpose. Both the cash and the gilts are taken into account in the calculation of net debt, as are the corresponding liabilities arising under the Notes. The Trustee has been given irrevocable instructions to call the Notes in April 2007 and therefore the defeasance trust assets are disclosed as current assets.

(iii) On transition to IAS39, the Group has designated its investments in Rabbi Trusts to be held at fair value through profit and loss. Fair value is measured at the market price as at the balance sheet date. The fair value on transition to IAS39 was £4.5m, compared to a carrying value under UK GAAP of £4.2m.

(iv) Other loans and receivables relate to a loan repayable by 2021 which accrues interest at 6.5%.

(v) During the 52 weeks ended 30 September 2006, the Group disposed of its interest in C. Czarnikow Limited for £1.4m, recognising a gain on sale of £0.4m in Corporate costs.

18 Inventories

	2006 £m	2005 £m
Raw materials and consumables	**32.9**	28.5
Work in progress	**7.9**	8.8
Finished goods	**36.0**	35.4
	76.8	72.7
Property	**8.0**	12.6
	84.8	85.3

As at 30 September 2006, the carrying amount of inventories held at net realisable value was £4.4m (2005: £3.8m).

19 Trade and other receivables

	2006 £m	2005 £m
Trade receivables	**110.4**	97.5
Other receivables	**4.1**	5.1
Prepayments	**4.3**	4.8
Other financial assets	**0.5**	–
	119.3	107.4

The Directors believe that the carrying value of trade and other receivables approximates to their fair value.

For the 52 weeks ending 30 September 2006, the Group's average credit period on sales of goods and services ("debtor days") was 45 days (2005: 45 days). The standard credit terms for the Group's trade receivables are typically 30 days. In certain instances longer periods may be negotiated up to 180 days. From time to time, the Group charges interest on balances that are outstanding beyond its standard credit terms at interest rates up to 10%.

An allowance has been made for estimated irrecoverable amounts from trade receivables of £3.7m (2005: £3.5m). This allowance has been determined by reference to past default experience and known exposures.

20 Current liabilities

	2006 £m	2005 £m
a) Borrowings:		
Bank loans and overdrafts	**3.0**	2.3
10⅜% Senior Subordinated Notes	**20.6**	–
Other loans	**2.5**	1.8
Deferred financing costs	**–**	(0.6)
Total (note 21)	**26.1**	3.5
b) Trade and other payables		
Trade payables	**74.5**	68.7
Other payables	**4.2**	3.7
Taxes and social security	**1.3**	1.3
Accruals and deferred income	**75.2**	72.7
	155.2	146.4

21 Total borrowings

	2006 £m	2005 £m
Bank loans and overdrafts	**3.0**	2.3
10⅜% Senior Subordinated Notes	**20.6**	19.9
Revolving credit facility	**81.7**	121.8
Deferred financing costs	**–**	(1.5)
Other loans	**8.2**	6.4
	113.5	148.9
Obligations under finance leases (note 30)	**1.3**	1.4
	114.8	150.3
Amounts due for settlement within 12 months (current liabilities)	**26.1**	3.5
Amounts due for settlement after 12 months (non-current liabilities)	**88.7**	146.8
	114.8	150.3

The credit agreement that governs the Group's revolving credit facility ("the Facility") allows for maximum borrowings of US$400m. The Facility is unsecured and has US$225m maturing in September 2009 with the remaining US$175m maturing in October 2010. Drawings under the Facility bear interest at between 0.75% and 1.50% above LIBOR as determined by reference to certain agreed financial ratios. The premium that the Group pays above LIBOR is determined under the Facility on a quarterly basis. Current drawings bear interest at LIBOR + 0.85%.

21 Total borrowings (continued)

The Facility is a multi-currency facility which can be used for general corporate purposes and for issuing letters of credit. The Facility contains customary financial and operating covenants including, among other things, covenants to maintain ratios of EBITDA to total interest cost and maximum ratios of net debt to EBITDA. The Facility also includes covenants relating to the making of acquisitions, disposals, certain restricted payments, mergers and liens. The Facility contains customary events of default including without limitation, failure to make payments under the Facility, breach of financial or general covenants, misrepresentations, cross-default in respect of other indebtedness in excess of £5m, insolvency, bankruptcy and any material adverse change as defined in the agreement.

The Group also has letters of credit drawn under the Facility totalling £40.5m (2005: £41.8m). After taking account of these letters of credit and existing drawings, the Group had £91.9m (2005: £62.5m) of borrowing availability under its revolving credit facility.

The Group's borrowings under the Senior Subordinated Notes ("the Notes"), which pay interest at 10⅜%, were subject to legal defeasance during 2005. On 27 July 2005 the Group irrevocably transferred the remaining £19.9m (current value £20.6m) of liabilities under the Notes into a trust administered by the Bank of New York ("the Trustee") together with UK Government Gilts and cash sufficient to meet all remaining future liabilities arising on the Notes including an early redemption fee payable in April 2007.

In certain circumstances, it is possible for the assets and liabilities of the trust to be returned to Enodis plc. These circumstances, which are considered to be remote, are:

- that a Court, Government or similar authority issues an order preventing the Trustee from applying the funds to settlement of the debt obligations;
- circumstances in which the transfer is not effective due to insufficient funds being initially deposited; and
- if any amounts remain unclaimed by April 2009.

Accordingly, the Notes and associated gilts and related cash are not derecognised from the Group's balance sheets.

The Group's other loans (£8.2m) consist primarily of industrial revenue bonds issued from various governments or local bodies. These bonds are either at fixed rates of interest or at rates of interest set periodically by reference to market rates and are secured over certain properties owned by the Group. The bonds incurred rates of interest of between 0.0% and 8.7% during the period.

22 Financial instruments

a) Impact of adopting IAS32 and IAS39:

The main adjustments for the Group from adopting IAS32 and IAS39, effective from 2 October 2005, relate to recognising borrowings at amortised cost (previously face value), cross currency swaps at fair value (previously contracted value) and recognising certain derivative instruments that were previously off balance sheet, for example certain foreign exchange hedges and commodity contracts for difference.

The effect on the Group's shareholders' funds and net debt from adopting IAS32 and IAS39 on 2 October 2005 was:

	£m
Shareholders' funds – increase/(decrease)	
Decrease in fair value of net investment hedges (cross currency swaps)	(1.6)
Increase in fair value of pension asset (Rabbi Trusts)	0.3
Decrease in other financial liabilities	0.2
Decrease in deferred tax assets	(0.1)
	(1.2)
Net debt – increase/(decrease)	
Decrease in fair value of net investment hedges (cross currency swaps)	1.6
Increase in carrying value of borrowings	0.1
	1.7

A restated opening balance sheet for 2 October 2005 is presented in note 35.

22 Financial instruments (continued)

b) Group financial and treasury risk management policies

The Group is exposed to market risk from changes in foreign exchange rates, interest rates and commodity prices. The Group monitors and manages these risks as an integral part of the Group's overall risk management programme, which recognises the unpredictability of the markets in which it operates and seeks to reduce their potentially adverse effects on the Group's results, where economically and commercially possible.

(i) Foreign exchange risk management: The Group sells its products in over 100 countries and has manufacturing operations in eight countries. As a result, the Group faces transactional currency exposure when the Group's operating subsidiaries enter into transactions denominated in currencies other than their functional currency. Foreign exchange transaction exposures are identified and generally managed directly by operating subsidiaries within the Group's policies and guidelines. The central treasury function enters into foreign exchange hedging transactions on behalf of subsidiaries where this is beneficial to the Group.

The Group has significant capital employed in overseas operations. As a result, the Group's balance sheet can be affected by movements in foreign exchange rates. The Group has a policy to hedge this risk, where appropriate, to limit the effect of foreign exchange rate movements. Accordingly the Group has loans in the same currencies as the capital employed in the Group's main overseas operations. From time to time, the Group uses cross currency swap instruments to also convert the currency of the Group's borrowings to such functional currencies.

(ii) Commodity risk management: The Group is subject to market risk in respect of commodities (mainly base metals) since the Group's ability to recover increased costs through higher pricing may be limited by the competitive environment in which it operates. In some instances the Group may not be able to pass increased costs onto its customers. The Group enters into arrangements to facilitate an adequate supply of materials, as well as to lock into predeterminable pricing levels. These supply contracts are typically for a period of 12 months to 36 months. Some of the Group's purchase contracts fix the price of items bought, while other contracts allow for price variations. Certain of the Group's steel supply contracts allow for variations based on the price of certain metals such as nickel, copper and aluminium. To reduce exposures to fluctuations in the price of these metals the Group may fix the price with its suppliers, or in some instances enter into external contracts for difference that have the effect of fixing the overall price paid. The Group's policy is to apply hedge accounting (see below) to these relationships where it is both permissible under IAS39, practical to do so and its application reduces earnings volatility. However, in certain instances transactions that may be effective hedges in economic terms may not always qualify for hedge accounting under IAS39. Consequently, in the case of the Group's nickel hedges, the fair value of any outstanding contracts for difference are recognised immediately in the income statement. The Group applies hedge accounting to its copper and aluminium contracts for difference.

(iii) Interest rate risk management: The Group finances its operation through a mix of retained profits and borrowings. To reduce the impact of changes in interest rates on the Group's borrowings, the Group's policy is to have fixed rate debt equal to at least 50% of its borrowings. Accordingly, the Group may contract with major financial institutions for interest rate swap agreements, where the Group agrees to exchange the difference between a fixed interest rate and a variable interest rate, as applied to a notional principal amount.

(iv) Liquidity risk management: The Group's policy is to hold cash and cash equivalents and maintain undrawn credit facilities at a level sufficient to ensure that the Group has available funds to meet its medium-term capital and funding obligations as well as any unforeseen obligations and opportunities. The Group holds cash and cash equivalents and short-term deposits, which together with the undrawn committed facilities, enable the Group to manage its liquidity risk.

(v) Credit risk management: The Group is exposed to credit related losses in the event of non-performance by counterparties to financial assets, but it does not expect any counterparties to fail to meet their obligations given the Group's policy of selecting only counterparties with high credit ratings. The exposure to credit loss of liquid assets is equivalent to the carrying value on the balance sheet. The maximum credit exposure of interest rate and foreign exchange derivative contracts is represented by the fair value of contracts with a positive fair value at the reporting date.

Concentrations of credit risk with respect to the Group's trade and other receivables are limited to the Group's customer base being large and unrelated. The Group therefore believes that there is no further credit risk provision required in excess of its normal provision for doubtful receivables.

In the normal course of business, the Group has entered into arrangements in respect of performance bonds, letters of credit and other guarantee arrangements. The Group treats these arrangements as executory contracts until such time as the Group is required to perform under the prescribed arrangements, however these arrangements still subject the Group to potential credit risk.

Additionally, the Group has restrictions in respect of repatriating retained earnings from its operations in China, where approvals from local regulatory agencies are required. The current amount of retained earnings subject to such approvals is currently not material.

The maximum credit risk at 30 September 2006 on recognised financial assets is £193.1m (2005: £180.2m).

22 Financial instruments (continued)

c) Hedge accounting:

As described above, the Group's risk management policies include hedging foreign exchange risks, interest rate risks and commodity price risk using a range of hedging instruments. Where possible the Group applies hedge accounting, as summarised below:

(i) Net investment hedges: From time to time the Group uses cross currency swap instruments to align borrowings to the underlying net investment held in foreign currencies as well as same currency loans. To the extent that these hedges are effective, changes in the fair value of these derivatives that are designated as net investment hedges are included within equity reserves until earnings are affected by the hedged item. Ineffective portions of such hedges are recognised immediately in profit and loss. The Group discontinues hedge accounting prospectively when it determines that the derivative no longer qualifies as an effective hedge, or when it is no longer probable that the investments will remain. When hedge accounting is discontinued because the derivative no longer qualifies as an effective hedge, the derivative continues to be carried on the balance sheet at its fair value, with subsequent changes in fair value recognised in current period earnings. Gains and losses related to discontinued hedges that were previously included in equity reserves will remain in equity reserves until the disposal of the underlying investment. As at 30 September 2006 the Group had no cross currency swap instruments outstanding.

(ii) Cash flow hedges: The Group's interest rate swaps, foreign exchange forward contracts and certain commodity contracts for difference are accounted for as cash flow hedges. Upon the designation of these derivatives as cash flow hedges, any effective gains and losses arising are deferred in equity reserves. Any ineffective portions are recognised in profit and loss immediately. The effective gains and losses deferred in equity are taken to the income statement at the same time as the hedged item impacts profit and loss. The following table summarises the fair value of the Group's outstanding derivatives. As part of the adoption of IAS39 on 2 October 2006, these have been designated and accounted for as cash flow hedges:

	Financial asset/(liability)
	2006 £m
Interest rate swaps	**0.4**
Commodity contracts for difference	**0.1**
	0.5

The Group's commodity contracts for difference have maturity dates of less than one year, while the Group's interest rate swaps mature at various dates out to November 2007.

The Group had short-term foreign exchange contracts at 30 September 2006 which had a fair value of £0.1m and were recognised in profit and loss.

d) Financial instrument profiles and summary of interest rates:

The Group's financial assets are either available on demand or have maturity dates due within one year except for the Group's investments in Rabbi Trust's, which are held to meet the underlying pension obligations, the bulk of which are non-current in nature. Interest rate swaps, as detailed in note 22c) (i) and (ii) above are included in the fair value.

(i) Maturity profile: The maturity profile based on the contractual lives of the Group's financial liabilities, are as follows:

	2006			2005		
	Borrowings £m	**Other £m**	**Total £m**	Borrowings £m	Other £m	Total £m
Within less than one year, or on demand	**3.0**	**23.1**	**26.1**	2.3	1.2	3.5
More than one year but not more than two years	**–**	**0.5**	**0.5**	–	15.4	15.4
More than two years but not more than three years	**–**	**0.3**	**0.3**	–	–	–
More than three years but not more than four years	**–**	**0.1**	**0.1**	22.9	2.6	25.5
More than four years but not more than five years	**81.7**	**0.2**	**81.9**	–	–	–
More than five years	**–**	**5.9**	**5.9**	98.9	7.0	105.9
Gross financial liabilities	**84.7**	**30.1**	**114.8**	124.1	26.2	150.3

In the maturity analysis of the Group's financial liabilities "Other" includes obligations under finance leases, Senior Subordinated Notes and other loans (see note 21).

22 Financial instruments (continued)

The Group had the following undrawn facilities at the end of the period:

	2006 £m	2005 £m
Expiry date:		
More than two years but less than three years	**91.9**	–
More than three years but less than four years	**–**	62.5
	91.9	62.5

(ii) Interest rate profile: The Group's financial assets and liabilities excluding trade debtors and creditors which generally do not carry interest, have the following interest rate profiles:

	Floating rate £m	Fixed rate £m	Non-interest bearing £m	Total £m
Interest rate profile: Financial assets as at 30 September 2006				
Cash and cash equivalents	**43.7**	**–**	**6.8**	**50.5**
Investments	**1.1**	**22.1**	**4.3**	**27.5**
Other financial assets	**–**	**0.4**	**0.1**	**0.5**
Total	**44.8**	**22.5**	**11.2**	**78.5**
Interest rate profile: Financial assets as at 1 October 2005				
Cash and cash equivalents	39.9	–	9.2	49.1
Investments	2.1	22.2	5.2	29.5
Total	42.0	22.2	14.4	78.6

The Group pays interest on its revolving credit facility on the maturity of each drawing. Where interest rate swaps are taken out, the payment dates of such swaps are matched to the interest payment dates of the Group's revolving credit facility. The Group's interest rate swaps are also denominated in the same currency as the related borrowings.

As at 30 September 2006, the Group had gross borrowings of £114.8m; £73.1m of these borrowings were fixed principally through interest rate swaps (£48.2m), which mature by November 2007 and Senior Subordinated Notes (£20.6m), which are due for redemption in April 2007. The remaining £4.3m relates to other minor fixed rate borrowings (ie other bonds). In total fixed borrowings represented 64% of the Group's total borrowings, 36% (£41.7m) remains floating or non-interest bearing.

A hypothetical 100-basis point increase in the interest rates associated with the Group's floating rate borrowings during 2006 would have increased the Group's interest expense by approximately £0.6m.

The floating rate cash and cash equivalents comprise certain bank accounts that earn interest. The non-interest bearing cash and cash equivalents relate to uncleared receipts and cash in current accounts.

The non-interest bearing investments mainly comprise Rabbi Trust investments that are held in unit trusts.

	Floating rate £m	Fixed rate £m	Non-interest bearing £m	Total £m	Effective interest rate %	Weighted average remaining contractual lives (years)
Interest rate profile: Financial liabilities as at 30 September 2006	**41.6**	**73.1**	**0.1**	**114.8**	**5.9**	**3.3**
Interest rate profile: Financial liabilities as at 1 October 2005	80.3	71.5	(1.5)	150.3	5.4	4.3

The total financial liabilities are represented by borrowings of the Group.

22 Financial instruments (continued)

(iii) Foreign exchange rate profile: The Group's financial assets and liabilities excluding trade debtors and creditors have the following currency profiles:

	Floating rate £m	Fixed rate £m	Non-interest bearing £m	Total £m
Financial assets				
Sterling	5.1	21.4	1.8	28.3
US$	6.1	0.4	9.1	15.6
Euro	10.7	0.7	–	11.4
Other	22.9	–	0.3	23.2
As at 30 September 2006	**44.8**	**22.5**	**11.2**	**78.5**
Sterling	8.6	21.5	4.5	34.6
US$	16.1	–	4.6	20.7
Euro	5.4	0.7	3.2	9.3
Other	11.9	–	2.1	14.0
As at 1 October 2006	42.0	22.2	14.4	78.6

	Floating rate £m	Fixed rate £m	Non-interest bearing £m	Total £m	Fixed weighted average interest rate %	Weighted average period at fixed rate (years)
Financial liabilities						
Sterling	4.1	20.6	0.1	24.8	10.4	0.6
US$	6.9	51.9	–	58.8	4.6	0.9
Euro	30.6	0.6	–	31.2	3.8	4.4
As at 30 September 2006	**41.6**	**73.1**	**0.1**	**114.8**	**6.3**	**0.9**
Sterling	0.4	19.9	(1.5)	18.8	10.4	1.5
US$	79.9	48.3	–	128.2	7.1	2.0
Euro	–	3.3	–	3.3	10.2	3.9
As at 1 October 2005	80.3	71.5	(1.5)	150.3	8.3	1.9

e) Fair values of financial assets and liabilities:

The table below sets out a comparison of the book and fair value of financial assets and liabilities excluding trade receivables and trade payables whose book value equals fair value and are detailed in notes 19 and 20.

	2006		2005	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Cash and cash equivalents	**50.5**	**50.5**	49.1	49.1
10⅜% Senior Subordinated Notes	**(20.6)**	**(22.5)**	(19.9)	(23.5)
Other current borrowings	**(5.5)**	**(5.5)**	(3.5)	(3.5)
Revolving credit facility	**(81.7)**	**(82.3)**	(121.8)	(121.8)
Defeasance trust investments	**22.5**	**22.5**	23.6	23.6
Other financial assets	**0.5**	**0.5**	–	–
Other investments	**5.0**	**5.0**	5.9	5.9
Other financial liabilities	**(7.0)**	**(7.0)**	(5.1)	(6.1)

Fair values of liquid instruments are estimated by reference to prices available from the markets on which such instruments are traded. The fair value of the Senior Subordinated Notes has been calculated as the present value of the future cash flows, using a UK Gilt discount rate of 4.5%. The fair value of the Defeasance trust investments is the mid-price at the close of business on the balance sheet date.

The fair value of cash and cash equivalents and current borrowings approximates the carrying amount because of the short-term maturity of these investments. The fair value of the non-current borrowings approximates the carrying value due to the debt being subject to floating rates or short-term fixed rates.

23 Acquisitions

On 31 January 2006, the Group acquired 100% of the issued share capital of the Frau Group ("Frau") for a net total consideration of €10.0m (£6.9m) to be satisfied in cash, subject only to adjustment for final net working capital and certain performance criteria. Frau, based in Spain, consists of a distribution business concentrating on ice machines and combi-ovens and also a service and installation business trading under the name of Teuros. This transaction has been accounted for using the purchase method of accounting.

	Book value £m	Fair value adjustments £m	Provisional values £m
Net assets acquired:			
Property, plant and equipment	**0.4**	**0.5**	**0.9**
Inventories	**1.3**	**(0.3)**	**1.0**
Trade and other receivables	**3.0**	**(0.1)**	**2.9**
Deferred tax	**–**	**0.4**	**0.4**
Cash and cash equivalents	**1.5**	**–**	**1.5**
Trade and other payables	**(3.1)**	**(1.6)**	**(4.7)**
Intangible assets			
– brands	**–**	**0.8**	**0.8**
	3.1	**(0.3)**	**2.8**
Goodwill			**4.1**
			6.9
Satisfied by:			
Cash paid			**5.8**
Attributable costs			**0.4**
Deferred and contingent consideration outstanding			**0.7**
			6.9
Net cash outflow arising on acquisition:			
Cash consideration, including costs			**6.2**
Cash and cash equivalents acquired			**(1.5)**
			4.7

The fair value adjustments shown above are provisional. In accordance with the requirements of IFRS3 "Business Combinations" these will be finalised within 12 months from the acquisition date.

The amount of revenue and profit before tax since the acquisition date that is included in the Group's results for the 52 weeks to 30 September 2006 was £8.1m and £0.1m respectively.

If the acquisition of Frau had been completed on the first day of the financial year, the Group's revenues and profit attributable to equity holders would have been £771.7m and £39.2m respectively.

The goodwill arising on the acquisition is attributable to the distribution network and access to new customers arising from the future distribution of the Group's products into the Spanish market.

24 Provisions

	Property and environmental reserves £m	Restructuring £m	Warranty £m	Other £m	Group total £m
Analysis of movement in provisions:					
At the beginning of the period	**8.4**	**0.7**	**31.0**	**4.0**	**44.1**
Additional provision recognised	**0.3**	**0.1**	**16.9**	**0.2**	**17.5**
Provision utilised	**(1.4)**	**(0.7)**	**(14.4)**	**(0.3)**	**(16.8)**
Provision released to profit and loss	**–**	**–**	**(2.4)**	**–**	**(2.4)**
Currency realignment	**(0.1)**	**–**	**(1.5)**	**–**	**(1.6)**
At the end of the period	**7.2**	**0.1**	**29.6**	**3.9**	**40.8**
Disclosed as:					
Current provisions	**1.3**	**0.1**	**15.4**	**1.4**	**18.2**
Non-current provisions	**5.9**	**–**	**14.2**	**2.5**	**22.6**

Property provisions relate primarily to lease payments under onerous contracts. Based off the Group's rental projections, £1.3m is expected to be settled within the next year. The remainder, disclosed as non-current, is expected to be settled on leases that go out to 2017.

Restructuring costs relate mainly to costs associated with the charges described in note 7 "exceptional items", and are expected to be recognised during the next year.

24 Provisions (continued)

The Group records warranty liabilities as described in the Group's critical accounting policies in note 2.

As at 30 September 2006 the Group had provisions for other obligations totalling £3.9m which includes amounts in respect of dilapidations, contractual disputes and other deferred payments. £1.4m has been disclosed as current and £2.5m as non-current.

The Group also has obligations under pension and other post-retirement obligations. See note 28 below.

25 Share capital

	2006 Number	2005 Number	**2006 £m**	2005 £m
a) Number and value of shares:				
Ordinary shares of 10p each (50p prior to 7 July 2005)				
Authorised	**600,000,000**	600,000,000	**60.0**	60.0
Issued and fully paid	**405,387,999**	403,639,313	**40.5**	40.4

On 7 July 2005, the nominal value of the authorised ordinary shares was reduced from 50p to 10p pursuant to a court approved capital reduction.

Enodis plc only has one class of ordinary share which carries no right to fixed income.

	2006 Number	2005 Number
b) Movement of ordinary shares during the period:		
At the beginning of the period	**403,639,313**	401,058,807
Share options exercised	**1,748,686**	2,580,506
At the end of the period	**405,387,999**	403,639,313

The proceeds of the exercises of share options in the period amounted to £1.4m (2005: £2.2m).

26 Reserves

	Share capital £m	Share premium account £m	ESOP trust £m	Retained earnings £m	Foreign currency translation and hedging reserve £m	Other reserves £m	Group total £m
Analysis of movement in reserves:							
As at 2 October 2004	200.5	234.3	(2.4)	(240.7)	–	1.7	193.4
Retained profit/(loss) for period	–	–	–	25.3	–	–	25.3
Shares issued	1.1	1.1	–	–	–	–	2.2
Actuarial gains/(losses)	–	–	–	4.8	–	–	4.8
Share option charge	–	–	–	–	–	1.8	1.8
Tax on items taken directly to equity	–	–	–	1.4	–	–	1.4
Capital reduction and transfer to special reserve	(161.2)	(235.0)	–	–	–	396.2	–
Transfer from special reserve to retained earnings	–	–	–	396.2	–	(396.2)	–
Currency realignment	–	–	–	–	4.8	–	4.8
As at 1 October 2005	40.4	0.4	(2.4)	187.0	4.8	3.5	233.7
Impact of adopting IAS32 and IAS39	–	–	–	(3.6)	2.4	–	(1.2)
Retained profit/(loss) for the period	–	–	–	39.1	–	–	39.1
Shares issued	0.1	1.3	–	–	–	–	1.4
Actuarial gains/(losses)	–	–	–	4.1	–	–	4.1
Share option charge	–	–	–	–	–	1.6	1.6
Tax on items taken directly to equity	–	–	–	(1.2)	–	–	(1.2)
Dividends paid	–	–	–	(8.6)	–	–	(8.6)
Other gains and losses recognised directly in equity	–	–	–	–	3.8	–	3.8
Amounts released to profit and loss	–	–	–	–	(0.2)	–	(0.2)
Transfers	–	–	–	0.5	–	(0.5)	–
Currency realignment	–	–	–	–	(15.2)	–	(15.2)
As at 30 September 2006	**40.5**	**1.7**	**(2.4)**	**217.3**	**(4.4)**	**4.6**	**257.3**

26 Reserves (continued)

ESOP trust – 1,269,341 ordinary shares of Enodis plc (2005: 1,269,341) are held in an independently managed Executive Share Option Plan ("ESOP trust"). The ESOP trust, which was established in 1994, purchased shares in Enodis plc to meet some of the future obligations under employee option schemes. Shares are distributed to specified employees upon their exercise of certain options and payment by them of the exercise price. The Group finances the ESOP trust by way of an interest free loan of £2.1m. The ESOP trust has waived the right to receive dividends on all shares held. Costs are borne by Enodis plc and are written off in the period in which they are incurred.

Foreign currency translation reserve – the reserve represents the currency realignment that arises on the translation of interests in the opening net assets of overseas subsidiary entities and associated undertakings, long-term foreign currency borrowings used to finance overseas investments, and on the translation of the income statement for the period to the closing foreign exchange rate.

Hedging reserve – effective from 2 October 2005, the Group applies hedge accounting, as defined in IAS39 (see note 22). Gains or losses on certain derivative instruments are recognised in the hedging reserve (to the extent that the hedge is effective). Gains and losses are released to profit and loss at the same time as the hedged item impacts earnings.

Other reserves include the Group's reserve for share options where a charge for the option has been recognised but the option has yet to be exercised.

27 Share options

The Group has three share option schemes in place for certain employees, using new shares of Enodis plc. The individual schemes which comprise the Group's long-term incentive programmes have outstanding grants as follows: the Sharesave Scheme (1992), the Executive Share Scheme (1995) and the Executive Share Scheme (2001).

Under the executive option scheme rules, options are exercisable at a price equal to the average quoted market price of Enodis plc's shares on the date of grant. The vesting period is three years. Awards under the Executive Share Scheme (1995) are subject to earnings per share thresholds being met. Awards under the Executive Share Scheme (2001) are subject to prescribed Total Shareholder Return ("TSR") thresholds being met (see the Directors' remuneration report on page 40 for further information on TSR). Additionally under that scheme, no options may be exercised unless the Remuneration Committee is satisfied that there has been a sustained improvement in the Group's underlying financial performance.

If options remain unexercised after a period of ten years from the date of grant, the options expire. In most cases, options are forfeited if the employee leaves the Group before the options vest.

The Group recognised a total charge of £1.6m (2005: £1.8m) relating to equity settled share options during the year.

Details of the share options in issue over the last two years are as follows:

	Sharesave Scheme (1992)		Executive Share Scheme (1995)		Executive Share Scheme (2001)	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 3 October 2004	47,306	1.75	997,545	1.98	21,248,438	0.86
Granted in the period	–	–	–	–	3,491,402	1.03
Exercised in the period	–	–	–	–	(2,580,506)	0.83
Forfeited in the period	(22,691)	1.66	(59,376)	2.03	(3,497,156)	1.25
Expired in the period	–	–	–	–	–	–
Outstanding at 1 October 2005	24,615	1.83	938,169	1.95	18,662,178	0.82
Granted in the period	–	–	–	–	2,698,431	1.31
Exercised in the period	–	–	(142,019)	1.17	(1,606,667)	0.79
Forfeited in the period	(235)	1.56	(43,223)	2.54	(826,755)	1.02
Expired in the period	(18,597)	1.75	–	–	–	–
Outstanding at 30 September 2006	**5,783**	**2.10**	**752,927**	**2.06**	**18,927,187**	**0.89**
Weighted average remaining contractual life (years) as at 30 September 2006	**0.92**		**2.71**		**7.27**	
Options exercisable as at:						
1 October 2005	18,597	1.75	938,169	1.95	2,789,780	0.84
30 September 2006	–	–	752,927	2.06	6,958,150	0.71

The maximum aggregate number of shares over which options may currently be granted under all schemes cannot exceed 10% of the nominal share capital of the Company on the date of grant.

27 Share options (continued)

The following table summarises the Group's share options outstanding and share options that are exercisable as at 30 September 2006:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price £	Number of options	Weighted average exercise price £
£0.49–£1.00	12,995,534	6.69	0.76	6,670,240	0.68
£1.01–£1.50	6,030,849	8.32	1.17	436,106	1.36
£1.51–£2.00	73,699	8.06	1.76	24,699	1.75
£2.01–£2.50	376,258	2.79	2.13	370,475	2.13
£2.51–£3.02	209,557	3.72	2.60	209,557	2.61
£0.49–£3.02	19,685,897	7.09	0.93	7,711,077	0.84

The weighted average share price at the dates of exercise during the 52 weeks to 30 September 2006 was £1.70.

Following the Group's transition to IFRS on 3 October 2004, all grants of share options subsequent to 7 November 2002 are measured at fair value at the date of grant.

During the current financial year, options were granted on 3 January and 28 September 2006, with a fair value per option of £0.28 and £0.38 respectively. During the previous financial year options were granted on 25 November 2004 and 17 February 2005. The fair values of the options granted on those dates were £0.28 and £0.32 respectively. These fair values were calculated using the Black-Scholes pricing model, as well as incorporating a discount for the scheme's market based performance conditions of approximately 30%. A discussion of the Group's market based performance conditions is included in the Directors' remuneration report.

The fair value is charged to the income statement on a straight line basis over the options vesting period of three years. Inputs into the Black-Scholes pricing model were as follows:

	2006	2005
Weighted average share price £	**1.31**	1.03
Weighted average exercise price £	**1.31**	1.03
Weighted average expected volatility	**27.0%**	27.7%
Expected life (years)	**6.5**	6.5
Risk free interest rate	**4.2%**	4.9%
Expected dividend yield	**1.6%**	–
Discount for effects of market based performance conditions	**30%**	30%

Expected volatility has been determined by reference to the historic volatility of Enodis plc's share price over dates ranging from one year to three years. The periods of historical volatility that are used are considered as suitable estimates for the future volatility over the estimated life of the option. In determining the expected life of the share options management gave consideration to the three year vesting period and the contractual life of ten years from the date of grant. The mid-point of this range was used, which management believes accommodates the effects of the potential for certain option holders to exercise their options at an earlier date. Management assesses at the end of each reporting period its estimates in relation to forfeitures. Over recent years the Group's forfeiture rate has been low.

The Group also has an obligation to pay a cash amount of £0.4m to Mr D S McCulloch should he exercise a grant of options made in August 2003. The Group has recognised a liability for this amount as at 30 September 2006.

28 Pension and other post-retirement obligations

The Group operates a number of pension schemes of both the defined benefit and defined contribution type. The Group's key pension arrangements include:

a) A number of the Group's UK employees are members of a defined benefit arrangement with assets held in separate trustee administered funds.

b) A number of the Group's US employees participate in a 401(k) plan, which is a defined contribution arrangement. Additionally, the Group has two post retirement medical plans in the US.

c) Some of the Group's US employees also participate in a defined benefit arrangement with frozen accrued benefits. In this arrangement, benefits under defined benefit plans for hourly paid employees are based on a fixed multiple of the accrued length of service and for salaried employees are based on a percentage of earnings during the period of their employment.

d) The Group has a number of other defined benefit arrangements in North America, the UK and continental Europe.

28 Pension and other post-retirement obligations (continued)

The Group also has a defined contribution and a defined benefit plan where the assets are held under Rabbi Trusts.

The Group accounts for pensions and other post-retirement obligations under IAS19(R) "Employee Benefits". The Group's pension costs, balance sheet positions and additional pension related note disclosures have been determined by independent, qualified actuaries.

The balance sheet position for the Group's pension and post retirement medical obligations is summarised below:

	As at 30 September 2006 £m	As at 1 October 2005 £m
Defined benefit schemes – fair value of plan assets	**112.9**	108.9
Defined benefit schemes – fair value of plan liabilities	**(122.9)**	(124.1)
	(10.0)	(15.2)
Rabbi Trust defined contribution scheme liabilities	**(2.4)**	(2.4)
	(12.4)	(17.6)
Disclosed as:		
Pension and other post-retirement assets	**9.3**	5.3
Pension and other post-retirement liabilities	**(21.7)**	(22.9)
	(12.4)	(17.6)

The benefits associated with the Group's defined benefit plans are generally based on a formula recognising length of service and final average earnings. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	30 September 2006 %	1 October 2005 %
Discount rate	**4.4–5.8**	4.0–6.0
Expected rate of increase in salaries	**4.0–4.3**	4.3–5.0
Expected rate of increase in pension payments (where appropriate)	**2.8**	2.8
Expected rate of increase in pensions in deferment (where appropriate)	**2.8**	2.8
Medical cost inflation	**5.0–11.0**	5.0–12.0
Price inflation	**2.0–2.8**	2.0–2.8

The figures for the Group's UK Scheme have been based on a full actuarial valuation as at 31 March 2004. For the Group's pension and other post retirement obligations in the US, the figures have been based on full actuarial valuations as at 1 January 2006. All valuations are updated for IAS19 purposes at each year end.

The assets in the Group's defined benefit Scheme's and the expected rates of return were:

	Long term rate of return expected at 30 September 2006 % p.a	**Value at 30 September 2006 £m**	Long term rate of return expected at 1 October 2005 % p.a	Value at 1 October 2005 £m
Equities	**7.3–7.8**	**37.5**	7.0–7.8	56.5
Bonds	**4.5–5.0**	**74.3**	4.3–4.5	51.7
Other	**3.0–4.5**	**1.1**	2.8–4.3	0.7
Total		**112.9**		108.9

The Group defined benefit schemes assets do not include any of the Group's own shares, nor any property occupied by, nor other assets used by the Group.

The expected rates of return on plan assets are based on the expected rates of returns from the asset categories shown above, weighted for long term targeted asset allocations of the Group's various schemes.

28 Pension and other post-retirement obligations (continued)

Changes in the fair value of the Group's defined benefit schemes assets are as follows:

	2006 £m	2005 £m
Fair value at the beginning of the year	**108.9**	97.8
Expected return on scheme assets	**6.4**	6.0
Contributions by employer	**2.2**	1.2
Benefits paid	**(6.2)**	(5.8)
Actuarial gain/(loss)	**2.5**	9.5
Foreign currency movements	**(0.9)**	0.2
Fair value at the end of the year	**112.9**	108.9

The actual return on the Group's defined benefit schemes assets was £8.9m (2005: £15.5m).

Changes in the fair value of the Group's defined benefit obligations (excluding scheme assets) are as follows:

	2006 £m	2005 £m
Obligation at the beginning of the year	**124.1**	117.3
Current service cost	**1.8**	1.1
Interest cost	**6.2**	6.4
Contributions by plan participants	**0.3**	–
Benefits paid	**(6.2)**	(5.8)
Settlements	**(0.1)**	–
Actuarial (gain)/loss	**(1.6)**	4.7
Foreign currency movements	**(1.6)**	0.4
Fair value at the end of the year	**122.9**	124.1

The funded status of the Group's defined benefit schemes are as follows:

	2006 £m	2005 £m
Obligations that are wholly or partly funded	**1.6**	(2.6)
Unfunded	**(11.6)**	(12.6)
	(10.0)	(15.2)

The history of the Group's defined benefit pension and other post retirement obligations are as follows:

	2006	2005
Experience adjustments on scheme liabilities:		
– £m	**(0.7)**	2.3
– as a percentage of scheme liabilities	**0.6%**	1.9%
Experience adjustments on scheme assets:		
– £m	**2.5**	9.5
– as a percentage of scheme assets	**2.2%**	8.7%

Amounts recognised in profit or loss in respect of the Group's defined benefit pension and other post-retirement obligations are as follows:

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Current service cost	**1.8**	1.1
Interest on obligations	**6.2**	6.4
Less expected return on scheme assets	**(6.4)**	(6.0)
Settlement gain	**(0.1)**	–
Total operating charge	**1.5**	1.5

Of the charge for the period, £0.9m (2005: £0.9m) is included in cost of sales (direct labour) and £0.6m (2005: £0.6m) is included in administration costs.

Net actuarial gains/(losses) for the period were £4.1m (2005: £4.8m) recognised through the Statement of Recognised Income and Expense. The cumulative amount of actuarial gains/(losses) recognised through the Statement of Recognised Income and Expense as at 30 September 2006 was £8.9m (2005: £4.8m).

28 Pension and other post-retirement obligations (continued)

The Group expects to contribute approximately £2.4m to its defined benefit pension and other post-retirement obligations during 2007.

A one percentage point change in assumed healthcare cost trend rates would have the following effect on the Group's expenses and year end obligations:

	2006		2005	
	Increase £m	**(Decrease) £m**	Increase £m	(Decrease) £m
Effect on pension and post retirement benefit obligations	**0.3**	**(0.2)**	0.4	(0.3)

29 Contingent liabilities

a) Enodis Corporation and several other parties have been named in a lawsuit filed in the United States Bankruptcy Court for the Northern District of Indiana, Freeland v. Enodis, et al. In the case, the bankruptcy trustee sought to hold Enodis Corporation liable as the "alter ego" of its former subsidiary Consolidated Industries Corporation ("Consolidated"), for the debts and other liabilities of Consolidated. Enodis Corporation sold Consolidated to an unrelated party in 1998. Shortly after the sale, Consolidated commenced bankruptcy proceedings. In addition to the "alter ego" claim, the trustee asserted a variety of bankruptcy and equitable claims seeking to recover up to $37m paid by Consolidated to Enodis Group between 1988 and 1998. As previously discussed in our 2004 Annual Report, on 7 January 2003, the United States District Court entered a partial summary judgement for $8.6m against Enodis Corporation in relation to the complaint by the trustee that the purchase price paid to Enodis for the share capital of Consolidated was a fraudulent transfer under US bankruptcy law. On 28 July 2004, the Bankruptcy Court issued an opinion dismissing all claims against all defendants other than Enodis Corporation, and held that the trustee was not entitled to assert the alter ego claims against Enodis Corporation. However, the Court also held that the trustee was entitled to recover $30m paid by Consolidated, plus prejudgement interest, for a total of approximately $43m. This judgement is in addition to the summary judgement issued by the United States District Court in 2003.
Enodis Corporation appealed the adverse portion of the decision of the Bankruptcy Court and planned to appeal the previous adverse decision of the District Court when it was appropriate to do so. On 31 October 2006 the District Court upheld the rulings of the Bankruptcy Court with respect to the dismissal of all claims against the defendants other than Enodis, the denial of the trustee's alter ego claim against Enodis and the judgement against Enodis. Enodis will now appeal the judgements to the United States Court of Appeals for the Seventh Circuit as previously planned. The Directors, having reconfirmed advice from external legal counsel after the District Court issued its decision, still believe the adverse portions of the decisions of the District Court to be in error, and further believe it is probable that Enodis' appeals will be successful.

The Group is also involved in other Consolidated lawsuits alleging total damage claims of $6.2m. These claims are currently pending and we continue to defend them vigorously. Other parties in cases pending against Consolidated have threatened to sue Enodis Corporation as Consolidated's alter ego. Currently, however, no party other than the trustee is actively pursuing this theory against Enodis Corporation.

b) There are customary tax and other warranties and indemnities in respect of companies and businesses sold in previous years.

30 Lease obligations

a) obligations under finance leases:

From time to time the Group enters into finance leases for certain items of property, plant and equipment. The following amounts are payable under the Group's finance leases:

	Minimum lease payments		Present value of minimum lease payments	
	2006 £m	2005 £m	**2006 £m**	2005 £m
Within one year	**0.2**	0.2	**–**	–
Greater than one year but less than five years	**0.8**	0.8	**0.8**	0.8
Greater than five years	**1.3**	1.6	**0.5**	0.6
	2.3	2.6	**1.3**	1.4
Less future finance charges	**(1.0)**	(1.2)		
Present value of lease obligations	**1.3**	1.4		
Disclosed as:				
Non-current liabilities (note 21)	**1.3**	1.4		

£0.2m of the Group's finance lease obligations relate to plant and machinery with the balance of £1.1m relating to land and buildings. The above leases cover a range of lease terms and borrowing rates. The fair value of the Group's lease obligations approximates their carrying amount.

30 Lease obligations (continued)

b) operating leases:

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
Operating lease costs include:		
Minimum lease payments	**8.7**	9.2
Other costs	**1.4**	0.8
	10.1	10.0

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

	£m	£m
Within one year	**8.6**	7.9
Greater than one year but less than five years	**25.5**	22.8
Greater than five years	**21.6**	22.1
	55.7	52.8

The above operating lease commitments predominately relate to land and buildings extending out as far as 2017. None of the Group's operating leases have any covenants relating to the payment of dividends, incurring of additional debt or restrictions on entering into additional leases.

Certain of the Group's leased properties have been sub-let. During the period £1.2m (2005: £1.2m) of income was recognised in income for sub-let properties. At the balance sheet date the Group had contracted with tenants for the following future minimum lease payments:

	2006 £m	2005 £m
Within one year	**1.2**	1.2
Greater than one year but not greater than five years	**3.9**	4.4
Greater than five years	**1.5**	2.3
	6.6	7.9

31 Events after the balance sheet date

As described in note 12, a proposed final dividend was approved by the Board on 20 November 2006 and has not been included as a liability as at 30 September 2006.

As described in note 29, the District Court upheld the rulings of the Bankruptcy Court in the Consolidated Industries Corporation litigation.

32 Related party transactions

Transactions between Enodis plc and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint venture are disclosed below:

Trading transactions:

	Purchases of goods		Amounts owed to related parties	
	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m	2006 £m	2005 £m
Welbilt Manufacturing (Thailand) Limited	**0.7**	0.7	**0.2**	0.3

Purchases were made at market price, discounted to reflect the quantity of goods purchased. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Remuneration of key management personnel:

The Group's key management personnel include the executive Directors and other members of the senior management team. In accordance with IAS24 "Related Party Disclosures", key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (executive and non-executive) of the Group. The short-term employee benefit expense relating to these individuals was £5.8m (2005: £5.0m) and a share option expense of £0.8m (2005: £0.7m). Additionally, the post-employment benefit expense recognised was £0.5m (2005: £0.5m).

32 Related party transactions (continued)

Shareholdings:

The shareholdings of the Directors (which include any holdings of their close family members) is included in the Directors' remuneration report that accompanies these financial statements. The shareholdings of other key management personnel and their close family members totalled 0.1m shares as at 30 September 2006 (2005: 0.1m shares).

33 Principal subsidiaries

The principal subsidiaries and investment in the joint venture of the Group at 30 September 2006 are set out below. All these interests are held indirectly by Enodis plc except for Enodis Holdings Limited and are consolidated within these financial statements. The Group has restricted the information to its principal subsidiaries as full compliance with Section 231(b) of the Companies Act would result in a statement of excessive length.

Food equipment	Country of incorporation and operation	Percentage held at 30 September 2006	Details of holding of share capital
Barcelona Frau S.A.	Spain	100	10,500 €60.1 shares
Castel MAC S.p.A.	Italy	100	8,300,000 €0.52 shares
Cleveland Range, L.L.C	USA	100	n/a
Cleveland Range, Ltd.	Canada	100	32,449 Class A no par value shares
Convotherm Elektrogerate GmbH	Germany	100	1,533,875 €6 shares
Convotherm Singapore Pte Ltd.	Singapore	100	100,000 $1 shares
Enodis Corporation	USA	100	100 US$0.01 par value common stock
Enodis Deutschland GmbH	Germany	100	25,000 €50 shares
Enodis France SA	France	100	7,500 €16 shares
Enodis Group Limited	England	100	700,000,001 £1 ordinary shares
Enodis Holdings Limited	England	100	364,885,489 £1 ordinary shares
Enodis Iberia S.A.	Spain	100	200 €300 shares
Enodis UK Limited	England	100	5,000 £1 ordinary shares
Frimont S.p.A	Italy	100	16,000 €516.46 shares
Frymaster L.L.C	USA	100	n/a
Garland Commercial Industries L.L.C	USA	100	10 no par value common stock
Garland Commercial Ranges, Limited	Canada	100	2,000 no par value common stock
Hartek Beverage Handling GmbH	Germany	100	1 share of €600,000
Jackson MSC L.L.C	USA	100	100 shares no par value common stock
Kysor Industrial Corporation	USA	100	100 US$1 par value common stock
Lincoln Foodservice Products L.L.C	USA	100	1,000 no par value common stock
Linea.net, Milano SrL	Italy	95	n/a
Madrid Frau S.A.	Spain	100	20,000 €36.06 shares
Merco/Savory, Inc.	USA	100	3,000 no par value common stock
Merrychef Limited	England	100	44,800 £1 ordinary shares
Mile High Equipment L.L.C	USA	100	200 no par value common stock
New Ton Food Equipment Co. Ltd	Thailand	99.9	1,959,995 Thai Baht ordinary shares
Scotsman Beverage Systems Limited	England	100	406,500,000 1p ordinary shares
Scotsman Beverage Systems Limited	England	100	500,000 £1 deferred shares
Scotsman Group L.L.C.	USA	100	1,000 US$1 par value common stock
Scotsman Ice Systems (SA) PTY Ltd	South Africa	51	51 1 Rand shares
Scotsman Ice Systems (Shanghai) Company Ltd	China	100	1 share of 2,150,000 US$ shares
Teuros S.A.	Spain	100	231 €225.38 shares
Teuros Madrid S.L.	Spain	100	231 €150.25 quotas
The Delfield Company L.L.C	USA	100	100 US$0.01 par value common stock
Viscount Catering Limited	England	100	1,500,000 £1 ordinary shares
Welbilt Manufacturing (Thailand) Limited (joint venture)	Thailand	50	9,333,333 10 Thai Baht Class A ordinary shares
Welbilt Walk-Ins, L.P.	USA	100	n/a
Property			
Enodis Investments Limited	England	100	65,775,400 50p ordinary shares
Enodis Investments Limited	England	100	145,805,094 50p preferred ordinary shares
Enodis Property Developments Limited	England	100	38,343,713 £1 ordinary shares

Consolidated subsidiaries not listed above are either dormant or used only as vehicles to hold the shares of certain non-operating companies.

34 IFRS to UK GAAP reconciliation

This is the first year that the Group has presented its financial statements under IFRS. The Group's comparative information presented for 2005 was initially reported under UK GAAP and has been restated. Details of this restatement, and the Group's IFRS accounting policies are set out in the Group's IFRS Restatement of Financial Information for 2005 announced on 26 January 2006 and available on the Group's website www.enodis.com.

Other than the adoption of IAS32 and IAS39 (see note 22), there have been no new material variations between IFRS and UK GAAP applicable to the Group. The following exemptions were applied by the Group on its transition to IFRS, in accordance with IFRS1. IFRS1 allows first-time adopters certain exemptions from the general requirement to apply certain Standards retrospectively. The Group has taken the following exemptions:

– Comparative information on financial instruments is prepared in accordance with UK GAAP and the Group has adopted IAS32 and IAS39 from 2 October 2005.

– IFRS3 "Business Combinations" has not been applied to acquisitions of subsidiaries or of interests in the joint venture that occurred before 3 October 2004.

– The Group has elected to recognise all cumulative actuarial gains and losses in relation to pension and other post-retirement benefits as at 3 October 2004. Subsequently, the Group recognises actuarial gains and losses in the period in which they arise. These gains and losses are recognised in equity reserves, through the Statement of Recognised Income and Expense, in accordance with the amendment to IAS19 "Employee Benefits" issued on 16 December 2004.

– Cumulative currency translation differences for all foreign operations are deemed to be zero as at 3 October 2004.

– IFRS2 "Share-based Payment" has not been applied to any share options that were granted on or before 7 November 2002.

The significant differences between UK GAAP and IFRS that impact the Group are described below:

Goodwill amortisation and impairment:

Under UK GAAP, the policy followed prior to the adoption of FRS10 "Goodwill and Intangible Assets" ("FRS10") (which was effective for accounting periods ended on or after 23 December 1998 and was adopted on a prospective basis) was to write off goodwill against equity reserves in the year of acquisition. On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging the amount of related goodwill previously charged to equity reserves. FRS10 requires goodwill to be capitalised and amortised over its estimated useful economic life. Under UK GAAP, the Group adopted a 20 year estimated useful life with respect to goodwill amortisation.

Under IFRS, in accordance with available transitional exemptions, goodwill arising on previously acquired businesses subsequent to 23 December 1998 has been capitalised. In the case of acquisitions that arose up to or before 23 December 1998, goodwill was written off directly to equity reserves. Prior to the Group's transition to IFRS on 3 October 2004, goodwill previously written off to equity reserves was charged to the income statement when the related business was sold. Following the Group's transition to IFRS, goodwill remaining in equity reserves is no longer charged to the income statement, but is held within the Group's retained earnings when the related business is sold. Additionally, goodwill capitalised on the Group's IFRS balance sheet is now deemed to have an indefinite useful life and is not subject to an annual amortisation charge. Instead, capitalised goodwill balances are now reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

34 IFRS to UK GAAP reconciliation (continued)

Pensions and other post employment benefits:

Under UK GAAP, pension and other post employment benefit obligations were accounted for in accordance with SSAP24 "Accounting for Pension Costs" ("SSAP24"). Under SSAP24, pension and other post employment benefit costs were charged to the income statement based on a Projected Unit Funding or Attained Age basis, so as to spread pension and other post employment benefit costs, as well as any related plan surpluses or deficits, at a substantially level percentage of payroll costs over the participating employees' estimated service lives.

Under IFRS, the Group accounts for pension and other post retirement benefit obligations in accordance with IAS19R "Employee Benefits" (as amended) ("IAS19"). IAS19 requires the net deficit of the Group's defined benefit and other post employment benefit obligations to be brought onto the Group's balance sheet. Under IAS19, the costs of providing pensions and other post employment benefits are calculated using the Projected Unit Credit Method and are spread over the participating employees' estimated service lives.

The Group's IFRS pension and other post employment benefit obligations are measured at the present value of estimated future cash flows, discounted at rates reflecting the yields of high quality corporate bonds. Plan assets are measured at fair value at the balance sheet date. Under IFRS, actuarial gains and losses, differences between the expected and actual returns, and the effect of changes in actuarial assumptions are recognised in the Statement of Recognised Income and Expenses in the period that they arise.

Accordingly, differences relating to the accounting for pension and other post employment benefit obligations between UK GAAP and IFRS arise from the requirement to use different methods and assumptions for valuing plan assets and a different method of charging plan surpluses or deficits. Under both UK GAAP and IFRS, contributions to defined contribution schemes are charged to the income statement as they fall due.

Share options:

The Group has a number of share-based incentive option arrangements. Under UK GAAP, where options are granted at the market price on the date of grant, an accounting entry arises when share options are exercised. This entry results in equity shareholders' funds increasing by the product of the number of options exercised multiplied by the original option price.

Under IFRS, all grants of share options subsequent to 7 November 2002 are measured at fair value at the date of grant. Fair value is calculated using the Black-Scholes pricing model, incorporating an adjustment for related market based performance conditions. The fair value is charged to the income statement on a straight line basis over the options vesting period.

Deferred taxation:

The basis for recognising deferred tax items is different under UK GAAP and IFRS. Under UK GAAP, deferred taxation is provided on timing differences between the accounting and taxable profit (an income statement approach). Under IFRS, deferred tax assets and liabilities are recognised on all temporary differences between book carrying values and the respective tax base of assets and liabilities (a balance sheet approach). This difference in approach in determining taxable differences has not given rise to a significant GAAP adjustment for the Group on transitioning to IFRS. The main adjustments relating to deferred taxation have arisen due to the tax effect of other IFRS adjustments made.

Gain/(loss) on sale of businesses:

As discussed above, goodwill previously written off to equity reserves prior to the adoption of FRS10 is included in determining the gain or loss on sale of a business under UK GAAP. Following the Group's transition to IFRS, goodwill remaining in equity reserves is not charged to profit/(loss) on disposal.

Proposed dividends:

Under UK GAAP, proposed dividends are recognised as a liability in the period to which they relate. Under IFRS, dividends are recognised as a liability in the period in which they are approved.

34 IFRS to UK GAAP reconciliation (continued)

Reconciliations:

A summary of the adjustments that affected the Group's previously reported profit/(loss) for the 52 weeks to 1 October 2005 and shareholders' equity as at 2 October 2004 and 1 October 2005 is presented below.

	52 weeks to 1 October 2005 £m
Retained profit/(loss) as reported in accordance with UK GAAP	1.5
Items increasing/(decreasing) operating profit/(loss) to reconcile to IFRS*:	
– Goodwill amortisation	11.8
– Pension costs	0.7
– Share option costs	(1.8)
– other	(0.2)
Items increasing/(decreasing) non-operating profit/(loss) to reconcile to IFRS*:	
– Deferred taxation	0.1
– Dividends	5.2
– Gain/(loss) on sale of businesses	8.0
Net profit in accordance with IFRS	25.3

*All adjustments exclude the effect of taxes, with all tax related adjustments included within the deferred taxation line item.

	As at 1 October 2005 £m	As at 2 October 2004 £m
Equity shareholders' funds as reported in accordance with UK GAAP	212.6	196.7
Items increasing/(decreasing) operating profit/(loss) to reconcile to IFRS*:		
– Goodwill	12.4	–
– Pension costs	1.8	(3.7)
– Deferred taxation	2.3	0.8
– Dividends	5.2	–
– Other	(0.6)	(0.4)
Equity shareholders' funds in accordance with IFRS	233.7	193.4

*All adjustments exclude the effect of taxes, with all tax related adjustments included within the deferred taxation line item.

Reported cash flows were unaffected by the adoption of IFRS, but the cash flow statement for the comparative periods have been re-presented in the format specified by IAS7 "Cash Flow Statements".

35 IAS39 transition balance sheet

The Group prospectively adopted the provisions of IAS32 and IAS39 effective 2 October 2005. In accordance with the transitional provisions of IFRS1 the Group is not required to restate its UK GAAP FY05 results for the effects arising from this change in accounting policy. Accordingly, the comparative results relating to financial instruments are prepared under UK GAAP.

The balance sheet on the following page shows the Group's restated IFRS balance sheet at 2 October 2005 and the transitional effect of adopting IAS39. The main transitional adjustments for the Group under IAS39 relate to recognising borrowings at amortised cost (previously nominal value), cross currency swaps at fair value (previously contracted value) and bringing certain derivative instruments that were previously off balance sheet, for example certain foreign exchange hedges, on to the balance sheet.

35 IAS39 transition balance sheet (continued)

Consolidated balance sheet – as at 2 October 2005

	Restated IFRS prior to adoption of IAS39 £m	IAS39 transition adjustments £m	**Restated IFRS including IAS39 adjustments £m**
Assets:			
Non-current assets			
Goodwill	184.8	–	**184.8**
Other intangible assets	7.8	–	**7.8**
Property, plant and equipment	70.7	–	**70.7**
Pension and other post-retirement assets	5.3	–	**5.3**
Investments	30.4	0.3	**30.7**
Deferred tax assets	67.5	(0.1)	**67.4**
	366.5	0.2	**366.7**
Current assets			
Inventories	85.3	–	**85.3**
Trade and other receivables	107.4	0.1	**107.5**
Investments	1.3	–	**1.3**
Cash and cash equivalents	49.1	–	**49.1**
	243.1	0.1	**243.2**
Total assets:	609.6	0.3	**609.9**
Liabilities:			
Current liabilities			
Trade and other payables	146.4	(0.2)	**146.2**
Borrowings	3.5	–	**3.5**
Corporation tax payable	10.8	–	**10.8**
Short-term provisions	17.1	–	**17.1**
	177.8	(0.2)	**177.6**
Non-current liabilities			
Borrowings and obligations under finance leases	146.8	1.7	**148.5**
Other payables	1.1	–	**1.1**
Pension and other post-retirement obligations	22.9	–	**22.9**
Long-term provisions	27.0	–	**27.0**
	197.8	1.7	**199.5**
Equity:			
Called up equity share capital	40.4	–	**40.4**
Share premium account	0.4	–	**0.4**
Retained earnings	187.0	(3.6)	**183.4**
Foreign currency translation and hedging reserve	4.8	2.4	**7.2**
Other reserves	3.5	–	**3.5**
ESOP Trust	(2.4)	–	**(2.4)**
Equity shareholders' funds	233.7	(1.2)	**232.5**
Minority interests	0.3	–	**0.3**
Total liabilities and equity	609.6	0.3	**609.9**

Other unaudited financial information

(i) Reconciliation of like-for-like information for the 52 weeks to 30 September 2006 The effect of disposals is calculated by removing actual results of disposed Food Equipment businesses at actual foreign exchange rates. The effect of acquisitions is calculated by removing any current year actual results of any acquired Food Equipment businesses at actual foreign exchange rates. The effect of foreign exchange rate movements is calculated by retranslating prior year ongoing Food Equipment results at the rates used to translate current year results.

	52 weeks to 30 September 2006 £m	**Effect of acquisitions 52 weeks to 30 September 2006 £m**	**Pro forma adjusted 52 weeks to 30 September 2006 £m**	52 weeks to 1 October 2005 £m	Effect of disposals 52 weeks to 1 October 2005 £m	Effect of foreign exchange rate movements £m	Like-for-like 52 weeks to 1 October 2005 £m	Like-for-like increase/ (decrease) %
a) Revenue								
Foodservice Equipment – North America	**445.7**	**–**	**445.7**	406.4	(2.6)	12.6	416.4	7%
Foodservice Equipment – Europe/Asia	**174.1**	**(8.1)**	**166.0**	147.7	(1.7)	(0.3)	145.7	14%
Global Foodservice Equipment	**619.8**	**(8.1)**	**611.7**	554.1	(4.3)	12.3	562.1	9%
Food Retail Equipment	**142.3**	**–**	**142.3**	113.7	–	2.7	116.4	22%
Food Equipment	**762.1**	**(8.1)**	**754.0**	667.8	(4.3)	15.0	678.5	11%
b) Operating profit before exceptional items								
Foodservice Equipment – North America	**60.7**	**–**	**60.7**	51.4	0.2	1.4	53.0	15%
Foodservice Equipment – Europe/Asia	**9.4**	**(0.1)**	**9.3**	7.1	0.4	(0.1)	7.4	26%
Global Foodservice Equipment	**70.1**	**(0.1)**	**70.0**	58.5	0.6	1.3	60.4	16%
Food Retail Equipment	**10.6**	**–**	**10.6**	7.3	–	–	7.3	45%
Food Equipment	**80.7**	**(0.1)**	**80.6**	65.8	0.6	1.3	67.7	19%

(ii) Reconciliation of non-IFRS measures

	52 weeks to 30 September 2006 £m	52 weeks to 1 October 2005 £m
a) Adjusted Group operating profit/(loss)		
Group operating profit/(loss)	**69.0**	40.4
Add back:		
Exceptional items (see notes 1 and 7)	**1.8**	14.2
Adjusted Group operating profit/(loss)	**70.8**	54.6
b) Adjusted Group profit/(loss) before taxation		
Group profit/(loss) before taxation	**62.2**	15.1
Add back:		
Exceptional items (see notes 1 and 7)	**1.8**	29.0
Adjusted Group profit/(loss) before taxation	**64.0**	44.1
c) Adjusted Group profit/(loss) after taxation		
Group profit/(loss) for the financial period	**39.3**	25.4
Add back:		
Exceptional items (see notes 1 and 7)	**1.8**	19.8
Pre-exceptional deferred tax (note 11)	**14.9**	(7.9)
Adjusted Group profit/(loss) after tax	**56.0**	37.3

Five year summary

	In accordance with UK GAAP			In accordance with IFRS	
	2002 £m	2003 £m	2004 £m	2005 £m	**2006 £m**
Group turnover	793.2	679.4	656.1	667.9	**768.3**
Earnings and dividends:					
Profit before interest, tax, depreciation, amortisation, impairments and exceptional items (notes 1 and 7)	83.3	73.2	68.8	66.2	**85.2**
Profit/(loss) before interest and tax (i)	(47.8)	37.8	44.1	41.0	**69.0**
Profit before tax, goodwill amortisation (UK GAAP only) and exceptional items	38.3	38.9	41.2	44.1	**64.0**
Profit/(loss) before taxation (i)	(85.5)	15.9	25.3	15.1	**62.2**
Profit/(loss) after tax (i)	(86.5)	9.5	44.0	25.4	**39.3**
Adjusted diluted earnings per share	10.3p	8.0p	8.6p	9.1p	**13.5p**
Dividends per share	–	–	–	–	**2.13p**
Dividends declared in respect of the year	–	–	–	1.3p	**3.0p**
Ratios:					
Like-for-like Food Equipment operating margin	9.2%	9.9%	10.1%	10.0%	**10.7%**
Operating margin (excluding goodwill amortisation (UK GAAP only) and exceptional items)	8.5%	8.9%	8.7%	8.2%	**9.2%**
Covenant interest cover (excluding goodwill amortisation and exceptional items)	2.8x	3.7x	4.9x	6.8x	**13.5x**
Covenant leverage	2.8x	2.1x	1.3x	1.1x	**0.5x**
Assets employed:					
Intangible assets	235.4	208.8	182.3	192.6	**186.7**
Property, plant and equipment	88.0	81.6	78.0	70.7	**74.5**
Non-current investments and pension assets	4.9	4.0	3.3	35.7	**15.8**
Deferred tax	25.3	23.8	47.2	67.5	**49.1**
Net current assets	60.6	47.3	56.5	65.3	**65.7**
	414.2	365.5	367.3	431.8	**391.8**
Financed by:					
Share capital	200.2	200.2	200.5	40.4	**40.5**
Reserves	(44.4)	(39.6)	(3.8)	193.3	**216.8**
Equity shareholders' funds	155.8	160.6	196.7	233.7	**257.3**
Other	258.4	204.9	170.6	198.1	**134.5**
	414.2	365.5	367.3	431.8	**391.8**
US dollar rate to £1					
– Average	1.47	1.60	1.79	1.86	**1.81**
– Year end	1.55	1.66	1.80	1.77	**1.87**

(i) UK GAAP includes goodwill amortisation.

Statement of Directors' responsibilities in respect of the Company financial statements of Enodis plc

The following statement, which should be read in conjunction with the Statement of Auditors' responsibilities set out in their report, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of Enodis plc ("the Company") as at the end of the financial year.

The Directors consider that in preparing the individual financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

D R Hooper Secretary
20 November 2006

Independent Auditors’ report to the members of Enodis plc

We have audited the individual Company financial statements of Enodis plc for the 52 weeks ended 30 September 2006 which comprise the balance sheet and the related notes 1 to 16. These individual Company financial statements have been prepared under the accounting policies set out therein.

The corporate governance statement and the Directors’ remuneration report are included in the Group annual report of Enodis plc for the 52 weeks ended 30 September 2006. We have reported separately on the Group financial statements of Enodis plc for the 52 weeks ended 30 September 2006 and on the information in the Directors’ remuneration report that is described as having been audited.

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

The Directors’ responsibilities for preparing the annual report and the individual Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors’ responsibilities.

Our responsibility is to audit the individual Company 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 individual Company financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and whether the individual Company financial statements have been properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors’ report is consistent with the individual Company financial statements. We also report to you if, in our opinion, 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 individual Company 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 individual Company financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the individual Company 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 individual Company 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 individual Company financial statements.

Opinion

In our opinion:

- the individual Company 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 30 September 2006;
- the individual Company 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
London

20 November 2006

Company balance sheet

	Notes	**30 September 2006 £m**	1 October 2005 £m
Fixed assets			
Investments	4	**376.5**	376.5
		376.5	376.5
Current assets			
Stock		**0.7**	0.1
Debtors	5	**65.3**	104.9
Deferred tax asset	6	**–**	4.1
Investments	7	**22.5**	23.6
Cash at bank and in hand		**–**	0.1
		88.5	132.8
Creditors falling due within one year			
Borrowings	8	**(20.6)**	–
Other creditors	8	**(3.7)**	(6.7)
		(24.3)	(6.7)
Net current assets		**64.2**	126.1
Total assets less current liabilities		**440.7**	502.6
Financed by:			
Creditors falling due after more than one year	9	**82.4**	134.7
		82.4	134.7
Capital and reserves			
Called up share capital	12,13	**40.5**	40.4
Share premium account	13	**1.7**	0.4
Profit and loss account	13	**315.7**	327.1
Other reserves	13	**0.4**	–
Equity shareholders' funds	14	**358.3**	367.9
		440.7	502.6

The accompanying notes form an integral part of these accounts.

Approved by the Board on 20 November 2006

D S McCulloch Director **W D Wrench** Director

Notes to the Company financial statements

1 Accounting policies

Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 1985. These individual financial statements are prepared in accordance with applicable United Kingdom law and United Kingdom generally accepted accounting standards which have been applied consistently throughout the current and preceding period, except for where changes have been made to previous policies on the adoption of new accounting standards during the current period. These financial statements have been prepared under the historical cost convention, as modified by FRS26, "Financial instruments: Measurement" ("FRS26") as detailed below.

The Company has adopted, FRS20, "Share-based payment" ("FRS20"), FRS21, "Events after the balance sheet date" ("FRS21"), FRS23, "The effects of changes in foreign exchange rates" ("FRS23"), FRS25, "Financial instruments: Disclosure and presentation" ("FRS25"), FRS26 and FRS28, "Corresponding amounts" ("FRS28"), in these financial statements. The adoption of each of these standards represents a change in accounting policy. The adoption of FRS21 has required restatement of the comparative results (see notes 13 and 14). The adoption of FRS26 (see notes 10, 13 and 14) has an exemption from restating the comparative results.

Investments

All investments are initially recognised at cost, being the fair value of the consideration given, including acquisition charges associated with the investment.

The Company adopted FRS26 from 2 October 2005, as a result of which the current asset investments are categorised as available-for-sale and recorded at fair value from that date. Changes in fair value are taken directly to reserves, and recycled to profit and loss when the investment is sold or is determined to be impaired.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Taxation

Deferred taxation is provided on timing differences that result in obligations at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted. Deferred tax liabilities are recognised in full. Deferred tax assets are recognised to the extent that it is considered more likely than not that the asset will be recovered.

Share-based payment ("share options")

The Company has no employees. However it has a number of share option arrangements with the employees of subsidiary companies. As these arrangements are not with the direct employees of the Company, FRS20 is not applicable to these separate financial statements. Disclosure of the option arrangements is included in note 27 to the consolidated financial statements of the Company, which have been prepared under IFRS2 "Share-based payment", which FRS20 embodies.

Financial instruments

The Company has prospectively adopted the provisions of FRS25 and FRS26 effective from 2 October 2005. Following the adoption of these Standards, the Company now recognises its financial instruments at fair value (on a trade date basis) when the Company becomes party to the contractual provisions of the instrument. The subsequent measurement depends on the classification of the individual financial instruments. Loans and receivables and other liabilities are held at amortised cost using the effective interest method. Available-for-sale assets are held at fair value with changes in fair value taken to equity. On disposal of the related asset, the accumulated gains or losses recorded in equity are included in the gain or loss recorded in profit and loss.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

Prior to the adoption of FRS26, investments in financial assets were held at cost and borrowings were stated at nominal value.

1 Accounting policies (continued)

Cash flow statement

The results, assets and liabilities of the Company are included in the consolidated financial statements of the Company which accompany these financial statements. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised), "Cash flow statements".

2 Profit and loss account

As permitted by Section 230 of the Companies Act 1985 the Company has elected not to present its own profit and loss account. The Company reported a loss for the financial period ended 30 September 2006 before dividends of £2.9m (2005: £13.5m). Dividends paid were £8.6m (2005: £nil).

Details of the Company's dividends are disclosed in note 12 of the consolidated financial statements of the Company that accompany these financial statements.

The auditors' remuneration for audit services to the Company was £15,000 (2005: £15,000).

3 Directors' emoluments and employee information

The Directors are remunerated by Enodis plc for their services to the Group as a whole. No remuneration was paid to them specifically in respect of the Company in the current or previous period. Full details of Directors' emoluments are given in the Directors' Remuneration Report in the consolidated financial statements of the Company.

The Company has no direct employees as all contracts of employment or service are arranged by other Group companies.

Details of principal subsidiaries and their activities are set out in note 33 to the consolidated financial statements of the Company which accompany these financial statements.

4 Fixed asset investments

	2006 Total £m	2005 Total £m
Shares in Group undertakings		
At the beginning and end of the period	**376.5**	376.5

5 Debtors

	2006 £m	2005 £m
Prepayments and other receivables	**0.2**	0.1
Amounts due from subsidiary undertakings	**64.7**	104.8
Other financial assets	**0.4**	–
	65.3	104.9

6 Deferred tax asset

	2006 £m	2005 £m
Loss carry forwards	**–**	4.1
Expected to be utilised within one year	**–**	–
Expected to be utilised after more than one year	**–**	4.1
	–	4.1

Deferred tax liabilities are recognised in full. Deferred tax assets are recognised to the extent that it is considered more likely than not that the asset will be recovered.

6 Deferred tax asset (continued)

The Company has not recognised deferred tax assets due to the unpredictability of future taxable profits. Deferred tax assets not recognised on the balance sheet are as follows:

	2006 £m	2005 £m
Revenue losses	**9.7**	7.2
Other	**4.6**	3.9
Total potential deferred tax assets not recognised	**14.3**	11.1

In addition to the above, the Company has surplus UK Advance Corporation Tax carried forward of £12.6m (2005: £12.6m). Based on projected taxable profits and other specific requirements, this asset is not recognised. The Company has £32.4m (2005: £37.7m) of revenue losses available for offset against future profits.

Analysis of movement in deferred tax asset

	2006 £m	2005 £m
Balance at the beginning of the period	**4.1**	–
(Charged)/credited to profit and loss	**(4.1)**	4.1
Balance at the end of the period	**–**	4.1

7 Investments

	2006 £m	2005 £m
Defeasance trust (i)		
– Gilts	**21.4**	21.5
– Cash	**1.1**	2.1
	22.5	23.6

(i) The cash and gilts represent amounts irrevocably paid into a trust, independently administered by the Bank of New York, sufficient to satisfy all remaining future liabilities arising on the Company's 10⅜% Senior Subordinated Notes.
These investments can only be used for this purpose.

8 Creditors: amounts falling due within one year

	2006 £m	2005 £m
a) Borrowings:		
10⅜% Senior Subordinated Notes	**20.6**	–

	2006 £m	2005 £m
b) Other creditors:		
Trade creditors	**0.3**	–
Amounts due to subsidiary undertakings	**0.7**	2.7
Accruals and deferred income	**3.0**	4.0
	3.7	6.7

9 Creditors: amounts falling due after more than one year

	2006 £m	2005 £m
Revolving credit facility	**82.3**	115.4
10⅜% Senior Subordinated Notes	**–**	19.9
Deferred financing costs	**–**	(0.6)
Other creditors	**0.1**	–
	82.4	134.7

The credit agreement that governs the Company's revolving credit facility ("the Facility") allows for maximum borrowings of US$400m. The Facility is unsecured and has US$225m maturing in September 2009 with the remaining US$175m maturing in October 2010. Drawings under the Facility bear interest at between 0.75% and 1.50% above LIBOR as determined by reference to certain agreed financial ratios. The premium that the Company pays above LIBOR is determined under the facility on a quarterly basis. Current drawings bear interest at LIBOR + 0.85%.

The Facility is a multi-currency facility which can be used for general corporate purposes and for issuing letters of credit. The Facility contains customary financial and operating covenants including, among other things, covenants to maintain the Group's ratios of EBITDA to total interest cost and maximum ratios of net debt to EBITDA. The Facility also includes covenants relating to the making of acquisitions, disposals, certain restricted payments, mergers and liens. The Facility contains customary events of default including without limitation, failure to make payments under the Facility, breach of financial or general covenants, misrepresentations, cross-default in respect of other indebtedness in excess of £5m, insolvency, bankruptcy and any material adverse change as defined in the agreement.

The Company's borrowings under the Senior Subordinated Notes ("the Notes"), which pay interest at 10⅜%, were subject to legal defeasance during 2005. On 27 July 2005 the Group irrevocably transferred the remaining £19.9m (current value £20.6m) of liabilities under the Notes into a trust administered by the Bank of New York ("the Trustee") together with UK Government Gilts and cash sufficient to meet all remaining future liabilities arising on the Notes including an early redemption fee payable in April 2007.

In certain circumstances, it is possible for the assets and liabilities of the trust to be returned to the Company. These circumstances, which are considered to be remote, are:

- that a Court, government or similar authority issues an order preventing the Trustee from applying the funds to settlement of the debt obligations;
- circumstances in which the transfer is not effective due to insufficient funds being initially deposited; and
- if any amounts remain unclaimed by April 2009.

Accordingly, the Notes and associated gilts and related cash are not derecognised from the Company balance sheet.

10 Impact of adopting FRS25 and FRS26

The main adjustments for the Company from adopting FRS25 and FRS26, effective from 2 October 2005, relate to recognising borrowings at amortised cost (previously face value) and current asset investments at fair value.

The effect on the Company's shareholders' funds from adopting these Standards on 2 October 2005 was:

	£m
Shareholders' funds – increase/(decrease)	
Decrease in value of 10⅜% Senior Subordinated Notes	0.1

The Company has applied the exemption under FRS25 not to disclose details of financial instruments held by the Company only. Full disclosure of the Group's financial instruments under IAS32 "Financial instruments: Disclosure and presentation" and IAS39 "Financial instruments: Recognition and measurement" is provided in note 22 of the consolidated financial statements of the Company that accompany these financial statements.

11 Corporate reorganisation

As part of a capital restructuring programme undertaken during 2005, the Company made certain changes to its debt facilities. This restructuring is described in note 7 to the consolidated financial statements of the Company.

12 Share capital

	2006 Number	2005 Number	2006 £m	2005 £m
a) Number:				
Ordinary shares of 10p each (50p prior to 7 July 2005)				
Authorised	**600,000,000**	600,000,000	**60.0**	60.0
Issued and fully paid	**405,387,999**	403,639,313	**40.5**	40.4

On 7 July 2005 the nominal value of the authorised ordinary shares was reduced from 50p to 10p pursuant to a court approved capital reduction. Enodis plc only has one class of ordinary share which carries no right to fixed income.

	2006 Number	2005 Number
b) Movement of ordinary shares during the period:		
At the beginning of the period	**403,639,313**	401,058,807
Share options exercised	**1,748,686**	2,580,506
At the end of the period	**405,387,999**	403,639,313

The proceeds of the exercises of share options in the period amounted to £1.4m (2005: £2.2m).

c) Option Schemes

	As at 1 October 2005	Granted	Exercised	Lapsed	As at 30 September 2006
Sharesave Scheme (1992)*	24,615	–	–	(18,832)	**5,783**
Executive Share Scheme (1995)*	938,169	–	(142,019)	(43,223)	**752,927**
Executive Share Scheme 2001	18,662,178	2,698,431	(1,606,667)	(826,755)	**18,927,187**

The Company has outstanding at 30 September 2006 the following options to subscribe for ordinary shares:

	Date of grant	Price pence	Date from which exercisable**	Last expiry date**	Number
Sharesave Scheme (1992)*	2000	209.64	01.09.07	01.03.08	5,783
					5,783

	Date of grant	Price pence	Date from which exercisable**	Last expiry date**	Number
Executive Share Scheme (1995)*	01.07.97	116.60	01.07.00	01.07.07	148,196
	28.07.99	212.88	28.07.02	28.07.09	370,475
	03.07.00	260.73	03.07.03	03.07.10	164,112
	03.07.00	260.89	03.07.03	03.07.10	45,445
	21.12.00	175.13	21.12.03	21.12.10	24,699
					752,927
Executive Share Scheme (2001)	21.03.02	147.00	21.03.05	21.03.12	283,610
	21.03.02	85.50	21.03.05	21.03.12	1,732,072
	09.08.02	50.00	09.08.05	09.08.12	131,396
	22.11.02	59.00	22.11.05	22.11.12	1,904,272
	11.08.03	63.50	11.08.06	11.08.13	2,850,000
	19.11.03	84.00	19.11.06	19.11.13	6,377,794
	25.11.04	102.00	25.11.07	25.11.14	2,734,751
	17.02.05	113.75	17.02.08	17.12.15	322,861
	03.01.06	130.00	03.01.09	03.01.16	2,541,431
	28.09.06	177.00	28.09.09	28.09.16	49,000
					18,927,187

*No further options can be granted under these schemes.
**Subject to performance conditions being achieved.

The maximum aggregate number of shares over which options may currently be granted under all schemes cannot exceed 10% of the nominal share capital of the Company on the date of grant.

13 Reserves

	Share capital £m	Share premium account £m	Retained earnings £m	Other reserves £m	Company total £m
Analysis of movement in reserves:					
At 1 October 2005 as previously stated	40.4	0.4	321.9	–	362.7
Prior year adjustment (see note 14)	–	–	5.2	–	5.2
At 1 October 2005 as restated	40.4	0.4	327.1		367.9
Adoption of FRS25 and FRS26 (see note 10)	–	–	0.1	–	0.1
At 2 October 2005	40.4	0.4	327.2	–	368.0
Shares issued	0.1	1.3	–	–	1.4
Retained profit/(loss) for the period	–	–	(2.9)	–	(2.9)
Dividends paid	–	–	(8.6)	–	(8.6)
Other gains/(losses) recognised directly in equity	–	–	–	0.4	0.4
At 30 September 2006	**40.5**	**1.7**	**315.7**	**0.4**	**358.3**

Other reserves represent gains on the effective portion of cash flow hedges deferred in equity in respect of the Company's interest rate swaps.

14 Reconciliation of movement in shareholders' funds

	2006 £m	2005 (restated) £m
Profit/(loss) for the financial period	**(2.9)**	(13.5)
Dividends	**(8.6)**	–
Retained profit/(loss)	**(11.5)**	(13.5)
Shares issued	**1.4**	2.2
Other gains/(losses) recognised directly in equity	**0.4**	–
Net movement in shareholders' funds	**(9.7)**	(11.3)
Opening shareholders' funds as previously stated	**362.7**	379.2
Prior year adjustments (FY05 dividend)	**5.2**	–
Opening shareholders' funds as restated	**367.9**	379.2
Adoption of FRS25 and FRS26 (see note 10)	**0.1**	–
At 2 October 2005	**368.0**	379.2
Closing shareholders' funds	**358.3**	367.9

As explained in note 1, the Company has implemented FRS21 in the period and in accordance with the Standard has restated prior year figures to reflect this.

As described in notes 1 and 10, the Company has implemented FRS25 and FRS26 in the period and in accordance with these Standards has restated shareholders' funds at 2 October 2005 to reflect this.

15 Contingencies

The Company has a contingent liability in respect of a cross guarantee issued, together with other subsidiaries of the Enodis Group, in favour of the Royal Bank of Scotland plc (acting as facility agent) for a revolving credit facility made available to other Group companies.

There is a contingent liability in respect of a cross guarantee given by the Company, together with other members of the Enodis Group, in favour of National Westminster Bank. At 30 September 2006 this amounted to £1.1m (2005: £0.4m).

16 Events after the balance sheet date

As described in notes 12 and 31 to the consolidated financial statements of the Company, a proposed final dividend was approved by the Board on 20 November 2006 and has not been included as a liability as at 30 September 2006.

Holders of Company securities

Shareholders and analysis

The issued ordinary share capital of Enodis plc at 30 September 2006 was £40,538,799.90 in 405,387,999 ordinary shares of 10p each, held by 5,248 members.

	Holders number	Holders %	Number of shares	Percentage of shares
Bank/Nominee	554	10.55	336,852,985	83.09
Insurance companies	3	0.06	39,925	0.01
Investment trust	5	0.10	42,032	0.01
Pension trust	3	0.06	388,401	0.10
Other corporate bodies	7	0.13	1,750,010	0.43
Other companies	89	1.70	51,124,968	12.61
Individuals	4,587	87.40	15,189,678	3.75
Totals	5,248	100.00	405,387,999	100.00

Financial calendar 2006/07

Annual General Meeting	To be held on 8 February 2007
Half year's results – 2007	To be announced May 2007
2007 year end	29 September 2007
Year's results – 2007	To be announced November 2007

Corporate information – Enodis plc

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D R Hooper

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