OGLESBY & BUTLER

GROUP PLC

Annual Report 2006

Contents

The Financial Statements and Annual Report of the Oglesby & Butler Group plc at 31 March 2006

Manufacturers and exporters of
the Portasol gas-powered
soldering iron product range

www.portasol.com

Financial Highlights

	2006	2005
	€	**€**
	000’s	000’s
Revenue	**5130**	5,121
(Loss) on ordinary activities before taxation	**(202)**	(229)
Tax credit on (loss) on ordinary activities	**21**	31
(Loss) for the financial year	**(181)**	(198)
(Loss) per share	**(1.47)c**	(1.60)c
Net assets per share	**44.68c**	46.14c

Directors and Other information

Directors
N.O. Dowling *(Chairman)*
A.P. Oglesby *(Chief Executive)*
J.P. Oglesby *(Research and Development)*
T.P. Byrne *(Non-Executive)*

Secretary
M.N. Boran

Auditor
KPMG
Chartered Accountants
Registered Auditor
1 Harbourmaster Place
I.F.S.C.
Dublin 1

Bankers
Allied Irish Banks, plc
Bankcentre
Ballsbridge
Dublin 4

Solicitors
Arthur Cox
Solicitors
Earlsfort Centre
Earlsfort Terrace
Dublin 2

Registrar and Transfer Office
Computershare Services (Ireland) Limited
Heron House
Corrig Road
Sandyford
Dublin 18

Stockbrokers
Bloxham Stockbrokers
2/3 Exchange Place
I.F.S.C.
Dublin 1

Davy Stockbrokers
Davy House
49 Dawson Street
Dublin 2

Registered Office
Industrial Estate
O'Brien Road
Carlow

Registered Number
124871

Directors' Biographies

N.O. Dowling
Chairman (non-executive)

Chartered accountant, aged 68, is a business consultant and was formerly Chief Executive of Bord Gais Eireann, and is a director of a number of private companies. In addition to his duties as non-executive Chairman, Nevin is Chairman of the Audit Committee and a member of the Remuneration Committee.

A.P. Oglesby
Chief Executive

Design engineer, aged 60, was one of the founders of Oglesby & Butler. Peter worked previously in the General Electric Co. Group, the Thorn Electronics Group and Braun Ireland Limited. Peter is a member of the Remuneration Committee.

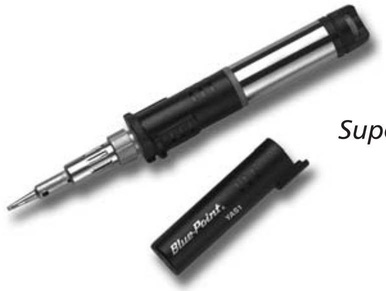
J.P. Oglesby
Research and Development Director

Design engineer, aged 60, was one of the founders of Oglesby & Butler. Paul has worked in engineering companies in the United Kingdom and also in Braun Ireland Limited.

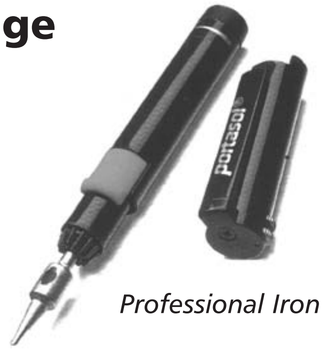
T.P. Byrne
Non-Executive Director

Tom Byrne, aged 56, is the former Managing Director of Davy Corporate Finance Limited, part of Davy Stockbrokers. He joined Davy in 1987 and retired in 2001 to pursue individual interests and assignments. He currently manages his own corporate advisory company and is a director of a number of private companies. He is a Chartered Accountant by profession and is a former partner in Arthur Andersen.

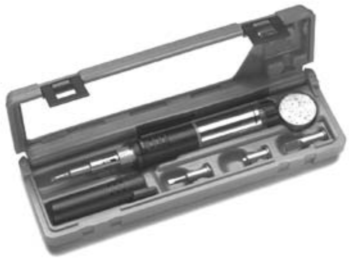
Cordless Gas Powered Soldering Iron Range



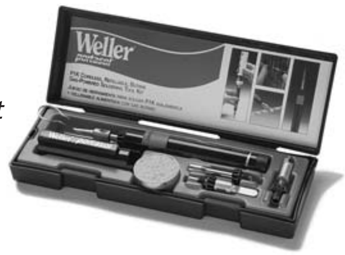
SuperPro Single



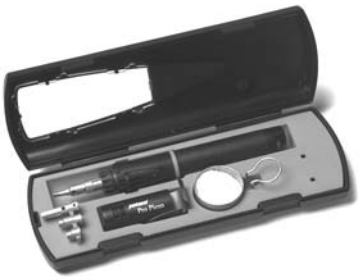
Professional Iron



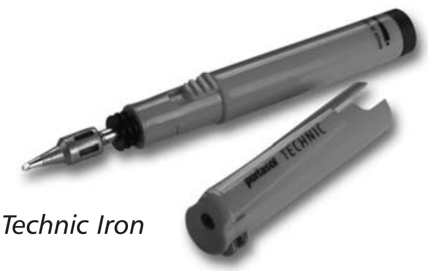
SuperPro Kit



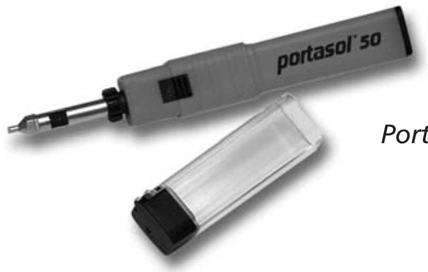
Weller Kit



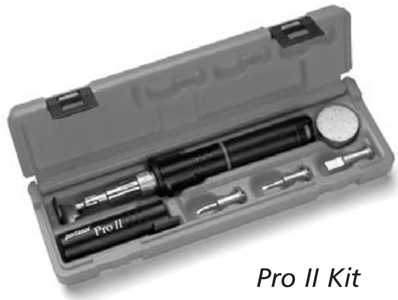
ProPiezo Kit



Technic Iron

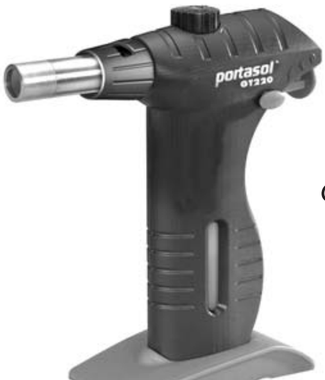


Portasol 50 - (DIY)



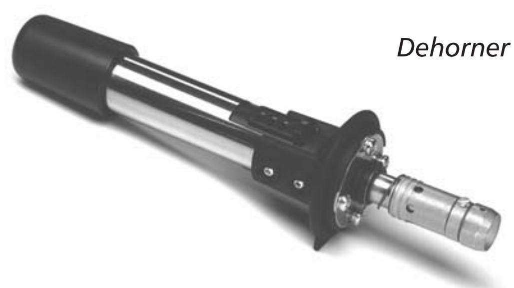
Pro II Kit

Blow Torch Range



Gas Torch 220

AgriVet Product Range



Dehorner MKII

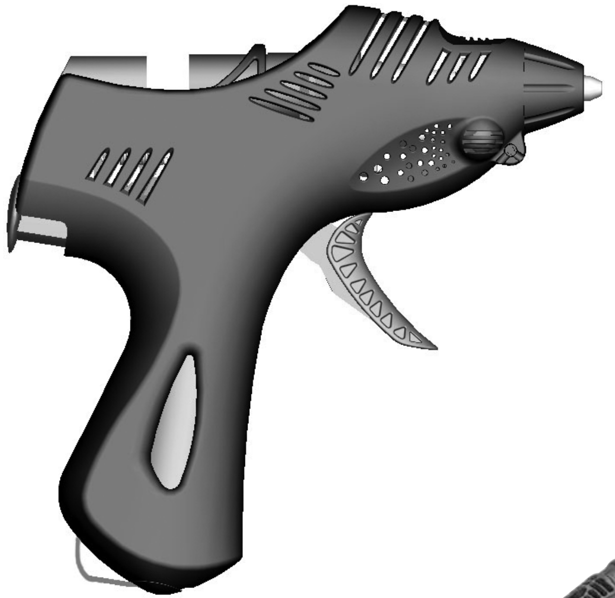
nsai
I.S./ISO 9001/EN 29001

TÜV Rheinland
geprüfte Sicherheit

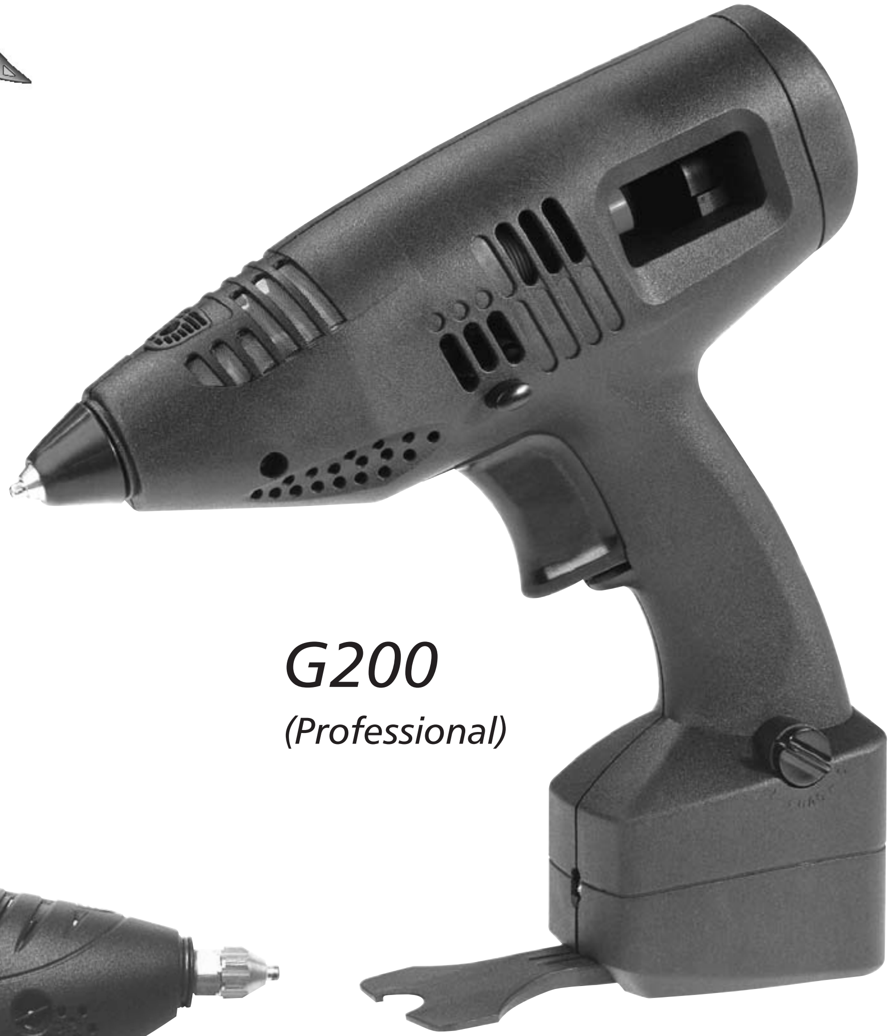
European Community Design Prize 1994
NOMINEE
ALSO NOMINATED IN 1989

SILVER MEDAL
19 94

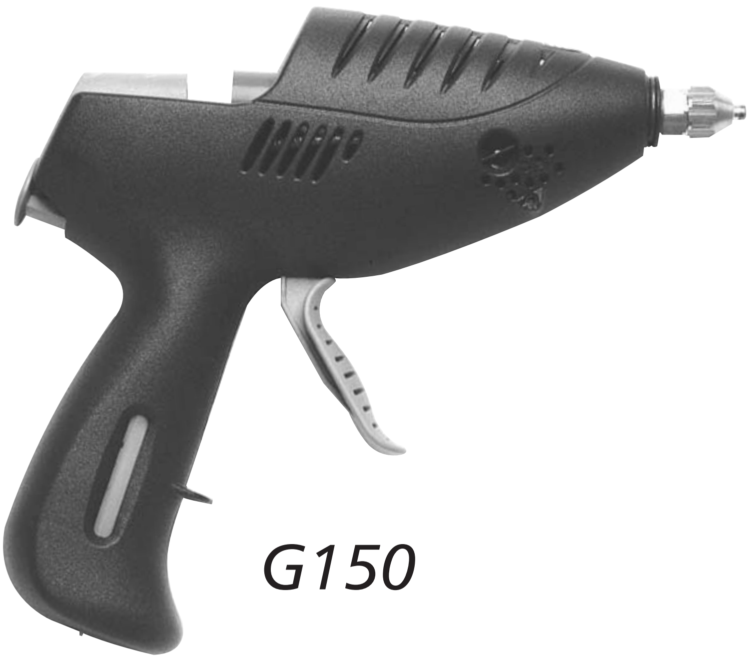
Cordless Gas Powered Glue Gun Range



G125 (DIY)



G200
(Professional)



G150

Chairman's statement

Despite the continued adverse trading conditions to which I referred in previous statements, I am pleased to report that the Group achieved sales for the year of €5.1m. Competition in the US market continues to erode our margins and the weakness of the US dollar has adversely affected revenues and profitability. An Operating Profit of €58,000 was achieved prior to charging reorganisation costs of €259,000 which includes redundancy payments of €92,000. We strive to achieve World Class Manufacturing standards and seek to increase productivity through re-engineering and greater efficiency. The development team continues to review existing products to refresh and further enhance their performance.

Business Review

The Accounts have been prepared in accordance with the Group's accounting policies as set out in the transition to International Financial Reporting Standards (IFRS) document issued on 22 December 2005.
Group sales for the year were €5.1m similar to last year. The loss for the year before taxation was €201,618 compared with a loss of €228,805 last year. Losses per share were -1.47c (2005 - 1.60c).
During the year a range of dental products was introduced to the market and the indications are that they have been well received and that they will make a contribution to future profits.
Research is on-going in the development of new products based on existing technology.

Dividends

In light of the continued adverse trading conditions it is not intended to propose a dividend for the year.

Outlook

Trading conditions continue to be difficult due to worldwide uncertainty and the continued weakness of the US dollar. The Board believes that the re-organisation of operations which has now been completed, together with the rigorous cost controls which have been put in place, will ensure that the Group's products will continue to be competitive.
I thank my fellow directors and the staff for their commitment and continued support.

Nevin O. Dowling
Chairman — *22 September 2006*

Operating and financial review

Introduction
The reorganisation which we undertook last year, has greatly assisted in maintaining competitiveness in the current year. There is every prospect that the difficult trading conditions and adverse fluctuations in currencies and increasing costs will continue in the short to medium term. To combat this situation we have continued to keep under review all elements of our operations with a view to taking immediate corrective action to maintain the competitiveness of our products.

Production
With the assistance of external consultants we have completed and implemented the recommendations of a study of all manufacturing procedures and administrative functions. This resulted in further redundancies and significant changes both in procedures and manufacturing processes. Our development team on a continuing basis keeps under review the engineering of all products with a view to reducing manufacturing costs and improving efficiency.

Research and development
We continue research in new products based on patented knowledge discovered to date. In the current year we have produced a new range of dental products and are currently investigating several possible areas of further development.

Marketing
To meet the increased competition world-wide, we have reorganised and are seeking wider exposure to our products in several international markets. We have enhanced our website and are seeking this media to gain access to new markets. We continue to actively promote the Soldering Iron, Glue Gun and Dental range in all our markets, attending and participating in trade fairs and sales conferences of major distributors.

Finance
Details of the Group's cash flow for 2006 are set out in the consolidated cash flow statement attached to the accounts, and show an increase in cash of €89,342 as compared to a decrease of €74,111 for 2005.

The table below summarises the Group's cash flow for 2005 and 2004	**2006**	2005
	€	€
Inflows		
Operating (loss)	**(152,570)**	(146,437)
Working capital reduction and depreciation	**547,269**	420,529
	394,699	274,092
Outflows		
Interest paid	**(25,308)**	(24,826)
Tax paid	**-**	-
The purchase of patents, property, plant and equipment purchased (net)	**(182,469)**	(252,310)
Finance lease repayments	**(97,580)**	(71,067)
	(305,357)	(348,203)
Net cash inflow/(outflow)	**89,342**	(74,111)

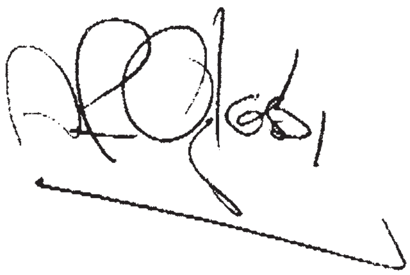
Cash generation from operations and working capital management amounted to €394,699 in the year and these funds were primarily used for investment in production equipment and lease repayments.

Operating and financial review *(continued)*

Environment
The Group endeavours at all times to comply with all applicable environmental regulations.

Future
The Board is committed to maintaining the competitiveness of our products through effective cost control and continuous review of productivity ad efficiency of all operations. The future of the Group is in new product development and with the support of Enterprise Ireland the Group continues to invest in the development of additional products based on existing and new patents. With our dedicated staff and our innovative products we look forward to the future with Confidence. Trading in the first quarter is in line with budget.

I thank management and staff for their commitment and continued support.



A.P. Oglesby
(Chief Executive)

22 September 2006

Directors' report

The Directors have pleasure in submitting their Annual Report to the Shareholders, together with the audited financial statements for the year ended 31 March 2006.

Principal activities, review of business and future developments
The Company is an industrial holding company. The principal activity of the Group is the manufacture and distribution of gas powered catalytic hand held tools and accessories. A detailed review of the operations for the year, and of future developments, is set out on pages 9 to 10.

Group undertakings
A listing of the Company's group undertakings is set out in note 26 to the financial statements.

Results
Details of the results for the year are set out in the consolidated income statement and related notes.

Research and development
During the year, €208,638 was invested in research and development, which has been dealt with in the income statement for the year. In addition a further €82,853 was expended in securing patents. The main thrust of these activities is to further develop the potential of our cordless gas powered catalytic range of soldering irons, while at the same time developing the Glue Gun/Agri-Product lines with the particular application of thermostatic temperature control.

Dividends
No dividends were declared during the financial year ending 31 March 2006.

Annual General Meeting
Notice of the Annual General Meeting, which will be held on 10 November 2006, is set out on page 44. Shareholders are being asked to renew the authority to disapply the statutory pre-emption provisions (valid until the next Annual General Meeting) up to a maximum of 1,231,508 Ordinary Shares of 12c each (being 10% of the nominal value of the Company's issued share capital at the date hereof).

Except for the issue of shares pursuant to the Company's share option schemes (should options be exercised), the Directors do not have any current intention to issue shares.

In addition, Shareholders are being asked to renew the authority of the Company or any of its group undertakings, which was given at the Annual General Meeting held on 10 December 2004, to purchase the Company's own shares and to re-issue treasury shares. The terms of the authority are the same as those given at the Annual General Meeting on 10 December 2004 including the terms relating to the maximum and minimum prices at which shares may be purchased, and that such purchases may not exceed 10% of the existing share capital of the Company within any period of 12 months. The Directors do not have any current intention to exercise these powers.

Directors' report *(continued)*

Directors
J.P. Oglesby retires from the Board by rotation and, being eligible, offers himself for re-election.

Interests of Directors and Secretary
The interests (all of which were beneficially owned) of the Directors and Company Secretary, and their wives and minor children, in the share capital of the Company and its Group undertakings at 31 March 2006 were as follows:

	Oglesby & Butler Group plc Ordinary Shares of 12c each		**Oglesby & Butler Investments** Ordinary Shares (nominal value)	
	At beginning of year	At end of year	At beginning of year	At end of year
			€	€
N. O. Dowling	210,000	210,000	635	635
A. P. Oglesby	2,876,188	2,876,188	635	635
J. P. Oglesby	2,344,685	2,344,685	635	635
M. N. Boran	11,668	11,668	635	635

Details of share options granted to the Directors and Company Secretary which are outstanding are as follows:

	At beginning of year	Granted in year	Exercised in year	At end of year	Grant price cent	Date of Grant
M.N. Boran	30,000	-	-	30,000	33.00	1996

All of the above options are exercisable for a period of 10 years from the anniversary of the dates on which they were granted. No options lapsed during the year.

The market price of the shares at 31 March 2006 was 23c and the range for the year 31 March 2006 was 21c to 30c.

There were no changes in the interests of Directors and Secretary since 31 March 2006.

There has not been any contract or arrangement in relation to the business of the Company or any Group undertaking during the year in which a Director or the Secretary of the Company was materially interested and which was significant in relation to the Company's business.

Directors' report *(continued)*

Substantial share interests

In addition to the holdings indicated above, the following Shareholders held in excess of 3% of the issued ordinary share capital of the Company at 1 September 2006:

Oglesby & Butler Group plc Ordinary Shares of 12c each

	Number	% Holding
Vidacos Nominees Limited	677,022	5.50%
Mr. K. Anderson	3,054,974	24.81%

As far as the Directors are aware, no other person or company held 3% or more of the issued ordinary share capital of the Company at 1 September 2006.

Share Option Schemes

At 31 March 2006, under the terms of the Oglesby & Butler Group plc share option schemes, options over 30,000 ordinary shares of 12c each had not been exercised (31 March 2005: 30,000 ordinary shares) and are exercisable at 33c.

Health and safety

The well being of the Group's employees is safeguarded through the strict adherence to the requirements of the Safety, Health and Welfare at Work Act, 1989. A safety statement has been prepared and the policies are complied with and kept under review on an on-going basis.

Corporate governance

The Directors have endorsed the 2003 Combined Code on Corporate Governance which sets out principles of good governance and a code of best practice and which was appended to the listing rules of the Irish Stock Exchange. The Directors have developed a code of practice which deals with among other matters, issues of corporate governance. This code of practice is designed to ensure that the main principles and supporting principles of governance set out in Section 1 of the 2003 Combined Code are applied in the Group.

The Board and Directors
The Board is comprised of two executive and two Non-executive Directors. The Board has nominated N.O. Dowling as the senior independent Non executive Director. Both Non-executive Directors are considered independent. The Board meets regularly, in accordance with a pre-determined schedule of meetings and also meets on other occasions as necessary.

Directors, other than the Chairman and Chief Executive, are subject to retirement by rotation every three years at the Company's Annual General Meeting. Procedures are in place for Directors in furtherance of their duties to receive appropriate training and to take independent professional advice if necessary, at the company's expense. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed. Non-executive Directors are appointed for specific terms through a formal selection process.

The Board has a formal schedule of matters specifically reserved to it for decision. Matters reserved for decision by the Board include all significant commercial, trading and strategic matters, approval of capital and revenue budgets, approval of the financial statements, membership of the Board and Board Committees, acquisitions and disposals, capital expenditure, risk management and treasury policies.

All Directors receive full board papers in sufficient time in advance of board meetings and any further back up papers and information are available to Directors on request. The Chairman of each Committee of the Board is available to give a report on the Committees' proceedings at board meetings if required. All Directors receive the Group's monthly financial statements and comparisons to budgets. Management accounts are presented to the Board on a regular basis.

Board Committees
The Board has established a number of Committees which operate within defined terms of reference. The terms of reference of the Board Committees are available on request from the Company Secretary.

Meetings
There were 7 meetings of the Board during the year. The Chairman in conjunction with the Company Secretary sets the agenda for each meeting. Meetings are held on site at our premises in Carlow and at other designated venues during the year.

Details of Directors' attendance at board meetings are set out on page 18.

Performance appraisal
The Non-executive Directors annually conduct a review of the performance of the Board and its Committees.
The Chairman appraises the performance of Directors and Secretary through individual discussions.

Terms of appointment of Non-executive Directors
The standard terms of letter for appointment of Non-executive Directors is available on request from the Company Secretary.

Election and appointment of Directors
Election of Directors is in accordance with the Company's Articles of Association and is carried out at the Annual General Meeting.

Chairman
Mr. N.O. Dowling has been Chairman of the Group since 1991, and is responsible for the efficient and effective working of the Board. In this he ensures that all Board agendas cover major strategic issues concerning the Group and also that the Board evaluates and approves management plans for the Group. Mr. Dowling holds a number of other directorships external to the Group. The Board considers that this does not interfere with his duties as Chairman.

The Board has delegated authority to the following Committees on a number of specific matters as detailed below:

Audit Committee
The Audit Committee consists of the Chairman and the Company Secretary. The Audit Committee met 5 times during the year. The Chairman and Company Secretary attend at the regular audit meetings while the external auditor attends as required.
The Audit Committee reviews the non audit services provided by the external auditor, in respect of audit, audit related and non audit services. Audit related services are services carried out by the external auditor by virtue of their role as external auditor and include assurance related work and accounting advice. The non audit fee services provided principally related to tax advice and assistance with company secretarial matters. In line with best practice the external auditor does not provide services such as financial information system design and valuation work which could be considered to be inconsistent with the audit role.

Main functions of the Committee are:
· Reviewing the Group's financial statements and monitoring financial reporting issues.
· Reviewing the Group's internal control systems.
· Advising as to the appointment of external auditor.

Remuneration Committee
This Committee is comprised of the Chairman and the Chief Executive, however periodically the Research and Development Director may be asked to attend. The Committee met 3 times during the year.

The Committee's main functions are :
· Determines the Group's policy on executive and Non-executive Directors pay.
· Determines the remuneration of executive and Non-executive Directors.
· Monitors the level and structure of remuneration for senior management.
· Reviews and approves the design of all incentive share plans.
· The Committee also reviews and approves the report on Directors' remuneration as set out in note 5, on page 31 of this report.

Remuneration Committee *cont'd.*

The Group has in place procedures which are consistent with Section A of the Irish Stock Exchange's Best Practice Provisions on Directors' Remuneration, save that the Chief Executive is a member of the Remuneration Committee, and these procedures have operated throughout the year. In preparing its Remuneration Committee report, the Board has followed the provisions of the Combined Code.

The executive Directors do not hold any external directorships.

No share options were granted during the year ended 31 March 2006. Performance related bonuses have not been paid in the past. Consideration will be given to these at the appropriate time.

Finance Committee
The Finance Committee consists of the Chairman, Chief Executive and the Company Secretary. This Committee met 3 times during the year.
The Finance Committee has been appointed by the Board to advise it on matters relating to the following:
· Financial requirements of the Group.
· Funding arrangements with banks and lending institutions.

Nomination Committee
This Committee sits as part of the full Board and assists with advice that ensures that the structures of both the Board itself and the various Committees are appropriate to the needs of the Group.

Main functions are:
· Assessement of Board requirements in terms of skills, experience, and diversity needed.
· Process of identification for suitable candidates.

Relations with shareholders
The Company has regular dialogue with institutional shareholders, and encourages communication with private shareholders, welcoming their participation at general meetings. All Directors are made aware of shareholder views through the Chairman, as they arise.

All Board members attend the Annual General Meeting and are available to answer questions. Separate resolutions are proposed on substantially different issues and the agenda of business to be conducted at the Annual General Meeting includes a resolution to receive and consider the annual report and financial statements.

The Directors comply with the Combined Code as it relates to the disclosure of proxy votes, the separation of resolutions and the attendance of Directors at the Annual General Meeting. The Directors intend to comply with the Provisions of the Code concerning the giving of twenty one days notice of the Annual General Meeting.

Internal control
The Board of Directors has overall responsibility for the Group's system of internal financial control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, but not absolute, assurance against material mis-statement or loss.

The 2003 Combined Code has a requirement that Directors annually review the effectiveness of the Group's system of internal controls. This requires a review of the system of internal financial controls to cover all controls including financial, operational, compliance and risk management.

Formal guidance for the implementation of the requirement entitled "Internal Control: Guidance for Directors on the Combined Code" (the Turnbull Guidance) was published in September 1999.

The Group achieved full compliance with the Turnbull Guidance throughout the year ended 31 March 2006.

The Directors have reviewed the effectiveness of the Group's system of internal control. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that has been in place for the year under review and up to the date of these financial statements. This process is regularly reviewed by the Board in accordance with the Turnbull Guidance.

The key internal control procedures in the Group include the following:

- an organisational structure with formally defined lines of responsibility and delegation of authority. The Board has a schedule of matters referred to it for decision.
- a comprehensive budgeting system, with annual financial budgets which are approved by the Board.
- actual performances are measured against budget on a quarterly basis.
- the Board conducts regular assessments of key business risks, including research and development and the production of new products.
- the Board oversees marketing initiatives and sets and monitors sales targets.
- there is ongoing review of production capabilities.
- an extensive system of quality control is in place to ensure continued high product standards.
- there are clearly defined guidelines for investment in plant and equipment and appropriate levels of authorisation for all transactions.
- the Audit Committee reviews the interim and annual financial statements and the nature and extent of external audit.
- the Audit Committee also reviews, on behalf of the Board, reports from management and the external auditor, dealing with internal financial control matters.

Given the size of the Group, an internal audit function has not been set up.

Service contracts
The Company and Group have entered into service contracts with the executive Directors. Each of these service contracts, which exist for three years to 31 December 2008, may be terminated by the Group by giving six months' written notice. Provisions include predetermined compensation payments on termination of one year's salary.

The Remuneration Committee is satisfied that the terms of those service contracts continue to be appropriate and necessary to retain the services of the executive Directors.

Directors' emoluments and interests
Details of Directors' emoluments, including pension contributions to the defined contribution scheme, are set out on page 31, and details of the interests of Directors in the share capital of the Group and of their holdings of share options and interests in contracts are set out on page 12.

Going concern
After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Principal Risks and Uncertainties
The Directors consider that the principal risks and uncertainties faced by the Group and its subsidiaries are in the following categories:

Economic Risk

- The risk of increased interest rates and or inflation having an adverse impact on served markets.
- The risk of unrealistic increases in wages or infrastructural cost impacting adversely on competitiveness of the Group and its principal customers.
- The risk of adverse exchange movements.

These risks are managed by innovative product sourcing and strict control on costs.

Competition Risk
The Directors of the Group and subsidiaries manage competition risk through close attention to customer service levels and product innovation.

Financial Risk
Each of the companies within the Group has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk.
Key performance indicators used by management include revenue and marginal analysis.

Principal activities, business review and future developments
The principal activities of the Group continues to be the manufacture and export of gas powered hand tools. There has been no significant change in these activities during the year, and the Directors have no plans to change them significantly in the forseeable future.

Key performance indicators that are focused on by management include:
- market share.
- revenue, sales orders value and volumes.
- dealer network representation.

A financial risk management objective of the Company is to protect the Group from significant currency fluctuations. The Company policy is to negotiate settlement terms with significant suppliers in local currency where possible. In the event that the Group is exposed to currency transactions the Group tends to enter into forward contracts.

Statement of Compliance
The Directors fully adopted the provisions of the Combined Code, and have complied with the Code throughout the year ended 31 March 2006 other than in relation to the following matters:

- given the constraints imposed by the stage of development of the Group, and the limited number of Non-executive Directors, the Audit, Remuneration, Nomination and Finance Committees are not comprised exclusively of non executive Directors.
- The Board considers the Non-executive Chairman to be independent, however he participates in the Group pension scheme and until 1991 he was Chief Executive of the Group.

Attendance at Board and Committee meetings during the financial year ended 31 March 2006

Director:	Board A	Board B	Audit A	Audit B	Finance A	Finance B	Remuneration A	Remuneration B
N.O. Dowling	7	7	5	5	3	3	3	3
A.P. Oglesby	7	7	-	-	3	3	3	3
J.P. Oglesby	7	6	-	-	-	-	3	1
T.P. Byrne	7	7	-	-	-	-	-	-
M.N. Boran (Secretary)	7	7	5	5	3	3	-	-

Column A - indicates the number of meetings held during the period the Director was a member of the Board and/or Committee
Column B - indicates the number of meetings attended during the period the Director was a member of the Board and/or Committee

Accounting Records
The Directors believe that they have complied with Section 202 of the Companies Act, 1990 with regard to books of account by employing financial personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at the registered office of the Company at Industrial Estate, O'Brien Road, Carlow.

Accounting Policies
As required by European Union (EU) law from 1 January 2005, the financial statements have been prepared in accordance with International Financial Reproting Standards (IFRS) as adopted by the EU as set out in the Group accounting policies on pages 22 to 24.

Principal exemptions availed of on transition to IFRS
In restating the Group's 2004 preliminary financial information, Oglesby & Butler, in common with most other listed companies, is availing of the following optional exemptions in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards:*

- Business combinations before 1 April 2004 (the transition date to IFRS) have not been restated. Consequently, goodwill at the transition date is carried forward at its net book value and, along with goodwill on any subsequent acquisitions, is subject to annual impairment testing. Goodwill was assessed for impairment at the transition date and no impairment charges arose from this exercise. Goodwill on acquisitions prior to 1998, which was set-off against revenue reserves under Irish GAAP is deemed to be permanently written off under IFRS and not subject to impairment testing or write-off via the income statement on disposal. In addition, the merger accounting adopted by the Group following a business combination prior to 1 April 2004 has not been restated.
- Cumulative currency translation differences have been reset at zero at the transition date. The currency translation reserve mainly comprises the retranslation of the net assets of the Group's non-Euro functional currency subsidiaries net of exchange differences on related borrowings in the past. These are no longer active. Any cumulative currency transaction differences arising after 1 April 2004 will be included in the profit or loss on the diposal of any relevant subsidiary.
- IFRS2 *Share-based Payments* is being applied in respect of equity settled share options granted after 7 November 2002. No options have yet been granted subsequent to 7 November 2002.
- Property, Plant and Equipment is stated at historical cost less accumulated depreciation except that certain freehold and leasehold properties which are carried at valuation were revalued in years prior to transition to IFRS and are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation less subsequent accumulated depreciation.

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

On behalf of the Board

N.O. Dowling
Director

A.P. Oglesby
Director

22 September 2006

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU and have elected to prepare the Parent Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group, the companies Acts 1963 to 2005 provide in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and Parent Company financial statements,the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the finacial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

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

Under applicable law and the requirements of the Listing Rules issued by the Irish Stock Exchange regulations, the directors are also responsible for preparing a Directors' Report and reports relating to Directors' remuneration and corporate governance that comply with that law and those Rules.

On behalf of the Board

N.O. Dowling
Director

A.P. Oglesby
Director

Independent Auditor's report to the Members of Oglesby & Butler Group plc

We have audited the Group and Parent Company financial statements (the "financial statements") of Oglesby & Butler Group plc for the year ended 31 March 2006 which comprise of the Group Income Statement, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Reconciliation of Movements in Shareholders' equity and the related notes on page 25 to 42. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditor
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Stetement of Directors' Responsibilities on Page 19.

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

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with IFRSs as adopted by the EU and, in the case of the Parent Company applied in accordance with the provisions of the Companies Acts 1963 to 2005, and have been properly prepared in accordance with the Companies Acts 1963 to 2005, and Article 4 of the IAS Regulation. We also report to you whether, in our opinion; proper books of account have been kept by the Company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Parent Company financial statements are in agreement with the books of account.

We also reprt to you if, in our opinion, any information specified by law, or the Listing Rules of the Irish Stock Exchange regarding Directors' remuneration and Directors' transactions is not disclosed and, where practicable, include such information in our report.

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 Irish Stock Exchange, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent missatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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

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

Independent Auditor's report to the Members of Oglesby & Butler Group plc

(cont'd.)

Opinion
In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 March 2006 and of its loss for the year then ended;

- The Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Acts 1963 to 2005, of the state of the Parent Company's affairs as at 31 March 2006; and

- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2005 and Article 4 of the IAS Regulation.

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

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

The net assets of the company, as stated in the Company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 March 2006 a financial situation which under Section 40 (1) of the Companies (Amendment) Act 1983 would require the convening of an extraordinary general meeting of the Company.

KPMG

KPMG

Chartered Accountants
Registered Auditor
1 Harbourmaster Place
IFSC
Dublin 1

22 September 2006

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Oglesby & Butler Group is a Parent Company domiciled in Ireland. The consolidated financial statements for the year ended 31 March 2006 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as "the Group").

The individual and consolidated financial statements of the Group were authorised for issue by the Directors on 22 September 2006.

The accounting policies applied in the preparation of the financial statements for the year ended 31 March 2006 are set out below. These have been applied consistently.

As required by European Union (EU) law from 1 January 2005, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The individual financial statements of the Company ('company financial statements') have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Acts 1963 to 2005 which permits a company, that publishes its company and consolidated financial statements together, to take advantage of the exemption in Section 148(8) of the Companies Act 1963 from presenting to its members its company income statement and related notes that form part of the approved company financial statements.

The IFRSs adopted by the EU applied by the Company and the Group in the preparation of these financial statements are those that were effective at 31 March 2006. The following table provides a brief outline of the likely impact on future financial statements of relevant IFRSs adopted by the EU which are not yet effective and have not been early adopted in these financial statements.

Title	**Impact on company and consolidated financial statements**
Amendment to IAS 1 – *Capital disclosures* (effective 1/1/2007)	This amendment will require more disclosures regarding the capital structure of the Company and Group
Amendment to IAS 19 – *Actuarial Gains and Losses, Group Plans and Disclosures* (effective 1/1/2006)	This amendment will not impact either Group or Company
Amendments to IAS 39 – *Cash Flow Hedge Accounting of Forecast Intragroup Transactions* (effective 1/1/2006)	This amendment is not expected to significantly impact either Group or Company
Amendments to IAS 39 and IFRS 4 – *Financial Guarantee Contracts* (effective 1/1/2006)	The impact of this amendment is likely to be minimal
IFRS 7 – *Financial Instruments: Disclosures* (effective 1/1/2007)	This standard updates and extends the existing disclosure requirements of IAS 30 and IAS 32
IFRIC 4 – *Determining whether an arrangement contains a lease* (effective 1/1/2006)	This is not expected to significantly impact either Group or Company

Prior to 1 March 2005 the Consolidated and Company financial statements were prepared under ROI GAAP.

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

Currency
The financial statements are prepared in euro.

Basis of Consolidation
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the financial statements of the holding company and all its Group undertakings made up to the end of the financial year.
Business combinations before 1 April 2004 ("the transition date") have not been restated. Consequently, goodwill at the transition date is carried forward at its net book value and, along with goodwill on subsequent acquisitions, is subject to annual impairment testing. Goodwill was assessed for impairment at the transition date and no impairment charges arose from this exercise. Goodwill

on acquisitions prior to 1998, which was set-off against revenue reserves under Irish GAAP is deemed to be permanently written off under IFRS and not subject to impairment testing or write-off via the income statement on disposal. In addition, the merger accounting adopted by the Group following abusiness combination prior to 1 April 2004 has not been restated.
In respect of acquisitions, the consolidated financial statements include the attributable results from the date that control commences up to the end of the fiancial year, (or to when control ceases, or earlier).
Intragroup balance and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Revenue
Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. This generally occurs on delivery/shipment of goods to the buyer.

Government Grants
A government grant is recognised in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions attaching to it. Grants that compensate the Group for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same period in which the expenses are incurred. Grants that compensate the Group for the cost of the asset are recognised in the income statement as other operating income on a systematic basis over the useful life of the asset.

Leases
Finance Lease Payments
Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating Lease Payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives paid are recognised in the income statement as an integral part of the total lease expense.

Property, Plant and Equipment
Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing items and restoring the site on which they are located, and an appropriate proportion of production overheads.
Depreciation is calculated to write off the cost less estimated residual value of property, plant and equipment on the staright line basis over their expected useful lives. The remaining useful lives of the assets are reviewed on a regular basis.
Depreciation is provided on additions with effect from the first day of the month following commissioning and on disposals up to the end of the month prior to retirement, at the following annual rates:

Land	Not depreciated
Buildings	2%
Plant and machinery	7-20%
Fixtures and fittings	10-15%
Motor vehicles	20%

Inventories
Inventories are valued, on the first-in, first-out basis, at the lower of cost and estimated net realisable value. Cost includes all expenditure which has been incurred in the normal course of business in bringing the products to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business (net of trade discounts) of inventories on hand, less all further costs to completion and selling expenses.

Impairment
The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment provision is recorded in the income statement.

Foreign Currencies
Monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the rates of exchange

prevailing at the balance sheet date. All exchange gains and losses on foreign currency transactions are dealt with in the income statement.

Advertising and promotional expenditure
Advertising and promotional expenditure is written off to the income statement in full in the financial year in which the costs are incurred.

Research and development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.
Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products or processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Patents
Direct costs associated with taking out patents are capitalised and are amortised, on the straight line basis, over their expected useful lives from the date the costs are incurred. Provisions for impairment are made as required.

Pensions
The pension obligations of the Group are met by payments to a defined contribution pension plan, the annual contributions to which are dealt with in the income statement in the financial year to which they relate.

Taxation
Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised in equity.
Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws that have been enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. If the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting nor taxable profit or loss, it is not recognised.
Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the forseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.
A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be avaialable against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividends
Dividends are recognised as a liability in the period in which they are declared.

Cash and cash equivalents
Cash and cash equivalents, comprise cash balances and call deposits, including bank deposits of less than three months maturity. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Derivative financial instruments
Subject to the satisfaction of certain criteria, relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, to economically hedge against variability in cash flows are accounted for as cash flow hedges under hedge accounting rules. In such cases, any gain or loss arising on the effective portion of the hedging derivative instrument is recognised in the hedging reserve, a separate component of equity. Gains or losses on any ineffective portion of the derivative (as defined by IAS 39) are recognised in the income statement. When the hedged forecast transaction affects profit or loss the related gains or losses in the hedging reserve are transferred to the income statement.
Derivatives used to economically hedge recognised foreign currency monetary assets or liabilities are not accounted for under hedge accounting but rather any gains or losses arising are recognised in the income statement.

Group income statement for the year ended 31 March 2006

	Notes	2006 €	2005 €
Revenue	1	**5,130,051**	5,121,467
Operating Costs		**(5,282,621)**	(5,267,904)
Operating Loss before finance costs		**(152,570)**	(146,437)
Finance costs	3	**(49,048)**	(82,368)
Loss before tax		**(201,618)**	**(228,805)**
Income Tax Credit	6	**21,005**	31,437
Loss after tax for the year		**(180,613)**	**(197,368)**
Loss attributable to equity holders of the group		**(180,613)**	**(197,368)**
Shares in issue - weighted		**12,315,082**	12,315,082
Loss after tax		**(180,613)**	(197,368)
Loss per share - basic		**(1.47c)**	(1.60c)
Diluted loss per share		**(1.47c)**	(1.60c)

On behalf of the Board

N.O. Dowling
Director

A.P. Oglesby
Director

22 September 2006

Group balance sheet at 31 March 2006

	Notes	2006	2005
		€	**€**
ASSETS			
Non-current assets			
Property, plant and eqipment	11	**3,870,130**	4,042,610
Intangible assets	9	**607,961**	544,333
Total non-current		**4,478,091**	4,586,943
Current assets			
Inventories	12	**1,104,525**	1,131,193
Trade and other receivables	13	**1,029,904**	1,046,350
Derivatives and other financial instruments	24	**23,698**	24,438
Other investments		**50,791**	50,791
Cash and cash equivalents		**121,113**	31,771
Total current assets		**2,330,031**	2,284,543
Total assets		**6,808,122**	6,871,486
Equity			
Capital and reserves attributable to the company's equity holders			
Issued capital		**1,477,808**	1,477,808
Share premium		**1,066,503**	1,066,503
Reserves	20	**902,235**	913,438
Retained earnings		**2,055,969**	2,225,379
Total equity		**5,502,515**	5,683,128
LIABILITIES			
Non-current liabilities			
Finance leases	15	**166,398**	123,890
Deferred government grants	16	**140,821**	144,935
Deferred tax liabilities	17	**106,257**	127,262
Total non-current liabilities		**413,476**	396,087
Current liabilities			
Finance lease obligations	15	**88,786**	82,209
Bank overdraft		-	70,791
Trade and other payables	14	**803,345**	639,271
Total current liabilities		**892,131**	792,271
Total liabilities		**1,305,607**	1,188,358
Total equity and liabilities		**6,808,122**	6,871,486

On behalf of the Board

N.O. Dowling
Director

A.P. Oglesby
Director

22 September 2006

Group cash flow statement for the year ended 31 March 2006

	Note	**2006**	2005
		€	€
Cash flows from operations:			
Operating Loss		(152,570)	(146,437)
Depreciation and amortisation		433,874	443,870
Change in working capital		113,395	(23,341)
Cash generated from operations		**394,699**	**274,092**
Taxation		-	-
Interest paid		(25,308)	(24,826)
Net cash from operations		**369,391**	**249,266**
Investing activities			
Outflows			
Purchase of property, plant and equipment		(99,616)	(171,399)
Acquisition of patents		(82,853)	(80,911)
Net cash (outflow) from investing		(182,469)	(252,310)
Cash inflow/(outflow) before financing		186,922	(3,044)
Capital element of finance lease repayments		(97,580)	(71,067)
Increase/(decrease) in cash & cash equivalents in year		**89,342**	**(74,111)**

Reconciliation of movements in shareholders' equity for the year ended 31 March 2006

	2006 €	2005 €
(Loss) for the financial year	**(180,613)**	(197,368)
	(180,613)	(197,368)
Shareholders' equity at beginning of year	**5,683,128**	5,880,496
Shareholders' equity at end of year	**5,502,515**	5,683,128

Company balance sheet at 31 March 2006

	Note	2006		2005	
		€	**€**	€	€
Fixed assets					
Financial assets	10		**1,327,261**		1,327,261
Current assets					
Debtors	13	**3,145,416**		3,145,416	
Cash at bank		**50,791**		50,791	
		3,196,207		3,196,207	
Creditors: *amounts falling due within one year*	14	**(1,656,060)**		(1,656,060)	
Net current assets			**1,540,147**		1,540,147
Net assets			**2,867,408**		2,867,408
Capital and reserves					
Called up share capital	18		**1,477,808**		1,477,808
Share premium account	19		**1,066,503**		1,066,503
Other reserves	21		**136,788**		136,788
Profit and loss account			**186,309**		186,309
Shareholders' funds - equity			**2,867,408**		2,867,408

On behalf of the Board

N.O. Dowling
Director

A.P. Oglesby
Director

Notes forming part of the financial statements

1 Revenue

	2006	2005
	€	€
The entire revenue of the Group consists of manufacture and sale of hand held tools and accessories	**5,130,051**	5,121,467

2 Analysis of Revenue

Analysis of revenue, all of which is sourced in the Republic of Ireland, by geographical area of destination is as follows:

	2006	2005
	€	€
Ireland	**79,991**	75,464
United Kingdom	**819,936**	887,707
Rest of Europe	**1,614,323**	1,639,210
North America	**2,018,653**	2,012,157
Rest of World	**597,148**	506,929
	5,130,051	5,121,467

All of the Group's profits are earned, and all of its assets are maintained, in the Republic of Ireland.

3 Finance costs

	2006	2005
	€	€
On bank overdrafts	**16,435**	18,530
On finance leases	**8,873**	6,296
Fair value of derivative movements	**23,740**	57,542
	49,048	82,368

All interest is dealt with in the income statement. No interest was capitalised during the year.

4 Employees and remuneration

The average number of persons employed by the Group (including executive directors) during the year, analysed by category, was as follows:

	2006	2005
Administration and management	**9**	10
Selling and distribution	**4**	6
Production	**63**	75
Research and development	**2**	3
	78	94

The aggregate payroll costs of these employees were as follows:

	2006	2005
	€	€
Wages and salaries	**1,786,007**	1,984,757
Social welfare costs	**175,476**	191,314
Other pension costs	**76,384**	73,938
	2,037,867	2,250,009

5 Statutory and other information

Report on Directors' remuneration:

Executive directors	Total		Salaries		Benefits in Kind		Pension Contributions		Fees	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	€	€	**€**	€	**€**	€	**€**	€	**€**	€
A.P. Oglesby	**168,798**	163,517	**155,289**	152,416	**13,509**	11,101	**-**	-	**-**	-
J.P. Oglesby	**174,243**	180,953	**123,943**	134,859	**13,380**	9,174	**36,920**	36,920	**-**	-
	343,041	344,470	**279,232**	287,275	**26,889**	20,275	**36,920**	36,920	**-**	-
Number of executive directors	**2**	2								
Non-executive directors										
N.O. Dowling	**28,835**	29,018	**20,950**	20,950	**1,265**	1,448	**-**	-	**6,620**	6,620
T.P. Byrne	**24,000**	24,000	**-**	-	**-**	-	**-**	-	**24,000**	24,000
	52,835	53,018	**20,950**	20,950	**1,265**	1,448	**-**	-	**30,620**	30,620
Number of non-executive directors	**2**	2								

5 Statutory and other information *(cont'd.)*

Other charges/(credits):	**2006**	2005
	€	€
Auditor's remuneration	**51,600**	34,150
Operating lease rentals - equipment	**12,627**	12,515
Amortisation of intangible fixed assets	**19,224**	19,224
Depreciation of property, plant and equipment	**418,764**	425,906
Research and development expenditure	**208,638**	220,446
Amortisation of government capital grants	**(4,114)**	(4,292)
Restructuring of continuing operations	**259,261**	-

6 Tax credit on (loss) on ordinary activities

	2006	2005
	€	€
Credit in respect of Deferred taxation	**21,005**	31,437
	21,005	31,437

The current tax charge for the year is different than the standard rate of tax in the Republic of Ireland. The differences are set out in the tax reconciliation below.

	2006	2005
(Loss) on Ordinary Activities	**(201,618)**	(228,805)
Profit on Ordinary Activities at Standard Corporation Tax Rate in Republic of Ireland of 12.5%	**(25,202)**	(28,600)
Effects of:		
Adjustment to standard rates	**5,040**	5,720
Capital allowances in excess of depreciation and other timing differences	**14,488**	23,799
Income not taxable/allowable for tax purposes - permanent differences	**5,674**	(8,556)
	-	-

The effective rate of corporation tax has been reduced due to the provisions of Section 234 CTA 1997, relating to tax exempt royalty income and because the Group avails of manufacturing relief which is due to expire in 2010.

7 Dividends

	2006	2005
	€	€
	Nil	Nil

Notes *(continued)*

8 Loss per share

	2006	2005
	€	€
(Loss) for the financial year	**(180,613)**	(197,368)
Weighted average number of Ordinary Shares in issue during the year	**12,315,082**	12,315,082
(Loss) per share	**(1.47c)**	(1.60)c
Fully diluted (Loss) per share	**(1.47c)**	(1.60)c

The calculation of fully diluted loss per share is based on the loss for the financial year of €180,613 (2005 loss: €197,368) and the maximum number of ordinary shares outstanding, should all options, amounting to options over 30,000 (2005: 30,000) shares be exercised. The dilutive effect of such options amounted to 16,957 (2005: 16,957) shares, giving a notional number of 12,332,039 (2005: 12,332,039) ordinary shares in issue.

9 Intangible assets

	Patents
Group	€
Cost	
At beginning of year	918,233
Additions	82,853
At end of year	**1,001,086**
Amortisation	
At beginning of year	373,900
Provided during year	19,224
At end of year	**393,124**
Net book value	
At 31 March 2006	**607,962**
At 31 March 2005	544,333

10 Financial assets

	2006	2005
Company	**€**	€
Investment in group undertakings		
Shares at cost	**1,327,515**	1,327,515
Less: provisions for impairment in value	**(254)**	(254)
	1,327,261	1,327,261

In the opinion of the Directors, the value of the investments is at least equal to their carrying amount. Details of Group undertakings are set out in note 26.

11 Property, plant and equipment

Group	Freehold land & buildings €	Plant equipment & motor vehicles €	Total €
Cost or valuation			
At beginning of year	2,460,989	6,019,916	8,480,905
Additions	-	246,283	246,283
At end of year	**2,460,989**	**6,266,199**	**8,727,188**
At cost	-	6,266,199	6,266,199
At valuation	2,460,989	-	2,460,989
	2,460,989	**6,266,199**	**8,727,188**
Depreciation			
At beginning of year	222,641	4,215,654	4,438,295
Provided during year	36,387	382,376	418,763
At end of year	**259,028**	**4,598,030**	**4,857,058**
Net book value			
At 31 March 2006	**2,201,961**	**1,668,169**	**3,870,130**
At 31 March 2005	2,238,348	1,804,262	4,042,610

On 31 March 1999, the freehold and long leasehold land and buildings were valued by independent valuers, Sothern Auctioneers Ltd. M.I.A.V.I. of 37 Dublin Street, Carlow, using an existing use open market basis. The valuation resulted in a surplus over book amount of €1,383,763 which has been credited to other reserves.

The depreciable element of freehold land and buildings, namely buildings, amounted to €1,728,075 (2005: €1,728,075).

Freehold and long leasehold land and buildings included at cost or valuation would have been stated on the historical cost basis at:

	2006 **€**	2005 €
Cost	**2,033,268**	2,033,268
Accumulated depreciation	**(436,568)**	(410,992)
	1,596,700	1,622,276

Assets held under finance leases, at cost less accumulated depreciation, included in property, plant and equipment, amounted to €761,249 (2005: €735,178). The depreciation charge during the year on such assets amounted to €120,595 (2005: €113,534).

Notes *(continued)*

12 Inventories

Group	2006 €	2005 €
Finished goods	**13,831**	15,008
Work in progress	**700,126**	653,220
Raw materials	**390,568**	462,965
	1,104,525	1,131,193

The estimated replacement costs of inventory are not considered to be materially different from their balance sheet values.

13 Trade and other receivables

	2006 €	2005 €
Group		
Amounts falling due within one year:		
Trade debtors	**727,184**	728,858
Prepayments and accrued income	**302,720**	317,492
	1,029,904	1,046,350
Company		
Amounts owed by Group undertakings	**3,145,416**	3,145,416

14 Trade and other payables

	2006 €	2005 €
Group		
Trade creditors	**456,171**	434,080
Accruals and deferred income	**320,671**	160,514
Other creditors including Tax and Social Welfare	**26,503**	44,677
	803,345	639,271
Company		
Amounts owed to Group undertakings	**1,656,060**	1,656,060

15 Finance lease obligations:

Group	2006 €	2005 €
Obligations under finance lease	**255,184**	206,099
Repayable by instalments as follows:		
Within one year	**88,786**	82,209
Between one and two years	**166,398**	123,890

16 Deferred Government grants

Group	2006 €	2005 €
Received and receivable	**524,484**	524,484
Amortisation		
At beginning of year	**379,549**	375,257
Provided during year	**4,114**	4,292
At end of year	**383,663**	379,549
Net book value	**140,821**	144,935

17 Deferred tax

Group	**2006**	2005
	€	€
Deferred taxation		
At beginning of year	**127,262**	158,699
Credit to income statement	**(21,005)**	(31,437)
At end of year	**106,257**	127,262

The full potential effect of deferred taxation in the Group balance sheet in respect of timing differences is as follows:

Capital allowances utilised	**200,970**	295,516
Other timing differences and taxation credits not utilised	**(94,713)**	(168,254)
	106,257	127,262

The potential amount of deferred taxation arising on revalued properties is not quantified because the revaluation is not considered to constitute a timing difference as there is no present intention to dispose of the properties.

Company

There is no potential liability for deferred taxation in the Company.

18 Issued share capital

Group and Company

Authorised	€
50,000,000 Ordinary Shares of 12c each	
At beginning and end of year	6,000,000
Allotted, called up and fully paid	
Ordinary Shares of 12c each - 12,315,082 Ordinary Shares	1,477,808

19 Share premium account

	€
Group and Company	
At beginning and at end of year	1,066,503

20 Reserves

Group	Capital reserve €	Capital redemption reserve fund €	Revaluation reserve fund €	Deferred Taxation €	Revaluation on long Leasehold €	Total €
At beginning of year	170,415	50,903	1,022,582	(95,000)	(235,462)	913,438
Transfer from revaluation reserve fund to income statement	-	-	(11,203)	-	-	(11,203)
	170,415	50,903	1,011,379	(95,000)	(235,462)	902,235

The capital reserve includes €84,530 of a non-distributable reserve set up by a Group undertaking, under the terms of a government grant agreement.

21 Company

	Capital redemption reserve €	Capital reserve €	Total €
At beginning and end of year	50,903	85,885	136,788

22 Cash flow statement

Group	**2006 €**	2005 €
Reconciliation of operating (loss) net cash inflow from operating activities:		
Operating (loss)	**(152,570)**	(146,437)
Amortisation of intangible assets	**19,224**	19,224
Depreciation of property, plant and equipment	**418,764**	425,906
Amortisation of government grants	**(4,114)**	(4,292)
Decrease/(Increase) in inventories	**26,668**	(136,417)
Increase in operating debtors	**16,446**	268,276
Decrease/(Increase) in operating creditors	**70,281**	(152,168)
Net cash inflow from operating activities	**394,699**	274,092

	2006 €	2005 €
Reconciliation of net cash flow to movement in net debt:		
Increase/(Decrease) in cash in the year	**89,342**	(74,111)
Decrease in debt and obligations under finance leases	**98,582**	71,067
Change in net funds resulting from cash flows	**187,924**	(3,044)
Finance leases drawn down in the year	**(146,667)**	(173,770)
Movement in net funds in the year	**41,257**	(176,814)
Net funds at beginning of year	**(174,328)**	2,486
Net debt at end of year	**(133,071)**	(174,328)

22 Cash flow statement (contd.)

Analysis of net (debt)

	At beginning of year €	Non cash movements €	Cash flow €	At end of year €
Cash at bank and in hand	31,771	-	89,342	121,113
Bank loans due within one year	-	-	-	-
Obligations under finance leases				
due within one year	(82,209)	(35,994)	30,417	(87,786)
due after one year	(123,890)	(110,673)	68,165	(166,398)
	(206,099)	(146,667)	98,582	(254,184)
	(174,328)	**(146,667)**	**187,924**	**(133,071)**

23 Financial commitments

Group

Capital commitments
Capital expenditure commitments existing at the balance sheet date which were not provided for in the financial statements amounted to €46,989 (2005: €46,989).

Currency commitments
Forward rate currency commitments to hedge sales at the balance sheet date were as follows:

	2006		2005	
Currency	**Amount**	**Weighted Average Rates**	Amount	Weighted Average Rates
US dollars	**970,000**	**1.2128**	1,668,000	1.2663
Pounds sterling	**11,750**	**0.7224**	200,000	0.7019

These contracts, which were entered into for hedging purposes, fall due between 1 April 2005 and 30 September 2005.

Finance leases
There were no commitments existing at the balance sheet date in respect of finance leases which had been entered into but which commenced after the year end (2004: €Nil).

Operating leases
Annual commitments under non-cancellable operating leases in respect of plant, fixtures and motor vehicles were as follows:

	2006	2005
Expiring:	**€**	€
Within one year	**11,710**	11,710
Between two and five years	**32,644**	44,354
	44,354	56,064

24 Financial instruments

Foreign currency risk

The majority of group sales are denominated in foreign currencies while the Group sources raw materials from Ireland and the UK. The Group's policy is to eliminate any net currency exposure on its purchases and sales through forward currency contracts. The Group had no net currency exposure on its financial assets or liabilities at 31 March 2006. The Group has taken out forward contracts in excess of the value of foreign currency debtors and creditors to hedge against post year end purchases and sales in order to protect profit margins in the next accounting period.

Total unrecognised gains on foreign currency forward contracts translated at the spot rate prevailing at the balance sheet date, are as set out below. These are expected to materialise in the next accounting period.

The fair value at the year end being €23,698, (2005: €24,438).

Interest rate risk

The Group has no financial assets other than short term debtors and cash deposits.
Cash deposits of €121,113 (2005: €31,771) are at floating rates.

The group's financial liabilities are comprised of finance lease obligations amounting to €255,184. Other creditors and accruals all have short term maturity dates. The maturity profile of the group's financial liabilities at the balance sheet date was as follows:

Falling due	**2006** **€**	2005 €
In one year or less	**88,786**	82,209
In more than one year but not more than two years	**166,398**	123,890
	255,184	206,099

24 Financial instruments *(cont'd.)*

The interest rate profile of financial liabilities at the balance sheet date was as follows:

	2006		2005	
	Floating rate financial liabilities	**Fixed rate financial liabilities**	Floating rate financial liabilities	Fixed rate financial liabilities
Weighted average interest rate	**n/a**	**11.23%**	n/a	10.20%
Weighted average period for which rate is fixed	**n/a**	**3.37 years**	n/a	3.39 years

There is no significant difference between the book value and fair value of debt.
Short term creditors are not included in the above tables.

25 Pensions

Pensions for employees arise from a defined contribution scheme. These pensions are funded through an external pension scheme for the sole benefit of qualifying employees or their dependants. The pension fund charge for the period was €76,384 (2005: €73,938) and outstanding contributions at the balance sheet date amounted to €8,662 (2005: €9,179).

26 Group undertakings

The following are the Group undertakings of Oglesby & Butler Group plc, all of which are included in the consolidated financial statements, and which are incorporated and operating in the Republic of Ireland unless otherwise stated.

Name Registered office	Principal activity	Percentage held by: Company	 Group undertaking
Oglesby & Butler Limited Industrial Estate, O'Brien Road, Carlow	Manufacture and distribution of power tools	100%	-
Oglesby & Butler Technology Limited Industrial Estate, O'Brien Road, Carlow	Patent licensing	100%	-
Oglesby & Butler Ireland Industrial Estate, O'Brien Road, Carlow	Investment holding	100%	-
Oglesby & Butler Investments Industrial Estate, O'Brien Road, Carlow	Investment holding	100%	-
Portagas Limited Industrial Estate, O'Brien Road, Carlow	Non-trading	-	100%
Portasol Inc. (United States of America) Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle, Delaware, U.S.A.	Non-trading	100%	-
Oglesby & Butler Research & Development Limited Industrial Estate, O'Brien Road, Carlow	Non-trading	-	100%

All shareholdings in Group undertakings consist of Ordinary Shares.

27 Board approval

The board of directors approved these financial statements on 22 September 2006.

Five year summary

	2006	2005	2004	2003	2002
	€'000	€'000	€'000	€'000	€'000
Revenue	**5,130**	5,121	4,907	5,549	5,695
Operating (loss)/profit	**(152)**	(146)	(85)	287	391
Finance costs	**(49)**	(83)	(31)	(49)	(36)
(Loss)/profit on ordinary activities before tax	**(201)**	(229)	(116)	238	355
Tax credit/(charge) on (loss)/profit on ordinary activities	**21**	31	21	26	(41)
(Loss)/profit for the financial year	**(180)**	(198)	(95)	264	314
Dividends per share (cent)	**Nil**	Nil	0.25	0.57	1.706
Dividend cover (times)	**n/a**	n/a	n/a	3.75	1.49
(Loss)/earnings per share (cent)	**(1.47)**	(1.60)	(0.76)	2.14	2.55
Depreciation (euro)	**418.8**	425.9	412.6	432.9	489.1
Net assets per share (cent)	**44.68**	46.14	49.47	50.49	48.91

Note: Figures for 2002 up to 2004 are stated under Irish GAAP Accounting Principles, 2005, 2006 are stated and prepared in accordance with (IFRS) International Financial Accounting Standards as adopted by the EU.

Notice of meeting

Annual General Meeting

The Annual General Meeting of the Group will be held at The Berkeley Court Hotel, Lansdowne Road, Ballsbridge, Dublin 4, at 12.00 noon on 10 November 2006 for the following purposes:

1. To receive and consider the Financial Statements and Reports of the Directors and Auditor for the year ended 31 March 2006.

2. To re-elect the following Director who retires by rotation and, being eligible, offers himself for re-election: J.P. Oglesby. For details of Directors biography refer to page 5.

3. To authorise the Directors to approve the Auditor's remuneration.

4. To consider and, if thought fit, to pass the following as a Special Resolution:

   "That in accordance with the powers, provisions and limitations of Article 8(e) of the Company's Articles of Association, the Directors be and are hereby authorised to allot equity securities for cash and in respect of sub-paragraph (ii) thereof up to an aggregate nominal value of €147,780."

Special Business

To consider, and if thought fit, to pass the following as Special Resolutions:

5. "That the authority to make market purchases (within the meaning of Section 212 of the Companies Act, 1990 ("the Act")) granted by Resolution 5 passed at the Annual General Meeting of the Company held on 10 December 2004 be and is hereby renewed and shall expire at the close of business on the earlier date of the next Annual General Meeting of the Company and 10 March 2006 unless previously revoked, varied or renewed in accordance with the provisions of Section 215 of the Act, but the Company, or any subsidiary, may enter into a contract or contracts to purchase shares of any class in the capital of the Company ("Shares") under the authority hereby renewed prior to the expiry of such authority which would be or might be executed wholly or partly after the expiry of such authority and may make a purchase of Shares in pursuance of such contract or contracts, notwithstanding that this authority has otherwise expired."

6. "That subject to the passing of Resolution 5 above and to the provisions of the Companies Act, 1990, ("the Act"), for the purposes of Section 209 of the Act the re-issue price range at which any treasury shares (as defined by the said Section 209) for the time being held by the Company may be re-issued off-market shall be in accordance with the terms set forth in Resolution 6 passed at the Annual General Meeting of the Company held on 10 December 2004 and that the authority hereby conferred shall expire at the close of business on the earlier of the date of the next Annual General Meeting of the Company and 10 March 2006 unless previously varied, revoked or renewed in accordance with the provisions of Section 209 of the Act".

7. To transact any other ordinary business of the board.

By order of the Board:

Michael Boran
Secretary

22 September 2006

Registered Office:
Industrial Estate,
O'Brien Road,
Carlow.

NOTES

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member of the Company.

2. The share register and register of Directors' and Secretary's interests, together with copies of contracts of service between Directors and the Company or any of its group undertakings, will be available for inspection at the registered office of the Company during normal business hours from the date of this notice until the date of the meeting and on that date at the place of the meeting from 11.15 a.m. until its conclusion.

Form of proxy

Annual General Meeting

I/We the undersigned, being a Shareholder(s) of the Company

Signature..

Name in Full...

Address...

....Date ....

HEREBY APPOINT the duly appointed Chairman of the Meeting*

....of...

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at The Berkeley Court Hotel, Lansdowne Road Ballsbridge, Dublin 4, at 12.00 noon on 10 November 2006 and at any adjournment thereof.

Ordinary Business

		For	Against
1.	Consideration of Financial Statements	❑	❑
2.	Re-election of: Mr. J.P. Oglesby	❑	❑
3.	Authorise the Directors to fix the Auditor’s remuneration	❑	❑
4.	Waiver of statutory pre-emption rights	❑	❑

Special Business

5.	Authority to purchase own shares	❑	❑
6.	Authority to re-issue treasury shares	❑	❑

NOTES

1. *If you wish to appoint a proxy other than the Chairman of the Meeting please insert that person’s name and address and delete (initialling the deletion) "the Chairman of the Meeting". The completion of the form of proxy will not preclude shareholders from attending and voting at the AGM.
2. Please indicate, by inserting X in the appropriate box, the way in which your proxy is to vote on the specified Resolutions. If you do not do so, your proxy will vote or abstain as he/she thinks fit. On any other business which may properly come before the Meeting (including any motion to amend a Resolution or adjourn the Meeting), the proxy will act at his/her discretion.
3. This form of proxy must be signed by the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, it must be under its common seal or be signed by some officer or attorney duly authorised in that behalf.
4. To be valid, this Form of Proxy and the Power of Attorney or other authority (if any) under which it is signed must be lodged at the office of the Registrar of the Company, Computershare Services (Ireland) Limited, at Heron House, Corrig Road, Sandyford, Dublin 18 at least 48 hours before the time appointed for the holding of the Meeting.
5. In the case of joint shareholders, seniority shall be determined by the order in which the names stand in the Register of Members; thus the vote of the senior joint shareholder, who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s).

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Notes