

INTERIM REPORT

For the six months ended 30 September 2006



Origins of the business

Origins

Cranswick was formed by farmers in the early 1970's to produce pig feed. In 1988 the Board embarked on a strategy to broaden the base of the Company's activities and to seek opportunities to develop into related areas offering greater scope to add value to the Company's processes.

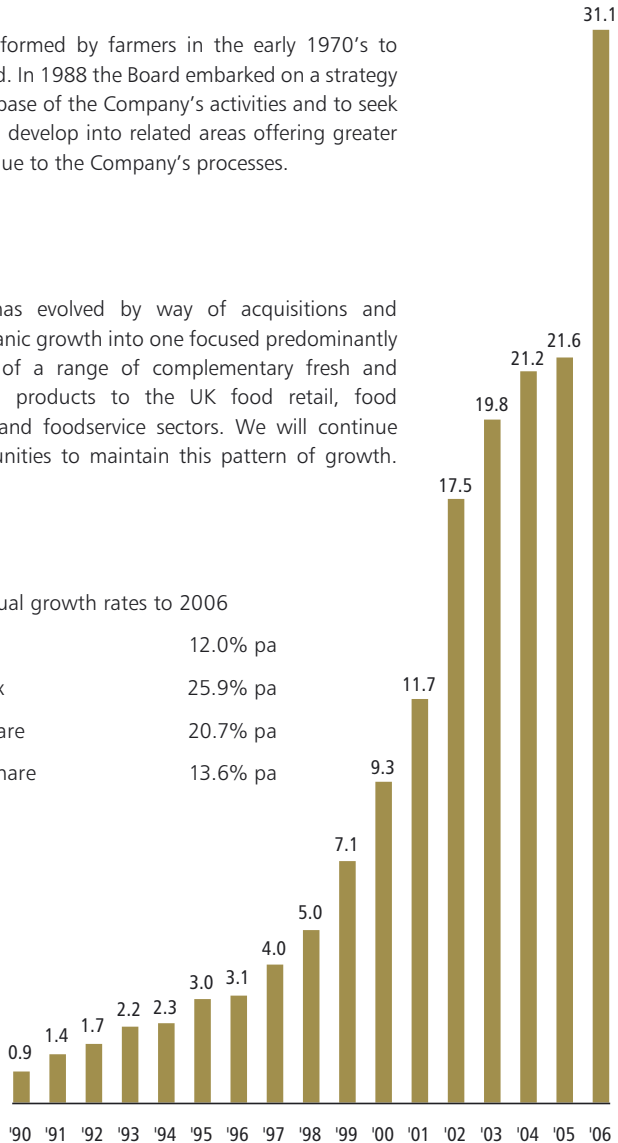
Development

The business has evolved by way of acquisitions and subsequent organic growth into one focused predominantly on the supply of a range of complementary fresh and processed food products to the UK food retail, food manufacturing and foodservice sectors. We will continue to seek opportunities to maintain this pattern of growth.

10 year record

Compound annual growth rates to 2006

Turnover	12.0% pa
Profit before tax	25.9% pa
Earnings per share	20.7% pa
Dividends per share	13.6% pa



PROFIT BEFORE TAX 1990-2006
(£m)

Financial highlights

Six months to September 2006

- Turnover up 14% to £247.8m
- *Profit before tax up 13% at £15.5m
- *Increase of 12% in eps to 24.2p
- Dividend up 9% to 5.9p per share
- Interest cover 8.2 times (2005 - 6.2 times)
- Cash inflow of £5.8m

*Post-exceptional credit of £0.3m

Statement to shareholders

Results and review of activities

It is pleasing to be reporting continued growth at Cranswick for the six months ended 30 September 2006. Record sales and profits were achieved and cash generation was particularly encouraging.

Turnover for the six months of £248m was 14 per cent up on the same period last year reflecting strong organic growth. Profit before tax rose 13 per cent to £15.5m and earnings per share of 24.2p was 12 per cent ahead of the comparative interim period. These figures include an exceptional gain of £0.3m on the sale of a surplus freehold property.

Sales in the food division, which includes the original agribusiness activity, totalled £232m accounting for 94 per cent of total Company sales. This compared to food division sales of £202m for the corresponding period in 2005. The 15 per cent increase in sales is all organic growth. The business is positioned in a number of premium categories which are showing strong growth and this coupled with increased market share is driving sales.

Fresh pork sales were up 29 per cent and sausages 27 per cent. These exceptional increases were made possible by the strategic investment in capacity in recent years. In addition charcuterie and cooked meats both recorded good increases over the previous year's comparable figures. In cooked meats our pre-packed free range turkey breast sold under Sainsbury's Taste the Difference range was named 'Best Ready to Eat Product' in recent industry awards. Total sales of pre-packed cooked meats were 18 per cent higher than previously, significantly ahead of the growth in the market.

Sales of 'Jack Scaife' traditional dry cured bacon advanced by in excess of 70 per cent, albeit from a low base, bearing testimony to the confidence that we have in this award winning product. During the period Cranswick's shareholding in the Jack Scaife joint venture increased to 85 per cent. The joint venture celebrated its second anniversary earlier this year and a sign of the progress made so far is that we are now looking for additional production capacity in anticipation of continued growth.

Sandwich sales achieved more modest rates of growth, in comparison to the 19 per cent achieved in the previous twelve months, although recent business wins indicate that the second half growth will be stronger than the first.

Agribusiness sales were up 24 per cent at almost £19m reflecting increases in both animal feed and pig marketing. Export sales of piglet feed were particularly encouraging.

There was an improved performance from the pet business compared to a year ago. This was driven principally by better returns in pet foods, despite volumes being almost unchanged from the comparative period, and increased sales in the aquatics business. The surplus freehold site at Bishop Burton was sold in September generating proceeds of £0.8m and an exceptional gain of £0.3m.

Acquisition of DeliCo

The Board recently announced the acquisition of DeliCo. This was subsequent to the end of the six month period and so these results are not impacted.

DeliCo is a producer of pre-packed cooked meats based in Milton Keynes. The company began trading in 2000 from new purpose-built premises extending to 98,000 square feet in which capacity utilisation was running at about 25 per cent prior to acquisition.

DeliCo will provide capacity to enable Cranswick to accelerate the development of its customer base and facilitate its record of growth. The plant is amongst the most modern in the United Kingdom for the provision of pre-packed cooked meats.

The pre-packed cooked meats market in the UK is valued at in excess of £1.3bn and continues to grow strongly – in the year to 10 September 2006 the market was up 8 per cent year on year (TNS Superpanel). Cranswick entered the pre-packed cooked meats market with the acquisition of Perkins Chilled Foods in January 2005. Perkins was merged with Cranswick's existing cooked meats business and renamed Cranswick Convenience Foods ('CCF'). In the year to 31 March 2006 sales at CCF reached £150m compared to £57m previously and further growth has been seen in the current year.

DeliCo will be integrated into CCF. Jeff Winter, managing director, will continue in that position and we welcome Jeff and his colleagues to Cranswick.

Cashflow and borrowings

The cashflow of the business has remained strong with net borrowings reducing over the six month period by £5.8m to £71.3m.

Operating profit before depreciation generated £21.9m compared to £20.2m in the same period last year, whilst capital expenditure amounted to £5.2m, £2.6m lower than previously. Working capital increased by £1.2m reflecting higher sales activity. As a result the interest charge in the period was down from £2.6m to £2.1m and the interest cover improved from 6.2 times to 8.2 times.

Dividend

The interim dividend is being increased by 9 per cent to 5.9p per share (2005 - 5.4p). The dividend will be paid on 26 January 2007 to shareholders on the register at the close of business on 1 December 2006. Shares will go ex-dividend on 29 November 2006 and Shareholders will again have the option to receive the dividend by way of scrip issue.

Employees

The further progress made by the Company in the current year would not have been possible without the contribution from all at Cranswick and on behalf of the Board I wish to thank them for their commitment and expertise.

Outlook

The Board is pleased with the progress made in the current year.

Looking further ahead the Company has talented operational management teams, is well positioned in a number of growth markets and has capacity available in most production facilities to meet the anticipated increase in activity. Any further capacity that needs to be added as the Company continues its growth will be met by the strong cashflow of the business.

The Board looks with optimism at the ongoing development of Cranswick.

Martin Davey

Chairman

20 November 2006

Group income statement *(unaudited)*

For the six months ended 30 September 2006

	Notes	Half Year		Year to 31 March
		2006	2005	2006
		£'000	£'000	£'000
Revenue	3	247,796	217,438	441,178
Cost of sales		<u>(208,407)</u>	<u>(179,955)</u>	<u>(364,388)</u>
Gross profit		39,389	37,483	76,790
Operating expenses		<u>(22,087)</u>	<u>(21,210)</u>	<u>(42,720)</u>
Operating profit	3	17,302	16,273	34,070
Profit on disposal of property, plant and equipment		<u>281</u>	<u>-</u>	<u>2,079</u>
Profit before finance and taxation		17,583	16,273	36,149
Finance revenue		1	-	25
Finance costs		<u>(2,098)</u>	<u>(2,628)</u>	<u>(5,076)</u>
Profit before tax		15,486	13,645	31,098
Taxation	4	<u>(4,646)</u>	<u>(4,058)</u>	<u>(8,278)</u>
Profit for the period		<u>10,840</u>	<u>9,587</u>	<u>22,820</u>
Profit for the period attributable to:				
Equity holders of the parent		10,825	9,587	22,784
Minority interest		15	-	36
		<u>10,840</u>	<u>9,587</u>	<u>22,820</u>
Earnings per share : basic	5	24.2p	21.6p	51.2p
: diluted	5	24.0p	21.5p	50.8p

Group balance sheet *(unaudited)*

30 September 2006

	Notes	Half Year		Year to 31 March
		2006	2005	2006
		£'000	£'000	£'000
Non-current assets				
Goodwill		111,963	111,857	111,921
Property, plant and equipment		68,248	65,152	67,725
		<u>180,211</u>	<u>177,009</u>	<u>179,646</u>
Current assets				
Inventories		21,345	19,073	18,555
Trade and other receivables		58,098	53,166	54,027
Other financial assets		-	-	106
Cash and cash equivalents		4,520	2,087	5,000
Total current assets		<u>83,963</u>	<u>74,326</u>	<u>77,688</u>
Non-current assets classified as held for sale		-	1,584	688
Total assets		264,174	252,919	258,022
Current liabilities				
Trade and other payables		(58,517)	(53,184)	(53,376)
Other financial liabilities		(18,690)	(15,867)	(19,422)
Income tax payable		(4,218)	(3,311)	(3,138)
Provisions		(334)	-	(334)
Total current liabilities		<u>(81,759)</u>	<u>(72,362)</u>	<u>(76,270)</u>
Non-current liabilities				
Other payables		(55)	(94)	(76)
Other financial liabilities		(57,149)	(73,291)	(62,720)
Deferred tax liabilities		(4,561)	(4,686)	(4,657)
Provisions		(1,727)	(2,474)	(1,877)
Total non-current liabilities		<u>(63,492)</u>	<u>(80,545)</u>	<u>(69,330)</u>
Total liabilities		(145,251)	(152,907)	(145,600)
Net assets		<u>118,923</u>	<u>100,012</u>	<u>112,422</u>
Equity				
Called-up share capital	7	4,474	4,456	4,467
Share premium account	7	41,260	40,220	40,797
Share based payments reserve	7	654	373	531
Hedging and translation reserves	7	(56)	(386)	(13)
Retained earnings	7	72,570	55,349	66,604
Equity attributable to members of the parent company		<u>118,902</u>	<u>100,012</u>	<u>112,386</u>
Minority interest	7	21	-	36
Total equity		<u>118,923</u>	<u>100,012</u>	<u>112,422</u>

Group cashflow statement *(unaudited)*

For the six months ended 30 September 2006

	Half Year		Year to 31 March
	2006	2005	2006
	£'000	£'000	£'000
Operating activities			
Profit before finance and taxation	17,583	16,273	36,149
Adjustments to reconcile group profit before finance and taxation to net cash inflows from operating activities:			
Depreciation	4,343	3,934	8,087
Share based payments	123	126	284
Release of government grants	(21)	(18)	(36)
Profit on sale of property, plant and equipment	(347)	(124)	(2,220)
(Increase)/decrease in inventories	(2,790)	606	1,125
Increase in trade and other receivables	(4,220)	(5,040)	(5,751)
Increase in trade and other payables	5,801	5,285	4,200
Cash generated from operations	20,472	21,042	41,838
Tax paid	(3,562)	(3,340)	(6,954)
Net cash from operating activities	<u>16,910</u>	<u>17,702</u>	<u>34,884</u>
Cash flows from investing activities			
Interest received	1	-	25
Acquisition of subsidiaries	(73)	-	-
Purchase of property, plant and equipment	(5,155)	(7,791)	(14,064)
Proceeds from sale of property, plant and equipment	1,070	871	3,929
Net cash used in investing activities	<u>(4,157)</u>	<u>(6,920)</u>	<u>(10,110)</u>
Cash flows from financing activities			
Interest paid	(2,446)	(2,642)	(5,119)
Proceeds from issue of share capital	34	1,580	1,691
Repayment of borrowings	(7,675)	(10,059)	(18,753)
Dividends paid	(4,523)	(3,918)	(5,847)
Net cash used in financing activities	<u>(14,610)</u>	<u>(15,039)</u>	<u>(28,028)</u>
Net decrease in cash and cash equivalents	(1,857)	(4,257)	(3,254)
Cash and cash equivalents at beginning of period	46	3,291	3,291
Effect of foreign exchange rates	(10)	(2)	9
Net cash and cash equivalents	<u>(1,821)</u>	<u>(968)</u>	<u>46</u>

Notes to the interim accounts

1. Basis of preparation

This interim report was approved by the Directors on 20 November 2006 and is unaudited. The information does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts for the year ended 31 March 2006 prepared under IFRS received an unqualified audit report and have been filed with the Registrar of Companies.

2. Accounting policies

The accounting policies applied by the Group in this interim report are the same as those applied by the Group in the financial statements for the year ended 31 March 2006.

3. Segmental analysis – half year ended 30 September

	Turnover		Operating profit	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Food	232,116	202,108	17,638	16,790
Pet	15,680	15,330	665	286
	<u>247,796</u>	<u>217,438</u>	<u>18,303</u>	<u>17,076</u>
Central costs	-	-	(1,001)	(803)
Group total	<u>247,796</u>	<u>217,438</u>	<u>17,302</u>	<u>16,273</u>

4. Taxation

The tax charge for the six months ended 30 September 2006 reflects the estimated effective rate for the full year.

5. Earnings per share

Basic earnings per share are based on profit attributable to shareholders and on the weighted average number of shares in issue during the year of 44,685,046 (2005: 44,353,777) excluding shares held by Cranswick Trustees Limited. The calculation of diluted earnings per share is based on 45,148,356 shares (2005: 44,682,131).

6. Analysis of Group net debt

	At 31 March 2006	Cash flow	Other non cash changes	At 30 Sept 2006
	£'000	£'000	£'000	£'000
Cash and cash equivalents	5,000	(470)	(10)	4,520
Overdrafts	(4,954)	(1,387)	-	(6,341)
Net cash and cash equivalents	<u>46</u>	<u>(1,857)</u>	<u>(10)</u>	<u>(1,821)</u>
Other financial liabilities	(146)	-	92	(54)
Revolving credit	(2,000)	2,000	-	-
Bank loans	(73,970)	5,625	(54)	(68,399)
Loan notes	(1,072)	50	-	(1,022)
Net debt	<u>(77,142)</u>	<u>5,818</u>	<u>28</u>	<u>(71,296)</u>

7. Reconciliation of movements in equity

	Share capital	Share premium	Share based payments	Hedging and translation	Retained earnings	Minority interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2006	4,467	40,797	531	(13)	66,604	36	112,422
Profit for the period	-	-	-	-	10,825	15	10,840
Share based payments	-	-	123	-	89	-	212
Cash flow hedges	-	-	-	(37)	11	-	(26)
Scrip dividend	6	430	-	-	-	-	436
Exercise of options	1	33	-	-	-	-	34
Dividends	-	-	-	-	(4,959)	-	(4,959)
Exchange differences	-	-	-	(6)	-	-	(6)
Purchase of minority interest	-	-	-	-	-	(30)	(30)
At 30 September 2006	4,474	41,260	654	(56)	72,570	21	118,923

8. The Company intends to post the Interim Report to shareholders on 22 November 2006. Further copies will be available upon request from the Company Secretary, Cranswick plc, 74 Helsinki Road, Sutton Fields, Hull, HU7 0YW.

Five year statement

	IFRS		UK GAAP		
	2006	2005	2004	2003	2002
Turnover (£m)	441.2	318.5	270.1	237.7	225.6
Profit before tax (£m)*	31.1	21.6	21.2	19.8	17.5
Earnings per share (pence)*	51.2	38.6	35.8	34.2	31.5
Dividends per share (pence)	16.5	14.5	13.2	12.0	10.75
Capital expenditure (£m)	14.3	19.1	10.0	6.7	4.8
(Net debt)/net funds (£m)	(77.1)	(92.4)	(13.3)	1.6	(1.2)
Net assets (£m)	112.4	92.8	68.8	61.2	52.0

***prior to goodwill amortisation.**

The above figures have been compiled from the published accounts for each year.

CRANSWICK *plc*

Registered office: Helsinki Road, Sutton Fields, Hull HU7 0YW Tel. 01482 372000
www.cranswick.co.uk