

CRANSWICK *plc*

INTERIM REPORT

For the six months ended
30 September 2007



FINANCIAL HIGHLIGHTS

Six months to September 2007

- Turnover up 22% to £303.2m
- Profit before tax up 16% at £18.0m
- Increase of 14% in eps to 27.7p
- Dividend up 10% to 6.5p per share
- Interest cover 9.1 times (2006 – 8.4 times)
- Cash inflow of £3.8m



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

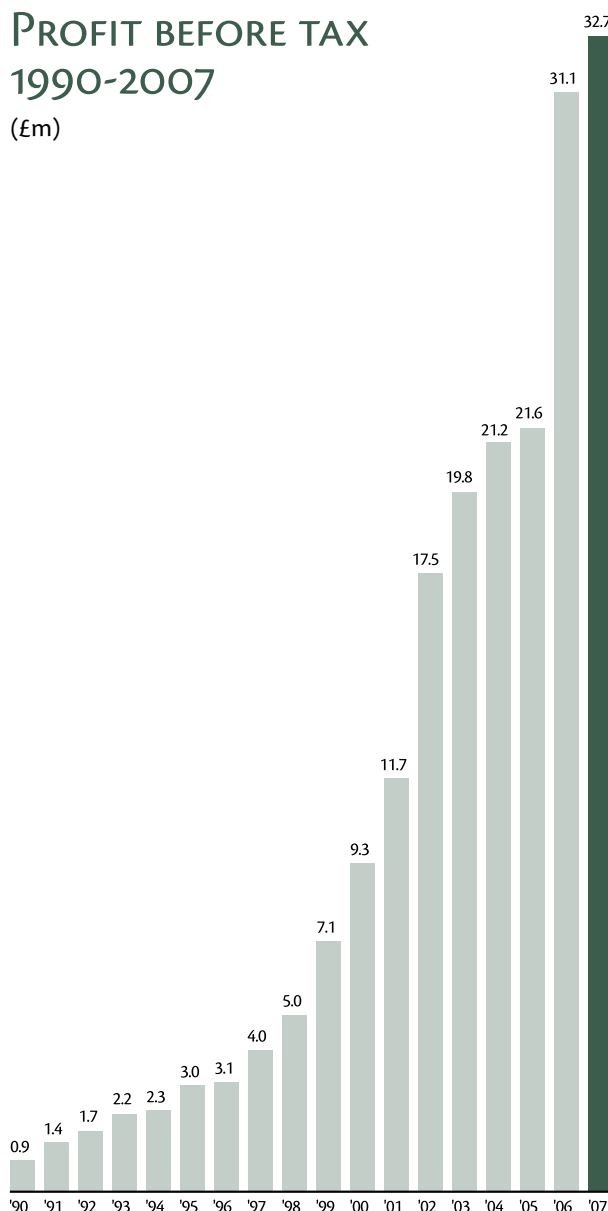
The business has evolved by way of acquisitions and subsequent organic growth into one focused predominantly on the supply of a range of complementary fresh and processed food products to the UK food retail, food manufacturing and foodservice sectors. We will continue to seek opportunities to maintain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

10 YEAR RECORD

Compound annual growth rates to 2007

Turnover	12.8% pa
Profit before tax	23.4% pa
Earnings per share	17.7% pa
Dividends per share	13.5% pa

PROFIT BEFORE TAX 1990-2007 (£m)



FIVE YEAR STATEMENT

	IFRS			UK GAAP	
	2007	2006	2005	2004	2003
Turnover (£m)	524.8	441.2	318.5	270.1	237.7
Profit before tax (£m)*	32.7	31.1	21.6	21.2	19.8
Earnings per share (pence)*	50.2	51.2	38.6	35.8	34.2
Dividends per share (pence)	18.1	16.5	14.5	13.2	12.0
Capital expenditure (£m)	11.8	14.3	19.1	10.0	6.7
(Net debt)/net funds (£m)	(75.9)	(77.1)	(92.4)	(13.3)	1.6
Net assets (£m)	135.8	112.4	92.8	68.8	61.2

*prior to goodwill amortisation.

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

STATEMENT TO SHAREHOLDERS

Results and review of activities

The Company has generated further strong growth in sales and achieved record interim profits in the six months ended 30 September 2007. The overall performance was pleasing and in line with management's expectations.

Sales were 22 per cent ahead of the same period last year at £303.2m. This increase was entirely organic growth notwithstanding the sale of the animal feed business in May and the acquisition of DeliCo in November 2006. Profit before tax was up 16 per cent at £18.0m compared to the same period last year and cash flow was particularly encouraging. The increase in basic earnings per share of 14.5 per cent to 27.7p takes into account a slight reduction in the rate of corporation tax and a small increase in the number of shares in issue.

Sales in the food business at £285.1m accounted for 94 per cent of total Company sales. The increase in sales over the corresponding period last year was 23 per cent and most product categories achieved double digit growth. The Company is gaining market share through the development of its customer base and this, along with being positioned in a number of premium categories which are showing good growth, is driving sales. The business has absorbed some raw material price inflation in certain areas. In addition margins in individual product categories are, as usual, subject to varying dynamics which, in this period, included costs associated with the outbreak of foot and mouth disease and start up costs of the new business at DeliCo. The increase in sales has offset the impact of these.

A range of premium sausages under the 'Simply Sausage' brand was launched during the period and listings have been successfully gained with a number of grocery retailers. To support both this and the ongoing growth in the underlying business there has been recent investment in additional production capacity in the sausage production facility. Investment has also been made in other areas of the food business to provide the production capacity to meet the anticipated further growth in sales. In particular the new premium bacon factory for Cranswick Gourmet Bacon Company has recently seen production commence and this follows on from the acquisition of the minority shareholding in that business. There are plans to maintain this programme of investment to both add capacity and enhance operating efficiencies elsewhere in the Group.

In the pet division sales rose 15 per cent to £18.0m. The Pet Products business experienced challenging trading conditions brought about by substantial increases in raw material prices whilst the Tropical Marine aquatics business performed particularly strongly and since September has successfully commissioned the replacement building for the warehouse damaged by fire in December 2006.

Cashflow and borrowings

The cashflow of the business has remained strong with net borrowings reducing over the six month period by £3.3m to £72.6m notwithstanding capital expenditure of £12.7m of which £8.1m related to the new bacon facility. The disposal of the animal feed business in May generated funds of £5.6m with further sums to follow. The net interest charge rose slightly to £2.2m but interest cover improved from 8.4 times to 9.1 times.

Dividend

The interim dividend is being increased by 10 per cent to 6.5p per share. The dividend will be paid on 25 January 2008 to shareholders on the register at the close of business on 30 November 2007. Shares will go ex-dividend on 28 November 2007 and Shareholders will again have the option to receive the dividend by way of scrip issue.

Employees

The Company now provides employment for 4,500 people, many of whom have become shareholders as a result of the SAYE Share Option Scheme, and on behalf of the Board I thank each one for their contribution to the ongoing successful development of Cranswick.

Outlook

The Board is pleased with the continued progress made by the Company. The compound annual growth in sales in the previous five years has been 18 per cent per annum which has been achieved by a combination of organic and acquisitive development. The rate of growth in the six months to September 2007 has been in excess of this and we see opportunities ahead to enable the Company to continue its successful development.

Martin Davey

Chairman

19 November 2007

GROUP INCOME STATEMENT

UNAUDITED For the six months ended 30 September 2007

	Notes	Half Year		Year to 31
		2007	2006	March
		£'000	£'000	£'000
Revenue	3	303,158	247,796	524,823
Cost of sales		(258,793)	(208,407)	(438,508)
Gross profit		44,365	39,389	86,315
Operating expenses		(24,203)	(21,806)	(48,958)
Operating profit	3	20,162	17,583	37,357
Finance revenue		91	1	6
Finance costs		(2,297)	(2,098)	(4,707)
Profit before tax		17,956	15,486	32,656
Taxation	4	(5,207)	(4,646)	(10,002)
Profit for the period		12,749	10,840	22,654
Attributable to: Equity holders of the parent		12,697	10,825	22,574
Minority interest		52	15	80
		12,749	10,840	22,654
Earnings per share				
Basic	5	27.7p	24.2p	50.2p
Diluted	5	27.5p	24.0p	49.8p

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE

UNAUDITED For the six months ended 30 September 2007

	Half Year		Year to 31
	2007	2006	March
	£'000	£'000	£'000
Income and expense recognised directly in equity			
Profit/(loss) on effective cash flow hedges taken to equity	244	(37)	369
Exchange differences on retranslation of foreign operations	(2)	(6)	(5)
Deferred tax recognised directly in equity	(411)	100	300
Corporation tax recognised directly in equity	38	-	712
Net income recognised directly in equity	(131)	57	1,376
Profit for the year	12,749	10,840	22,654
Total recognised income and expense for the year	12,618	10,897	24,030
Attributable to: Equity holders of the parent	12,566	10,882	23,950
Minority interest	52	15	80
	12,618	10,897	24,030

GROUP BALANCE SHEET

UNAUDITED 30 September 2007

	Notes	Half Year		As at 31
		2007	2006	March
		£'000	£'000	£'000
Non-current assets				
Goodwill		117,756	111,963	117,520
Property, plant and equipment		85,707	68,248	80,277
		203,463	180,211	197,797
Current assets				
Inventories		26,963	21,345	24,626
Trade and other receivables		73,267	58,098	66,416
Other financial assets		574	-	330
Cash and cash equivalents		6,869	4,520	2,262
Total current assets		107,673	83,963	93,634
Non-current assets classified as held for sale		280	-	-
Total assets		311,416	264,174	291,431
Current liabilities				
Trade and other payables		(74,718)	(58,517)	(65,073)
Other financial liabilities		(23,742)	(18,690)	(16,933)
Income tax payable		(5,775)	(4,218)	(3,834)
Provisions		(294)	(334)	(289)
Total current liabilities		(104,529)	(81,759)	(86,129)
Non-current liabilities				
Other payables		(19)	(55)	(37)
Other financial liabilities		(55,979)	(57,149)	(61,544)
Deferred tax liabilities		(5,677)	(4,561)	(6,150)
Provisions		(1,588)	(1,727)	(1,736)
Total non-current liabilities		(63,263)	(63,492)	(69,467)
Total liabilities		(167,792)	(145,251)	(155,596)
Net assets		143,624	118,923	135,835
Equity				
Called-up share capital	8	4,602	4,474	4,595
Share premium account	8	47,640	41,260	47,204
Share based payments reserve	8	1,488	654	1,018
Hedging and translation reserves	8	593	(56)	351
Retained earnings	8	89,301	72,570	82,564
Equity attributable to members of the parent company		143,624	118,902	135,732
Minority interest	8	-	21	103
Total equity		143,624	118,923	135,835

GROUP CASHFLOW STATEMENT

UNAUDITED For the six months ended 30 September 2007

	Half Year		Year to 31 March
	2007	2006	2007
	£'000	£'000	£'000
Operating activities			
Profit before finance and taxation	20,162	17,583	37,357
Adjustments to reconcile group profit before finance and taxation to net cash inflows from operating activities:			
Depreciation	4,982	4,343	9,252
Share based payments	470	123	487
Release of government grants	(18)	(21)	(39)
Profit on sale of goodwill, property and equipment	(438)	(347)	(250)
Increase in inventories	(2,401)	(2,790)	(5,329)
Increase in trade and other receivables	(6,886)	(4,220)	(9,141)
Increase in trade and other payables	9,685	<u>5,801</u>	<u>9,493</u>
Cash generated from operations	25,556	20,472	41,830
Tax paid	(4,150)	(3,562)	(7,936)
Net cash from operating activities	<u>21,406</u>	<u>16,910</u>	<u>33,894</u>
Cash flows from investing activities			
Interest received	91	1	6
Acquisition of subsidiaries	(55)	(73)	(13,506)
Purchase of property, plant and equipment	(12,697)	(5,155)	(11,979)
Proceeds from sale of property, plant and equipment	2,693	1,070	1,147
Proceeds from sale of subsidiary	500	-	-
Net cash used in investing activities	<u>(9,468)</u>	<u>(4,157)</u>	<u>(24,332)</u>
Cash flows from financing activities			
Interest paid	(3,038)	(2,446)	(3,966)
Proceeds from issue of share capital	213	34	1,776
Proceeds from borrowings	-	-	10,000
Issue cost of long-term borrowings	-	-	(40)
Repayment of borrowings	(7,775)	(7,675)	(11,395)
Dividends paid	(5,357)	(4,523)	(6,467)
Net cash used in financing activities	<u>(15,957)</u>	<u>(14,610)</u>	<u>(10,092)</u>
Net decrease in cash and cash equivalents	(4,019)	(1,857)	(530)
Cash and cash equivalents at beginning of period	(494)	46	46
Effect of foreign exchange rates	3	(10)	(10)
Net cash and cash equivalents	<u>(4,510)</u>	<u>(1,821)</u>	<u>(494)</u>

RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* and includes a fair review of the information required by DTR 4.2.7R (an indication of important events during the first six months and a description of the principle risks and uncertainties for the remaining six months of the year) and by DTR 4.2.8R (a disclosure of related party transactions and charges therein) of the *Disclosure and Transparency Rules*.

By order of the Board

M Davey
Chairman
19 November 2007

J Lindop
Finance Director

NOTES TO THE INTERIM ACCOUNTS

1. Basis of preparation

This interim report was approved by the Directors on 19 November 2007 and has been prepared in accordance with the Disclosure and Transparency Rules of the UK's Financial Services Authority and the requirements of IAS 34 *Interim Financial Reporting* as adopted by the European Union. 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 2007 prepared under IFRS received an unqualified audit report and have been filed with the Registrar of Companies. The interim report has not been audited pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information' and does not include all of the information required for full annual statements.

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 2007. In the current financial year, the Group will adopt IFRS 7 *Financial Instruments: Disclosures* and the amendment to IAS 1 *Presentation of Financial Statements* for the first time. As these are disclosure standards, there will be no impact on income or net assets.

3. Segmental analysis – half year ended 30 September

	Turnover		Operating profit	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Food	285,148	232,116	20,905	17,638
Pet	18,010	15,680	517	946
	303,158	247,796	21,422	18,584
Central costs	-	-	(1,260)	(1,001)
Group total	<u>303,158</u>	<u>247,796</u>	<u>20,162</u>	<u>17,583</u>
	Assets		Liabilities	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Food	283,010	238,810	67,197	53,198
Pet	20,510	20,648	3,810	2,220
	303,520	259,458	71,007	55,418
Unallocated	7,896	4,716	96,785	89,833
Group total	<u>311,416</u>	<u>264,174</u>	<u>167,792</u>	<u>145,251</u>

Operating profit for the Food activities includes £401,000 profit on the disposal of the feed mill activities (2006: £281,000 profit on sale of property included in Pet activities).

Unallocated assets and liabilities comprise certain items of property, plant and equipment, non-current assets classified as held for sale, loan notes, net debt and taxation balances.

Since 30 September 2006, the acquisition of Delico Limited and the construction of the new Gourmet Bacon factory have increased assets within the Food segment. Future capital expenditure under contract at 30 September 2007 was £4.7m (2006: £0.5m).

4. Taxation.

The tax charge for the six months ended 30 September 2007 reflects the estimated effective rate for the full year of 29%. This is lower than the standard rate of corporation tax for the year due to a credit of £0.5m which reflects the impact on the deferred tax position of the reduction in the standard rate of corporation tax from 30% to 28% (effective from April 2008) which was enacted during the period.

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 45,785,554 (2006: 44,685,046) excluding shares held by Cranswick Trustees Limited. The calculation of diluted earnings per share is based on 46,190,021 shares (2006: 45,148,356).

6. Dividends – half year ended 30 September

	Half year		Year to
	2007	2006	31 March
	£'000	£'000	£'000
Interim for year ended 31 March 2007 of 5.9p per share	-	-	2,667
Final for year ended 31 March 2007 of 12.2p (2006: 11.1p) per share	5,587	4,959	4,959
	<u>5,587</u>	<u>4,959</u>	<u>7,626</u>

The interim dividend for the year ended 31 March 2008 of 6.5p per share was approved by the Board on 19 November 2007 for payment to shareholders in January 2008 and therefore has not been included as a liability as at 30 September 2007.

7. Analysis of Group net debt

	At 31 March 2007	Cash flow	Other non cash changes	At 30 September 2007
	£'000	£'000	£'000	£'000
Cash and cash equivalents	2,262	4,604	3	6,869
Overdrafts	<u>(2,756)</u>	<u>(8,623)</u>	-	<u>(11,379)</u>
Net cash and cash equivalents	(494)	(4,019)	3	(4,510)
Other financial assets	<u>306</u>	-	(19)	<u>287</u>
	(188)	(4,019)	(16)	(4,223)
Revolving credit	(2,000)	2,000	-	-
Bank loans	(72,794)	5,625	(60)	(67,229)
Loan notes	(927)	150	(336)	(1,113)
Net debt	<u>75,909</u>	<u>3,756</u>	<u>(412)</u>	<u>(72,565)</u>

8. Reconciliation of movements in equity

	Share capital	Share premium	Share based payments	Hedging & translation	Retained earnings	Minority interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2007	4,595	47,204	1,018	351	82,564	103	135,835
Profit for the period	-	-	-	-	12,697	52	12,749
Share based payments	-	-	470	-	-	-	470
Cash flow hedges	-	-	-	244	-	-	244
Scrip dividend	3	227	-	-	-	-	230
Share options exercised	4	209	-	-	-	-	213
Dividends	-	-	-	-	(5,587)	-	(5,587)
Exchange differences	-	-	-	(2)	-	-	(2)
Deferred tax recognised directly in reserves	-	-	-	-	(411)	-	(411)
Corporation tax recognised directly in reserves	-	-	-	-	38	-	38
Purchase of minority interest	-	-	-	-	-	(155)	(155)
At 30 September 2007	<u>4,602</u>	<u>47,640</u>	<u>1,488</u>	<u>593</u>	<u>89,301</u>	<u>-</u>	<u>143,624</u>

Reconciliation of movements in equity *continued*

	Share capital £'000	Share premium £'000	Share based payments £'000	Hedging & translation £'000	Retained earnings £'000	Minority interest £'000	Total equity £'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	-	-	-	123
Cash flow hedges	-	-	-	(37)	-	-	(37)
Scrip dividend	6	430	-	-	-	-	436
Share options exercised	1	33	-	-	-	-	34
Dividends	-	-	-	-	(4,959)	-	(4,959)
Exchange differences	-	-	-	(6)	-	-	(6)
Deferred tax recognised directly in reserves	-	-	-	-	100	-	100
Purchase of minority interest	-	-	-	-	-	(30)	(30)
At 30 September 2006	<u>4,474</u>	<u>41,260</u>	<u>654</u>	<u>(56)</u>	<u>72,570</u>	<u>21</u>	<u>118,923</u>
As at 1 April 2006	4,467	40,797	531	(13)	66,604	36	112,422
Profit for the period	-	-	-	-	22,574	80	22,654
Share based payments	-	-	487	-	-	-	487
Cash flow hedges	-	-	-	369	-	-	369
Scrip dividend	15	1,144	-	-	-	-	1,159
Share options exercised	65	1,711	-	-	-	-	1,776
Share issues	48	3,552	-	-	-	-	3,600
Dividends	-	-	-	-	(7,626)	-	(7,626)
Exchange differences	-	-	-	(5)	-	-	(5)
Deferred tax recognised directly in reserves	-	-	-	-	300	-	300
Corporation tax recognised directly in reserves	-	-	-	-	712	-	712
Purchase of minority interest	-	-	-	-	-	(13)	(13)
At 31 March 2007	<u>4,595</u>	<u>47,204</u>	<u>1,018</u>	<u>351</u>	<u>82,564</u>	<u>103</u>	<u>135,835</u>

9. The Board considers that the principal risks and uncertainties facing the business in the second half of the financial year are as described on pages 19 and 23 of the Report & Accounts for the year ended 31 March 2007 dated 21 May 2007, a copy of which is available on the Company's website at www.cranswick.co.uk.

10. In the ordinary course of business, transactions between the parent company and subsidiary undertakings occurred during the period. These are eliminated on consolidation.

11. The Company intends to post the Interim Report to shareholders on 21 November 2007. Further copies will be available upon request from the Company Secretary, Cranswick plc, 74 Helsinki Road, Sutton Fields, Hull, HU7 0YW.



CRANSWICK *plc*

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