15 November 2010

CRANSWICK plc: INTERIM RESULTS

Continued growth generates strong cash flow

Cranswick plc ("Cranswick" or "the Company"), leading UK supplier of pork products, announces its unaudited results for the six months ended 30 September 2010.

Highlights:

- Turnover up 8 per cent at £384.3m (2009: £355.6m)
- Profit before tax rose 12 per cent to £23.8m (2009: £21.3m)
- Earnings per share up 20 per cent at 39.5p (2009: 33.0p)
- Underlying earnings per share up 9 per cent at 35.9p (2009: 33.0p)
- Dividend increased by 10 per cent to 8.8p per share (2009: 8.0p)
- Interest covered 31.6 times (2009: 21.3 times)
- Operating cash inflow £32.9m (2009: £12.6m)
- Net debt £41.5m (30 Sept 2009: £61.0m)

Cranswick Chairman Martin Davey said: "Against a challenging economic environment, it is especially pleasing to report further growth in sales and profitability and to be able to announce a rise in the dividend.

"There has been further substantial investment in the Group's facilities to enable improved efficiencies and to raise the production capacity to accommodate the anticipated on-going growth of the business over the years ahead. Investment has been made in a number of areas including fresh pork, sausage, bacon and cooked meats.

"The Board believes that with its strong asset base Cranswick can continue to work closely with its customers to provide the consumer with a range of food products that meet their aspirations in protein requirements, product development and price".

Chief Executive Bernard Hoggarth commented: "There are several reasons to continue to be optimistic. Our business operates from what are widely regarded as some of the best invested production facilities in the UK. This coupled with the Group's gourmet product ranges, its reputation for quality and capability of offering several tiers through to value ranges, leaves it very well positioned going forward.

"The business is moving into new categories which will lead to further growth opportunities. It is for these reasons that the business moves into the second half of the year with confidence that Cranswick's long tradition of growth will continue".

Chairman's statement

Against a challenging economic environment it is especially pleasing to report further growth in sales and profitability for the six months ended 30 September 2010 and to be able to announce a rise in the dividend for Shareholders. Turnover rose to £384.3 million from £355.6 million previously, reflecting in part the increasing share of the protein market that pork based products are achieving as consumers look favourably at its competitive pricing and versatility.

The reported turnover figure of £384.3 million takes into account a full six months inclusion from Cranswick Country Foods (Norfolk) compared to three months in the same period a year ago and three months sales from Cranswick Convenience Foods (Deeside) compared to six months last time. The operating margin was slightly ahead of the same period last year and with lower financing costs this gave rise to profit before tax of £23.8 million, an increase of 12 per cent compared to a year ago. Earnings per share from continuing operations have risen by 20 per cent to 39.5 pence per share. Excluding the non-recurring accounting and taxation impact of the Deeside joint venture referred to below and the deferred tax benefit arising from the planned reduction in the UK corporation tax rate to 27 per cent from April 2011, the underlying increase in earnings per share is 9 per cent. Operating cash inflow in the period of £32.9 million was exceptionally strong and is reflected in the lower financing costs in the period. At the end of September net debt stood at £41.5 million compared to £54.7 million at the financial year end and to £61.0 million at 30 September 2009. Interest in the period was covered 31.6 times. These figures are covered in more detail in the Financial Review.

During the period the principal assets of the Group's Deeside cooked meats facility were transferred into a new joint venture with one of our customers to provide a dedicated facility in exchange for a 49 per cent shareholding in that joint venture. We look forward to and anticipate a successful and mutually beneficial relationship during the duration of this joint venture.

There has been further substantial investment in the Group's facilities to enable improved efficiencies and to raise the production capacity to accommodate the anticipated ongoing growth of the business over the years ahead. Investment has been made in a number of areas including fresh pork, sausage, bacon and cooked meats and is detailed in the Chief Executive's Review of activities.

The interim dividend is being increased by 10 per cent to 8.8 pence per share and will be paid on 21 January 2011 to Shareholders on the register at the close of business on 26 November 2010. Shareholders will once again have the option to receive the dividend by way of scrip issue.

The structured development of Cranswick has been built around co-ordinated yet autonomous product focused teams who in turn are supported by skilled and dedicated colleagues. The continued successful growth of the Group is testament to their abilities and on behalf of the Board I express our sincere thanks and appreciation.

During the period a number of executive appointments were made in recognition of the important roles played in developing the business to where it is today and in acknowledging the roles to be played in continuing to drive the business forward over the years ahead. Jim Brisby has been appointed to the Board as Sales and Marketing Director and we wish him every success. Jim joined Cranswick 15 years ago from UMIST following graduation in Business Management, was appointed Sales and Marketing Director of Cranswick Country Foods in 2004 and has been an integral member of the team that has grown the business over the years. In addition a number of internal appointments have been made to the Boards of the product focused teams throughout the business and we also wish each of them every success. We have tremendously talented people within the business and it is great for the Board to be able to provide them with the opportunities and challenges they relish.

The Board is pleased with the good all round progress of Cranswick and believes that with its strong, well invested, asset base it can continue to work closely with its customers to provide the consumer with a range of food products that meet their aspirations in protein requirements, product development and price.

Martin Davey

Chairman
15 November 2010

Review of activities

It is extremely pleasing to report so positively at the half year; particularly given the current challenging economic climate. As the multiple food retailers continue to offer enticing deals to ensure customer footfall, consumers are demanding real value - quality at an attractive price, which really is the cornerstone of Cranswick's philosophy.

External fresh pork sales, which included six months contribution from CCF Norfolk compared to 3 months for the same period last year, were ahead by 27 per cent. Sales were helped by a good barbecue season during the early summer months, which benefited from good weather and the impact of the World Cup. Kebab sales were also strong. The integration of CCF Norfolk is now complete and this, together with the recently completed new abattoir in Hull, positions the Group as the major supplier to two of its largest retail customers. This new level of combined throughput gives the fresh pork operation capacity to accommodate approximately 29 per cent of the UK pig herd being processed at primary level. Animal welfare features strongly with meat consumers, and Cranswick continues to increase the number of British outdoor reared and outdoor bred pigs processed. Partnerships continue to be developed with pig suppliers on behalf of the Group's retail customers.

Sausage sales were up 8 per cent in value and 13 per cent by volume reflecting the increase in promotional activity in the period. The extension to the sausage factory at the Lazenby's facility in Hull was completed in October at a cost of over £9 million. This site is now ready for the large annual increase in production experienced each Christmas, with weekly volumes expected to peak at 700 tonnes. This will be some 200 tonnes ahead of last year's high.

Bacon sales continued the strong growth seen previously and increased by 24 per cent with volumes up 28 per cent. The customer base was developed further during the period. The new factory development adjoining the original facility, following investment of £7 million, will be completed in readiness for peak production during December.

Cooked meats consolidated production into three sites from four, following the transfer of the principal assets of the Group's Deeside facility into a joint venture with one of our retail customers. Allowing for this, underlying cooked meat sales were 9 per cent ahead. A range of handmade gourmet sausage rolls was recently launched with one customer with some varieties now available from almost 600 deli counters. The sausage rolls, marketed under the 'Yorkshire Baker' brand, are the Group's first foray into pastry products. This category is a natural development of, and addition to, our existing gourmet meat product ranges.

Core Continental sales continued to grow, but corned beef sales were lower after some business was taken in-house by an existing customer. The olive and antipasti ranges, introduced following capital expenditure on a new production area and packing equipment, are performing extremely well in what are still very much developing sectors. New products were launched during the period and sales of branded charcuterie products were also strong.

Sandwich sales were ahead by 19 per cent, continuing the strong growth seen in the second half of the last financial year. The sandwich sector is currently experiencing price increases from bread suppliers and poultry meat price increases are also expected. Discussions with customers to recover these increases through selling prices are on-going.

Brands continue to feature as growth areas across the Group, with the development of own brands as well as the business being the licensee of product ranges for 'Jamie Oliver', 'The Black Farmer', 'Reggae Reggae', 'Weight Watchers' and 'Red Lion'. A wide range of products was launched this year under the 'Red Lion' brand which is supporting 'Help for Heroes', 'The Royal British Legion', 'The Ghurkha Foundation' and 'SSAFA'. A brand marketing manager has recently been appointed to develop sales of these specific ranges. This will ensure that branded products are ring fenced from the Group's core private label business when dealing with retail customers. These branded products span all categories and are already listed with several of the Group's major retail customers.

During the period the Group won a number of awards including: 'Best Pork Product' and 'Best Red Meat Product' at the 2010 Meat Management Awards; Gold Award in the 'Meat Joints Category' at the 2010 Grocer Own Label Excellence Awards; and 'Overall Winner' at the BPEX Bacon Connoisseurs' Week Awards.

As mentioned at the outset, the economic environment is currently not an easy one for most UK businesses and food production has never been viewed as anything other than a competitive sector. However, there are several reasons to continue to be optimistic. The business operates from what are widely regarded as some of the best invested production facilities in the UK. This, coupled with the Group's gourmet product ranges, its reputation for quality and capability of offering several tiers through to value ranges, leaves it very well positioned going forward. With a portfolio of attractive brands and a strong New Product Development team the business is moving into new categories which will lead to further growth opportunities. It is for these reasons, together with extremely talented colleagues operating across the Group, that the business moves into the second half of the year with confidence that Cranswick's long tradition of growth will continue.

Bernard Hoggarth

Chief Executive
15 November 2010

Financial review

The Group is presenting its interim financial information for the six months to 30 September 2010 with comparative information for the six months to 30 September 2009 and the year to 31 March 2010.

Revenue

Turnover increased by 8 per cent from £355.6 million to £384.3 million reflecting strong volume growth across most categories.

Operating profit

Operating profit at £24.6 million was 10 per cent ahead and operating margin at 6.4 per cent of sales was slightly above the 6.3 per cent achieved in the same period last year and ahead of the 6.2 per cent reported for the last financial year as a whole. Operating profit benefited from the strong revenue growth referred to above.

Interest

Net financing costs at £0.8 million were 26 per cent lower than the first half of the prior year, reflecting lower levels of borrowings. Interest cover improved from 21.3 times to 31.6 times.

Taxation

The tax charge as a percentage of profit before tax from continuing operations was 21.6 per cent (2009: 28.3 per cent). The standard rate of corporation tax was 28 per cent for both 2010 and 2009. The lower than standard rate of tax in the current period relates to a £1.0 million deferred tax release on the transfer of the principal assets of the Group's Deeside cooked meats facility to an associate company. Further details of this transaction are set out below and in note 7. In addition, the tax charge benefited from a further £0.4 million deferred tax credit reflecting the reduction in the UK corporation tax rate to 27 per cent from April 2011. Adjusting for these items the underlying effective rate was 27.5 per cent.

Earnings per share

Basic earnings per share from continuing operations increased by 20 per cent to 39.5 pence in the six months to 30 September 2010. Earnings per share increased by 9 per cent after excluding the one-off benefit from the investment in the Deeside joint venture referred to below and the deferred tax credit arising from the lower UK corporation tax rate from April 2011. The average number of shares in issue was 47,290,000 (2009: 46,304,000).

Cash flow and borrowings

Cash flow was particularly strong, with net cash from operating activities of £32.9 million compared to £12.6 million in the same period last year. Net debt reduced over the six month period by £13.2 million to £41.5 million, 20 per cent of shareholders' funds. Cash spent on the purchase of fixed assets was £12.1 million following the £20.3 million spent in the previous financial year. The Group agreed its current bank facility of £120 million in December 2008 for a period of three years providing the business with generous headroom going forward.

Interest in associate

On 9 July 2010, the principle assets of the Deeside cooked meats facility were transferred into a new joint venture with one of the Group's customers to provide them with a dedicated facility in return for a 49 per cent stake in the joint venture. The transaction gave rise to a profit before tax in the period of £0.3 million, together with an associated deferred tax credit of £1.0 million. Further details are set out in note 7.

Pensions

The Group operates a number of defined contribution pension schemes whereby contributions are made to schemes operated by major insurance companies. Contributions to these schemes are determined as a percentage of employees' earnings. Cranswick Country Foods (Norfolk) operates a defined benefit pension scheme which has been closed to further benefit accrual since 2004. The deficit at 30 September 2010 was £5.5 million which compared to £5.4 million at 31 March 2010. Cash contributions to the scheme during the period, as part of the programme to reduce the deficit, were £0.5 million. The present value of funded obligations was £17.5 million and the fair value of plan assets was £12.0 million.

The valuation of the defined benefit pension liability is dependent upon market conditions and actuarial methods and assumptions (including mortality assumptions). Such changes in actuarial assumptions and the performance of the funds may result in changes to amounts charged or released through the income statement and the Group may be required to pay increased pension contributions in the future. The Board will regularly review its pensions strategy with reference to the value of assets and liabilities under the pension scheme as well as the potential impact of changes in actuarial assumptions.

Principal risks and uncertainties

There are a number of risks and uncertainties facing the business in the second half of the financial year. The Board considers these risks and uncertainties to be the same as described in the Report & Accounts for the year ended 31 March 2010, dated 24 May 2010, a copy of which is available on the Group's website at www.cranswick.co.uk. The principal risks and uncertainties which are set out in detail on page 16 of the Report & Accounts for the year ended 31 March 2010 are competition and customer retention, food safety, raw material prices, business continuity, environmental matters and legislation.

Forward looking information

This interim report contains certain forward looking statements. These statements are made by the Directors in good faith based on the information available to them at the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the 'Review of activities'. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described above. The Group has considerable financial resources together with strong trading relationships with its key customers and suppliers. As a consequence, the Directors believe that the Group is well placed to manage its business risk successfully, despite the current uncertain economic outlook.

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 condensed consolidated interim financial statements.

Mark Bottomley

Finance Director
15 November 2010

Cranswick plc: Group income statement (unaudited)

for the six months ended 30 September 2010

	Notes	Half year		Year to
		2010	2009	31 March 2010
		£'000	£'000	£'000
Revenue	3	**384,319**	355,618	740,338
Cost of sales		**(333,266)**	(309,403)	(643,535)
Gross profit		**51,053**	46,215	96,803
Operating expenses		**(26,400)**	(23,845)	(50,895)
Share of results of associate		**(37)**	-	-
Operating profit from continuing operations	3	**24,616**	22,370	45,908
Finance revenue		**43**	15	48
Finance costs		**(823)**	(1,063)	(2,204)
Profit from continuing operations before tax		**23,836**	21,322	43,752
Taxation	4	**(5,139)**	(6,034)	(11,295)
Profit for the period from continuing operations		**18,697**	15,288	32,457
Discontinued operations:				
Profit for the period from discontinued operations		**-**	54	125
Profit for the period attributable to owners of the parent		**18,697**	15,342	32,582
Earnings per share (pence)				
From continuing operations:				
Basic	5	**39.5p**	33.0p	69.7p
Diluted	5	**39.4p**	32.9p	69.6p
On profit for the period:				
Basic	5	**39.5p**	33.1p	70.0p
Diluted	5	**39.4p**	33.1p	69.8p

Cranswick plc: Group statement of comprehensive income (unaudited)

for the six months ended 30 September 2010

	Half year		Year to 31 March
	2010	2009	2010
	£'000	£'000	£'000
Profit for the period	**18,697**	15,342	32,582
Other comprehensive income			
Movement on hedging items:			
Amount recognised in equity during the period	**315**	334	186
Amount removed from equity and included in the income statement	**(454)**	(351)	(573)
Exchange differences on retranslation of foreign operations	**-**	-	24
Actuarial losses on defined benefit pension scheme	**(686)**	(1,298)	(87)
Deferred tax relating to components of other comprehensive income	**222**	368	132
Other comprehensive income for the period, net of tax	**(603)**	(947)	(318)
Total comprehensive income for the period attributable to owners of the parent	**18,094**	14,395	32,264

Cranswick plc: Group balance sheet (unaudited)

at 30 September 2010

	Notes	Half year		As at 31 March
		2010	2009	2010
		£'000	£'000	£'000
Non–current assets				
Goodwill		**127,763**	130,134	128,739
Property, plant and equipment		**106,961**	99,905	106,137
Interest in associate	7	**6,188**	-	-
Financial assets		**4,277**	1,500	1,500
Total non-current assets		**245,189**	231,539	236,376
Current assets				
Inventories		**34,290**	36,972	35,960
Trade and other receivables		**87,991**	81,734	84,066
Other financial assets		**78**	479	263
Cash and cash equivalents		**5,194**	2,560	5,922
Total current assets		**127,553**	121,745	126,211
Total assets	3	**372,742**	353,284	362,587
Current liabilities				
Trade and other payables		**(96,974)**	(88,281)	(86,745)
Other financial liabilities		**(14,754)**	(10,991)	(12,487)
Income tax payable		**(5,006)**	(5,767)	(3,509)
Provisions		**(150)**	(90)	(149)
Total current liabilities		**(116,884)**	(105,129)	(102,890)
Non-current liabilities				
Other payables		**(80)**	(95)	(82)
Other financial liabilities		**(35,197)**	(54,583)	(49,866)
Deferred tax liabilities		**(8,165)**	(9,330)	(9,829)
Provisions		**(936)**	(1,121)	(982)
Defined benefit pension scheme deficit		**(5,542)**	(7,497)	(5,353)
Total non-current liabilities		**(49,920)**	(72,626)	(66,112)
Total liabilities	3	**(166,804)**	(177,755)	(169,002)
Net assets		**205,938**	175,529	193,585
Equity				
Called-up share capital		**4,753**	4,664	4,733
Share premium account		**55,909**	50,791	54,322
Share-based payments		**3,918**	3,156	3,449
Hedging and translation reserves		**(263)**	222	(124)
Retained earnings		**141,621**	116,696	131,205
Equity attributable to members of the parent company		**205,938**	175,529	193,585

Cranswick plc: Group statement of cash flows (unaudited)

for the six months ended 30 September 2010

	Half year		Year to 31 March
	2010	2009	2010
	£'000	£'000	£'000
Operating activities			
Profit for the period	**18,697**	15,342	32,582
Adjustments to reconcile Group profit for the period to net cash inflows from operating activities:			
Tax on discontinued operations	**-**	22	(95)
Tax on continuing operations	**5,139**	6,034	11,295
Net finance costs	**780**	1,058	2,166
Profit on sale of property, plant and equipment	**(55)**	(173)	(189)
Gain on financial assets at fair value through profit or loss	**(1,127)**	-	-
Non-cash items on transfer of business to associate	**662**	-	-
Share of results of associate	**37**	-	-
Depreciation of property, plant and equipment	**6,132**	5,659	11,852
Share-based payments	**469**	217	510
Difference between pension contributions paid and amounts recognised in the income statement	**(470)**	(119)	(512)
Release of government grants	**(2)**	(1)	(6)
Decrease/ (increase) in inventories	**1,670**	(6,745)	(5,817)
(Increase)/ decrease in trade and other receivables	**(3,613)**	54	(1,954)
Increase in assets held for sale	**-**	(2,589)	(2,589)
Increase/ (decrease) in trade and other payables	**9,397**	140	(1,356)
Cash generated from operations	**37,716**	18,899	45,887
Tax paid	**(4,854)**	(6,311)	(13,683)
Net cash from operating activities	**32,862**	12,588	32,204
Cash flows from investing activities			
Interest received	**32**	11	48
Reimbursement of consideration paid in prior years	**-**	-	1,248
Acquisition of subsidiary undertakings (net of cash acquired)	**-**	(11,221)	(11,233)
New loans advanced	**(1,650)**	-	-
Purchase of property, plant and equipment	**(12,116)**	(7,641)	(20,294)
Proceeds from sale of property, plant and equipment	**431**	282	376
Proceeds from sale of discontinued operations	**-**	18,067	18,067
Net cash used in investing activities	**(13,303)**	(502)	(11,788)
Cash flows from financing activities			
Interest paid	**(829)**	(1,426)	(2,670)
Proceeds from issue of share capital	**314**	48	2,924
Proceeds from borrowings	**-**	20,000	20,000
Repayment of borrowings	**(15,000)**	(14,302)	(19,762)
Dividends paid	**(6,754)**	(5,801)	(8,808)
Repayment of capital element of finance leases	**(188)**	(51)	(120)
Net cash used in financing activities	**(22,457)**	(1,532)	(8,436)
Net (decrease)/ increase in cash and cash equivalents	**(2,898)**	10,554	11,980
Cash and cash equivalents at beginning of period	**3,966**	(8,038)	(8,038)
Effect of foreign exchange rates	**-**	-	24
Cash and cash equivalents at end of period	**1,068**	2,516	3,966

Cranswick plc: Group statement of changes in equity (unaudited)

for the six months ended 30 September 2010

	Share capital £'000	Share premium £'000	Share-based payments £'000	Hedging and translation £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2010	4,733	54,322	3,449	(124)	131,205	193,585
Profit for the period	-	-	-	-	18,697	18,697
Other comprehensive income	-	-	-	(139)	(464)	(603)
Total comprehensive income	-	-	-	(139)	18,233	18,094
Share-based payments	-	-	469	-	-	469
Scrip dividend	15	1,278	-	-	-	1,293
Share options exercised	5	309	-	-	-	314
Dividends	-	-	-	-	(8,047)	(8,047)
Deferred tax relating to changes in equity	-	-	-	-	100	100
Corporation tax relating to changes in equity	-	-	-	-	130	130
At 30 September 2010	**4,753**	**55,909**	**3,918**	**(263)**	**141,621**	**205,938**
As at 1 April 2009	4,646	49,760	2,939	239	108,898	166,482
Profit for the period	-	-	-	-	15,342	15,342
Other comprehensive income	-	-	-	(17)	(930)	(947)
Total comprehensive income	-	-	-	(17)	14,412	14,395
Share-based payments	-	-	217	-	-	217
Scrip dividend	17	984	-	-	-	1,001
Share options exercised	1	47	-	-	-	48
Dividends	-	-	-	-	(6,802)	(6,802)
Deferred tax relating to changes in equity	-	-	-	-	28	28
Corporation tax relating to changes in equity	-	-	-	-	160	160
At 30 September 2009	4,664	50,791	3,156	222	116,696	175,529
As at 1 April 2009	4,646	49,760	2,939	239	108,898	166,482
Profit for the period	-	-	-	-	32,582	32,582
Other comprehensive income	-	-	-	(363)	45	(318)
Total comprehensive income	-	-	-	(363)	32,627	32,264
Share-based payments	-	-	510	-	-	510
Scrip dividend	27	1,698	-	-	-	1,725
Share options exercised	60	2,864	-	-	-	2,924
Dividends	-	-	-	-	(10,533)	(10,533)
Deferred tax relating to changes in equity	-	-	-	-	78	78
Corporation tax relating to changes in equity	-	-	-	-	135	135
At 31 March 2010	4,733	54,322	3,449	(124)	131,205	193,585

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 changes therein) of the *Disclosure and Transparency Rules*.

On behalf of the Board

M T P Davey	**J M Bottomley**
Chairman	Finance Director

15 November 2010

Notes to the interim accounts

1. Basis of preparation

This interim report was approved by the Directors on 15 November 2010 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 434 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2010 prepared under IFRS have been filed with the Registrar of Companies. The report of the auditors was not qualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. The interim report has not been reviewed 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 2010 except for the following policies which have been adopted in relation to the acquired associate described in note 7:

The Group's investment in its associate is accounted for using the equity method, initially recognised at fair value. An associate is an entity in which the Group has significant influence. Under the equity method, the investment in the associate is carried in the Group balance sheet at deemed cost (being its fair value on initial recognition) plus post acquisition changes in the Group's share of net assets of the associate.

The share of profit or loss of the associate is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the Group statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The following accounting standards and interpretations became effective for the current reporting period:

International Accounting Standards (IAS / IFRSs)		*Effective date*
IFRS 1	First Time Adoption of International Reporting Standards	1 July 2009
IFRS 1	Amendments to IFRS 1 – Additional Exemptions for First-time Adopters	1 January 2010
IFRS 2	Amendments to IFRS 2 – Group Cash-settled Share-based Payment Transactions	1 January 2010
IFRS 3	Business Combinations (Revised January 2008)	1 July 2009
IAS 27	Consolidated and Separate Financial Statements (Revised January 2008)	1 July 2009
IAS 32	Amendment to IAS 32: Classification of Rights Issues	1 February 2010
IAS 39	Eligible Hedged Items	1 July 2009
	Improvements to International Financial Reporting Standards (April 2009)	Various

International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 17	Distributions of Non-Cash Assets to Owners	1 July 2009

The application of these standards and interpretations has not had a material effect on the net assets, results and disclosures of the Group.

3. Segmental analysis

IFRS 8 requires operating segments to be identified on the basis of the internal financial information reported to the Chief Operating Decision Maker ('CODM'). The Group's CODM is deemed to be the Board, which is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The CODM assesses profit performance using profit before taxation measured on a basis consistent with the disclosure in the Group accounts.

The Group reported on two reportable segments; Food and Pet, until the sale of the Pet business in April 2009. Since that time the Group has reported on one reportable segment; Food.

	Revenue		**Operating profit**	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Continuing				
Food	**384,319**	355,618	**26,774**	24,507
Central costs	**-**	-	**(2,158)**	(2,137)
Continuing operations	**384,319**	355,618	**24,616**	22,370
Discontinued				
Pet	**-**	3,620	**-**	86
Group total	**384,319**	359,238	**24,616**	22,456

	Assets		**Liabilities**	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Continuing				
Food	**372,742**	353,284	**166,804**	177,755

There was no inter-segment turnover in either period. The revenues of the Food and Pet segments are not significantly impacted by seasonality.

Subsequent to the sale of the Pet business all assets and liabilities have been allocated to the Food segment. The turnover and operating profit of the Pet segment for 2009 reflects its trading for the period prior to sale.

Additions to property plant and equipment during the period totalled £13.2 million (2009: £7.9 million). Future capital expenditure under contract at 30 September 2010 was £7.6 million (2009: £12.1 million).

4. Taxation

The tax charge for the period was £5.1 million and represents a rate of 21.6 per cent (2009: 28.3 per cent). The tax charge for the period benefits from a £1.0 million deferred tax release on the transfer of the Deeside cooked meats facility to an associate. The charge also benefits from a further £0.4 million deferred tax credit reflecting the reduction in the UK corporation tax rate to 27 per cent from April 2011. Adjusting for these items the overall effective rate was 27.5 per cent.

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 period of 47,290,289 (2009: 46,304,384) excluding shares held by Cranswick Trustees Limited on behalf of the Cranswick plc Employee Benefit Trust. The calculation of diluted earnings per share is based on 47,460,082 shares (2009: 46,411,852).

6. Dividends – half year ended 30 September

	Half year		Year to 31 March
	2010	2009	2010
	£'000	£'000	£'000
Interim dividend for year ended 31 March 2010 of 8.0p per share	**-**	-	3,731
Final dividend for year ended 31 March 2010 of 17.0p (2009: 14.7p) per share	**8,047**	6,802	6,802
	8,047	6,802	10,533

The interim dividend for the year ending 31 March 2011 of 8.8p per share was approved by the Board on 15 November 2010 for payment to shareholders on 21 January 2011 and therefore has not been included as a liability as at 30 September 2010.

7. Interest in associate

On 9 July 2010, the principal assets of the Group's Deeside cooked meats facility were transferred to Farmers Boy (Deeside) Limited, a company within the Wm Morrison Supermarkets plc group, with 49 per cent of the shares in Farmers Boy (Deeside) Limited being received as consideration. The Group has treated its 49 per cent shareholding in Farmer's Boy (Deeside) Limited, over which it has significant influence, as an associate and has accounted for it using the equity method, initially recognising the associate at its fair value. As a result of the Deeside cooked meats facility leaving the Group a proportionate amount of goodwill relating to the cooked meats cash generating unit was disposed of. The transaction also included a put and call option over the Group's 49 per cent shareholding exercisable during a six month period commencing three years from the date of the transaction. The Group's put option has been recognised at its fair value at the balance sheet date. As a result of the fair value adjustments and disposal of goodwill referred to above, together with associated costs a profit before tax of £0.3 million together with a related deferred tax credit of £1.0 million was recognised in the period.

8. Analysis of Group net debt

	At 31 March 2010 £'000	Cash flow £'000	Non-cash movements £'000	**At 30 September 2010 £'000**
Cash and cash equivalents	5,922	(728)	-	**5,194**
Overdrafts	(1,956)	(2,170)	-	**(4,126)**
Net cash and cash equivalents	3,966	(2,898)	-	**1,068**
Other financial assets	1,763	1,650	(185)	**3,228**
	5,729	(1,248)	(185)	**4,296**
Other financial liabilities	(387)	-	46	**(341)**
Bank loans	(59,530)	15,000	(312)	**(44,842)**
Finance leases	(480)	188	(350)	**(642)**
Net debt	(54,668)	13,940	(801)	**(41,529)**

9. Related party transactions

During the period the Group entered into transactions, in the ordinary course of business, with its subsidiaries and associate undertakings, which are related parties. Balances and transactions with subsidiaries are eliminated on consolidation. During the period Group companies made sales of £2.3 million (2009: £nil) to the Group's associate, Farmers Boy (Deeside) Limited, and at the period end Group companies were owed £1.1 million (2009: £nil) by the associate.