CRANSWICK plc

14 November 2011

CRANSWICK plc: INTERIM RESULTS

Increasing sales momentum

Cranswick plc ("Cranswick" or "the Company" or "the Group"), a leading UK supplier of pork products, announces its unaudited results for the six months ended 30 September 2011.

Highlights:

- Underlying revenues increased by 6 per cent *
- Reported revenues up 3 per cent at £393.9m (2010: £384.3m)
- Higher first quarter input costs impacted margins
- Profit before tax £18.5m (2010: £23.8m)
- Earnings per share 29.2p (2010: 39.5p)
- Dividend increased to 9.0p per share (2010: 8.8p)
- Interest covered 37.7 times (2010: 31.6 times)

* After adjusting for business transferred to Farmers Boy (Deeside) Limited in July 2010

Cranswick's Chairman, Martin Davey, said:

"It is pleasing to report continued growth in turnover in what was, and continues to be, a testing economic and consumer environment.

Pig meat products have gained an increased share of the UK retail protein market with the versatility and low relative price of pork to other proteins finding favour with the consumer.

As previously reported to Shareholders in July 2011, the Company faced significant increases in input costs during the first three months of the period. This had a material impact on margins and, despite some recovery during the second quarter, was a key factor in a reduction in interim pre-tax profits to £18.5 million from £23.8 million a year ago.

"Trading from July to the end of the period was as anticipated and included the benefit of increased sales, both in the UK and overseas markets. The Board views the remainder of the year with a degree of cautious optimism and this is reflected in the increase in the interim dividend".

Chairman's statement

It is pleasing to report continued growth in turnover. Underlying sales in the six months ended 30 September 2011 were 6 per cent ahead of the same period last year at £394 million in what was, and continues to be, a testing economic and consumer environment.

Pig meat products have gained an increased share of the UK retail protein market with the versatility and low relative price of pork to other proteins finding favour with the consumer.

Cranswick's sales momentum increased as the period progressed. Underlying sales volume growth in the first quarter was 3 per cent and in the second quarter was 7 per cent, resulting in an average volume growth across the six months of 5 per cent. Export sales grew strongly, with growth particularly strong in Far Eastern markets. Initial inroads were also made into the US market following the Hull fresh pork facility receiving US Department of Agriculture accreditation in April 2011.

As previously reported to Shareholders in July 2011, the Company faced significant increases in input costs during the first three months of the period. This had a material impact on margins and, despite some recovery during the second quarter, was a key factor in a reduction in interim pre-tax profits to £18.5 million from £23.8 million a year ago. Trading from July to the end of the period was as anticipated and included the benefit of increased sales, both in the UK and overseas markets.

Earnings per share were 29.2 pence compared to 39.5 pence in the same period last year which included a one-off deferred tax credit. Operating cash inflow in the period of £19.0 million was encouraging when compared to an exceptionally strong inflow in the same period a year ago of £32.9 million. At 30 September net debt stood at £48.2 million compared to £48.3 million at the financial year end in March. Interest was covered 38 times. These figures are covered in more detail in the Financial Review.

The cooked meats associate company on Deeside, established in 2010 and in which Cranswick has a 49 per cent interest, experienced operational challenges whilst undertaking a programme of substantial capital investment and reorganisation. This programme is almost complete and we look for an improved performance going forward.

The recent investment at the Group's primary processing plant in Hull was successfully commissioned and it has been very encouraging to see the subsequent achievement of record production volumes. Other notable features during the first half have been the growth in sales of pastry products, the development of the customer profile for the range of continental food products, further increases in sausage, bacon and ham volumes compared to a year ago and the achievement of sandwich listings with two major grocery retailers. This is covered more fully in the Chief Executive's Review of Activities.

The Board views the remainder of the year with a degree of cautious optimism and this is reflected in the increase in the interim dividend to 9.0 pence per share from 8.8 pence previously. The dividend will be paid on 20 January 2012 to Shareholders on the register at the close of business on 25 November 2011. Shareholders will once again have the option to receive the dividend by way of scrip issue.

The Company's successful development over many years is a tribute to the expertise, enthusiasm and commitment of the management and their colleagues at each of our product focussed facilities. Those teams met the challenges that faced them at the start of the year with determination and on behalf of the Board I express our sincere thanks and appreciation for this and for their achievements.

The business has a well invested asset base, loyal and skilled teams, a great range of products and a strong financial position. Good progress has been made following the challenges of the first quarter and the Board looks forward positively to the rest of the year and the long term development of Cranswick.

Martin Davey
Chairman
14 November 2011

Review of activities

It is particularly satisfying to report growth in underlying revenues of 6 per cent to £394 million for the 6 months to 30 September 2011. This was despite a challenging consumer environment, which together with significant increases in raw material costs and the difficulty in passing this inflation through to the Group's retail customers made for a tough first quarter's trading. In these demanding trading conditions several grocery retailers have found growth harder to achieve than previously. Their growth agenda was not helped by consumers reducing home food wastage by almost fifty per cent and making more frequent shopping trips with a smaller average basket size. Consequently, promotional activity has had to become more innovative as the consumer's love of multi-buys has been challenged, with purchasing decisions being based on cash spend rather than volume or value. This said, the benefits of pork, its healthy attributes and great value for money compared to most other proteins, have struck a chord with the consumer.

Fresh pork sales in the first six months were £143 million, an increase of 14 per cent. The continued development of the Norfolk plant has seen considerable growth in the volume of local pigs processed through the site and great strides have been made in increasing operational efficiencies there too. As a result of the Hull fresh pork facility gaining United States Department of Agriculture approval in April 2011, ribs are now being exported to the USA. Sales of 'fifth quarter' material and specific cheaper cuts to the Far East have also grown strongly. The strong demand from these markets has led to a significant increase in the value of these products, which has resulted in prices in the UK market also rising. Further export opportunities are also being developed in Australasian markets.

Sausage sales were 6 per cent ahead at £37 million. The super-premium sausage market continues to grow strongly, helped by the trend of consumers eating out less and buying better quality products for home consumption. Following completion of the second sausage facility at the Norfolk site, a 'Butchers' style sausage has been launched successfully with two major retail customers. The extension of the Hull sausage facility has been fully integrated and the Group is now well placed to deliver the high levels of service demanded by its customers during the peak Christmas production period.

During the first half, bacon sales increased by 30 per cent to £24 million. The final phase of the recent extensive capital investment programme across the Group saw the extension of the bacon facility at Sherburn-in-Elmet, near Leeds, fully commissioned in September. Further investment in high speed slicing lines and an automated lardon line will help drive increased efficiency benefits. With record demand for the Group's premium bacon products anticipated in the run up to Christmas, the factory is now well positioned to deliver a step change in production volumes. This increased demand reflects the addition of the premium bacon business of another substantial retailer during the first half of the year.

Underlying sales of cooked meats were up by 4 per cent to £119 million. Recently, there have been some significant business wins with both the discounters and major retailers. Branded launches have also made a positive contribution, with new 'Red Lion', 'Weight Watchers' and 'Jamie Oliver' products all gaining listings. It would appear that some price focused consumers who have historically purchased sandwiches, have switched to making them at home. This has inevitably brought additional activity to the cooked meats category and Cranswick is benefitting from the new opportunities that this change in consumer behaviour is creating.

Sandwich sales increased in the period by 3 per cent to £25 million. Within this category the Group has historically served the foodservice sector, including forecourts, airlines and train operators. Recently, listings have successfully been achieved with two major grocery retailers which are existing customers of the Group, to supply gluten free products to the first and a branded 'Red Lion' range to the second. Cranswick continues to be responsive to its customers' needs and has managed several consolidation projects for airline contracts and is adding hot eats, frozen platters and desserts to existing customer ranges. Work is underway, at a modest cost, to better utilise factory space and deliver more efficient operations at the Atherstone production facility. This project is due to be completed in November.

Sales of continental products were down by 9 per cent to £39 million, reflecting the on-going development of a direct sourcing policy by one retail customer. This policy impacted sales of pasta products and some specific charcuterie lines. The team is working hard to replace this business and initial listings have been gained recently in the continental category with one of the Group's largest customers.

As reported to Shareholders in May 2011, a working partnership has been developed with an artisan baker in North Yorkshire to sell a range of pastry products under the 'Yorkshire Baker' brand. The original launch was with one of the Group's largest retail customers and a range of products has been developed more recently for a second retail customer, with sales, since launch in August, running well ahead of plan. As well as cultivating retail business, there is great potential for these products in the foodservice sector, where ready to eat quality snacking is a major growth area. The partnership with Yorkshire Baker reflects the way in which the Group originally entered both the premium sausage and air-dried bacon markets. It is sixteen years since this business model was first created with the 'Simply Sausage' relationship. More recently, the air-dried bacon projects with the 'Jack Scaife' and 'Richard Woodall' brands have been developed successfully in a similar manner. A small initial investment was made alongside an exceptionally high quality, artisan producer which was subsequently grown into a significant product category for the Group. The development of the pastry category will follow this approach.

In conclusion, the business had to deal with significant challenges centred on inflation recovery in the first quarter. Despite this, revenue growth has remained robust. Current trading is good and much improved and the Group is, with the exception of continental products, seeing growth across each of its categories. The Company's customer base continues to grow and new products are constantly being developed, either in existing categories or in new areas. With over £100 million invested in the Group's infrastructure over the past five years, its facilities are class leading. New product development teams which are the envy of the competition and a continued focus on customer service are key factors in the Group continuing to be first choice supplier to its customers. The Company enters the second half of the year in a strong position, ready to capitalise on new opportunities and with a clear focus on delivering what is expected to be the Group's busiest ever festive season.

Bernard Hoggarth

Chief Executive
14 November 2011

Financial review

The Group is presenting its interim financial information for the six months to 30 September 2011 with comparative information for the six months to 30 September 2010 and the year to 31 March 2011.

Revenue

Revenue increased by 3 per cent from £384.3 million to £393.9 million. After adjusting for business transferred out of the Group to an associate company, Farmers Boy (Deeside) Limited, in July 2010, like-for-like sales increased by 6 per cent, reflecting strong volume growth across most categories.

Operating profit

Operating profit at £19.0 million was 23 per cent lower and operating margin at 4.8 per cent of sales was also below the 6.4 per cent achieved in the same period last year and for the last financial year as a whole. Operating margins were impacted by a sharp increase in input costs during the first quarter of the financial year. Operating profit included £0.5 million in respect of the Group's 49 per cent share of the post-tax losses of Farmers Boy (Deeside) Limited.

Interest

Net financing costs at £0.5 million were 35 per cent lower than the first half of the prior year, reflecting improved terms following the refinancing of the Group's debt facility in March 2011. Despite the lower operating profit, interest cover improved from 31.6 times to 37.7 times.

Taxation

The tax charge as a percentage of profit before tax was 24.7 per cent (2010: 21.6 per cent). The standard rate of corporation tax was 26 per cent (2010: 28 per cent). The tax charge for the period benefitted from a £0.3 million deferred tax credit reflecting the enacted reduction in the UK corporation tax rate to 25 per cent from April 2012. The lower than standard rate of tax in the comparative period reflected a £0.4 million deferred tax credit on a similar anticipated reduction in the UK corporation tax rate to 27 per cent from April 2011. In addition, the prior year also benefitted from 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. Adjusting for these items the underlying effective rate was 26.5 per cent (2010: 27.5 per cent).

Earnings per share

Basic earnings per share fell by 26 per cent to 29.2 pence in the six months to 30 September 2011. After adjusting for a one-off gain of £0.3 million on the transfer of assets to Farmers Boy (Deeside) Limited, together with a related deferred tax credit of £1.0 million in the prior year and the deferred tax credits in both years described above, the underlying reduction in earnings per share was 21 per cent. The average number of shares in issue was 47,634,000 (2010: 47,290,000).

Cash flow and borrowings

Net cash from operating activities was £19.0 million compared to £32.9 million in the same period last year. The year on year reduction in operating cash flow reflected lower profitability, higher tax payments and an increase in working capital. Working capital increased by £1.4 million in the period and by £7.5 million compared to the same time last year reflecting higher input costs and strong revenue growth. In addition, the prior year cash flow benefitted from a £3.6 million working capital inflow following the transfer of business to Farmers Boy (Deeside) Limited. Net debt fell over the six month period by £0.1 million to £48.2 million, 21 per cent of shareholders' funds. Cash spent on the purchase of fixed assets was £8.8 million following the £34.8 million spent in the previous financial year. The Group agreed its current bank facility of £100 million in March 2011. The facility now extends to July 2015 and provides the business with generous headroom and long term funding to meet its objectives.

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) Limited operates a defined benefit pension scheme which has been closed to further benefit accrual since 2004. The deficit at 30 September 2011 was £4.2 million which compared to £2.9 million at 31 March 2011. Cash contributions to the scheme during the period, as part of the programme to reduce the deficit, were £0.6 million. The present value of funded obligations was £17.9 million and the fair value of plan assets was £13.7 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 2011, dated 16 May 2011, 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 pages 14 and 15 of the Report & Accounts for the year ended 31 March 2011 are:

<u>Industry risks</u>

- State of the economy
- Competition and customer retention
- Raw material price fluctuations
- Environmental matters
- Food scares and product contamination

<u>Operational risks</u>

- Food safety
- Business continuity
- Legislation

<u>Human resource risks</u>

- Health and safety
- Staff recruitment and retention

<u>Financial risks</u>

- Foreign currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

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
14 November 2011

Cranswick plc: Group income statement (unaudited)

for the six months ended 30 September 2011

	Notes	Half year		Year to
		2011	2010	31 March 2011
		£'000	£'000	£'000
Revenue		**393,932**	384,319	758,442
Cost of sales		**(348,143)**	(333,266)	(657,166)
Gross profit		**45,789**	51,053	101,276
Operating expenses		**(26,269)**	(26,400)	(52,125)
Share of results of associate		**(514)**	(37)	(434)
Operating profit		**19,006**	24,616	48,717
Finance revenue		**78**	43	106
Finance costs		**(582)**	(823)	(1,729)
Profit before tax		**18,502**	23,836	47,094
Taxation	4	**(4,575)**	(5,139)	(11,768)
Profit for the period attributable to owners of the parent		**13,927**	18,697	35,326
Earnings per share (pence)				
Basic	5	**29.2p**	39.5p	74.5p
Diluted	5	**29.2p**	39.4p	74.3p

Cranswick plc: Group statement of comprehensive income (unaudited)

for the six months ended 30 September 2011

	Half year		Year to 31 March
	2011	2010	2011
	£'000	£'000	£'000
Profit for the period	**13,927**	18,697	35,326
Other comprehensive income			
Movement on hedging items:			
(Losses)/ gains arising in the period	**(3)**	315	22
Reclassification adjustment for (gains)/ losses included in the income statement	**(146)**	(454)	248
Actuarial (losses)/ gains on defined benefit pension scheme	**(1,835)**	(686)	624
Deferred tax relating to components of other comprehensive income	**496**	222	(234)
Other comprehensive income for the period, net of tax	**(1,488)**	(603)	660
Total comprehensive income for the period attributable to owners of the parent	**12,439**	18,094	35,986

Cranswick plc: Group balance sheet (unaudited)

at 30 September 2011

	Half year		As at 31 March
	2011	2010	2011
	£'000	£'000	£'000
Non–current assets			
Goodwill	**127,763**	127,763	127,763
Property, plant and equipment	**124,569**	106,961	123,262
Interest in associate	**5,277**	6,188	5,791
Financial assets	**3,846**	4,277	4,722
Total non-current assets	**261,455**	245,189	261,538
Current assets			
Inventories	**39,302**	34,290	35,694
Trade and other receivables	**85,611**	87,991	78,665
Other financial assets	**1,321**	78	496
Cash and cash equivalents	**7,351**	5,194	1,302
Total current assets	**133,585**	127,553	116,157
Total assets	**395,040**	372,742	377,695
Current liabilities			
Trade and other payables	**(92,271)**	(96,974)	(84,941)
Other financial liabilities	**(335)**	(14,754)	(4,356)
Income tax payable	**(5,182)**	(5,006)	(5,954)
Provisions	**(410)**	(150)	(59)
Total current liabilities	**(98,198)**	(116,884)	(95,310)
Non-current liabilities			
Other payables	**(526)**	(80)	(354)
Other financial liabilities	**(59,236)**	(35,197)	(49,286)
Deferred tax liabilities	**(7,595)**	(8,165)	(8,490)
Provisions	**-**	(936)	(409)
Defined benefit pension scheme deficit	**(4,220)**	(5,542)	(2,914)
Total non-current liabilities	**(71,577)**	(49,920)	(61,453)
Total liabilities	**(169,775)**	(166,804)	(156,763)
Net assets	**225,265**	205,938	220,932
Equity			
Called-up share capital	**4,772**	4,753	4,764
Share premium account	**57,033**	55,909	56,609
Treasury shares	**(136)**	-	-
Share-based payments	**4,819**	3,918	4,102
Hedging reserve	**(3)**	(263)	146
Retained earnings	**158,780**	141,621	155,311
Equity attributable to owners of the parent	**225,265**	205,938	220,932

Cranswick plc: Group statement of cash flows (unaudited)

for the six months ended 30 September 2011

	Half year		Year to 31 March
	2011	2010	2011
	£'000	£'000	£'000
Operating activities			
Profit for the period	**13,927**	18,697	35,326
Adjustments to reconcile Group profit for the period to net cash inflows from operating activities:			
Income tax expense	**4,575**	5,139	11,768
Net finance costs	**504**	780	1,623
Non-cash items on transfer of business to associate	**-**	(465)	(465)
Fair value adjustment to put option in relation to associate	**(95)**	-	55
Share of results of associate	**514**	37	434
Gain on sale of property, plant and equipment	**(22)**	(55)	(96)
Depreciation of property, plant and equipment	**6,750**	6,132	12,440
Share-based payments	**717**	469	1,013
Difference between pension contributions paid and amounts recognised in the income statement	**(529)**	(470)	(1,815)
Release of government grants	**(18)**	(2)	(12)
(Increase)/ decrease in inventories	**(3,608)**	1,670	266
(Increase)/ decrease in trade and other receivables	**(6,812)**	(3,613)	4,858
Increase/ (decrease) in trade and other payables	**9,016**	9,397	(3,172)
Cash generated from operations	**24,919**	37,716	62,223
Tax paid	**(5,955)**	(4,854)	(10,639)
Net cash from operating activities	**18,964**	32,862	51,584
Cash flows from investing activities			
Interest received	**77**	32	90
New loans advanced	**-**	(1,650)	(2,500)
Purchase of property, plant and equipment	**(8,764)**	(12,116)	(34,759)
Receipt of government grants	**156**	-	350
Proceeds from sale of property, plant and equipment	**37**	431	498
Net cash used in investing activities	**(8,494)**	(13,303)	(36,321)
Cash flows from financing activities			
Interest paid	**(698)**	(829)	(1,683)
Proceeds from issue of share capital	**33**	314	599
Proceeds from borrowings	**10,000**	-	50,000
Issue costs of long term borrowings	**(1,005)**	-	-
Repayment of borrowings	**-**	(15,000)	(60,000)
Dividends paid	**(8,511)**	(6,754)	(10,508)
Repayment of capital element of finance leases	**(193)**	(188)	(260)
Purchase of treasury shares	**(136)**	-	-
Net cash from/ (used in) financing activities	**(510)**	(22,457)	(21,852)
Net increase/ (decrease) in cash and cash equivalents	**9,960**	(2,898)	(6,589)
Cash and cash equivalents at beginning of period	**(2,623)**	3,966	3,966
Cash and cash equivalents at end of period	**7,337**	1,068	(2,623)

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

for the six months ended 30 September 2011

	Share capital £'000	Share premium £'000	Treasury shares £'000	Share-based payments £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2011	4,764	56,609	-	4,102	146	155,311	220,932
Profit for the period	-	-	-	-	-	13,927	13,927
Other comprehensive income	-	-	-	-	(149)	(1,339)	(1,488)
Total comprehensive income	-	-	-	-	(149)	12,588	12,439
Share-based payments	-	-	-	717	-	-	717
Scrip dividend	5	394	-	-	-	-	399
Share options exercised	3	30	-	-	-	-	33
Purchase of treasury shares	-	-	(136)	-	-	-	(136)
Dividends	-	-	-	-	-	(8,910)	(8,910)
Deferred tax relating to changes in equity	-	-	-	-	-	(255)	(255)
Corporation tax relating to changes in equity	-	-	-	-	-	46	46
At 30 September 2011	**4,772**	**57,033**	**(136)**	**4,819**	**(3)**	**158,780**	**225,265**
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 2010	4,733	54,322	-	3,449	(124)	131,205	193,585
Profit for the year	-	-	-	-	-	35,326	35,326
Other comprehensive income	-	-	-	-	270	390	660
Total comprehensive income	-	-	-	-	270	35,716	35,986
Share-based payments	-	-	-	1,013	-	-	1,013
Scrip dividend	20	1,699	-	-	-	-	1,719
Share options exercised	11	588	-	-	-	-	599
Dividends	-	-	-	-	-	(12,227)	(12,227)
Transfers between categories	-	-	-	(360)	-	360	-
Deferred tax relating to changes in equity	-	-	-	-	-	180	180
Corporation tax relating to changes in equity	-	-	-	-	-	77	77
At 31 March 2011	4,764	56,609	-	4,102	146	155,311	220,932

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

Martin Davey	**Mark Bottomley**
Chairman	Finance Director

14 November 2011

Notes to the interim accounts

1. Basis of preparation

This interim report was approved by the Directors on 14 November 2011 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 2011 prepared under IFRS as adopted by the European Union 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 2011 except for the following policy which has been adopted in relation to treasury shares:

Treasury shares

Cranswick plc shares held by the Group are deducted from equity as "treasury shares" and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to retained earnings. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

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

International Accounting Standards (IAS / IFRSs)		***Effective date***
IAS 24 (revised)	Related Party Disclosures	1 January 2011

International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 14	Prepayment of a Minimum Funding Requirement (Amendment)	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

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 just one reportable segment during the period and the preceding financial year. The revenues of the Group are not significantly impacted by seasonality.

Additions to property plant and equipment during the period totalled £8.1 million (2010: £13.2 million). Future capital expenditure under contract at 30 September 2011 was £3.4 million (2010: £7.6 million).

4. Taxation

The tax charge for the period was £4.6 million and represents a rate of 24.7 per cent (2010: 21.6 per cent). The tax charge for the period benefited from a £0.3 million deferred tax credit reflecting the enacted reduction in the UK corporation tax rate to 25 per cent from April 2012. Adjusting for this item the overall effective rate was 26.5 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 47,634,237 (2010: 47,290,289) excluding treasury shares and 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 47,730,268 shares (2010: 47,460,082).

6. Dividends – half year ended 30 September

	Half year		Year to 31 March
	2011	2010	2011
	£'000	£'000	£'000
Interim dividend for year ended 31 March 2011 of 8.8p per share	**-**	-	4,180
Final dividend for year ended 31 March 2011 of 18.7p (2010: 17.0p) per share	**8,910**	8,047	8,047
	8,910	8,047	12,227

The interim dividend for the year ending 31 March 2012 of 9.0p per share was approved by the Board on 14 November 2011 for payment to shareholders on 20 January 2012 and therefore has not been included as a liability as at 30 September 2011.

7. Analysis of Group net debt

	At 31 March 2011 £'000	Cash flow £'000	Non-cash movements £'000	**At 30 September 2011 £'000**
Cash and cash equivalents	1,302	6,049	-	**7,351**
Overdrafts	(3,925)	3,911	-	**(14)**
Net cash and cash equivalents	(2,623)	9,960	-	**7,337**
Other financial assets	4,000	-	-	**4,000**
	1,377	9,960	-	**11,337**
Other financial liabilities	(160)	-	101	**(59)**
Revolving credit	(48,987)	(10,000)	(134)	**(59,121)**
Finance leases	(570)	193	-	**(377)**
Net debt	(48,340)	153	(33)	**(48,220)**

8. 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 £8.6 million (2010: £2.2 million) and rendered service of £0.2 million (2010: £0.1 million) to the Group’s associate, Farmers Boy (Deeside) Limited, and at the period end Group companies were owed £1.1 million (2010: £1.1 million) by the associate.