30 November 2015

CRANSWICK plc
Great British Taste

CRANSWICK plc: INTERIM RESULTS

Further strong commercial and strategic progress

Cranswick plc ("Cranswick" or "the Company" or "the Group"), a leading UK food producer, today announces its unaudited results for the six months ended 30 September 2015.

Financial Highlights:

- Revenue ahead by 9.9% at £529.1m (2014: £481.5m)
- Underlying[1] revenue up 6.5%
- Adjusted Group operating margin[2] up 60 basis points to 6.0% (2014: 5.4%)
- Adjusted profit before tax[2] increased 22.0% to £31.5m (2014: £25.8m)
- Adjusted earnings per share[2] 25.3% higher at 51.5p (2014: 41.1p)
- Dividend per share increased by 9.4% to 11.6p (2014: 10.6p)
- Net debt 78.5% lower at £4.8m (2014: £22.4m)

- Statutory profit before tax up 3.6% to £25.5m (2014: £24.6m)
- Statutory earnings per share 2.0% higher at 40.0p (2014: 39.2p)
- £4.6 million non-cash impairment of Sandwiches goodwill

Strategic progress:

- Significant ongoing capital investment across the Group's asset base to support future growth
- Full and successful integration of Benson Park
- Successful completion of Benson Park extension which doubles capacity and improves efficiencies
- Phase 2 upgrade to Norfolk primary processing facility, which underpins drive for USDA accreditation, underway
- Export sales to the Far East up 17%

Martin Davey, Cranswick's Chairman commented:

"The business performed strongly during the first half of the year and recorded revenue slightly ahead of the Board's original expectations.

"Alongside record first-half sales it is pleasing to report to Shareholders that adjusted profit before tax for the period increased 22.0 per cent to £31.5 million from £25.8 million in the corresponding period last year. Adjusted earnings per share rose 25.3 per cent to 51.5 pence compared to 41.1 pence previously.

"The interim dividend is being increased by 9.4 per cent to 11.6 pence per share from 10.6 pence previously.

"The Company continues to work closely with its customers and to maintain its focus on service, quality and innovation to deliver attractive, competitively priced products in market conditions that are expected to remain competitive through the second half of the year. This approach, allied to a broadening product portfolio and an anticipated strong Christmas trading period, means the business remains very well placed to deliver further growth in this financial year.

"With experienced management at all levels of the Group, a strong range of products, a well invested asset base and a robust financial position, the Board remains confident in the continued long term success and development of the business."

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[1] underlying revenue excludes the contribution from Benson Park in the current period and revenue from pig breeding, rearing and trading activities in both the current and prior period.

[2] adjusted Group operating margin, adjusted profit before tax and adjusted earnings per share exclude net IAS 41 valuation movement on biological assets in both the current and prior period, and the amortisation of customer relationship intangible assets and the impairment of goodwill in the current period. These are the measures used by the Board to assess the Group's underlying performance.

Chairman's statement

The business performed strongly during the first half of the year and recorded revenue slightly ahead of the Board's original expectations.

Results

Total revenue in the period to 30 September 2015 of £529.1 million was 10 per cent ahead of the same period last year driven by strong volume growth across most product categories and included a positive contribution from Benson Park, acquired in October 2014.

Benson Park, based in Hull, is a leading producer of premium British cooked poultry products serving the fast growing 'food to go' sector. It has been fully and successfully integrated and recently commissioned a major capital investment programme significantly raising production capacity ahead of the peak Christmas trading period.

Underlying sales were 7 per cent higher than the same period last year, with corresponding volumes up 10 per cent as the Group's customers and UK consumers continue to see the benefit of the Group's lower input prices.

Alongside record first-half sales it is pleasing to report to Shareholders that adjusted profit before tax for the period increased 22.0 per cent to £31.5 million from £25.8 million in the corresponding period last year. This reflects the contribution from Benson Park, the focus on improved efficiencies across the Group plus the returns from investments made in recent years to increase capacity and broaden the product base.

Adjusted earnings per share rose 25.3 per cent to 51.5 pence compared to 41.1 pence previously. Details of trading are covered more fully in the Operational and Financial reviews.

Investments

During the period £13.4 million was invested in the asset base of the business. Specific projects included redevelopment of the Kingston Foods cooked meats facility, the Benson Park project and various other initiatives across the Group to increase capacity and drive further operating efficiencies. In addition, there are a number of projects either underway or planned in the near term as the Board seeks to maintain the quality of the Group's production facilities, the efficiencies of its operations and its level of new product development.

Financial position

Operating cash inflow increased to £35.5 million from £17.1 million in the same period last year and at the end of the period net debt stood at £4.8 million, which compared to £22.4 million a year earlier. The Company is in a sound financial position and further details are provided in the Financial review.

Dividend

The interim dividend is being increased by 9.4 per cent to 11.6 pence per share from 10.6 pence previously. The dividend will be paid on 29 January 2016 to Shareholders on the register at the close of business on 11 December 2015. Shareholders will again have the opportunity to receive the dividend by way of scrip issue.

Staff

The Group operates on a decentralised basis across product categories supported by business-wide collaboration in key areas. The Board considers this to be the most appropriate format for the Company and acknowledges that the continued success of Cranswick would not be possible without talented and motivated management teams supported by skilful and enthusiastic colleagues at each site. On behalf of the Board I thank all our colleagues for their commitment and contribution.

Outlook

Cranswick has made further commercial and strategic progress during the period.

The Company continues to work closely with its customers and to maintain its focus on service, quality and innovation to deliver attractive, competitively priced products in market conditions that are expected to remain competitive through the second half of the year. This approach, allied to a broadening product portfolio and an anticipated strong Christmas trading period, means the business remains very well placed to deliver further growth in this financial year.

With experienced management at all levels of the Group, a strong range of products, a well invested asset base and a robust financial position, the Board remains confident in the continued long term success and development of the business.

Martin Davey
Chairman

30 November 2015

Operating review

Reported revenue increased by 10 per cent to £529.1 million. Growth was supported by the contribution from Benson Park which was acquired in the second half of the last financial year. Underlying revenue grew by 7 per cent, with corresponding volumes ahead 10 per cent as the benefit of lower input prices continues to be passed on to the Group's customers.

Adjusted Group operating profit increased by 21.4 per cent to £31.8 million in the first half of the financial year and adjusted Group operating margin improved by 60 basis points to 6.0 per cent of revenue. The improvement in Group operating margin reflected the positive contribution from Benson Park, an improved performance from the Pastry business and a tight focus on cost control and operational efficiencies across the Group.

Pig prices remained relatively stable during the period compared to the volatility experienced in the previous three years. The UK pig price fell 2 per cent during the period and was on average 18 per cent lower than during the same period last year. Despite this reduction, the UK price remains approximately 30 per cent higher than its European equivalent reflecting on going high demand for British pig meat.

The Wayland and Wold farming businesses supply approximately 20 per cent of the Group's British pig requirements. Cranswick is the third largest pig producer in the UK and represents 6 per cent of the total UK pig herd. More than 80 per cent of the pigs produced from the two herds are bred outdoors providing a complete farm to fork solution for the premium pork ranges of the Group's two largest retail customers. Provenance and end-to-end supply chain integrity are key differentiators enabling the Group to lock in key long-term retail relationships. Improvements in productivity and prolificacy together with lower feed costs helped offset the impact of lower pig prices during the period.

Total export volumes grew by 18 per cent during the period. Volume growth in Far Eastern markets of 31 per cent offset lower volumes into the US and flat volumes into European markets. 1,000 tonnes of product are being shipped to the Far East each week with Cranswick accounting for over 50 per cent of all pig meat exports from the UK to this strategically important market. Further opportunities are being explored and the range of products being exported is continually being developed and broadened.

Fresh pork sales grew by 15 per cent in the period driven by the recovery of business with one of the Group's principal retail customers. Market data for the 52 weeks to 13 September shows UK retail fresh pork sales have fallen 10 per cent year on year due primarily to the fall in UK pig prices over the same period. We are keen to see that the versatility and price competiveness of pork compared to other meat proteins is advanced. The recent, hugely successful AHDB pulled pork advertising campaign highlights the way in which innovative and focused marketing can deliver positive results. This initiative resulted in a 19 per cent year on year increase in shoulder joint sales during the campaign. The next phase of redevelopment of our Norfolk facility is now underway. This £6 million investment to replace the existing abattoir will increase capacity, improve efficiencies and will facilitate the site's push for USDA accreditation.

Sausage sales were 5 per cent higher supported by strong volume growth. The premium sector of the market is the main driver of category growth as consumers are prepared to pay a modest premium for a step change in quality and taste. Sales of premium beef burgers were 24 per cent higher year on year. Further substantial capital investment to upgrade mixing and filling equipment is planned at the Lazenby's facility in Hull to support anticipated growth in the sausage category.

Bacon sales were 21 per cent ahead as continued development of the business' hand-cured, air-dried bacon was supported by strong premium gammon sales. This growth was underpinned by gaining sole supply status for premium bacon and gammon with one of the Group's lead retail customers shortly before the previous half year end. With further new product launches planned for both existing and new customers in the run up to the peak Christmas trading period, the business is well placed moving into the second half of the year. The redevelopment and conversion of the former Kingston Foods site in Milton Keynes into a gammon facility was recently completed. This facility will enable the business to target a new sector of the bacon and gammon market.

Cooked meat sales fell 6 per cent reflecting overall category deflation and lower volumes to one retail customer. Further substantial capital investment at the Sutton Fields facility will upgrade staff amenities and refurbish both high and low risk production areas to enable expansion into new categories with existing customers and develop further capability to supply 'slow cook' and 'food to go' ranges to manufacturing and food service customers. A significant three year capital investment programme at the Valley Park facility will refurbish the fabric of the site and upgrade chilling and storage facilities to support future growth.

Sales of premium poultry from Benson Park made a positive contribution to overall Group performance in the first half. New business wins during the period, both with existing and new customers, leave the business well placed moving into the second half of the year. The capital investment programme which was underway when the business was acquired in October 2014, is now complete. The enlarged factory footprint and new in-line spiral cooking and cooling equipment was fully and successfully commissioned ahead of the peak Christmas trading period. This £9 million investment programme has substantially increased capacity and will improve operational efficiencies as well as enabling the business to offer a broader product range.

Pastry sales were 45 per cent ahead of the prior year continuing the positive development since this category was introduced. Operational performance at the site continued the marked improvement seen in the second half of the last financial year and the category made a positive contribution to the overall Group result. New product lines have recently been launched which, coupled with a strong Christmas and seasonal promotional programme, leaves the pastry business well placed to deliver further growth during the remainder of the financial year.

Sales of continental products increased by 12 per cent reflecting the UK consumer's growing appetite for speciality continental products including charcuterie, cheeses, pasta and olives. Category growth was supported by new product launches and new retail contracts together with a continued focus on sourcing new artisan products from across Europe. The extension of the Guinness Circle facility to produce British cured meat products was completed during the period, and will produce a range of premium cured meats under both the Woodall's brand and retail customer own label.

Sandwich sales grew by 5 per cent, supported by new contract wins brought on stream part way through the first half of the last financial year. Top line growth was supported by an improved operational performance as the business continued to strip out underperforming accounts and rationalise the product range. However, the business has recently received confirmation that a key account will not be extended beyond its current term and consequently the outlook for the Sandwich category beyond the current financial year end will be more challenging.

Cranswick is committed to delivering everyday great food experiences to the UK consumer. This commitment is underpinned by a constant focus on quality, value and a drive to innovate and bring new and exciting products to market. The ongoing growth and development of the Group is a testament to the continued efforts of the highly skilled and committed people across the business.

Adam Couch
Chief Executive

30 November 2015

Financial review

The Group is presenting its interim financial information for the six months to 30 September 2015 with comparative information for the six months to 30 September 2014 and the year to 31 March 2015.

Revenue

Reported revenue at £529.1 million was 9.9 per cent ahead of the same period last year, driven by strong volume growth across most product categories and a positive contribution from Benson Park, acquired in October 2014. Underlying revenue* was 6.5 per cent higher than the prior year, with corresponding volumes up 10 per cent as the Group's customers and UK consumers continue to see the benefit of the Group's lower input prices. Export sales to key Far East markets increased by 17 per cent.

Adjusted Group operating profit

Adjusted Group operating profit of £31.8 million, including the contribution from Benson Park, increased by 21.4 per cent. Adjusted Group operating margin at 6.0 per cent of sales was 60 basis points higher than the 5.4 per cent reported in the same period last year with the improvement underpinned by strong revenue growth, the positive contributions from Benson Park and the Group's pastry business along with an unstinting focus on product quality, innovation and operational efficiency.

Finance costs

Net financing costs at £0.3 million were £0.1 million lower than reported in the first half of the prior year, reflecting lower average bank borrowings.

Adjusted profit before tax

Adjusted profit before tax was 22.0 per cent higher at £31.5 million (2014: £25.8 million).

Taxation

The tax charge as a percentage of profit before tax was 22.5 per cent (2014: 22.0 per cent). The standard rate of corporation tax was 20 per cent (2014: 21 per cent). The charge was higher than the standard rate of corporation tax for both periods due to the impact of disallowable expenses, including a goodwill impairment charge in the current year, as referred to below.

Adjusted earnings per share

Adjusted earnings per share rose by 25.3 per cent to 51.5 pence (2014: 41.1 pence) in the six months to 30 September 2015. The average number of shares in issue was 49,464,000 (2014: 49,023,000).

Adjusted profit measures

The Group monitors performance principally through the adjusted profit measures which exclude certain non-cash items including the net IAS 41 valuation charge of £0.6 million on biological assets (2014: £1.2 million), amortisation of acquired intangible assets of £0.7 million (2014: £nil) and a goodwill impairment charge of £4.6 million (2014: £nil). The statutory results, including these items, show a 3.6 per cent increase in profit before tax to £25.5 million (2014: £24.6 million), a 3.3 per cent increase in Group operating profit to £25.8 million (2014: £25.0 million) and a 2.0 per cent increase in earnings per share to 40.0 pence (2014: 39.2 pence).

Goodwill impairment

Following a change in the customer base of the Sandwiches category, an impairment review was performed on the Sandwiches cash generating unit as at 30 September 2015. This resulted in the recognition of a goodwill impairment charge of £4.6 million (note 8).

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* Underlying revenue excludes the contribution from Benson Park in the current period and revenue from the pig breeding, rearing and trading activities in both the current and prior period

Cash flow and net debt

The net cash inflow from operating activities in the period was £35.5 million (2014: £17.1 million) reflecting higher Group operating profit and a working capital inflow of £0.9 million (2014: outflow of £12.0 million). Net debt fell by £12.5 million in the six month period to £4.8 million, and was £17.6 million lower than at the previous half year end. Net debt was just 1 per cent of Shareholders' funds (2014: 7 per cent) as the Group's balance sheet continues to be conservatively managed. The Group's current bank facility of £120 million extends to July 2018 and provides the business with generous headroom.

Pensions

The Group operates defined contribution pension schemes whereby contributions are made to schemes administered by major insurance companies. Contributions to these schemes are determined as a percentage of employees' earnings. The Group also operates a defined benefit pension scheme which has been closed to further benefit accrual since 2004. The deficit on this scheme at 30 September 2015 was £5.0 million which compared to £5.6 million at 31 March 2015. Cash contributions to the scheme during the period, as part of the programme to reduce the deficit, were £0.7 million. The present value of funded obligations was £29.1 million and the fair value of plan assets was £24.1 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 regularly reviews its pension 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 those described in the Report & Accounts for the year ended 31 March 2015, dated 18 May 2015, a copy of which is available on the Group's website at www.cranswick.plc.uk. The principal risks and uncertainties which are set out in detail on pages 31 to 33 of the Report & Accounts for the year ended 31 March 2015 are:

Strategic risks
- Consumer demand
- Competitor activity

Commercial risks
- Reliance on key customers
- Pig meat - pricing and availability of supply

Financial risks
- Interest rate, currency, liquidity and credit risks
- Business acquisitions

Operational risks
- Business continuity
- Recruitment and retention of workforce
- Health and safety
- Disease and infection within pig herd / poultry flock
- Food scares / product contamination

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 'Operating review'. 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.

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

30 November 2015

Cranswick plc: Group income statement (unaudited)

for the six months ended 30 September 2015

	Notes	Half year 2015 £'000	Half year 2014 £'000	Year to 31 March 2015 £'000
Revenue		**529,148**	481,540	1,003,336
Adjusted Group operating profit		**31,799**	26,192	58,653
Net IAS 41 valuation movement on biological assets		**(637)**	(1,182)	(4,245)
Amortisation of customer relationship intangible assets		**(698)**	-	(671)
Impairment of goodwill	*8*	**(4,635)**	-	-
Group operating profit	*4*	**25,829**	25,010	53,737
Finance revenue		**-**	1	-
Finance costs		**(301)**	(378)	(901)
Profit before tax		**25,528**	24,633	52,836
Taxation	*5*	**(5,752)**	(5,429)	(11,584)
Profit for the period		**19,776**	19,204	41,252
Earnings per share (pence)				
On profit for the period:				
Basic	*6*	**40.0p**	39.2p	84.1p
Diluted	*6*	**39.8p**	39.0p	83.8p
On adjusted profit for the period:				
Basic	*6*	**51.5p**	41.1p	92.1p
Diluted	*6*	**51.3p**	40.9p	91.8p

Cranswick plc: Group statement of comprehensive income (unaudited)

for the six months ended 30 September 2015

	Notes	Half year 2015 £'000	Half year 2014 £'000	Year to 31 March 2015 £'000
Profit for the period		**19,776**	19,204	41,252
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Cash flow hedges				
Losses arising in the period	*9*	**(169)**	(163)	(210)
Reclassification adjustments for losses included in the income statement		**210**	18	18
Income tax effect		**(8)**	29	38
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**33**	(116)	(154)
Items not to be reclassified to profit or loss in subsequent periods:				
Actuarial gains/ (losses) on defined benefit pension scheme		**44**	(148)	(307)
Income tax effect		**(9)**	29	61
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**35**	(119)	(246)
Other comprehensive income, net of tax		**68**	(235)	(400)
Total comprehensive income, net of tax		**19,844**	18,969	40,852

Cranswick plc: Group balance sheet (unaudited)

at 30 September 2015

	Notes	Half year 2015 £'000	Half year 2014 £'000	As at 31 March 2015 £'000
Non-current assets				
Intangible assets	*8*	**140,372**	130,754	145,705
Property, plant and equipment		**168,751**	159,931	166,087
Biological assets		**526**	924	592
Total non-current assets		**309,649**	291,609	312,384
Current assets				
Biological assets		**13,074**	15,300	11,197
Inventories		**50,616**	54,041	49,125
Trade and other receivables		**120,757**	95,474	116,905
Cash and short-term deposits	*10*	**14,623**	11,720	3,941
Total current assets		**199,070**	176,535	181,168
Total assets		**508,719**	468,144	493,552
Current liabilities				
Trade and other payables		**(123,962)**	(104,238)	(117,792)
Financial liabilities		**(169)**	(207)	(210)
Provisions		**(60)**	-	(196)
Income tax payable		**(4,848)**	(6,056)	(7,046)
Total current liabilities		**(129,039)**	(110,501)	(125,244)
Non-current liabilities				
Other payables		**(1,443)**	(426)	(1,278)
Financial liabilities		**(23,657)**	(34,082)	(25,427)
Deferred tax liabilities		**(3,837)**	(3,892)	(3,457)
Provisions		**(1,395)**	(346)	(150)
Defined benefit pension scheme deficit		**(5,004)**	(6,078)	(5,623)
Total non-current liabilities		**(35,336)**	(44,824)	(35,935)
Total liabilities		**(164,375)**	(155,325)	(161,179)
Net assets		**344,344**	312,819	332,373
Equity				
Called-up share capital		**4,971**	4,909	4,926
Share premium account		**67,660**	64,650	65,689
Share-based payments		**11,415**	8,939	10,242
Hedging reserve		**(136)**	(131)	(169)
Retained earnings		**260,434**	234,452	251,685
Equity attributable to owners of the parent		**344,344**	312,819	332,373

Cranswick plc: Group statement of cash flows (unaudited)

for the six months ended 30 September 2015

	Notes	Half year 2015 £'000	Half year 2014 £'000	Year to 31 March 2015 £'000
Operating activities				
Profit for the period		**19,776**	19,204	41,252
Adjustments to reconcile Group profit for the period to net cash inflows from operating activities:				
Income tax expense		**5,752**	5,429	11,584
Net finance costs		**301**	377	901
(Gain)/loss on sale of property, plant and equipment		**(113)**	(49)	149
Depreciation of property, plant and equipment		**9,435**	8,753	18,349
Amortisation of intangibles	*8*	**698**	78	671
Impairment of goodwill	*8*	**4,635**	-	-
Share-based payments		**1,173**	1,160	2,463
Difference between pension contributions paid and amounts recognised in the income statement		**(575)**	(598)	(1,212)
Release of government grants		**(56)**	(18)	(74)
Net IAS 41 valuation movement on biological assets		**637**	1,182	4,245
Increase in biological assets		**(2,448)**	(2,689)	(1,317)
(Increase)/decrease in inventories		**(1,491)**	(6,615)	491
(Increase)/decrease in trade and other receivables		**(3,669)**	2,485	(12,586)
Increase/(decrease) in trade and other payables		**8,486**	(5,218)	2,226
Cash generated from operations		**42,541**	23,481	67,142
Tax paid		**(7,045)**	(6,374)	(12,750)
Net cash from operating activities		**35,496**	17,107	54,392
Cash flows from investing activities				
Interest received		**-**	1	-
Acquisition of subsidiary, net of cash acquired		**-**	-	(17,692)
Purchase of property, plant and equipment		**(13,392)**	(11,022)	(21,144)
Receipt of government grants		**228**	-	542
Proceeds from sale of property, plant and equipment		**193**	198	244
Net cash used in investing activities		**(12,971)**	(10,823)	(38,050)
Cash flows from financing activities				
Interest paid		**(255)**	(369)	(880)
Proceeds from issue of share capital		**63**	60	901
Proceeds from borrowings		**-**	5,000	-
Issue costs of long term borrowings		**-**	(851)	(851)
Repayment of borrowings	*10*	**(2,000)**	-	(8,000)
Dividends paid		**(9,651)**	(10,362)	(15,350)
Repayment of capital element of finance leases		**-**	(265)	(444)
Net cash used in financing activities		**(11,843)**	(6,787)	(24,624)
Net increase/(decrease) in cash and cash equivalents	*10*	**10,682**	(503)	(8,282)
Cash and cash equivalents at beginning of period	*10*	**3,941**	12,223	12,223
Cash and cash equivalents at end of period	*10*	**14,623**	11,720	3,941

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

for the six months ended 30 September 2015

	Share capital £'000	Share premium £'000	Share-based payments £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2015	4,926	65,689	10,242	(169)	251,685	332,373
Profit for the period	-	-	-	-	19,776	19,776
Other comprehensive income	-	-	-	33	35	68
Total comprehensive income	-	-	-	33	19,811	19,844
Share-based payments	-	-	1,206	-	-	1,206
Scrip dividend	12	1,941	-	-	-	1,953
Share options exercised	33	30	(33)	-	-	30
Dividends	-	-	-	-	(11,604)	(11,604)
Deferred tax relating to changes in equity	-	-	-	-	(161)	(161)
Corporation tax relating to changes in equity	-	-	-	-	703	703
At 30 September 2015	**4,971**	**67,660**	**11,415**	**(136)**	**260,434**	**344,344**
At 1 April 2014	4,896	64,173	7,779	(15)	225,878	302,711
Profit for the period	-	-	-	-	19,204	19,204
Other comprehensive income	-	-	-	(116)	(119)	(235)
Total comprehensive income	-	-	-	(116)	19,085	18,969
Share-based payments	-	-	1,160	-	-	1,160
Scrip dividend	3	427	-	-	-	430
Share options exercised	10	50	-	-	-	60
Dividends	-	-	-	-	(10,792)	(10,792)
Deferred tax relating to changes in equity	-	-	-	-	113	113
Corporation tax relating to changes in equity	-	-	-	-	168	168
At 30 September 2014	4,909	64,650	8,939	(131)	234,452	312,819
At 1 April 2014	4,896	64,173	7,779	(15)	225,878	302,711
Profit for the year	-	-	-	-	41,252	41,252
Other comprehensive income	-	-	-	(154)	(246)	(400)
Total comprehensive income	-	-	-	(154)	41,006	40,852
Share-based payments	-	-	2,463	-	-	2,463
Scrip dividend	5	640	-	-	-	645
Share options exercised	25	876	-	-	-	901
Dividends	-	-	-	-	(15,995)	(15,995)
Deferred tax relating to changes in equity	-	-	-	-	437	437
Corporation tax relating to changes in equity	-	-	-	-	359	359
At 31 March 2015	4,926	65,689	10,242	(169)	251,685	332,373

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 principal 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*. The Board of Directors that served during the six months ended 30 September 2015, and their respective responsibilities, can be found on pages 44 and 45 of the 2015 Annual Report & Accounts.

On behalf of the Board

Martin Davey	**Mark Bottomley**
Chairman	Finance Director

30 November 2015

Notes to the interim accounts

1. Basis of preparation

This interim report was approved by the Directors on 30 November 2015 and has been prepared in accordance with the Disclosure and Transparency Rules of the UK's Financial Conduct 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 435 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2015 prepared under IFRS as adopted by the European Union have been filed with the Registrar of Companies. The report of the auditors on the statutory accounts was not qualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. The interim report is unaudited but has been subject to an independent review by Ernst & Young LLP pursuant to the Auditing Practices Board guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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 2015.

Non-GAAP measures – Adjusted Group operating profit, adjusted profit before tax and adjusted earnings per share
Adjusted Group operating profit, adjusted profit before tax and adjusted earnings per share are defined as being before net IAS 41 valuation movement on biological assets, impairment charges and other significant non-trading items (being amortisation of acquired customer relationship intangibles, which became significant for the first time during the year ended 31 March 2015 following the acquisition of Benson Park Limited). These additional non-GAAP measures of performance are included as the Directors believe that they provide a useful alternative measure for Shareholders of the trading performance of the Group. The reconciliation between Group operating profit and adjusted Group operating profit is shown on the face of the Group income statement.

The following accounting standards and interpretations became effective, and were adopted by the Group, for the current reporting period:

International Accounting Standards (IAS / IFRSs)	***Effective date***
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011–2013 Cycle	1 July 2014

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

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 Executive Directors on the Board, who are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The CODM assesses profit performance using adjusted 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 £12.2 million (2014: £12.3 million). Future capital expenditure under contract at 30 September 2015 was £4.3 million (2014: £3.1 million).

4. Group operating profit

Group operating costs comprise:

	Half year		Year to 31 March
	2015	2014	2015
	£'000	£'000	£'000
Cost of sales excluding net IAS 41 valuation movement on biological assets	**458,454**	425,580	878,968
Net IAS 41 valuation movement on biological assets*	**637**	1,182	4,245
Cost of sales	**459,091**	426,762	883,213
Gross profit	***70,057***	*54,778*	*120,123*
Selling and distribution costs	**21,523**	18,035	38,418
Administrative expenses excluding amortisation of customer relationship intangible assets and impairment of goodwill	**17,372**	11,733	27,297
Amortisation of customer relationship intangible assets	**698**	-	671
Impairment of goodwill	**4,635**	-	-
Administrative expenses	**22,705**	11,733	27,968
Total operating costs	**503,319**	456,530	949,599

* This represents the difference between operating profit prepared under IAS 41 and operating profit prepared under historical cost accounting, which forms part of the reconciliation of adjusted operating profit.

5. Taxation

The tax charge for the period was £5.8 million (2014: £5.4 million) and represents an effective rate of 22.5 per cent (2014: 22.0 per cent). The charge for the period was higher than the standard rate of corporation tax due to the impact of disallowable expenses including impairment of goodwill in the current period.

Reductions to the standard rate of corporation tax were proposed in the July 2015 Budget statement to reduce the rate from 20 per cent to 19 per cent by 1 April 2017 and to 18 per cent by 1 April 2020. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in this interim consolidated financial information.

6. Earnings per share

Basic earnings per share are based on profit for the period attributable to Shareholders and on the weighted average number of shares in issue during the period of 49,464,032 (2014: 49,022,524). The calculation of diluted earnings per share is based on 49,666,112 shares (2014: 49,223,926).

Adjusted earnings per share

The Directors consider it appropriate to present an adjusted measure of earnings per share on the face of the income statement which excludes certain non-cash items to provide a more meaningful measure of the underlying performance of the business. These items include impairment of goodwill, the amortisation of customer relationship intangible assets, which became significant for the first time during the year ended 31 March 2015 following the acquisition of Benson Park Limited, and gains and losses from the IAS 41 valuation movement on biological assets due to the volatility of pig prices.

Adjusted earnings per share are calculated using the weighted average number of shares for both basic and diluted amounts as detailed above.

Adjusted profit for the period is derived as follows:

	Half year		Year to 31 March
	2015	2014	2015
	£'000	£'000	£'000
Profit for the period	**19,776**	19,204	41,252
Net IAS 41 valuation movement on biological assets	**637**	1,182	4,245
Tax on net IAS 41 valuation movement on biological assets	**(127)**	(236)	(849)
Amortisation of customer relationship intangible assets	**698**	-	671
Tax on amortisation of customer relationship intangible assets	**(140)**	-	(134)
Impairment of goodwill	**4,635**	-	-
Adjusted profit for the period	**25,479**	20,150	45,185

7. Dividends – half year ended 30 September

	Half year		Year to 31 March
	2015	2014	2015
	£'000	£'000	£'000
Interim dividend for year ended 31 March 2015 of 10.6p per share	**-**	-	5,203
Final dividend for year ended 31 March 2015 of 23.4p (2014: 22.0p) per share	**11,604**	10,792	10,792
	11,604	10,792	15,995

The interim dividend for the year ending 31 March 2016 of 11.6 pence per share was approved by the Board on 30 November 2015 for payment to Shareholders on 29 January 2016 and therefore has not been included as a liability as at 30 September 2015.

8. Intangible fixed assets

	Goodwill £'000	Customer relationships £'000	Total £'000
Cost			
At 30 September 2014	135,239	795	136,034
On acquisition	9,359	6,185	15,544
At 31 March 2015 and at 30 September 2015	144,598	6,980	151,578
Amortisation and impairment			
At 30 September 2014	4,924	356	5,280
Amortisation	-	593	593
At 31 March 2015	4,924	949	5,873
Amortisation	-	698	698
Impairment	4,635	-	4,635
At 30 September 2015	9,559	1,647	11,206
Net book value			
At 30 September 2014	130,315	439	130,754
At 31 March 2015	139,674	6,031	145,705
At 30 September 2015	**135,039**	**5,333**	**140,372**

Impairment testing
Goodwill is subject to annual impairment testing. Goodwill acquired through business combinations has been allocated for impairment testing purposes to the following principal cash generating units:

Cash generating unit	**Half year**		Year to 31 March
	2015	2014	2015
	£'000	£'000	£'000
Fresh pork	**12,231**	12,231	12,231
Livestock	**1,691**	1,691	1,691
Cooked meats	**90,167**	90,167	90,167
Sandwiches	**6,967**	11,602	11,602
Continental Fine Foods	**10,968**	10,968	10,968
Premium cooked poultry	**9,259**	-	9,259
Other	**3,756**	3,656	3,756
	135,039	130,315	139,674

Following a change in the customer base of the Sandwiches category, an impairment review was performed on the Sandwiches cash generating unit as at 30 September 2015. This cash generating unit has historically been the most sensitive to a reasonably possible change in assumptions.

The recoverable amount for the Sandwiches cash generating unit has been determined based on value in use calculations. The projected cash flows were updated to reflect the latest Sandwiches forecasts for the years ending 31 March 2016 and 31 March 2017 and cash flow projections for the next three years. Forecast replacement capital expenditure is included from forecasts and thereafter capital spend is assumed to represent 100 per cent of depreciation.

Subsequent cash flows are forecast to grow in line with an assumed long-term industry growth rate of 3 per cent derived from third party market information, including Kantar Worldpanel data. A pre-tax discount rate of 7.7 per cent has been used (31 March 2015: 6.5 per cent) being management's estimate of the weighted average cost of capital.

The calculation is most sensitive to the following assumptions:

Sales volumes
Sales volumes are influenced by the growth of the underlying food segment, the market shares of our customers, selling prices, and the quality of our products and service. Historical volumes are used as the base and adjusted over the projection period in line with current growth rates.

Gross margin
Gross margin depends upon average selling prices, the cost of raw materials and changes in the cost of production overheads. Historical margins are used as the base, adjusted for management's expectations derived from experience and with reference to forecasts.

Discount rates
All calculations of this nature are sensitive to the discount rate used. Management's estimate of the weighted average cost of capital has been used.

Based on these calculations, which gave a value in use below the value of the carrying amount, the Group has recognised an impairment charge within administrative expenses for goodwill allocated to the Sandwiches cash generating unit of £4,635,000 (2014: £nil).

Following the recognition of this impairment the carrying amount of the Sandwiches cash generating unit is the same as the recoverable amount of £8.9 million, so any further adverse change in key assumptions would lead to an additional impairment charge.

9. Financial instruments

The Group's activities expose it to a number of financial risks which include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board considers the Group's financial instruments risk management strategy to be the same as described within the Directors' Report on page 70 of the Report & Accounts for the year ended 31 March 2015.

Fair value of financial instruments
All derivative financial instruments are shown in the balance sheet at fair value as follows:

	Half year				Year to	
	2015		2014		31 March 2015	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Forward currency contracts	**(169)**	**(169)**	(163)	(163)	(210)	(210)

The book value of trade and other receivables, trade and other payables, cash balances, overdrafts, amounts outstanding under revolving credit facilities and finance leases and hire purchase contracts equates to fair value for the Group.

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. There were no such transfers in the period.

The Group's forward currency contracts are measured using Level 2 of the fair value hierarchy. The valuations are provided by the Group's bankers from their proprietary valuations models and are based on mid-market levels as at close of business on the Group's reporting date.

The Group's 3.3 per cent retained shareholding in the aquatics business Tropical Marine Centre (2012) Limited would have been classified as Level 3; however as the investment is an unquoted entity and cannot be reliably measured the Directors consider that its value is immaterial and no fair value has been applied.

10. Analysis of Group net debt

	At 31 March 2015 £'000	Cash flow £'000	Non-cash movements £'000	**At 30 September 2015 £'000**
Cash and cash equivalents	3,941	10,682	-	**14,623**
Revolving credit	(21,265)	2,000	(184)	**(19,449)**
Net debt	(17,324)	12,682	(184)	**(4,826)**

Net debt is defined as cash and cash equivalents and loans receivable less interest bearing liabilities (net of unamortised issue costs).

11. Related party transactions

During the period the Group entered into transactions, in the ordinary course of business, with its subsidiaries which are related parties. Balances and transactions with subsidiaries are eliminated on consolidation.

INDEPENDENT REVIEW REPORT TO CRANSWICK PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 which comprises the Group income statement, Group statement of comprehensive income, Group balance sheet, Group statement of cash flows and related notes 1 to 11. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
Hull

30 November 2015