CRANSWICK plc

24 November 2014

CRANSWICK plc: INTERIM RESULTS

Positive earnings momentum

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 2014.

Financial Highlights:

- Revenues of £481.5 million (2013: £483.5 million)
- Adjusted Group operating margin[1] of 5.4 per cent (2013: 4.9 per cent)
- Adjusted profit before tax[1] up by 11.4 per cent to £25.8 million (2013: £23.2 million)
- Adjusted earnings per share[1] 7.3 per cent ahead at 41.1 pence (2013: 38.3 pence)
- Dividend per share 6.0 per cent higher at 10.6 pence (2013: 10.0 pence)
- Net debt reduced by 39.8 per cent to £22.4 million (2013: £37.2 million)

- Statutory profit before tax of £24.6 million (2013: £26.1 million)
- Statutory earnings per share of 39.2 pence (2013: 43.5 pence)

Operational Highlights:

- Extension of the Delico cooked meats facility in Milton Keynes completed on time and to budget
- Significant upgrade to the Norfolk fresh pork site, which is nearing completion
- Acquired Benson Park Limited, a leading producer of premium British cooked poultry, subsequent to the half year end

Martin Davey, Cranswick's Chairman commented:

"It is pleasing to report to Shareholders that adjusted profit before tax for the six months increased 11.4 per cent to £25.8 million from £23.2 million in the corresponding period last year. Earnings per share on the same basis rose 7.3 per cent to 41.1 pence compared to 38.3 pence previously.

"Subsequent to the period end, the Company acquired Benson Park Limited, a Hull based, leading producer of premium British cooked poultry which serves the fast growing food to go sector. This is an important acquisition for Cranswick in meeting the Company's stated strategic aim of broadening both the protein range and the customer base of the business.

"The interim dividend is being increased by 6.0 per cent to 10.6 pence per share from 10.0 pence previously.

"With experienced management at all levels of the Group, a strong and continually evolving range of products along with a robust financial position the Board remains confident in the continued long term success and development of the business".

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[1] 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 financial years and the release of contingent consideration in the prior financial year. These are the measures used by the Board to assess the Group's underlying performance.

Chairman's statement

The overall performance of the business during the first half of the year has been in line with the Board's expectations.

Sales of £481.5 million were comparable to that recorded in the same period a year ago. The underlying feature was of strong sales growth across most product categories coupled with a reduction in fresh pork sales. The latter was a result of business lost earlier in the year which is now being recovered. Details of trading in the period are covered more fully in the Operating review.

The versatility and value credentials of pig meat in its various forms continue to prove popular with the consumer. In addition, the consumer focus on British meat has seen a greater proportion of the Group's own pigs utilised internally thus delivering the benefits envisaged when the strategic decision was made to return to pig production with investment in the Company's own herds.

There have been well-publicised changes in consumers' food shopping habits, including smaller but more frequent shopping trips and reductions in food wastage. Along with increases in market share for the convenience sector and the growth of limited assortment discounters, this has impacted food sales at the major grocery retailers and added to the pressures in the competitive environment in which we operate.

Against this backdrop it is pleasing to report to Shareholders that adjusted profit before tax for the six months increased 11.4 per cent to £25.8 million from £23.2 million in the corresponding period last year. Earnings per share on the same basis rose 7.3 per cent to 41.1 pence compared to 38.3 pence previously, with the prior year benefitting from a lower effective tax rate.

Adjusted operating margin was similar to that achieved for the whole of the last financial year. The investments made in recent years to increase capacity and improve efficiencies have been important in offsetting commercial pressures.

During the period, work to extend the Delico cooked meats facility in Milton Keynes was completed on time and to budget. This investment provides additional capacity and improved production yields. A major upgrade to the Norfolk fresh pork site, which is nearing completion, will deliver similar benefits. The ongoing development within pastry is delivering very encouraging sales levels though much still remains to be done operationally to deliver the targeted returns.

The strategy for the development of the business to date has been to complement organic growth with appropriate acquisitions. Subsequent to the period end, the Company acquired Benson Park Limited, a Hull based, leading producer of premium British cooked poultry which serves the fast growing food to go sector. This is an important acquisition for Cranswick in meeting the Company's stated strategic aim of broadening both the protein range and the customer base of the business. We welcome David Park, Managing Director, and his colleagues to Cranswick and look forward to working with them to further develop the business.

Operating cash inflow in the period reduced to £17.1 million from £23.8 million in the same period last year, reflecting higher working capital as the Group has grown its pig herd and prepares for a strong Christmas trading period. Interest was covered 66 times and at the end of the period net debt stood at £22.4 million. The Company is in a sound financial position and further details are provided in the Financial review.

The interim dividend is being increased by 6.0 per cent to 10.6 pence per share from 10.0 pence previously. The dividend will be paid on 23 January 2015 to Shareholders on the register at the close of business on 5 December 2014. Shareholders will again have the opportunity to receive the dividend by way of scrip issue.

The continued successful development of Cranswick would not be possible without truly committed individuals throughout the business. On behalf of the Board I express sincere thanks and appreciation to all of our colleagues for their unstinting efforts, enthusiasm and talents in driving the business forward.

The Company is totally focused on working closely with its customers to deliver quality food for the consumer from well invested production facilities of the highest standards. With experienced management at all levels of the Group, a strong and continually evolving range of products along with a robust financial position the Board remains confident in the continued long term success and development of the business.

Martin Davey
Chairman
24 November 2014

Operating review

Strong revenue growth in several of the Group's product categories offset lower fresh pork sales and a conscious decision to utilise more of Cranswick's own pigs internally. Retail market data for the 52 weeks to 12 October 2014 shows most product categories in which the Group participates continuing to grow, with the premium tier, where Cranswick's sales tend to be more concentrated, growing ahead of the overall category.

Adjusted Group operating profit increased by 11 per cent to £26.2 million in the first half of the financial year on revenues which were in line with last year at £481.5 million.

Adjusted group operating margin at 5.4 per cent of sales was in line with the last financial year as a whole. The improvement in Group operating margin compared to the first half last year reflected the ongoing focus on improving operational efficiencies across the Group and the benefit of a more stable pig price in the current financial year compared to the first half last year when prices were rising rapidly.

Cranswick's long term growth strategy is focussed on consolidating existing market positions, developing new products and channels in its core UK food market and growing its international operations and customer base, with growth being supported by organic initiatives and targeted acquisitions. It is pleasing to report that progress has been made in each of these areas during the period under review.

On 22 October 2014 Cranswick acquired Benson Park Limited, a leading producer of premium British cooked poultry. It supplies ingredients to customers which operate in the fast growing food to go sector of the retail multi-channel, convenience and foodservice markets. This strategic acquisition moves Cranswick into a new protein sector, broadening both the Group's product range and its customer base.

Following the substantial investment in the Group's pig breeding and rearing activities during the previous financial year, the focus has been on improving the quality of the herd and the performance of the breeding, rearing and finishing units. There is now capacity to service in excess of 20 per cent of the Group's overall British pig requirements and there will be ongoing investment to further improve productivity and efficiencies. The business is also exploring several options to enhance the competitiveness of the Group's pig operations, relative to the most efficient European producers.

Exports to Europe were lower than in the same period last year as more product was sold into the UK market where prices were more attractive, but exports to the rest of the world including Far Eastern markets were 24 per cent ahead of the same period last year, as the business continues to make positive progress in developing its export trade. The business is now exporting to a number of countries in the Far East and has recently sent shipments to West Africa and Australia. One third of the tonnage being processed through the Group's two primary processing facilities is being shipped overseas each week.

Fresh pork sales were 13 per cent lower than in the same period last year due to business lost at the start of the year which is now being recovered. The loss of this business was partly offset by additional barbecue business, particularly during the first quarter. Pig prices eased during the period and were well below the record highs recorded around the previous half year end. During the period, work on the new rapid chill system at the Norfolk abattoir was substantially completed. This investment, which is part of an ongoing upgrade to the East Anglian facility, will make the plant more energy efficient as well as improving yields and throughput speeds.

Sausage sales were slightly ahead of the same period last year. Strong growth in premium sausage sales was countered by lower sales of frozen and mid-tier ranges. Sales of premium beef burgers were slightly lower year on year reflecting the shorter barbecue season in 2014 compared to the previous summer. According to the latest Kantar market research data, retail sales of super-premium sausages, which Cranswick predominantly produces, continue to grow ahead of the overall category both in volume and value terms. The price differential between the premium and standard tiers is relatively modest which makes trading up an attractive option for consumers.

Bacon sales were 3 per cent ahead as continued growth of the business' hand-cured, air-dried bacon was supported by a substantial uplift in sales of premium gammons. Shortly before the end of the period under review the business moved to sole supply status for premium bacon and gammons with one of the Group's lead retail customers. 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.

Cooked meat sales grew by 8 per cent supported by new product launches and a strong promotional calendar as well as increased business with a key retail customer after securing a long term supply agreement in the previous financial year. During the period the project to extend the Delico facility in Milton Keynes was completed on time and to budget. This investment has substantially increased capacity at the site and will deliver further efficiency gains as well as improving product quality.

Pastry sales were significantly ahead of the prior year continuing the positive development since this category was introduced. Whilst top line performance has been very pleasing the rapid growth of the business is adding complexity cost and so further operational improvements are being targeted to deliver the forecast returns from the investment. During the period several new summer eating products were listed with the category's lead customer and several further products are being launched in autumn of 2014 and spring 2015. These will be complemented by a range of festive products in the lead up to Christmas. Good progress was made during the period in broadening the customer base for these products both through food service, forecourt and food to go channels including some customers already being serviced by the Group's sandwich business.

Sales of continental products increased by 9 per cent reflecting the UK consumer's growing taste for speciality continental products including charcuterie, cheeses, pasta and olives. Category growth was supported by new product launches and new retail contracts in the second half of the previous financial year together with a renewed focus on sourcing new artisan products across Europe. An important part of the continental range is corned beef which is sliced and packed at the Group's Manchester facility. This product performed extremely well during the period and made a positive contribution to the overall category performance.

Sandwich sales grew by 12 per cent, driven partly by new contract wins at the start of the period and by additional sales to existing customers. The new contracts have brought additional complexity to the business through an increased product range which has impacted operational efficiencies, however a clear improvement was seen towards the end of the period which leaves the business well placed moving into the second half of the year. The new contract wins are more seasonally balanced than the historic mix of business in this category where sales and profitability have been skewed towards the summer months.

Cranswick has performed positively during a period in which the UK grocery market has remained competitive. The business continues to focus on delivering high quality premium products which offer real value to the UK consumer. This focus on quality and value is underpinned by a constant drive to innovate and bring new, tasty and exciting products to market. The ongoing growth and development of the Company is a testament to the continued efforts of the highly skilled and committed people across the business.

The Company remains highly cash generative allowing for attractive returns to Shareholders, continued investment in the Group's infrastructure and complementary acquisitions. Cranswick's facilities are amongst the very best in the industry and ongoing investment both in these assets and the teams which make them run so effectively will support the Group's future successful development.

Adam Couch
Chief Executive

24 November 2014

Financial review

The Group is presenting its interim financial information for the six months to 30 September 2014 with comparative information for the six months to 30 September 2013 and the year to 31 March 2014.

Revenue

Revenue decreased by 0.4 per cent from £483.5 million to £481.5 million, reflecting growth across most product categories offset by lower sales of fresh pork and, as planned, a greater proportion of the Group's own pigs being utilised internally. It is pleasing to note that the fresh pork business lost earlier in the year is now being recovered.

Adjusted Group operating profit

Adjusted Group operating profit increased by 10.8 per cent to £26.2 million (2013: £23.6 million). Adjusted Group operating margin at 5.4 per cent of sales was higher than the 4.9 per cent delivered in the same period last year and in line with that reported for the last financial year as a whole, reflecting the Group's continued focus on operating efficiencies, product quality and innovation. Pig prices eased during the second quarter of the financial year and are now below the record highs seen at this time last year.

Finance costs

Net financing costs at £0.4 million were £0.1 million lower than reported in the first half of the prior year, reflecting lower average bank borrowings and improved terms following the extension of the Group's banking facilities at the end of the previous financial year.

Adjusted profit before tax

Adjusted profit before tax was 11.4 per cent higher at £25.8 million (2013: £23.2 million).

Taxation

The tax charge as a percentage of profit before tax was 22.0 per cent (2013: 18.9 per cent). The standard rate of corporation tax was 21 per cent (2013: 23 per cent). The charge for the period was higher than the standard rate of corporation tax due to the impact of disallowable expenses. The charge for the prior period benefited from a £0.8 million deferred tax credit following a 3 per cent enacted reduction in the UK corporation tax rate. In addition the £1.1 million contingent consideration provision release was not chargeable to tax. Adjusting for these items the underlying effective rate for the prior period was 22.8 per cent.

Adjusted earnings per share

Adjusted earnings per share rose by 7.3 per cent to 41.1 pence (2013: 38.3 pence) in the six months to 30 September 2014. The average number of shares in issue was 49,023,000 (2013: 48,631,000).

Adjusted profit measures

Following the investment in pig breeding and rearing activities during the prior year, the Group now monitors performance principally through the adjusted profit measures which exclude certain non-cash items including the net IAS 41 valuation charge of £1.2 million on biological assets (2013: £1.8 million credit) and in the prior year, the release of the £1.1 million provision for contingent consideration payable to the previous owners of Kingston Foods. The statutory results, including these items, show a 5.4 per cent decrease in profit before tax to £24.6 million (2013: £26.1 million), a 5.7 per cent decrease in Group operating profit to £25.0 million (2013: £26.5 million) and a 9.9 per cent decrease in earnings per share to 39.2 pence (2013: 43.5 pence).

Cash flow and net debt

The net cash inflow from operating activities in the period was £17.1 million (2013: £23.8 million) reflecting an increase in working capital of £9.3 million (2013: £2.0 million) with the Group preparing for a strong Christmas trading period. Net debt increased in the six month period by £5.4 million to £22.4 million, but was £14.8 million lower than the previous half year end level. Net debt was just 7 per cent of shareholders' funds (2013: 13 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 to meet its objectives.

Pensions

The Group operates a defined contribution pension scheme whereby contributions are made to a scheme administered by a major insurance company. Contributions to this scheme 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 2014 was £6.1 million which compared to £6.5 million at 31 March 2014. 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 £27.0 million and the fair value of plan assets was £20.9 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 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.

Events after the balance sheet date

On 22 October 2014, the Group acquired 100 per cent of the issued share capital of Benson Park Limited, a leading producer of premium British cooked poultry, for an initial consideration of £17.7 million net of cash acquired of £2.3 million. A further £4.0 million of consideration may become payable contingent on the performance of the business during a two and a half year period from the date of acquisition. The acquisition moves the Group into a new protein sector and further broadens its product range and customer base. Further details of the acquisition are set out in note 11.

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 2014, dated 19 May 2014, 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 12 to 14 of the Report & Accounts for the year ended 31 March 2014 are:

Strategic risks

- Consumer demand
- Competitor activity

Commercial risks

- Reliance on key customers
- Pricing and availability of raw materials

Financial risks

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

Operational risks

- Food scares
- Business continuity
- Recruitment and retention of key staff
- Food safety and health and safety
- Pig herd infection and disease

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

24 November 2014

Cranswick plc: Group income statement (unaudited)

for the six months ended 30 September 2014

	Notes	Half year 2014 £'000	Half year 2013 £'000	Year to 31 March 2014 £'000
Revenue		**481,540**	483,521	994,905
Adjusted Group operating profit		**26,192**	23,640	53,255
Release of contingent consideration		**-**	1,086	1,086
Net IAS 41 valuation movement on biological assets		**(1,182)**	1,795	1,441
Group operating profit	*4*	**25,010**	26,521	55,782
Finance revenue		**1**	22	32
Finance costs		**(378)**	(492)	(1,057)
Profit before tax		**24,633**	26,051	54,757
Taxation	*5*	**(5,429)**	(4,920)	(11,550)
Profit for the period		**19,204**	21,131	43,207
Earnings per share (pence)				
On profit for the period:				
Basic	*6*	**39.2p**	43.5p	88.7p
Diluted	*6*	**39.0p**	43.3p	88.3p
On adjusted profit for the period:				
Basic	*6*	**41.1p**	38.3p	84.1p
Diluted	*6*	**40.9p**	38.1p	83.7p

Cranswick plc: Group statement of comprehensive income (unaudited)

for the six months ended 30 September 2014

	Half year		Year to 31 March
	2014	2013	2014
	£'000	£'000	£'000
Profit for the period	**19,204**	21,131	43,207
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges			
Losses arising in the period	**(163)**	(78)	(18)
Reclassification adjustments for losses included in the income statement	**18**	4	4
Income tax effect	**29**	15	3
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(116)**	(59)	(11)
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial losses on defined benefit pension scheme	**(148)**	(475)	(4,177)
Income tax effect	**29**	9	735
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**(119)**	(466)	(3,442)
Other comprehensive income, net of tax	**(235)**	(525)	(3,453)
Total comprehensive income, net of tax	**18,969**	20,606	39,754

Cranswick plc: Group balance sheet (unaudited)

at 30 September 2014

	Half year		As at 31 March
	2014	2013	2014
	£'000	£'000	£'000
Non-current assets			
Intangible assets	**130,754**	130,517	130,535
Property, plant and equipment	**159,931**	155,782	156,578
Biological assets	**924**	1,337	1,174
Financial assets	**-**	104	-
Total non-current assets	**291,609**	287,740	288,287
Current assets			
Biological assets	**15,300**	12,416	13,543
Inventories	**54,041**	54,961	47,426
Trade and other receivables	**95,474**	92,249	97,775
Financial assets	**-**	696	-
Cash and short-term deposits	**11,720**	19,453	12,223
Total current assets	**176,535**	179,775	170,967
Total assets	**468,144**	467,515	459,254
Current liabilities			
Trade and other payables	**(104,238)**	(107,126)	(108,806)
Financial liabilities	**(207)**	(380)	(327)
Income tax payable	**(6,056)**	(5,868)	(6,495)
Total current liabilities	**(110,501)**	(113,374)	(115,628)
Non-current liabilities			
Other payables	**(426)**	(445)	(409)
Financial liabilities	**(34,082)**	(57,167)	(28,898)
Deferred tax liabilities	**(3,892)**	(5,798)	(4,737)
Provisions	**(346)**	(342)	(343)
Defined benefit pension scheme deficit	**(6,078)**	(3,334)	(6,528)
Total non-current liabilities	**(44,824)**	(67,086)	(40,915)
Total liabilities	**(155,325)**	(180,460)	(156,543)
Net assets	**312,819**	287,055	302,711
Equity			
Called-up share capital	**4,909**	4,878	4,896
Share premium account	**64,650**	62,886	64,173
Share-based payments	**8,939**	7,853	7,779
Hedging reserve	**(131)**	(63)	(15)
Retained earnings	**234,452**	211,501	225,878
Equity attributable to owners of the parent	**312,819**	287,055	302,711

Cranswick plc: Group statement of cash flows (unaudited)

for the six months ended 30 September 2014

	Half year		Year to 31 March
	2014	2013	2014
	£'000	£'000	£'000
Operating activities			
Profit for the period	**19,204**	21,131	43,207
Adjustments to reconcile Group profit for the period to net cash inflows from operating activities:			
Income tax expense	**5,429**	4,920	11,550
Net finance costs	**377**	470	1,025
Gain on sale of property, plant and equipment	**(49)**	(51)	(100)
Depreciation of property, plant and equipment	**8,753**	8,485	17,831
Amortisation of intangibles	**78**	79	159
Share-based payments	**1,160**	1,088	1,014
Difference between pension contributions paid and amounts recognised in the income statement	**(598)**	(497)	(1,006)
Release of government grants	**(18)**	(49)	(85)
Release of contingent consideration	**-**	(1,086)	(1,086)
Net IAS 41 valuation movement on biological assets	**1,182**	(1,795)	(1,441)
Increase in biological assets	**(2,689)**	-	(176)
(Increase)/decrease in inventories	**(6,615)**	(6,068)	1,497
Decrease/ (increase) in trade and other receivables	**2,485**	2,341	(3,910)
(Decrease)/ increase in trade and other payables	**(5,218)**	1,718	4,702
Cash generated from operations	**23,481**	30,686	73,181
Tax paid	**(6,374)**	(6,880)	(13,050)
Net cash from operating activities	**17,107**	23,806	60,131
Cash flows from investing activities			
Interest received	**1**	12	28
Principal amounts received in relation to loans advanced	**-**	598	1,002
Acquisition of subsidiary, net of cash acquired	**-**	(12,944)	(14,402)
Purchase of property, plant and equipment	**(11,022)**	(16,857)	(27,684)
Receipt of government grants	**-**	100	100
Proceeds from sale of property, plant and equipment	**198**	90	197
Net cash used in investing activities	**(10,823)**	(29,001)	(40,759)
Cash flows from financing activities			
Interest paid	**(369)**	(431)	(1,094)
Proceeds from issue of share capital	**60**	27	410
Proceeds from borrowings	**5,000**	27,000	30,000
Issue costs of long term borrowings	**(851)**	-	-
Repayment of borrowings	**-**	-	(30,500)
Dividends paid	**(10,362)**	(8,744)	(12,700)
Repayment of capital element of finance leases	**(265)**	(288)	(349)
Net cash (used in)/ from financing activities	**(6,787)**	17,564	(14,233)
Net (decrease)/ increase in cash and cash equivalents	**(503)**	12,369	5,139
Cash and cash equivalents at beginning of period	**12,223**	7,084	7,084
Cash and cash equivalents at end of period	**11,720**	19,453	12,223

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

for the six months ended 30 September 2014

	Share capital £'000	Share premium £'000	Share-based payments £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
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 2013	4,853	61,603	6,765	(4)	200,447	273,664
Profit for the period	-	-	-	-	21,131	21,131
Other comprehensive income	-	-	-	(59)	(466)	(525)
Total comprehensive income	-	-	-	(59)	20,665	20,606
Share-based payments	-	-	1,088	-	-	1,088
Scrip dividend	11	1,270	-	-	-	1,281
Share options exercised	14	13	-	-	-	27
Dividends	-	-	-	-	(10,025)	(10,025)
Deferred tax relating to changes in equity	-	-	-	-	212	212
Corporation tax relating to changes in equity	-	-	-	-	202	202
At 30 September 2013	4,878	62,886	7,853	(63)	211,501	287,055
At 1 April 2013	4,853	61,603	6,765	(4)	200,447	273,664
Profit for the year	-	-	-	-	43,207	43,207
Other comprehensive income	-	-	-	(11)	(3,442)	(3,453)
Total comprehensive income	-	-	-	(11)	39,765	39,754
Share-based payments	-	-	1,014	-	-	1,014
Scrip dividend	19	2,184	-	-	-	2,203
Share options exercised	24	386	-	-	-	410
Dividends	-	-	-	-	(14,903)	(14,903)
Deferred tax relating to changes in equity	-	-	-	-	246	246
Corporation tax relating to changes in equity	-	-	-	-	323	323
At 31 March 2014	4,896	64,173	7,779	(15)	225,878	302,711

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

24 November 2014

Notes to the interim accounts

1. Basis of preparation

This interim report was approved by the Directors on 24 November 2014 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 434 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2014 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 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 financial 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 2014.

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 before net IAS 41 valuation movement on biological assets, impairment charges and other significant non-trading items (being release of contingent consideration in the prior period). 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***
IAS 32 (revised)	Financial Instruments: Presentation on Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 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 £12.3 million (2013: £12.9 million). Future capital expenditure under contract at 30 September 2014 was £3.1 million (2013: £5.6 million).

4. Group operating profit

Group operating costs comprise:

	Half year		Year to 31 March
	2014	2013	2014
	£'000	£'000	£'000
Cost of sales excluding net IAS 41 valuation movement on biological assets	**425,580**	429,806	877,012
Net IAS 41 valuation movement on biological assets*	**1,182**	(1,795)	(1,441)
Cost of sales	**426,762**	428,011	875,571
Gross profit	***54,778***	*55,510*	*119,334*
Selling and distribution costs	**18,035**	18,184	35,995
Administrative expenses excluding release of contingent consideration	**11,733**	11,891	28,643
Release of contingent consideration	**-**	(1,086)	(1,086)
Administrative expenses	**11,733**	10,805	27,557
Total operating costs	**456,530**	457,000	939,123

* 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 £5.4 million (2013: £4.9 million) and represents an effective rate of 22.0 per cent (2013: 18.9 per cent). The charge for the period was higher than the standard rate of corporation tax due to the impact of disallowable expenses. In the previous period, the tax charge benefited from a £0.8 million deferred tax credit reflecting the enacted reduction in the UK corporation tax rate to 20 per cent by 1 April 2015. In addition the £1.1 million contingent consideration provision release was not chargeable to tax. Adjusting for these items, the underlying rate for the prior period was 22.8 per cent.

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 49,022,524 (2013: 48,631,199). The calculation of diluted earnings per share is based on 49,223,926 shares (2013: 48,837,327).

Adjusted earnings per share
During the period, the Group has recognised a loss (2013: gain) on the IAS 41 valuation movement on biological assets. In addition, in the prior year, the Group released contingent consideration relating to the acquisition of Kingston Foods Limited.

As the release of contingent consideration does not form part of the on-going business of the Group and due to the volatility of the valuation of biological assets the Directors consider it appropriate to present an adjusted measure of earnings per share on the face of the income statement which excludes the effects of these items to facilitate a more meaningful comparison with prior and future periods. 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
	2014	2013	2014
	£'000	£'000	£'000
Profit for the period	**19,204**	21,131	43,207
Release of contingent consideration	**-**	(1,086)	(1,086)
Net IAS 41 valuation movement on biological assets	**1,182**	(1,795)	(1,441)
Tax on net IAS 41 valuation movement on biological assets	**(236)**	359	288
Adjusted profit for the period	**20,150**	18,609	40,968

7. Dividends – half year ended 30 September

	Half year		Year to 31 March
	2014	2013	2014
	£'000	£'000	£'000
Interim dividend for year ended 31 March 2014 of 10.0p per share	**-**	-	4,878
Final dividend for year ended 31 March 2014 of 22.0p (2013: 20.6p) per share	**10,792**	10,025	10,025
	10,792	10,025	14,903

The interim dividend for the year ending 31 March 2015 of 10.6 pence per share was approved by the Board on 24 November 2014 for payment to shareholders on 23 January 2015 and therefore has not been included as a liability as at 30 September 2014.

8. Analysis of Group net debt

	At 31 March 2014 £'000	Cash flow £'000	Non-cash movements £'000	**At 30 September 2014 £'000**
Cash and short-term deposits	12,223	(503)	-	**11,720**
Overdrafts	-	-	-	**-**
Net cash and cash equivalents	12,223	(503)	-	**11,720**
Revolving credit	(28,898)	(5,000)	(184)	**(34,082)**
Finance leases	(309)	265	-	**(44)**
Net debt	(16,984)	(5,238)	(184)	**(22,406)**

Net debt is defined as cash and cash equivalents, loans receivable and interest rate swaps at fair value less interest bearing liabilities (net of unamortised issue costs).

9. 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.

10. 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 60 of the Report & Accounts for the year ended 31 March 2014.

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

	Half year				Year to	
	2014		2013		31 March 2014	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Forward currency contracts	**(163)**	**(163)**	(78)	(78)	(18)	(18)

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.

11. Events after the balance sheet date

On 22 October 2014, the Group acquired 100 per cent of the issued share capital of Benson Park Limited for a total consideration of £23.6 million. The principal activity of Benson Park Limited is the production of premium British cooked poultry. The acquisition moves the Group into a new protein sector and further broadens its product range and customer base.

Fair values of the net assets at the date of acquisition were as follows:

	Provisional fair value £'000
Net assets acquired:	
Customer relationships	6,185
Property, plant and equipment	5,057
Inventories	2,190
Trade receivables	6,223
Bank and cash balances	2,304
Trade payables	(5,195)
Government grants	(465)
Corporation tax liability	(367)
Deferred tax liability	(102)
Finance lease obligations	(135)
	15,695
Goodwill arising on acquisition	7,933
Total consideration	23,628
Satisfied by:	
Cash	20,000
Contingent consideration	3,628
	23,628
Net cash outflow arising on acquisition:	
To be included within cash flows from investing activities	
Cash consideration paid	20,000
Cash and cash equivalents acquired	(2,304)
	17,696
To be included within net cash from operating activities	
Transaction costs of the acquisition	203
	17,899

The fair values on acquisition are provisional due to the timing of the transaction and will be finalised within twelve months of the acquisition date.

If Benson Park Limited had been acquired at the beginning of the period, the Group's profit after tax for the period would have been £20.5 million and revenues would have been £502.5 million.

11. Events after the balance sheet date (continued)

Included in the £7.9 million of goodwill recognised are certain intangible assets that cannot be individually separated from the acquiree and reliably measured due to their nature. These items include the expected value of synergies and the assembled workforce.

Transaction costs of £0.2 million have been expensed in relation to the acquisition, and will be included in administrative expenses.

All of the trade receivables acquired were, or are expected to be, collected in full.

Contingent Consideration

The agreement includes contingent consideration payable in cash to the previous owners of Benson Park Limited based on the performance of the business over a 2.5 year period. The amount payable will be between £nil and £4.0 million dependant on the average EBIT of the business during the 2.5 year period versus an agreed target level.

The fair value of the contingent consideration on acquisition was estimated at £3.8 million, discounted to £3.6 million in the table above.