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CRANSWICK *plc*

ANNUAL REPORT

YEAR ENDED 31ST MARCH 2003

"Cranswick's activities are focused in the food, agribusiness and pet sectors. Food products accounted for 70 per cent of the turnover during 2003, agribusiness 21 per cent and pet 9 per cent. The Company employed an average of 1200 people during the year with approximately 25 per cent having an interest in the shares of the Company. The development of the business has been by way of acquisitions and organic growth."

statement to shareholders

Financial highlights

- Profit before tax up 27 per cent to £22.2m*
- Earnings per share up 22 per cent to 38.5p*
- Dividend up 12 per cent to 12p per share
- Strong cash generation
- Acquisition of North Wales Foods and The Sandwich Factory

*prior to goodwill amortisation and, in 2003, exceptional items

statement to shareholders

Results It is pleasing to report on a successful year that has seen Cranswick's unbroken growth record continued and the Company broaden the base of its activities with the development into the supply of sandwiches and sandwich fillings.

Turnover in the year increased by 5 per cent to £237.7 million and is considered in more detail in the review of activities. Prior to goodwill amortisation and exceptional items referred to below profit before taxation was up by 27 per cent to £22.2 million. Adjusted earnings per share on the same basis rose by 22 per cent to 38.5p from 31.5p previously, as adjusted for the July 2002 1 for 1 share bonus issue. Profit on ordinary activities before taxation increased by 13 per cent to £18.3 million. Cash generation in the year was strong and the Company finished the year with net surplus funds of £1.6 million.

In the year in which the Company made such robust progress it is disappointing to report that it recently came to the Board's attention that underpayments had been made over a number of years to pig producers for pigs sold to the pig marketing business. Based on a thorough review, which is nearing completion, provision has been made to correct the underpayments. The amount relating to prior years including interest has been treated as an exceptional item. Changes have been made to the management of this activity and the Company, which has its origins in pig farming, apologises sincerely to its suppliers. The exceptional charge in the profit and loss account of £2.5 million is net of a credit of £0.7 million consequent upon the strategic reduction in raw material trading in the pet food business.

statement to shareholders

Acquisition The Board also announces the acquisition of The Sandwich Factory Group Limited ("TSF") for a consideration of £15.0 million payable in cash sourced from a combination of surplus funds and bank facilities. The vendors are 3i plc and TSF's management. TSF is involved in the supply of sandwiches to customers primarily in the food service sector from its base in Atherstone, Warwickshire. This acquisition further develops Cranswick's presence in the growing sandwich market and complements the business of North Wales Foods, which was acquired in October 2002. The business is being purchased free of debt. At 31 March 2003 TSF had net assets of £1.0 million and achieved attributable profit of £2.5 million on sales of £26.7 million. The acquisition will be immediately earnings enhancing.

TSF has a strong management team that has driven the growth of the business. The team will be remaining with the company as we work together to continue its growth. We welcome Tony Pritchard and Tony Cleaver, founders of TSF, and their colleagues to Cranswick.

Dividend The Board is proposing a final dividend of 8.0p per ordinary share. Having paid an interim dividend of 4.0p in January 2003 this makes a total dividend for the year of 12.0p per ordinary share, an increase of 12 per cent on last year's 10.75p. The final dividend, if approved by shareholders, will be paid on 12 September 2003 to shareholders on the register at the close of business on 1 August 2003. Shares will go ex-dividend on 30 July 2003. Shareholders will again have the option to receive the dividend by way of scrip issue.

Cash flow Cash generation remained very strong with cash inflow from operating activities increasing to £25.6 million from £22.3 million the previous year. Taxation payments of £6.6 million, dividend payments of £4.0 million, capital expenditure of £7.1 million and the net outflow of £2.5 million on the acquisition of North Wales Foods left a cash inflow of £5.7 million. This cash inflow together with the cash balances at the start of the year was utilised to repay £12.0 million of loan notes leaving net surplus funds of £1.6 million at the year-end.

Consistent growth The strong track record of the Company is evidenced by the compound rates of growth over both the past five and ten years. Profit before tax and goodwill amortisation has risen to record levels annually. Over five years profit has risen from £7.1 million for the year ended March 1999 to £22.2 million this year (prior to the exceptional items), a compound rate of increase of 33 per cent per annum; adjusted earnings per share have risen from 17.1p to 38.5p and dividends per share from 6.75p to 12.0p, compound rates of increase of 22 per cent and 15 per cent per annum respectively. Over ten years the compound rates of increase are 28 per cent per annum in profits, 23 per cent per annum in earnings per share and 13 per cent per annum in dividends per share. This excellent track record underlines the management strategy for the development of Cranswick.

Strategic development Cranswick was formed by farmers in the early 1970's to manufacture pig feed. In 1988 the Board embarked on a strategy to broaden the base of the Company's activities so as to minimise the impact on the Company of fluctuations in agricultural commodity prices and to seek opportunities to develop into areas offering greater scope to add value to our processes. Activities have since been extended from this agricultural base into the food and pet sectors. The purchase of a small pork butchery business in 1988 was followed by other acquisitions and organic initiatives in related areas to further develop the food interests. These interests now include fresh pork processing and retail packing, the production of gourmet sausages and high quality hams, the supply of continental meats and other food products and, with the acquisitions of North Wales Foods and TSF, the supply of sandwiches and sandwich fillings.

The development of the pet activities commenced in 1993 with the acquisition of the Buckton bird seed business. This was an extension of our agricultural expertise in raw materials and milling. Subsequent acquisitions have extended the activities into fish and aquatic products and the manufacture of small animal food.

“Continued investment in the food business in conjunction with a wider range of products and a growing customer base puts the food activity in a strong position to continue along its growth path.”

review of activities - food

Sales in the food activity, which accounts for over two thirds of the Company's turnover, increased by 11 per cent to £165.4 million with particularly strong growth in sales of gourmet sausages and continental food products.

In fresh pork, sales of retail packed "Ready to Roast" joints increased as did sales of barbecue and marinaded products. Further progress is anticipated this year with the barbecue range which includes garlic and herb shoulder steaks and kebabs comprising pork or turkey garnished with red and green peppers. The construction of the new retail packing plant in Hull, on schedule for commissioning during the summer, will improve production efficiencies and significantly reduce product handling and transport between sites.

Investment has also been made in the cooked meats plant at Sutton Fields giving additional capacity and providing the opportunity for efficiencies to be achieved with the ongoing integration of the two cooked meat sites. Product development is an integral feature of the food activities and in cooked meats the recent launch of a sliced premium ham has been well received.

Sales of premium sausages and continental food products continue to grow with new products introduced, the relaunch of existing products and the expansion occurring within the market. Investment has been made in a new integrated warehouse management system in the continental foods activity to ensure the highest levels of customer service are maintained as turnover rises. Investment at the sausage sites has included the purchase of automatic packing equipment to improve production efficiencies still further.

During the year the Cranswick Foodservice division was established to provide a dedicated resource to coordinate the sales and marketing of our products to this sector. Products being supplied include pork steaks, cooked marinaded ribs, sausages and fine charcuterie.

The development into the supply of sandwiches and sandwich fillings in the year with the acquisition of North Wales Foods in October 2002 has been very encouraging. Founders of the business, Nigel Jones and Simon Ravenscroft will continue to manage its ongoing development within Cranswick and we welcome them and their staff to the Company.

This has been a successful year for the food activities and culminated in Cranswick Country Foods being named as "Manufacturer of the Year" at the Meat and Poultry Awards. Congratulations are due to all involved in this part of our business.

agribusiness

The agribusiness activity, which operates under the Cranswick Mill name, is the original activity of the Company and is involved in the sale of pig and poultry feed and the marketing of pigs. Turnover in the year was £51.0 million, a reduction of 10 per cent compared to last year.

> “... a difficult trading environment for the feed business although this was countered by an increase in sales of poultry feed and by the growth in exports”

The further reduction in the size of the UK pig herd made for a difficult trading environment for the feed business although this was countered by an increase in sales of poultry feed and by the growth in exports. The export activity, focused primarily on sales of piglet diets into mainland Europe, increased turnover by over 50 per cent and this contributed towards an excellent performance.

The pig marketing division increased the number of pigs traded by 6 per cent, a good performance given the reduction in the UK herd. Emphasis was placed on increased presence in the 'store' pig market where weaner pigs are purchased from pig breeders for sale to specialist pig finishers and this contributed to the increased volumes.

The number of pigs processed in the UK has fallen from 15.9 million in 1999 to 10.2 million in 2002 and a further reduction is forecast for 2003. This has given rise to a tough trading environment for feed manufacturers. A major increase in pig numbers is not expected in the medium term and this would suggest that capacity rationalisation and consolidation amongst feed manufacturers is a possibility during this period.

pet

Sales from this activity, which comprises the food business of Buckton's and the Tropical Marine aquatics business, rose by 5 per cent to £21.3 million.

A solid performance from the pet food activities gave rise to a 4 per cent increase in turnover to £12.9 million. During the summer a new range of convenience pack size wild bird food and garden feeders was launched under the "Nature's Feast" brand for the expanding garden centre and DIY outlets and contributed to the growth in sales in this category. Increases were also recorded in other bird food products. These increases in turnover were partially offset by the planned reduction in sales of lower margin raw materials to other manufacturers. The pet food product range has been developed to include dry dog and cat food for supply to our existing customer base.

A site has recently been acquired in East Yorkshire on which to build a fully automated bird food and small animal food production facility. The new factory should be commissioned and production transferred to it during the second half of 2004 bringing production efficiencies.

Turnover in the aquatics business was up 6 per cent to £8.4 million. The marine livestock and aquatic products facility in Manchester continues to perform ahead of expectations and this has given us the confidence to consider a third key geographical location within the UK for future expansion

Sales of marine livestock to customers such as specialist aquatic retail outlets and public aquaria, including the highly successful attraction 'The Deep' in Hull and 'The Sea Life Centre' in Paris, increased by 16 per cent. The marine fish breeding facility has also achieved record sales during the year, supplying wholesale customers in Europe and the USA.

Sales of pond products were impacted by poor weather conditions *during late spring and summer, whilst sales of systems to support* fish displays in aquatic retail outlets along with products for the aquarium hobbyist saw strong demand.

“The pet business has established a strong presence in each of its two areas and will be looking for opportunities in which to continue its development”

Directors David Pethick left the Board during the year having overseen the successful integration of Cranswick Country Foods (Sutton Fields) with Cranswick. We would like to thank David for his contribution to the development of the cooked meats business over this period.

Employees These excellent results would not be possible without the commitment, talent and enthusiasm of all at Cranswick. It is particularly encouraging that approximately 25 per cent of our people at Cranswick have an interest in the shares of the Company.

Outlook The Company is operating in a challenging trading environment. Margins in the food business during the final quarter were impacted by rising raw material costs and pressure on selling prices. In addition the further decline of the UK pig herd continues to exert pressure on the agribusiness activity. Investment continues to be made to enable ongoing improvement in operating efficiencies so as to minimise the impact of this.

Despite the current trading environment the Board remains confident in its strategy for the long term development of Cranswick and in the ability of the management team to continue the Company's growth. The team is experienced and has an excellent track record. The recent development into the sandwich sector is exciting, establishes a presence in another growing market and is an integral part of the Board's strategy for the on-going development of the Company.

Jim Bloom
Chairman
20 May 2003

Martin Davey
Chief Executive

financial review

Overview

The main highlights of the year were the 27 per cent growth in profit before exceptional items and goodwill amortisation and tax and the strong cash generation of the business that has enabled us to repay the initial consideration for the acquisition of Continental Fine Foods ("Continental"). This robust performance was somewhat marred by the discovery late in the financial year that the pig marketing division of Cranswick Mill Limited had for some years been incorrectly recording pig weights and as a result producers had been underpaid. The error in respect of the current year was corrected within the year and the cost of correcting prior years, which has been treated as an exceptional item, amounts to £3.2 million including £0.9 million of interest on the underpayment. Offsetting this exceptional charge is a credit of £0.7 million relating to the strategic reduction in raw material trading in the pet food activity.

Turnover and operating profit

Turnover increased by 5 per cent to £237.7 million which included £1.5 million from North Wales Foods, the sandwich business that we acquired at the end of October 2002. Sales of sausages, cooked meat and continental-style products increased to £100 million from £80 million a year previously. Operating profit before goodwill amortisation and exceptional items increased by 25 per cent to £22.4 million and the operating margin rose to 9.4 per cent compared with 8.0 per cent a year previously. Further details of the Company's operating performance are given in the Statement to Shareholders.

financial review

Interest The interest charge before exceptional items for the year was just £0.2 million compared with £0.5 million previously, reflecting the continuing cashflow of the business. As stated above the exceptional interest charge was £0.9 million.

Goodwill amortisation The charge for amortisation of goodwill amounted to £1.4 million compared with £1.2 million in the previous year. Goodwill arising on the acquisition of North Wales Foods Limited was £2.4 million.

Taxation The Company's effective tax rate was 29.5 per cent of profit before goodwill amortisation compared with a standard rate of 30 per cent and 28.6 per cent last year.

Earnings and dividends Profit attributable to shareholders increased by 11 per cent to £12.5 million. Basic earnings per share have grown by 7 per cent; before exceptional items the increase is 22 per cent. The dividend has been increased by 12 per cent, giving cover of 2.6 times based on basic earnings per share.

Equity shareholders' funds Equity shareholders' funds increased from £52.0 million to £61.2 million reflecting principally the retained profit of £7.6 million.

Capital expenditure Capital additions for the year amounted to £6.7 million compared with a depreciation charge of £4.0 million. This level of expenditure will continue for at least the new year to ensure that all our businesses continue to be well invested and have spare capacity.

The food activities accounted for £5.8 million of this spend. The major items were £2.2 million on the first stages of the retail packing facility at the pork processing plant, £0.5 million on increasing sausage production capacity and £1.3 million on extending the cooked meat facility in Hull.

Cash flow The net cash inflow from operating activities was £25.6 million an increase of £3.3 million over the previous year. Working capital reduced by £0.8 million but £3.3 million of this reduction can be attributed to the provision in the accounts to make good the pig marketing underpayments. Dividend payments amounted to £4.0 million, a significant increase over the previous year because of the high scrip take-up in the earlier year. £6.6 million was paid out in taxation and £7.1 million was spent on fixed assets. The cost of the acquisition of North Wales Foods was £3.2 million and we acquired £0.7 million of cash with the business. £0.8 million was raised from share issues related to SAYE and executive option schemes. This continuing strong cash generation enabled us to repay £12.0 million of loan notes, the majority of which related to the initial consideration for the acquisition of Continental.

As a result cash decreased by £5.7 million compared with an increase of £10.0 million the previous year.

Funding The Group ended the year with net surplus funds of £1.6 million compared with net debt of £1.2 million a year ago. This comprised net cash of £6.6 million less loan notes of £4.8 million and a small amount of hire purchase (£0.2 million). The cash was on deposit with our bank pending the acquisition of The Sandwich Factory Group Limited. The loan notes, £3.5 million of which were issued during the course of the year as consideration for the earn-out in respect of Continental, bear interest that is payable six monthly and linked to bank base rate. With such a strong balance sheet together with the bank facilities that are available to the Company we are well placed to take advantage of further acquisition opportunities that come our way.

Financial reporting Each of the Group's activities is managed as an autonomous business unit with separate bank accounts and accounting systems. There is daily reporting of cash balances and weekly reporting of profits, with full management accounts prepared monthly, including balance sheets and cash flow. Budgets for profits and cash flow are prepared for each activity at the start of the year and are reviewed at the half-year stage. Capital expenditure in excess of minimum levels requires Board approval and is subject to subsequent review.

Credit control The Company regularly reviews those areas of its activities where credit insurance or other arrangements, such as right of set-off against purchases, are considered essential and puts in place the appropriate arrangements. Overdue accounts and debts exceeding credit cover are reviewed by individual boards on a monthly basis. Adequate provision has been made for all doubtful debts that are not covered by credit insurance.

Forward purchase commitments It is Company policy not to enter into forward purchase commitments beyond predictable production requirements. In the case of foreign currency denominated purchases, it is Company policy to cover the foreign currency exposure by a variety of instruments such as forward contracts and foreign currency bank accounts. It is Company policy to review the level of forward purchase commitments and currency cover at the monthly board meeting of each individual operation and the target level of future currency cover is re-established where necessary.

Economic monetary union The implementation costs to the Company of the United Kingdom joining the EMU are not expected to be material.

John Lindop
Finance Director
20 May 2003

environmental policy

The Company has sought to demonstrate high environmental standards which consistently exceed the basic requirements of environmental legislation. The fact that 14 per cent of the equity in Cranswick is owned by 'green' investors is itself a good indication of Cranswick's achievement of high environmental performance. Cranswick has been subject to rigorous vetting procedures before such investment is made. There are currently 7 'green' investors with shares in Cranswick.

Objectives Cranswick operates under the following broad objectives: ● To not only meet, but where possible exceed, the statutory requirements for environmental performance ● To meet the highest possible environmental standards in each sector and, where relevant, to achieve accreditation from recognised organisations ● To ensure, as far as possible, that products purchased from and services rendered by third party suppliers meet the same high environmental standards ● To require all employees to address environmental responsibilities within the framework of their normal operating procedures ● To integrate environmental objectives into all relevant business decisions ● To minimise waste, seek to recover as much as is economically practical and ensure that the remainder is disposed of responsibly ● To maximise energy efficiency by monitoring and reducing energy consumption and upgrading technology .

Packaging With the introduction of the Producer Responsibility (Packaging Waste) Regulations 1997 relevant businesses are now required to demonstrate that they are contributing towards the targets set by the UK National Waste Strategy in relation to the recovery and recycling of packaging waste. In order to discharge this obligation, the Company is a member of Biffpack, one of the nationally recognised compliance schemes. In addition, each individual business takes steps to reuse packaging wherever possible and/or recycle packaging for alternative uses. In areas of the business where bulk supply is required Cranswick often delivers products in loose form, thus avoiding the need for packaging.

Transport Cranswick recognises the environmental impact of transport in terms of fuel consumption and CO_2 emissions and therefore aims to ensure the most efficient use of transport across the business. Initiatives have been introduced to reduce the number and length of journeys. These include a policy of maximising loads, combining trips and carrying out detailed route planning prior to journeys.

Energy efficiency In 1997, the UK agreed a legally binding commitment under the Kyoto Protocol to reduce greenhouse gas emissions. A key element to achieving this commitment is the Climate Change Levy introduced in April 2001. As some parts of the business are considered to be 'energy intensive users', a discount of 80 per cent is available through Climate Change Levy Agreements (CCLA). Cranswick has signed up to a number of these CCLAs and as a result are bound to meet certain energy efficiency targets over specified periods.

Throughout the different business sectors Cranswick aims to make efficient use of energy, water and raw materials through effective management and also by ensuring that energy efficient techniques are used where practical. Cranswick has introduced a number of efficiency measures to reduce both CO_2 emissions and energy consumption.

A copy of the full environmental policy is available on request from Cranswick. The preceding paragraphs outline the key features.

Non-executive directors

*† Jim Bloom, Chairman (aged 68)

Jim was one of the 23 local farmers who founded Cranswick in the early 1970's and he has been a non-executive director of Cranswick since it was incorporated in 1974. His working life has been spent expanding his family farming business. He has also chaired various associations relating to the agricultural industry and has been Chairman of Cranswick since 1991.

*† Mike Field (aged 68)

Mike was one of the 23 local farmers who founded Cranswick in the early 1970's and he has been a non-executive director of Cranswick since it was incorporated in 1974. Throughout his career he has been involved in agriculture, particularly in pig, grain, sheep and poultry farming. Mike is considered by the Board to be the senior independent non-executive director.

† Noel Taylor (aged 55)

Noel is a qualified engineer with many years experience in the pork and bacon sector. He joined the board of F T Sutton & Son (Rossendale) Limited ("Suttons") as commercial director in 1983, subsequently becoming managing director. Suttons was acquired by Cranswick in 1992 and Noel was appointed a director. He became a non-executive director in October 1999.

Executive directors

Martin Davey, Chief Executive (aged 49)

Martin qualified as a chartered accountant with Pannell Kerr Forster. He joined Cranswick and became finance director in 1985. He was appointed Chief Executive in 1988.

John Lindop, Finance (aged 53)

John qualified as a chartered accountant with Robson Rhodes' London office. He spent ten years with Northern Foods plc where he was latterly group financial controller and company secretary. In 1992 he joined Cranswick as company secretary and was appointed to the Board in 1993.

Derek Black, Pet (aged 48)

Derek gained experience in the agricultural industry before joining Cranswick in 1980. He was responsible for the development of the grain trading business until its sale in 1996. He became involved in the formation of the pet business in 1993 and has focused exclusively on its activities since 1996. He was appointed a director in 1988.

Dr. Bernard Bell, Agri (aged 57)

Following graduation in 1971, Bernard joined Unilever PLC, which was then the largest animal feed manufacturer in the UK. After leaving Unilever in 1980, Bernard continued to work in the feed industry, joining Cranswick and being appointed a director in 1985.

Bernard Hoggarth, Food (aged 50)

Bernard holds a National Diploma in Agriculture from the Norfolk College of Agriculture. He joined Cranswick in 1978, focusing on the agribusiness activity before becoming involved in the development of the food manufacturing business during the 1990's. He was appointed a director in 1988.

* Member of Remuneration Committee

† Member of Audit Committee

The directors submit their report and the audited accounts of the Company for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES

The Company's activities are focused in the food, agribusiness and pet sectors.
A review of the activities is detailed in the Statement to Shareholders on pages 2 to 11 of these accounts.

RESULTS AND DIVIDENDS

The profit before taxation, amortisation of goodwill and exceptional items was £22.2 million *(2002 - £17.5 million).*
An interim dividend of 4.0p per ordinary share was paid on 24 January 2003. The directors now recommend the payment of a final dividend for the year of 8.0p per ordinary share which, together with the interim dividend, represents 12.0p per ordinary share, totalling £4.9 million (2002 - 10.75p per ordinary share, totalling £4.4 million). Subject to approval at the Annual General Meeting, the final dividend will be paid in cash or scrip form on 12 September 2003 to members on the register at the close of business on 1 August 2003. Shares will go ex-dividend on 30 July 2003.
After the above dividends, goodwill amortisation of £1.4 million (2002 - £1.2 million), exceptional items of £2.5m (2002 - £nil) and a taxation charge of £5.8 million (2002 - £5.0 million) the retained profit for the year is £7.6 million (2002 - £6.9 million).

DIRECTORS AND THEIR INTERESTS

The directors of the Company currently in office are as stated on page19. Each of the directors served for the whole of the year under review with the exception of David Pethick who was a director of the Company until his agreed resignation on 31 July 2002. Bernard Bell and John Lindop retire in accordance with the Articles of Association and, being eligible, each offers himself for re-election. Bernard Bell has a service contract which terminates on 1 December 2005. John Lindop has a service contract terminable by not less than six months' notice from the Company at any time.
The interests of the directors, as defined by the Companies Act 1985, in the ordinary shares of the Company, other than in respect of options to acquire ordinary shares (which are detailed in the analysis of options included in the Directors' Remuneration Report on pages 42 to 45), are as follows:-

	At 31 March 2003 Ordinary shares	At 31 March 2002 Ordinary shares
J C W Bloom	**406,478**	406,478
M T P Davey	**171,376**	154,076
Dr B Bell	**76,837**	63,322
D J Black	**68,606**	65,844
M Field	**224,847**	243,656
B Hoggarth	**93,406**	86,440
J D Lindop	**84,806**	61,026
R N Taylor	**497,200**	497,200

All the above interests are beneficial. The holdings as at 31 March 2002 have been adjusted for the one for one bonus issue on 31 July 2002.

Two of the directors have interests in businesses which trade with the Company. Such transactions are not significant and are conducted on normal commercial terms. Details are given in note 32 to the accounts.

There have been no other changes to the above interests in the period from 1 April 2003 to 20 May 2003.

MAJOR SHAREHOLDERS

The Company has been informed of the following interests at 9 May 2003 in the 41,430,995 ordinary shares of the Company, as required by the Companies Act 1985:

	Number of Shares	% of issued share capital
AMVESCAP PLC	5,545,163	13.4
Jupiter Asset Management	4,173,362	10.1
Framlington Investment Management	2,136,379	5.2
Standard Life Investments	1,616,279	3.9
Legal & General Investment Management	1,289,344	3.1

EVENTS SINCE THE BALANCE SHEET DATE

On 20 May 2003 the group acquired The Sandwich Factory Group Limited for a cash consideration of £15.0 million.

EMPLOYMENT POLICIES

The Company's policy on employee involvement is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the Company's operations. Employees participate directly in the success of the business by participation in the SAYE share option schemes.

Employment policies are designed to provide equal opportunities irrespective of colour, ethnic or natural origin, nationality, sex, religion, marital or disabled status. Full consideration is given to applications for employment by and the continuing employment, training and career development of disabled people.

PAYMENT OF SUPPLIERS

Payment terms are agreed with each supplier and every endeavour is made to adhere to the agreed terms. The average credit terms for the Group as a whole, based on the year-end trade creditors figure and a 365 day year, is 25 days. The average credit taken by our customers on a similar basis is 38 days.

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING

Details of Special Business to be transacted at the Annual General Meeting are contained in the Appendix to the Notice of Meeting on pages 51 and 52.

By Order of the Board
J Lindop
Secretary,
20 May 2003

consolidated profit and loss account

for the year ended 31 March 2003

	Note	2003 Underlying business £'000	2003 Exceptional items (note 4) £'000	2003 Total £'000	2002 £'000
Turnover	2				
- Continuing operations		236,198	-	236,198	225,551
- Acquisition		1,488	-	1,488	-
		237,686	-	237,686	225,551
Cost of sales		193,108	1,590	194,698	184,847
Gross profit		44,578	(1,590)	42,988	40,704
Operating expenses before goodwill amortisation		22,163	-	22,163	22,725
Operating profit before goodwill amortisation		22,415	(1,590)	20,825	17,979
Goodwill amortisation	11	1,442	-	1,442	1,201
Operating profit	3				
- Continuing operations		20,694	(1,590)	19,104	16,778
- Acquisition		279	-	279	-
		20,973	(1,590)	19,383	16,778
Interest charge	6	172	900	1,072	515
Profit on ordinary activities before taxation		20,801	(2,490)	18,311	16,263
Profit on ordinary activities before taxation and goodwill amortisation		22,243	(2,490)	19,753	17,464
Taxation charge/(credit)	7	6,575	(747)	5,828	4,993
Profit for the financial year attributable to members of the parent company	8	14,226	(1,743)	12,483	11,270
Equity dividends	9			4,930	4,371
Retained profit for the year	23			7,553	6,899
Earnings per share	10				
- basic		34.9p	(4.3p)	30.6p	28.5p
- diluted		34.6p	(4.2p)	30.4p	28.1p
- *adjusted*		38.5p	(4.3p)	34.2p	31.5p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 March 2003

	2003 £'000	2002 £'000
Profit attributable to shareholders of the Company	12,483	11,270
Exchange difference on foreign equity investments	33	-
Total recognised gains and losses related to the year	12,516	11,270

consolidated balance sheet

31 March 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Intangible assets	11	**28,807**	27,898
Tangible assets	12	**30,491**	27,907
		59,298	55,805
Current assets			
Stocks	14	**8,863**	7,653
Debtors	15	**27,045**	27,129
Cash at bank and in hand		**8,083**	13,811
		43,991	48,593
Creditors - amounts falling due within one year			
Loan notes payable		**4,816**	13,203
Bank overdraft		**1,482**	1,559
Trade and other creditors	16	**27,566**	28,930
Corporation tax		**2,702**	3,240
Proposed equity dividend		**3,325**	3,265
		39,891	50,197
Net current assets / (liabilities)		**4,100**	(1,604)
Total assets less current liabilities		**63,398**	54,201
Creditors - amounts falling due after more than one year	17	**49**	149
Provision for liabilities and charges			
Deferred taxation	20	**1,926**	1,846
Accruals and deferred income			
Government grants		**184**	184
		61,239	52,022
Capital and reserves			
Called-up share capital	21	**4,143**	2,037
Share premium account	22	**27,388**	27,345
Profit and loss account	23	**29,708**	22,640
Equity shareholders' funds		**61,239**	52,022

Approved by the Board of Directors on 20 May 2003

Jim Bloom Director

Martin Davey Director Martin Davey

company balance sheet

31 March 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	12	**2,384**	2,405
Investment in subsidiary undertakings	13	**47,823**	44,639
		50,207	47,044
Current assets			
Debtors	15	**109**	4,525
Cash at bank and in hand		**5,234**	12,086
		5,343	16,611
Creditors - amounts falling due within one year			
Loan notes payable		**4,816**	12,418
Trade and other creditors	16	**5,749**	5,265
Corporation tax		**837**	111
Proposed equity dividend		**3,325**	3,265
		14,727	21,059
Net current liabilities		**9,384**	4,448
Total assets less current liabilities		**40,823**	42,596
Provision for liabilities and charges			
Deferred taxation	20	**73**	48
		40,750	42,548
Capital and reserves			
Called-up share capital	21	**4,143**	2,037
Share premium account	22	**27,388**	27,345
General reserve	23	**4,000**	4,000
Merger reserve	23	**1,806**	1,806
Profit and loss account	23	**3,413**	7,360
Equity shareholders' funds		**40,750**	42,548

Approved by the Board of Directors on 20 May 2003

Jim Bloom Director

Martin Davey Director Martin Davey

consolidated cash flow statement

for the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Operating activities			
Net cash inflow from operating activities	25	**25,564**	22,290
Returns on investment and servicing of finance			
Hire purchase interest paid		**(1)**	(7)
Bank interest received/(paid)		**205**	(213)
Loan note interest paid		**(214)**	(435)
		(10)	(655)
Taxation paid		**(6,608)**	(4,629)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(7,086)**	(4,456)
Proceeds of sale of tangible fixed assets		**385**	221
		(6,701)	(4,235)
Acquisitions and disposals			
Purchase of subsidiary undertaking		**(3,272)**	(170)
Net cash acquired with subsidiary undertaking		**740**	1,931
Part purchase of minority interest		**-**	(142)
		(2,532)	1,619
Equity dividends paid		**(4,004)**	(2,500)
Cash inflow before financing		**5,709**	11,890
Financing			
Issue of ordinary share capital		**765**	4,703
Medium term loan repayments		**-**	(5,312)
Loan note repayments		**(12,029)**	(112)
Capital element of hire purchase payments		**(107)**	(1,145)
Net cash outflow from financing		**(11,371)**	(1,866)
(Decrease)/increase in cash in the year	27	**(5,662)**	10,024

1. ACCOUNTING POLICIES

a) Accounting convention
The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Basis of consolidation
The consolidated accounts incorporate the accounts of the Company and each of its subsidiary undertakings made up to 31 March. Results of companies acquired or sold in the year are included from the date of acquisition or to the date of disposal.

c) Goodwill
Goodwill represents the excess of purchase price paid for businesses acquired over the fair value of their identifiable net assets at the respective dates of acquisition. Goodwill on acquisitions prior to 1 April 1998 was written off immediately. Goodwill on acquisitions since 1 April 1998 is capitalised and amortised, on a straight line basis, over its estimated useful economic life, limited to a maximum period of 20 years. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying values may not be recoverable. Goodwill previously written off to reserves is included in the calculation of profits and losses on disposals.

d) Depreciation
Freehold land is not depreciated. The cost less estimated residual value of other tangible fixed assets is written off by equal instalments over their expected useful lives, as follows:

Freehold buildings	50 years
Short leasehold improvements	Residue of lease
Plant and equipment	5 - 10 years
Motor vehicles	4 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying values may not be recoverable.

e) Capitalised interest
Interest incurred on borrowings to finance the construction of fixed assets is capitalised up to the date at which the relevant fixed asset is substantially complete.

f) Government grants
UK Regional Development Grants and grants receivable from the European Union and DEFRA in respect of expenditure on fixed assets are credited to a separate account from which amounts are released to revenue over the relevant depreciation period.

g) Stocks
Stocks (including livestock) are valued at the lower of cost, on a first in, first out basis, and net realisable value after making allowance for any obsolete or slow moving items. In the case of finished goods, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads. The allocation of manufacturing fixed overheads has regard to budgeted normal production.

h) Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes in accordance with FRS19 'Deferred tax'.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

(i) provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets;

(ii) provision is made for the tax that would arise on the remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

(iii) deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

i) Hire purchase and operating leases

Assets held under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. Interest is charged to the profit and loss account in proportion to the capital repayments outstanding. Rentals payable under operating leases are charged against income on a straight line basis over the term of the lease.

j) Pensions

The Group operates a defined contribution pension scheme which requires contributions to be made to a separately administered fund. Contributions to the fund are determined as a percentage of employees' earnings and are charged to the profit and loss account as incurred.

k) Foreign currencies

The accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account.

2. TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

The group operates in three principal sectors, being food, agribusiness and pet, wholly within the European Union.

Turnover	**Food**		**Agribusiness**		**Pet**		**Total**	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Gross	**202,696**	173,464	**74,449**	76,964	**22,846**	21,705	**299,991**	272,133
Internal	**37,312**	24,571	**23,405**	20,593	**1,588**	1,418	**62,305**	46,582
External	**165,384**	148,893	**51,044**	56,371	**21,258**	20,287	**237,686**	225,551

In the opinion of the directors, the disclosure of segmental operating profit and net operating assets would be prejudicial to the interests of the Group. All acquisitions during the year were within the food sector.

3. OPERATING PROFIT

This is stated after charging:	**2003**	2002
	£'000	£'000
Cost of sales		
- Continuing (including exceptional £1,590,000 (2002 - £nil))	**193,823**	184,847
- Acquisition	**875**	-
	194,698	184,847
Operating expenses		
Selling and distribution expenses		
- Continuing	**11,283**	11,138
- Acquisition	**197**	-
	11,480	11,138
Administration expenses		
- Continuing	**10,546**	11,587
- Acquisition	**137**	-
	10,683	11,587
Operating expenses after goodwill amortisation	**23,605**	23,926
Goodwill amortisation	**(1,442)**	(1,201)
Operating expenses before goodwill amortisation	**22,163**	22,725
Depreciation of owned assets, net of government grants £ 36,000 (2002 - £37,000)	**3,822**	3,631
Depreciation of assets held under finance leases and hire purchase contracts	**101**	121
Operating lease rentals - land and buildings	**156**	156
- plant and machinery	**197**	621
Auditors' remuneration	**70**	86

In addition, payments to Ernst & Young LLP for non audit services amounted to £60,000 (2002 - £71,000).

4. EXCEPTIONAL ITEMS

	2003	2002
	£'000	£'000
Recognised in operating profit:		
Underpayments to suppliers of the pig marketing business in prior years	**2,250**	-
Credit relating to strategic reduction of raw material trading in the pet food business.	**(660)**	-
Recognised in interest charge:		
Provision for interest on underpayments	**900**	-
Total exceptional items before taxation	**2,490**	-

The taxation credit for the year of £747,000 relating to exceptional items comprises a credit of £945,000 relating to underpayments to suppliers and the interest charge thereon less a charge of £198,000 relating to the strategic reduction in raw material trading.

5. EMPLOYEES

	2003 £'000	2002 £'000
Staff costs:		
Wages and salaries	**21,174**	20,822
Social security costs	**2,189**	2,027
Other pension costs	**399**	357
	23,762	23,206

The average monthly number of employees during the year was:

	2003 No	2002 No
Production	**944**	874
Selling and distribution	**129**	142
Administration	**129**	107
	1,202	1,123

Directors' emoluments are included above within staff costs. Details of each director's remuneration, pension contributions and share options are detailed in the Directors' Remuneration Report on pages 42 to 45 .

6. INTEREST CHARGE

	2003 £'000	2002 £'000
Hire purchase interest	**2**	7
Loan note interest	**309**	485
Bank interest paid	**-**	23
Interest on exceptional item	**900**	-
	1,211	515
Bank interest received	**(139)**	-
	1,072	515

7. TAXATION

a) Analysis of tax charge in the year

	2003 £'000	2002 £'000
The charge based on the profit for the year comprises:		
UK corporation tax		
UK corporation tax on profits of the year	**5,769**	5,172
Adjustments in respect of previous years	**(15)**	29
Total current tax	**5,754**	5,201
UK deferred tax		
Origination and reversal of timing differences	**74**	(208)
Total deferred tax	**74**	(208)
Tax on profit on ordinary activities	**5,828**	4,993

b) Factors affecting tax charge for the period

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	**18,311**	16,263
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 30%)	**5,493**	4,879
Effect of:		
Disallowed expenses (primarily goodwill amortisation)	**516**	440
Depreciation in excess of capital allowances	**(61)**	182
Short term timing differences	**(24)**	(37)
Contribution to Cranswick Qualifying Employee Share Ownership Trust	**(155)**	(292)
Adjustments in respect of prior years	**(15)**	29
Current tax charge for the year	**5,754**	5,201

c) Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on the sale of property where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the properties were sold without it being possible to claim rollover relief. The total amount not provided for the year is £75,000 (2002 - £78,000). At present it is not envisaged that any tax will become payable in the foreseeable future.

8. PROFIT ATTRIBUTABLE TO MEMBERS

Of the profit attributable to members, the sum of £1,501,000 (2002 - £9,850,000) has been dealt with in the accounts of Cranswick plc. In accordance with the exemptions contained in section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account.

9. EQUITY DIVIDENDS

	2003 £'000	2002 £'000
Interim paid 4.0p per share (2002 - 2.75p)	**1,630**	1,111
Final proposed 8.0p per share (2002 - 8.0p)	**3,300**	3,260
	4,930	4,371

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit after taxation of £12,483,000 (2002 - £11,270,000) and on the weighted average number of shares in issue during the financial year of 40,725,986 (2002 - 39,559,770) excluding the shares held by the Cranswick Qualifying Employee Share Ownership Trust. The calculation of diluted earnings per share is based on 41,064,591 (2002 - 40,059,024) ordinary shares allowing for the exercise of 338,606 (2002 - 499,254) outstanding share options which have a dilutive effect.

The calculation of adjusted earnings per share is based on profit after taxation of £12,483,000 (2002 - £11,270,000) but before goodwill amortisation of £1,442,000 (2002 - £1,201,000) and exceptional items of £1,743,000 (2002 - £nil) and on the weighted average number shares of 40,725,986 (2002 - 39,559,770). The adjusted earnings per share is included, because in the opinion of the directors, it provides a better understanding of the underlying trading performance of the group.

In all cases the number of shares has been adjusted for the one for one bonus issue on 31 July 2002

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000
Cost	
At 31 March 2002	30,415
Acquisition of subsidiary undertaking	2,424
Adjustment relating to previous acquisition	(73)
At 31 March 2003	**32,766**
Amortisation	
At 31 March 2002	2,517
Provided during the year	1,442
At 31 March 2003	**3,959**
Net book amounts at 31 March 2002	27,898
Net book amounts at 31 March 2003	**28,807**

Goodwill arising on acquisitions is being amortised evenly over its presumed useful economic life of 20 years.

12. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Leasehold improvements £'000	Plant equipment and vehicles £'000	Total £'000
Cost				
At 31 March 2002	12,294	2,227	26,054	40,575
On acquisition of subsidiary undertaking	100	1	102	203
Additions	315	46	6,382	6,743
Disposals	-	-	(998)	(998)
At 31 March 2003	**12,709**	**2,274**	**31,540**	**46,523**
Depreciation				
At 31 March 2002	1,319	210	11,139	12,668
Charge for the year	332	89	3,538	3,959
Relating to disposals	-	-	(595)	(595)
At 31 March 2003	**1,651**	**299**	**14,082**	**16,032**
Net book amounts				
At 31 March 2002	10,975	2,017	14,915	27,907
At 31 March 2003	**11,058**	**1,975**	**17,458**	**30,491**

Included in freehold land and buildings is land with a cost of £2,536,000 (2002 - £2,436,000) which is not depreciated relating to the Group and £1,210,000 (2003 - £1,210,000) relating to the Company.

The cost of freehold land and buildings includes £174,000 (2002 - £174,000) in respect of capitalised interest.

Included in plant, equipment and vehicles are the following amounts relating to assets acquired under hire purchase contracts:

	Group £'000
Net book amounts at 31 March 2003	157
Net book amounts at 31 March 2002	266

Company	Freehold land and buildings £'000
Cost	
At 31 March 2002	2,431
Additions	-
At 31 March 2003	2,431
Depreciation	
At 31 March 2002	26
Charge for the year	21
At 31 March 2003	**47**
Net book amounts	
At 31 March 2002	2,405
At 31 March 2003	**2,384**

13. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	£'000
a) Shares at cost	
At 31 March 2002	44,639
Addition in year	3,272
Adjustment relating to a previous acquisition	(88)
At 31 March 2003	**47,823**

The principal subsidiary undertakings are:

Food
Cranswick Country Foods plc
Continental Fine Foods Limited
North Wales Foods Limited
Agribusiness
Cranswick Mill Limited
Cranswick Deutschland GmbH (registered in Germany)
Pet
George Buckton Limited
Tropical Marine Centre Limited

Except where stated otherwise, each of the companies is registered in England and Wales. The subsidiary undertakings are 100% owned directly by Cranswick plc. The subsidiary undertakings are involved in the activities referred to in the Report of the Directors and operate in the European Union.

b) North Wales Foods Limited, which was acquired on 25 October 2002, has been accounted for as an acquisition from that date, as follows:

	Book and fair value
	£'000
Fixed assets	203
Stocks	78
Debtors	390
Cash at bank	740
Creditors	(241)
Corporation tax	(316)
Deferred taxation	(6)
Net assets	848
Goodwill arising on acquisition	2,424
Cost of acquisition	3,272

No fair value adjustments have been considered necessary.
The determination of the fair value of assets acquired includes certain estimates which may require amendment in the year ended 31 March 2004.

North Wales Foods Ltd made a profit after taxation of £515,000 for its financial year ended 30 April 2002 and a profit after taxation of £290,000 for the period to 25 October 2002.

The cost of acquisition, including acquisition costs of £72,000, was satisfied by cash consideration.

c) A final adjustment of £88,000 has been made to purchase consideration in respect of the acquisition of Continental Fine Foods Limited acquired in the prior year, giving rise to a goodwill adjustment of £73,000.

14. STOCKS

	Group	
	2003	2002
	£'000	£'000
Raw materials	**4,559**	3,879
Finished goods	**3,277**	2,794
Livestock	**1,027**	980
	8,863	7,653

There is no significant difference between the replacement cost and the balance sheet value of stocks.

15. DEBTORS

	Group		Company	
	2003	2002	**2003**	2002
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors	**24,677**	25,307	**-**	-
Other debtors	**1,012**	1,103	**-**	-
Prepayments and accrued income	**1,356**	719	**109**	186
Amounts owed by subsidiary undertakings	**-**	-	**-**	4,339
	27,045	27,129	**109**	4,525

16. TRADE AND OTHER CREDITORS

	Group		Company	
	2003	2002	**2003**	2002
	£'000	£'000	**£'000**	£'000
Trade creditors	**13,040**	12,907	-	-
Other creditors, including taxation and social security of £1,123,000 (2002 - £768,000)	**1,742**	2,958	**429**	1,765
Deferred consideration	-	3,500	-	3,500
Accruals and deferred income	**12,684**	9,458	-	-
Obligations under hire purchase contracts (note 18)	**100**	107	-	-
Amounts owed to subsidiary undertakings	-	-	**5,320**	-
	27,566	28,930	**5,749**	5,265

Accruals and deferred income include the exceptional underpayments to suppliers of £3,150,000.

17. CREDITORS - amounts falling due after more than one year

	Group	
	2003	2002
	£'000	£'000
Obligations under hire purchase contracts (note 18)	**49**	149

18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	Group	
	2003	2002
	£'000	£'000
Amounts payable:		
Within one year	**101**	108
In two to five years	**49**	150
	150	258
Less: finance charges allocated to future periods	**(1)**	(2)
	149	256
Hire purchase contracts are analysed as follows:		
Current obligations (note 16)	**100**	107
Non current obligations (note 17)	**49**	149
	149	256

19. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

An explanation of the Group's approach to derivatives and other financial instruments in creating and changing the risks of the Group in its activities can be found in the Financial Review on page 16.

The interest rate profile of financial liabilities of the group, excluding short term debtors and creditors, at 31 March 2003 was: fixed rate hire purchase contracts of £149,000 (2002 - £256,000) and floating rate loan notes and overdrafts of £6,298,000 (2002 - £14,762,000). The financial liabilities at 31 March 2003 were loan notes of £4,816,000 (2002 - £13,203,000) and bank overdraft of £1,482,000 (2002 - £1,559,000) which comprised sterling £60,000 (2002 - £1,559,000), Euro 1,245,000, DKr 178,000 and US$ 49,000. Floating interest rates are based on UK or overseas bank rates. The only financial asset at 31 March 2003 was cash at bank of £8,083,000 (2002 - £13,811,000), which comprised sterling £7,983,000 (2002 - £13,769,000) and other currencies £99,000 (2002 - £42,000). The interest rate profile of all financial assets was floating rate based on UK or overseas bank rates.

The weighted average interest rate for fixed rate liabilities was 2.2% (2002 - 2.2%) and the weighted average period for which rates are fixed is 2.0 years (2002 - 3.0 years).

The maturity profile of financial liabilities at 31 March 2003 was as follows:

	Group	
	2003	2002
	£'000	£'000
In one year or on demand	**6,398**	14,869
In more than one year but not more than two years	**49**	149
	6,447	15,018

As at 31 March 2003 the Group held open various forward currency contracts taken out to match future foreign currency purchases. The Group does not have any material deferred or unrecognised gains or losses on these contracts.

The fair value of floating rate financial assets and liabilities is equal to their book value. The fair value based on discounted cash flows of fixed rate financial instruments of £149,000 (2002 - £256,000) has been estimated at £149,000 (2002 - £256,000).

The Group has various borrowing facilities available to it. The undrawn committed facilities available at 31 March 2003 were £6,018,000 (2002 - £7,441,000). The facilities run until their renewal on 18 March 2004.

20. DEFERRED TAXATION

	Group	Company
	£'000	£'000
At 31 March 2002	1,846	48
Provided during the year	74	25
On acquisition of a subsidiary company	6	-
	1,926	**73**

Deferred taxation consists of:

	Group		Company	
	2003	2002	**2003**	2002
	£'000	£'000	**£'000**	£'000
Accelerated capital allowances	**2,062**	1,955	**73**	48
Other timing differences	**(136)**	(109)	**-**	-
Total deferred tax liabilities	**1,926**	1,846	**73**	48

21. CALLED-UP SHARE CAPITAL

	Authorised		Allotted, called-up and fully paid	
	2003	2002	**2003**	2002
	£'000	£'000	**£'000**	£'000
Ordinary shares of 10p each	**5,300**	5,300	**4,143**	2,037

On 30 July 2002 20,372,034 ordinary shares were issued to existing shareholders by way of a one for one bonus issue approved by shareholders at the Annual General Meeting held on 29 July 2002.
On 13 September 2002 133,458 ordinary shares were issued at 478.3p per share as a result of shareholders exercising the scrip dividend option in lieu of the cash payment of the 2002 final dividend.
On 20 December 2002 311,400 ordinary shares were issued at 147.5p as a result of 18 executives exercising options under the Company's Approved Executive Share Option Scheme.
On 24 January 2003 43,323 ordinary shares were issued at 525.5p per share as a result of shareholders exercising the scrip dividend option in lieu of the cash payment of the 2003 interim dividend.
On 27 March 2003 128,500 ordinary shares were issued at 403.5p per share in connection with the Company's Qualifying Employee Share Ownership Trust.
During the course of the year 69,945 ordinary shares were issued to the Company's Qualifying Employee Share Ownership Trust at prices between 399p and 512.5p per share as a result of employees exercising SAYE share options. The option price was 103.5p in respect of 22,407 shares, 120.75p in respect of 47,245 shares and 264p in respect of 293 shares.

Of the unissued ordinary share capital £157,791 is reserved for allotment under the Savings Related and Executive Share Option Schemes. The options are exercisable as follows:-

	Number	Exercise price	Exercise period
Savings related	45,512	103.5p	October 2004 to March 2005
Savings related	267,486	120.75p	March 2003 to September 2005
Savings related	370,246	264p	March 2005 to September 2009
Savings related	169,664	415p	March 2006 to September 2010
Executive	490,000	362p	December 2004 to December 2011
Executive	235,000	518.5p	December 2005 to December 2012

At 31 March 2003 the Cranswick Qualifying Employee Share Ownership Trust held 175,617 ordinary shares with a nominal value of 10p each, acquired at an average cost of 405p each and with a market value of £698,000 (2002 - 122,587 ordinary shares with a market value of £987,000). Options over these shares have been granted to employees under the SAYE scheme.
Dividends on the shares issued by the Trust, the purchase of which was funded by a contribution from Cranswick plc, are waived. All expenses incurred by the Trust are settled directly by Cranswick plc and charged in the accounts as incurred.

22. SHARE PREMIUM ACCOUNT

	£'000
At 31 March 2002	27,345
Utilised for one for one bonus issue	(2,037)
Arising on share issues	2,080
At 31 March 2003	**27,388**

23. RESERVES

	Profit and loss account
Group	£'000
At 31 March 2002	22,640
Contribution to Cranswick Qualifying Employee Share Ownership Trust	(518)
Exchange movement	33
Retained profit for the year	7,553
At 31 March 2003	**29,708**

Company	General reserve £'000	Merger reserve £'000	Profit and loss account £'000
At 31 March 2002	4,000	1,806	7,360
Contribution to Cranswick Qualifying Employee Share Ownership Trust	-	-	(518)
Retained loss for the year	-	-	(3,429)
At 31 March 2003	**4,000**	**1,806**	**3,413**

Cumulative goodwill of £7,102,000 (2002 - £7,102,000) has been written off reserves in respect of goodwill arising prior to 1 April 1998.

24. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Group	
	2003	2002
	£'000	£'000
At 31 March 2002	**52,022**	39,210
Contribution to Cranswick Qualifying Employee Share Ownership Trust	**(518)**	(974)
Profit for the financial year	**12,483**	11,270
Exchange difference	**33**	-
Dividends	**(4,930)**	(4,371)
Issue of shares		
In respect of share placing	-	4,523
In respect of scrip dividends	**866**	890
In respect of acquisition	-	320
In respect of share options	**1,283**	1,154
At 31 March 2003	**61,239**	52,022

25. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group	
	2003	2002
	£'000	£'000
Operating profit	**19,383**	16,778
Goodwill amortisation	**1,442**	1,201
Depreciation, net of government grants	**3,959**	3,752
Loss on sale of tangible fixed assets	**18**	192
(Increase)/decrease in stocks	**(1,130)**	441
Decrease/(increase) in debtors	**346**	(2,046)
Increase in creditors	**1,546**	1,972
Net cash inflow from operating activities	**25,564**	22,290

Cashflow relating to operating exceptional items is £nil in the current year.

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

	Group	
	2003	2002
	£'000	£'000
(Decrease)/increase in cash in the year	**(5,662)**	10,024
Cash inflow from change in debt and hire purchase	**12,136**	6,569
Change in net debt resulting from cash flow	**6,474**	16,593
Hire purchase on acquisition	-	(1,032)
New loan notes issued in respect of acquisitions	**(3,642)**	(11,799)
Movement in net debt in the year	**2,832**	3,762
Net debt at 31 March 2002	**(1,207)**	(4,969)
Exchange difference	**11**	-
Net funds/(debt) at 31 March 2003	**1,636**	(1,207)

27. ANALYSIS OF NET FUNDS/(DEBT)

	At 31 March 2002 £'000	Cash flow £'000	Other non cash changes £'000	**At 31 March 2003 £'000**
Cash at bank and in hand	13,811	(5,739)	11	**8,083**
Overdrafts	(1,559)	77	-	**(1,482)**
	12,252	(5,662)	11	**6,601**
Loan notes	(13,203)	12,029	(3,642)	**(4,816)**
Hire purchase	(256)	107	-	**(149)**
	(1,207)	6,474	(3,631)	**1,636**

28. POST BALANCE SHEET EVENT

On 20 May 2003 the group acquired The Sandwich Factory Group Limited for a cash consideration of £15.0 million.

29. CONTINGENT LIABILITIES

The Company, together with its subsidiary undertakings, has entered into a guarantee with HSBC Bank plc in respect of the Group overdraft facility with that bank.

30. COMMITMENTS

(a) The Directors have contracted for future capital expenditure totalling £1,873,000 (2002 - £5,121,000).
(b) The Group's annual commitment under non-cancellable operating leases was as follows:

	Land & buildings		Other	
	2003 £'000	2002 £'000	**2003 £'000**	2002 £'000
Leases expiring :				
Within one year	-	156	**147**	150
Two to five years	-	-	**476**	588
After five years	**156**	156	**175**	201

31. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme whereby contributions are made to a scheme operated by a major insurance company. Contributions to the scheme are determined as a percentage of employees' earnings and the amount charged to the profit and loss account is disclosed in note 5. Contributions prepaid to the insurance company at the year-end, included in other debtors, amounted to £97,000 (2002 - £118,000).

32. PARTICULARS OF TRANSACTIONS INVOLVING DIRECTORS AS REQUIRED BY SECTION 232 OF THE COMPANIES ACT 1985

During the year the following directors had interests in farming businesses which traded with the Group as follows:

	Purchases from the Group		Sales to the Group		Net balances due to the Group at 31 March	
	2003 £'000	2002 £'000	**2003 £'000**	2002 £'000	**2003 £'000**	2002 £'000
M Field	**304**	223	-	122	**23**	6
J Bloom	-	-	**5**	23	-	-

These transactions were on normal commercial terms with Cranswick Mill Limited.

Cranswick Country Foods

HULL, EAST YORKSHIRE
FRESH PORK

COTTINGHAM, EAST YORKSHIRE
RETAIL PACKING AND SAUSAGES

THORNABY, STOCKTON-ON-TEES
SAUSAGES

SUTTON FIELDS, HULL
COOKED MEATS

WATERFOOT, LANCASHIRE
COOKED MEATS

Continental Fine Foods

STRETFORD, MANCHESTER
CONTINENTAL STYLE PRODUCTS

North Wales Foods

DENBIGH, NORTH WALES
SANDWICHES AND SANDWICH FILLINGS

The Sandwich Factory

ATHERSTONE, WARWICKSHIRE
SANDWICHES

Cranswick Mill

DRIFFIELD, EAST YORKSHIRE
PIG FEED AND PIG MARKETING

WELLINGORE, LINCOLNSHIRE
PIG AND POULTRY FEED

George Buckton

BEVERLEY, EAST YORKSHIRE
BIRD AND SMALL ANIMAL FOOD

BRAMPTON, CARLISLE
BIRD AND SMALL ANIMAL FOOD

Tropical Marine Centre

CHORLEYWOOD, HERTFORDSHIRE
FISH AND AQUATIC PRODUCTS

WYTHENSHAWE, MANCHESTER
FISH AND AQUATIC PRODUCTS

Statement by the directors on compliance with the provisions of the Combined Code.

The Company is committed to high standards of corporate governance and endorses the ideas and ethos behind the Combined Code. This statement describes how the principles of corporate governance are applied by the Company. Details of directors' remuneration are included in the Directors' Remuneration Report.

The Company has been in full compliance with the provisions set out in Section 1 of the Combined Code issued by the London Stock Exchange throughout the year with the exception of the following matters:

a) The Board as a whole considers the appointment of new directors and as a consequence the Company does not have a separate Nomination Committee.
b) The Chief Executive was a member of the Remuneration Committee until 1 August 2002.
c) Service contracts for certain executive directors include notice periods of up to three years, as explained in the Directors' Remuneration Report.

The Workings of the Board and its Committees

The Board comprises the non-executive and executive directors. Brief biographies of the directors are set out on page19. The non-executive directors are considered by the Board to be independent and of high calibre. The Board meets on a monthly basis and is responsible for determining the strategy of the Group and maintaining performance. All directors have access to the advice and services of the company secretary or to independent professional advice as required. To ensure the board is able to discharge its duties all directors receive appropriate and timely information from management in advance of board meetings. Board authority is required for all significant capital expenditure and other investment decisions.

The Audit Committee comprises the non-executive directors and meets twice a year. The committee provides a forum for reporting by the Group's external auditors.

The Remuneration Committee meets as required to review performance and recommend remuneration. The Directors' Remuneration Report provides details of the composition of the committee and of the company's policies on remuneration and service contracts.

All directors are subject to re-election every three years in accordance with the Articles of Association.

Communications with shareholders are given a high priority by the Board. There is regular dialogue with institutional shareholders including presentations after the Company's preliminary announcement of the year-end results and at the half year. The Board uses the Company's website (www.cranswick.co.uk) and the Annual General Meeting to communicate with private and institutional investors. It is intended that the Chairman of the Audit and Remuneration Committees will be available at the Annual General Meeting to answer questions.

Going concern

The directors have prepared the accounts on a going concern basis, having satisfied themselves from a review of internal budgets and forecasts and current bank facilities that the Group has adequate resources to continue in operational existence for the foreseeable future.

Internal control

The Board of Directors has overall responsibility for the Group's systems of internal control, which safeguards the shareholders' investment and the Group's assets, and for reviewing its effectiveness. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

Internal control (continued)

The Group operates within a clearly defined organisational structure with established responsibilities, authorities and reporting lines to the Board. The organisational structure has been designed in order to plan, execute, monitor and control the Group's objectives effectively and to ensure that internal control becomes embedded in the operations. The Board confirms that the key on-going processes and features of the group's internal risk based control system, which accord with the Turnbull guidance, have been fully operative from 1 April 2002 and up to the date of the Annual Report being approved. These include: a process to identify and evaluate business risk; a strong control environment; an information and communication process; a monitoring system and a regular Board review for effectiveness. Following the discovery of the underpayments to suppliers in the livestock traded business, the Group has reviewed processes within that business and in addition has agreed to establish a formal internal audit function.

The management of the Food, Agri and Pet businesses identified the key business risks within their operations, considered the financial implications and assessed the effectiveness of the control processes in place to mitigate these risks. The Board reviewed a summary of the findings and this, along with direct involvement in the strategies of the businesses, investment appraisal and budgeting process, enabled the Board to report on the effectiveness of internal control.

Statement of the Directors' Responsibilities in respect of the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Remuneration Report

Information not subject to audit

Remuneration Committee

The Remuneration Committee comprises the non-executive directors J Bloom and M Field. The Chief Executive, who resigned as a member of the committee on 1 August 2002, attends the meetings in an advisory capacity as requested. The Committee determines the remuneration of the Group's senior executives and puts forward its recommendations for approval by the Board. The committee has not used remuneration consultants in the year. The remuneration of the non-executives is determined by the executive directors.

Remuneration policy

The Company's policy for the current year and subsequent financial years is that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality executives and to align the rewards of the executives with the progress of the Company whilst giving consideration to salary levels in similar sized quoted companies in the sector and in the region. The remuneration includes a significant performance related element in the form of the bonus scheme and share based awards. The existing performance related awards are set by the remuneration committee but are only awarded on achievement of demanding targets aligned to shareholder returns. The details of individual components of the remuneration package and service contracts are discussed below:

Basic salary and benefits

Basic salary and benefits are reviewed annually. Benefits principally comprise medical insurance.

Bonus scheme

The bonus scheme in operation in the year is based on the achievement of group profit targets. The profit targets and bonus are the same for all executive directors. A maximum of £40,000 is payable on achievement of the profit target plus a further 1% of the profit achieved over target. Non-executive directors do not participate in the company's incentive scheme. Incentivised payments and benefits are not pensionable.

Share options

Executive share options are proposed by the Remuneration Committee and are granted periodically to promote the executives' involvement in the longer term success of the Company. Options can only be exercised if certain performance criteria have been achieved by the Company on the first exercise date. These criteria are based on total shareholder return over the three year period and require the Company to be in the top half against a basket of food companies quoted on the London Stock Exchange. The comparison companies are ABF, Carrs Milling, Dairy Crest, Devro, Express Dairies, Geest, Glanbia, Global, Greencore, Northern Foods, Robert Wiseman, Richmond Foods and Uniq. The Remuneration Committee, whose review assesses and decides when performance conditions are met, considers this to be the most appropriate measure of long term performance of the Company. Directors may also apply for SAYE options on the same terms as apply to all other employees.

Pensions

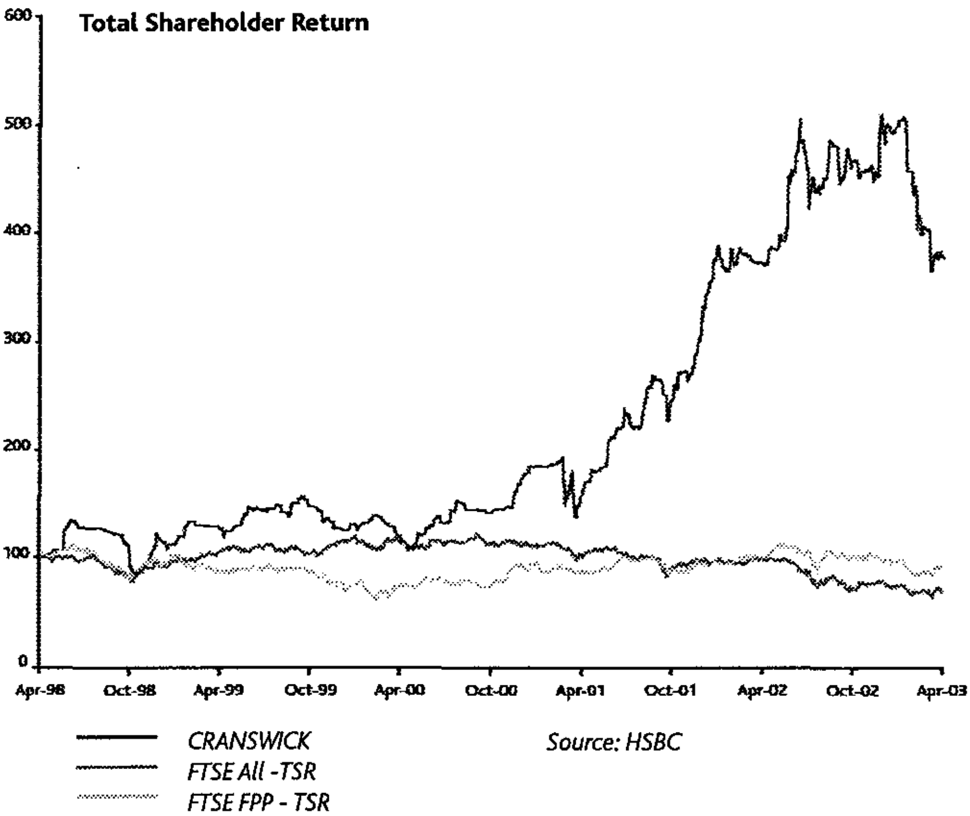
Executive directors are members of the Company "money-purchase" pension scheme in which employer contributions are a fixed percentage of salary.

Service contracts

Service contracts for certain executive directors include notice periods of up to three years. These three year rolling service contracts relate to one director who was on the Board at the time of entry by the Company to the Unlisted Securities Market in 1985, M Davey, and to two Senior Managers at the time, B Hoggarth and D Black, who have since been appointed to the Board. The contracts were issued in 1989 when such contracts were considered normal practice. Given the contribution by these individuals to the subsequent success of the Company the Remuneration Committee has previously not considered it appropriate to reduce the length of these three year service contracts but is currently reviewing their appropriateness in the light of current thinking on corporate governance. Directors appointed to the Board since 1990, J Lindop and N Taylor have six month rolling service contracts. B Bell's contract terminates on 1 December 2005. J Bloom and M Field do not have contracts. There are no special provisions in any contract for compensation in the event of loss of office although the outstanding notice period of up to three years is payable on termination of contract. The Remuneration Committee considers the circumstances of any early termination and determines compensation payments accordingly.

Performance graph

The graph below shows the percentage change (from a base of 100 in April 1998) in the total shareholder return (with dividends reinvested) for each of the last five years on a holding of the Company's shares against the corresponding change in a hypothetical holding in shares in the FTSE All Share Food Producers and Processors Price Index ("FTSE FPP") and the FTSE All Share Index ("FTSE All"). The FTSE FPP and the FTSE All were chosen as representative benchmarks for the business of the sector and the market as a whole.



	2003	2002
	£'000	£'000
Salary and fees	**1,415**	1,241
Bonuses	**150**	792
Benefits	**12**	40
Pension contribution	**212**	162
	1,789	2,235
Aggregate notional gains made by directors on exercise of options	**374**	61

Individual directors, including pension contributions:

	Salary and fees £'000	Bonus £'000	Benefits £'000	**Total 2003 £'000**	Total 2002 £'000	**Pension 2003 £'000**	Pension 2002 £'000
Non-executive directors:							
JCW Bloom	76	-	2	**78**	75	-	-
M Field	50	-	2	**52**	50	-	-
RN Taylor	53	-	1	**54**	49	**11**	11
Executive directors:							
Dr. B Bell	178	30	1	**209**	297	**25**	21
DJ Black	205	30	1	**236**	306	**33**	24
MTP Davey	305	30	1	**336**	343	**51**	30
B Hoggarth	239	30	2	**271**	320	**39**	26
JD Lindop	205	30	2	**237**	307	**33**	24
DW Pethick *	104	-	-	**104**	326	**20**	26

* resigned by agreement 31 July 2002. Includes payment of £27,300 for the unexpired portion of his service contract to October 2002.
The number of directors who were active members of the money purchase pension scheme during the year was 7 (2002 - 7). Benefits principally comprise medical insurance.

Share options

The Company operates both an approved and an unapproved executive share option scheme for senior executives, including directors, and a savings related share option scheme available to all employees. In all cases the number of shares, the number of shares under option and the option price have been adjusted to take account of the one for one bonus issue on 31 July 2002. The interests of the directors were as follows

Executive share option scheme

	At 1 April 2002 *No*	Granted in the year *No*	Exercised in the year *No*	Lapsed	At 31 March *2003* No	Exercise price *p*	Range of exercise *dates*
MTP Davey	50,000	-	-	-	50,000	362.0	5 Dec 2004/4 Dec 2011
	17,300	-	-17,300	-	-	147.5	-
	-	25,000	-	-	25,000*	518.5	23 Dec 2005/22 Dec 2012
Dr B Bell	50,000	-	-	-	50,000	362.0	5 Dec 2004/4 Dec 2011
	17,300	-	-17,300	-	-	147.5	-
	-	25,000	-	-	25,000*	518.5	23 Dec 2005/22 Dec 2012
DJ Black	50,000	-	-	-	50,000	362.0	5 Dec 2004/4 Dec 2011
	17,300	-	-17,300	-	-	147.5	-
	-	25,000	-	-	25,000*	518.5	23 Dec 2005/22 Dec 2012
B Hoggarth	50,000	-	-	-	50,000	362.0	5 Dec 2004/4 Dec 2011
	17,300	-	-17,300	-	-	147.5	-
	-	25,000	-	-	25,000*	518.5	23 Dec 2005/22 Dec 2012
JD Lindop	50,000	-	-	-	50,000	362.0	5 Dec 2004/4 Dec 2011
	17,300	-	-17,300	-	-	147.5	-
	-	25,000	-	-	25,000*	518.5	23 Dec 2005/22 Dec 2012
DW Pethick	50,000	-	-	-50,000	-	-	-
	17,300	-	-17,300	-	-	-	-

* out of the money options.

The executive share options of each director are exercisable subject to the attainment of certain performance criteria based on the total return to shareholders being in the top half against a basket of food companies quoted on the London Stock Exchange.

The following directors exercised executive share options under the approved scheme during the year:

	Number	Date exercised	Exercise price	Market price	Notional gain
MTP Davey	17,300	20.12.02	147.5p	518.5p	£64,183
Dr. B Bell	17,300	20.12.02	147.5p	518.5p	£64,183
D J Black	17,300	20.12.02	147.5p	518.5p	£64,183
B Hoggarth	17,300	20.12.02	147.5p	518.5p	£64,183
J Lindop	17,300	20.12.02	147.5p	518.5p	£64,183
DW Pethick	17,300	20.12.02	147.5p	518.5p	£64,183

Savings related share option scheme

	At 1 April 2002 No	Granted in the year No	Exercised in the year No	Lapsed	At 31 March 2003 No	Weighted average exercise price (p)	Range of exercise dates
JCW Bloom	6,640	-	-	-	6,640	144.95	1 Mar 2003/1 Sept 2005
	-	1,566	-	-	1,566*	415.00	1 Mar 2006/1 Sept 2006
M Field	2,824	-	-	-	2,824	120.75	1 Mar 2003/1 Sept 2003
RN Taylor	-	-	-	-	-	-	
MTP Davey	10,736	-	-	-	10,736	135.72	1 Mar 2005/1 Sept 2005
Dr B Bell	-	3,957	-	-	3,957*	415.00	1 Mar 2008/1 Sept 2008
DJ Black	11,550	-	-3,332	-	8,218	162.69	1 Mar 2005/1 Sept 2005
	-	791	-	-	791*	415.00	1 Mar 2008/1 Sept 2008
B Hoggarth	13,140	-	-6,666	-	6,474	135.40	1 Mar 2005/1 Sept 2005
	-	910	-	-	910*	415.0	1 Mar 2006/1 Sept 2006
JD Lindop	11,550	-	-3,332	-	8,218	162.69	1 Mar 2005/1 Sept 2005
	-	791	-	-	791*	415.00	1 Mar 2008/1 Sept 2008
DW Pethick	6,640	-	-4,798	-1,842	-	-	

* out of the money options.

The directors are eligible, as are other employees of the group, to participate in the SAYE scheme, which by its nature does not have performance conditions.

The savings related share options granted during the year are exercisable at 415p per share between March 2006 and September 2008.

The following directors exercised savings related share options during the year:

	Number	Date exercised	Exercise price	Market price	Notional gain
D J Black	3,332	3.12.02	103.5p	530p	14,211
B Hoggarth	6,666	2.10.02	103.5p	495p	26,097
J Lindop	3,332	2.10.02	103.5p	495p	13,045
DW Pethick	4,592	2.10.02	120.75p	495p	17,185
DW Pethick	206	2.10.02	264.0p	495p	476

The market price of the company's shares at 31 March 2003 was 397.5p per share. The highest and lowest market prices during the year for each share option that is unexpired at the end of the year are as follows:

	Highest	Lowest
Options in issue throughout the year	546.25p	385.0p
Options awarded during the year	533.5p	385.0p

There have been no changes to the above interests in the period from 1 April 2003 to 20 May 2003

The Company's register of directors interests, which is open to inspection, contains full details of Directors' shareholding and options to subscribe.

On behalf of the board
Jim Bloom Director
20 May 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRANSWICK plc

We have audited the Group's financial statements for the year ended 31 March 2003 which comprise the Consolidated Profit and Loss Account, Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Balance Sheet, Consolidated Cash Flow Statement and the related notes 1 to 32. These financial statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including the financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Group is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Statement to Shareholders, Financial Review, Environmental Policy, Directors' Report, Corporate Governance Statement, unaudited part of the Directors' Remuneration Report, Five Year Statement and Shareholder Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2003 and of the profit of the group for the year then ended; and

- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP Ernst & Young LLP
Registered Auditor
Hull
20 May 2003

FINANCIAL CALENDAR

Preliminary announcement of full year results	May
Publication of Annual Report	July
Annual General Meeting	July
Payment of final dividend	September
Announcement of interim results	November
Payment of interim dividend	January

SHAREHOLDER ANALYSIS *at 14 May 2003*

Classification	*Number of* holdings	*Number of* shares
Private shareholders	978	7,048,659
Corporate bodies and nominees	500	34,382,336
	1,478	41,430,995

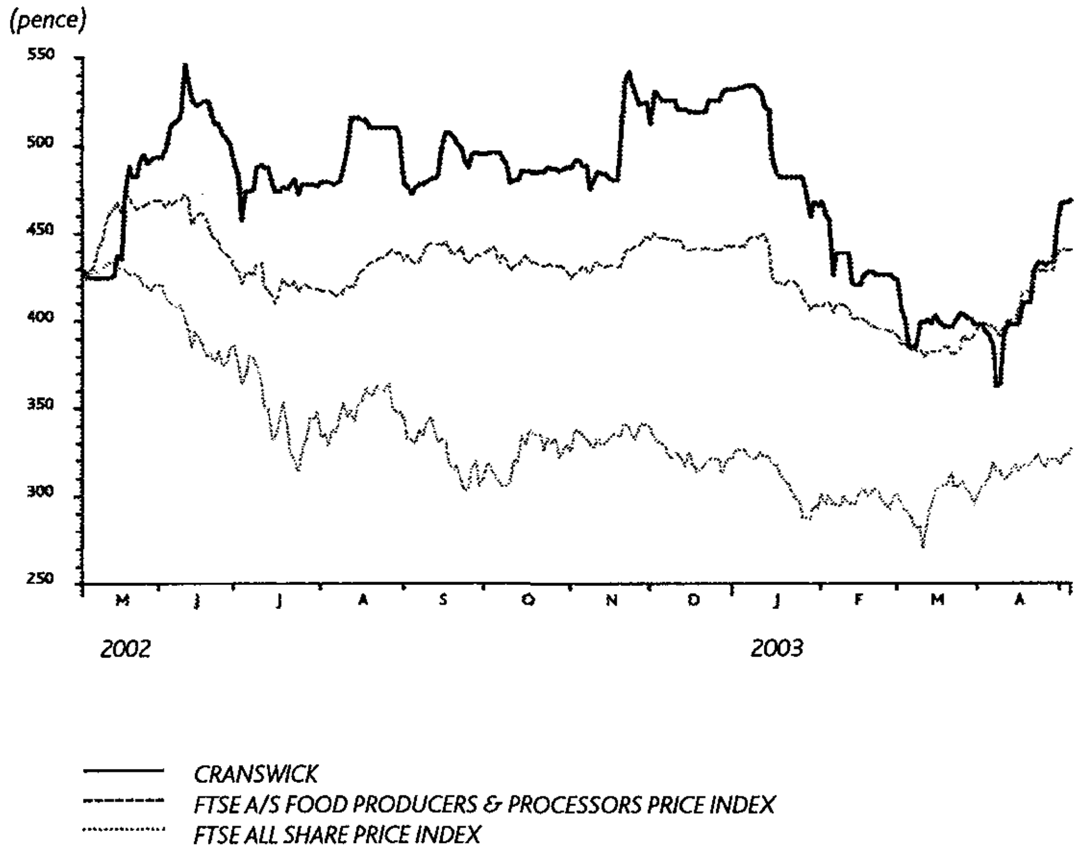
Size of holding (shares)		
1 - 1,000	565	264,763
1,001 - 5,000	514	1,224,802
5,001 - 10,000	129	880,923
10,001 - 50,000	154	3,591,370
50,001 - 100,000	42	2,965,721
Above 100,000	74	32,503,416
	1,478	41,430,995

Share price

Share price at 31 March 2002	402.5p
Share price at 31 March 2003	397.5p
High in the year	546.25p
Low in the year	385.0p

Share price movement

Cranswick's share price movement over the year to 6 May 2003 and comparison against the FTSE All Share Food Producers & Processors Price Index and against the FTSE All Share Price Index is shown below:



Source: HSBC

Notice is hereby given that the 30th Annual General Meeting of the Company will be held at Rowley Manor, Little Weighton, Beverley, East Yorkshire on 28 July 2003 at 11.30 am for the following purposes:-

1. To receive and adopt the Report of the Directors and the Accounts for the year ended 31 March 2003.

2. To declare a Final Dividend of 8.0p per share on the existing Ordinary Share Capital.

3. To re-elect B Bell as a Director, who retires in accordance with the Company's Articles of Association.

4. To re-elect J Lindop as a Director, who retires in accordance with the Company's Articles of Association.

5. To elect A Couch as a Director, who retires in accordance with the Company's Articles of Association.

6. To re-appoint Ernst & Young LLP as auditors and to authorise the directors to determine the auditors' remuneration.

7. To receive and approve the Directors' Remuneration Report for the year ended 31 March 2003.

As Special Business to consider and, if thought fit, to pass the following Resolutions as Special Resolutions:

8. That, subject to and in accordance with Article 5 (a) of the Company's Articles of Association, the directors be generally and unconditionally authorised to allot relevant securities up to a nominal amount of £1,351,064 in aggregate, such authority to expire on the earlier of the commencement of the Company's Annual General Meeting to be held in 2004 or any adjournment thereof and 30 September 2004.

9. That, subject to the passing of the previous resolution and subject to and in accordance with Article 5 (b) of the Company's Articles of Association, the directors be empowered to allot equity securities for cash, that, for the purpose of the limitation of the said power referred to in paragraph (iii) of the said Article 5 (b), the nominal amount therein mentioned shall be £204,706 and that such power shall expire on the earlier of the commencement of the Company's Annual General Meeting to be held in 2004 or any adjournment thereof and 30 September 2004.

10. Pursuant to Article 6 of the Articles of Association of the Company, the Company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of Ordinary Shares of 10p each in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the directors may determine, but subject to the following restrictions and provisions:-

    (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 10 per cent of the Company's share capital then in issue;

    (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is 10p, being the nominal value;

    (c) the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Ordinary Share is purchased;

(d) unless previously revoked or varied, this authority shall expire on whichever is the earlier of the date 18 months after the passing of this Resolution or at the conclusion of the next Annual General Meeting of the Company to be held after the date hereof; and

(e) the Company may enter into a contract to purchase Ordinary Shares under this authority before the expiry of such authority, which will or may be completed or executed wholly or partly after the expiry of such authority.

Cranswick
Driffield
East Yorkshire YO25 9PF
3 July 2003

By Order of the Board
J Lindop
Secretary

Notes:

(i) Any member of the Company entitled to attend and vote at the Meeting may appoint a proxy to attend and vote in his place. A proxy need not be a member of the Company. To be valid, forms of proxy must be lodged with the Company's registrars not less than 48 hours before the time appointed for the meeting.

(ii) Copies of the following documents are available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted) until the date of the Annual General Meeting:

(a) A statement of the transactions of directors (and their family interests) in the ordinary shares of the Company and its subsidiary undertakings
(b) Copies of directors' service contracts

The documents referred to above will also be available for inspection during the Annual General Meeting and for at least fifteen minutes before it begins.

Appendix to the notice of meeting

Election of A Couch as a director

Resolution 5 relates to the election of Adam Couch as a director. Adam was appointed to the board on 2 July 2003 and, in accordance with the Articles of Association, offers himself for election at this Annual General Meeting. Adam joined Cranswick in1991 as a graduate trainee from Hull University, where he graduated in accountancy. Adam is currently managing director of Cranswick's fresh pork operations. He has a pre-existing three year contract which progressively reduces to six months.

Directors' Remuneration Report

Resolution 7 requires shareholders for the first time at this Annual General Meeting to receive and approve the Directors' Remuneration Report. This is now a requirement of company law, introduced by the Directors' Remuneration Report Regulations 2002, which came into force in August of last year. The Directors' Remuneration Report is set out on pages 42 to 45. This resolution is an advisory vote, as permitted by law, and no entitlement to remuneration is conditional upon this resolution being passed.

Special Business to be transacted at the Annual General Meeting.

The Board proposes Special Business as set out in resolutions 8 to 10 contained in the Notice of Meeting on pages 50 and 51.

Resolution 8 gives the directors authority to issue authorised but unissued shares and is to maintain the flexibility, given at previous general meetings, in respect of the Company's financing arrangements. The nominal value of ordinary shares which the directors may allot in the period up to the next Annual General Meeting pursuant to this authority is limited to £1,351,064 which represents approximately 33 per cent of the current issued share capital. The Directors do not have any present intention of exercising this authority other than in connection with the issue of Ordinary Shares in respect of the scrip dividend offer and the Company's share option schemes.

This resolution will expire on the earlier of the commencement of the Annual General Meeting to be held in 2004 or 30 September 2004.

Resolution 9 permits the directors to make additional issues of shares for cash of up to £204,706 in nominal value of ordinary shares, representing approximately 5 per cent of the Company's issued share capital in conformity with the guidelines of the Association of British Insurers.

This resolution will expire on the earlier of the commencement of the Annual General Meeting to be held in 2004 or 30 September 2004.

Resolution 10 authorises the Company to buy it's own ordinary shares in the market, as permitted under Article 6 of the Articles of Association of the Company.

This authority will expire on the date which is 18 months after the passing of the resolution or the conclusion of the next Annual General Meeting to be held after the date of this Annual General Meeting, whichever is the sooner, and limits total purchases to 10 per cent of the Company's issued share capital.

The price to be paid for any shares must not be less than 10p, being the nominal value of a share, and must not exceed 105 per cent of the average middle market quotations for the ordinary shares of the Company as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the ordinary shares are purchased.

As at 20 May 2003 options over 967,683 ordinary shares in the Company were outstanding under the Company's employee share schemes, representing 2.3% of the Company's issued share capital at that date. If the proposed authority being sought were to be exercised in full, such options would represent 4.75% of the Company's issued share capital at 20 May 2003.

The directors have no immediate plans to exercise the powers of the Company to purchase its own shares and undertake that the authority would only be exercised if the directors were satisfied that a purchase would result in an increase in expected earnings per share and was in the best interests of the Company at the time. Any such shares purchased would be cancelled immediately.