CRANSWICK *plc*

1074383

REPORT & ACCOUNTS YEAR ENDED [redacted]

FINANCIAL HIGHLIGHTS

- ***TURNOVER UP 18 PER CENT TO £318.5m***
- ***PROFIT BEFORE TAX UP 12 PER CENT TO £23.6m****
- ***EARNINGS PER SHARE UP 15 PER CENT TO 41.1p****
- ***DIVIDEND UP 10 PER CENT TO 14.5p PER SHARE***
- ***VERY STRONG UNDERLYING CASH GENERATION***
- ***INTEREST COVERED 13 TIMES****
- ***ACQUISITION OF PERKINS CHILLED FOODS***
- ***INVESTMENT IN FACTORY CAPACITY***

*prior to goodwill amortisation and exceptionals

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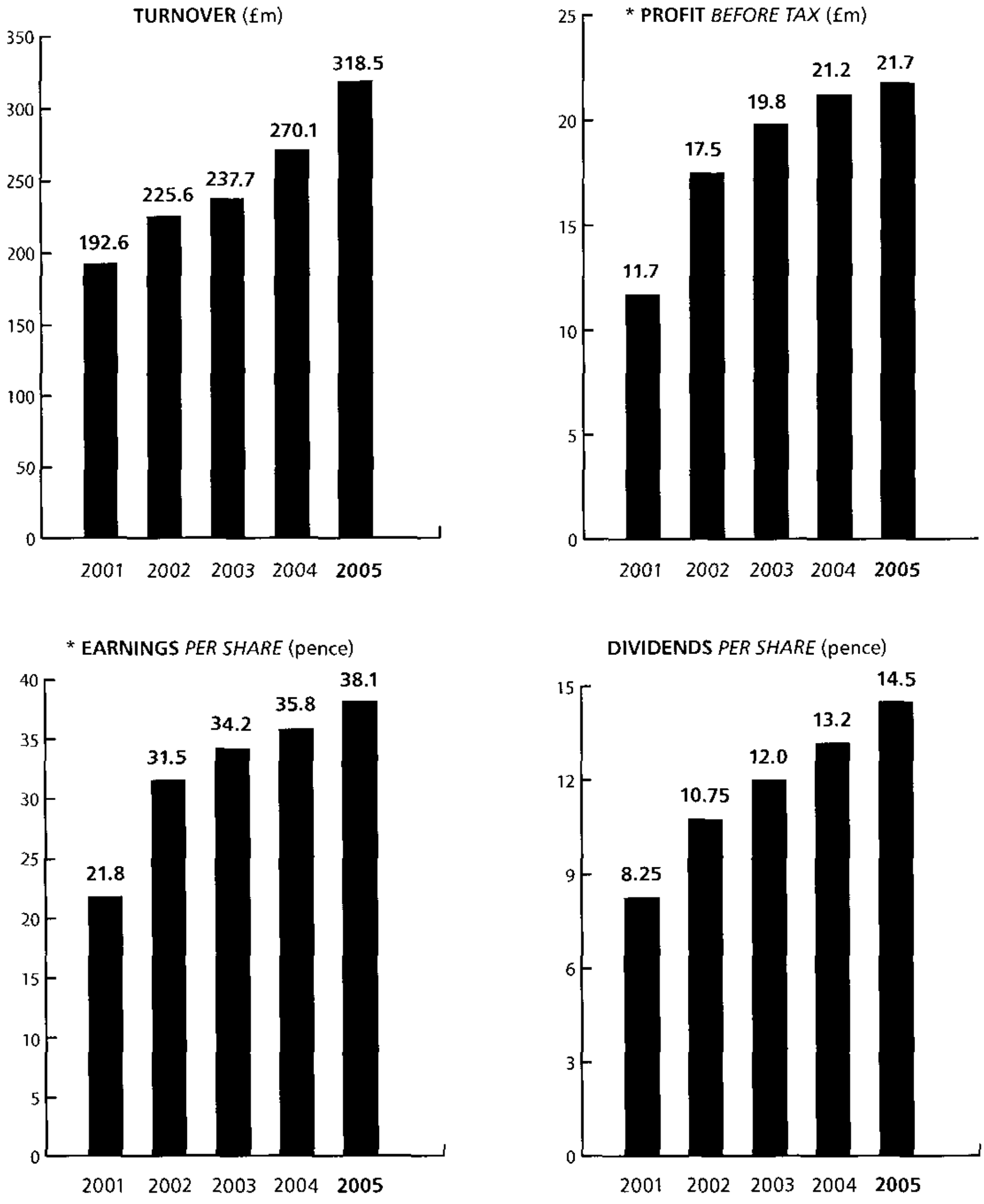

*prior to goodwill amortisation

"Cranswick continued its record of growth..."

CHAIRMAN'S STATEMENT

It is a tremendous compliment to the management team and their staff that, in what was an eventful year for the Company, Cranswick continued its record of growth. There were a number of challenges in the period including a serious fire at the Cottingham site. The year also saw the rationalisation of feed milling capacity, completion of a major capital investment programme, the setting up of a joint venture to produce traditional dry cured bacon and the acquisition of Perkins Chilled Foods along with an associated fund raising exercise.

The Company has made significant progress during the year. It gives me immense pride to be reporting further increases in turnover, profit and earnings per share, each to new highs, and with confidence in Cranswick's future prospects the Board is proposing an increase of 11 per cent in the final dividend.

RESULTS

Turnover in the year increased by 18 per cent to £318.5 million. Sales in the food operations, including agribusiness, increased significantly rising 19 per cent from £240.0 million to £286.6 million this year. The latter includes sales of £26.7 million made by Perkins Chilled Foods since acquisition in January 2005. Sales in the pet business rose 6 per cent to £31.9 million.

Profit before taxation, prior to goodwill amortisation and exceptionals, was up by 12 per cent to £23.6 million. Earnings per share on the same basis, allowing for the additional shares in issue and a lower tax charge, were up 15 per cent to 41.1p. Profit for the financial year attributable to members was £12.8m.

Exceptional costs totalling £1.9 million (net) are attributable to the reorganisation of production facilities following the capital investment programme and insurance in connection with the fire at the Cottingham site. The exceptional items gave rise to a net cash inflow of £1.0 million and we anticipate further cash receipts in the medium term from the sale of three freehold sites which are surplus to requirements following the reorganisation.

The results are considered in more detail in the Review of Activities by the Chief Executives of the food and pet businesses.

CASH FLOW

The underlying cashflow of the business continued to be very strong with the net cash inflow from operating activities generating £25.6 million compared with £21.3 million the previous year. The cash outflow on capital expenditure was £18.7 million compared with a depreciation charge of £5.8 million, the main items being the new facilities for sausage, charcuterie and pet food.

The cost of the Perkins acquisition was £83.3 million which was funded out of new borrowing facilities totalling £120 million (which also replaced existing debt) and a small share placing of £9.1 million. Interest cover for the year was 13 times and remains at a comfortable level with the acquisition and funding costs included on a full year basis based on historic performance. We ended the year with net debt of £92.4 million, 107 per cent of shareholders funds.

DIVIDEND

The Board is proposing an increase in the final dividend of 11 per cent to 9.8p per ordinary share. Along with the interim dividend of 4.7p per ordinary share paid in January 2005 this makes a total dividend for the year of 14.5p per ordinary share, an increase of 10 per cent on last year's 13.2p. The final dividend, if approved by shareholders, will be paid on 9 September 2005 to shareholders on the register at the close of business on 29 July 2005. Shares will go ex-dividend on 27 July 2005. Shareholders will again have the option to receive the dividend by way of scrip issue.

STRATEGIC DEVELOPMENT

Cranswick was formed by farmers in the early 1970's to produce pig feed. In 1988 the Board embarked on a strategy to broaden the base of the Company's activities and to seek opportunities to develop into related areas offering greater scope to add value to the Company's processes. Activities have since been extended from this agricultural base into the food and pet sectors.

The development of the pet activities commenced with the acquisition of a bird seed business local to the feed mill and was an extension of the Company's expertise in raw materials and milling. Subsequent acquisitions have extended the activities into the production of small animal food and the supply of fish and aquatic products.

The food division incorporates the original agribusiness activities and accounted for 90 per cent of overall sales in the year. It has evolved into a business focused predominantly on the supply of fresh and processed food to the UK food retail, food manufacturing and food service sectors. This development has been achieved through a combination of acquisitions and subsequent organic growth, with Cranswick now supplying a range of fresh pork, gourmet sausages, premium cooked meats, traditional dry cured bacon, charcuterie and sandwiches to its customers from a number of production facilities in the UK.

The acquisition of Perkins Chilled Foods, one of the UK's leading providers of cooked meats and poultry to the UK food retail and food service sectors, in January 2005 was an important step in Cranswick's strategic development. It provides the Company with increased critical mass in the growing UK cooked meats market, including the premium pre-sliced and pre-packed segment, an area which we had been targeting for future growth; greater market share in relation to the supply of cooked meats to the major UK food retailers, continuing the trend of consolidation within the UK pig meats sector; and a broader range of products, enabling us to offer our customers a more comprehensive service across the UK cooked meats category.

I would like to welcome Nick Tranfield, managing director of Perkins Chilled Foods, his fellow directors and staff to Cranswick and look forward to their contribution towards the Company's continuing development. As anticipated the business has made a positive contribution towards the results of the Company, has been successfully merged with our pre-existing cooked meats business and is integrating well into the Group.

BOARD STRUCTURE

There have been a number of changes to the Board during the year. Jim Bloom, who was one of the founders of the Company, retired at the 2004 AGM. Jim's involvement was greatly valued by all and on behalf of everyone at Cranswick I would like to thank him for the enormous contribution he made to the successful development of the business from its origins as a local feed mill to where it is today.

On Jim's retirement I was appointed executive chairman, Bernard Hoggarth appointed chief executive of the food activities and Derek Black appointed chief executive of the pet business. Bernard and Derek were previously managing directors of their respective areas. The non-executive presence on the Board has been increased with two new appointments. Patrick Farnsworth joined the Board in August 2004 and the appointment of John Worby, with effect from August 1st 2005, has been announced today. They have a number of years experience in the food sector and we welcome them to the Company.

EMPLOYEES

Cranswick has a devolved operational culture which seeks to harness the benefits of autonomous business units whilst utilising the expertise within the Company to coordinate strategies in a number of key areas such as sales and marketing, buying and technical.

Whilst there is considerable expertise within the management teams at the individual units there can be no underestimating the importance of all the people at Cranswick in achieving the growth to date and in the continuation of the Company's successful track record. One way in which employees participate in the success of the Company is through the SAYE share scheme and it was good to see a large number benefiting this year.

I mentioned earlier that the year had not been without its challenges. To have continued the growth record of the Company was especially encouraging. On behalf of the Board I thank all our people at Cranswick.

OUTLOOK

The Company is well positioned to continue its successful development. It has products in growing sectors of the market. Significant investment has been made in operational facilities to ensure that it continues to produce at the highest level of quality and on the most efficient basis. Operational teams with successful track records continue to drive their businesses forward supported by the resources and expertise within the Group. Initiatives to broaden the customer base and the product range are meeting with success.

The Board looks forward to the opportunities and challenges that will arise as we continue the Company's progress.

Martin Davey
Chairman

M Davey

24 May 2005

REVIEW OF ACTIVITIES FOOD

By the Chief Executive Bernard Hoggarth

The continued sales growth is most encouraging. Sales of £287 million were 20 per cent up on last year and included £27 million from Perkins Chilled Foods which was acquired in January 2005 and is integrating well.

The main focus of the food business is still the premium end of the retail sector. Strong growth has been achieved and we believe can continue through innovation, convenience and by offering consistent quality at affordable prices. We firmly believe that 'Quality does not go out of fashion'. To support this growth significant investment has been made in production facilities to provide capacity and to improve efficiencies. In addition to the growth at the retail level we are also experiencing good sales growth and see continuing marketing opportunities in the food service sector where our presence has been boosted by combining the Cranswick and Perkins teams.

The production of pig feed, our original activity, was consolidated onto the Cranswick Mill site during the year reflecting the overcapacity nationally in feed milling. The Wellingore site was closed and sold. This improved efficiency and along with a return of raw material prices to more normal levels restored margins. Exports of specialist piglet feed have developed well in recent years. Pig marketing and the production of 'Tendalean' pigs are key sources of supply for the Company's fresh pork business.

The fresh pork market in the UK has grown by almost 4 per cent in the last year which is encouraging considering that the market has been relatively flat previously. Against this we achieved growth in sales of fresh pork of 30 per cent to record levels with volumes in the new retail pack facility and in BBQ products rising significantly. Sales of 'Tendalean' pork, developed through the use of specific breeds of pigs and maturation techniques, also rose during the year. The 'Tendalean' pork rib roast was successful in the 2004 SuperMeat Awards winning the 'Best Pork Product' category and being named 'Overall Winner' against other categories covering beef, lamb, seafood and ready meals.

Review of Activities Food (cont)

The joint venture for the production of traditional dry cured bacon, Cranswick Gourmet Bacon, has absorbed first year start up costs and been successful in gaining business such that following a nationwide launch during May we anticipate that we will be heading towards 50 per cent capacity utilisation. The bacon is produced as smoked and un-smoked and is available under private label, Lazenby's and Jack Scaife brands. This 'Super Premium' tier of bacon is quite new to the major grocery retailers and gives us the entry opportunities we experienced ten years ago with the launch of the Cranswick Gourmet Sausage business which effectively created a new tier in the sausage category.

Sales in the sausage business were adversely impacted following the fire at the Cottingham site in June 2004 although the profit impact of this in the year was not material because of the level of insurance cover in place. Whilst the damage was restricted to one part of the factory this was not rebuilt because construction had already commenced on a new facility nearby. Following the commissioning in January 2005 of the new £6 million sausage production facility at Sutton Fields in Hull the previously separate businesses of Lazenby's and Cranswick Gourmet Sausage were relocated and consolidated. The factory was officially opened by the Chief Executive of Sainsbury's, Justin King. This investment provides us with a very efficient unit that has the capacity to support significant growth in our sausage sales and the sales and marketing team are very much focused on this.

Growth in the market for the 'Super Premium' sausage tier exceeds 9 per cent year on year and that for the 'Premium' tier overall is almost 6 per cent. This is particularly encouraging as these are our main target categories. Cranswick's sausages are available under private label, including Sainsbury's 'Taste the Difference', Duchy Originals and Lazenby's. Product development is an integral part of growing the business and the range includes low fat, low salt and gluten free sausages to meet consumer requirements. Development work also extends to the use of innovative equipment such as that which enables the spraying of a vegetarian based sausage casing.

An additional facility was opened during the year to handle the growing charcuterie sales at Continental Fine Foods. The investment in these new premises and in additional product slicing equipment was almost £4 million. This has eliminated impending capacity constraints and improved efficiencies which were factors in enabling Continental to gain the Italian charcuterie business with one of the leading grocery retailers. Following a successful launch sales, under the 'Simply Italian' and 'Negroni' brands, are growing strongly and we anticipate this to continue.

Review of Activities Food (cont)

Specialist areas such as pasta, stuffed olives and feta, pre-pack pates and bulk pates for the delicatessen counters continue to be a feature of our charcuterie business which has seen growth in sales of almost 90 per cent since acquisition four years ago reflecting a broadening of the customer base and growth in the market.

We now have four sites, three in Yorkshire and one in Deeside, producing cooked meats following the acquisition of Perkins compared to one previously. The combined business has been renamed Cranswick Convenience Foods and operates under a single management team. The integration process, which is ongoing, has led to some reorganisation so as to facilitate the most cost efficient production of specific lines, to optimise the use of sales and marketing resources and to enhance efficiencies in buying. A broader range of products is now available including high quality poultry, beef, lamb and pork products a high proportion of which are in consumer pre-packs. In addition cooked meats are supplied in bulk format for slicing at delicatessen counters and cooked poultry is supplied for in-store rotisseries. Development initiatives in both products and packaging formats are a key part of the enlarged business. Sales of cooked meats, for which the market continues to grow, were substantially higher this year following the acquisition and the customer base now includes most of the major grocery retailers.

Sales of sandwiches, a market which is still growing, were considerably ahead of last year and look set to increase further this year. Business lost in the previous year was regained and two substantial trading agreements extended. Production at the Denbigh site ceased and was transferred to The Sandwich Factory ('TSF') base in Warwickshire. TSF, which is focused predominantly on the food service and convenience store sectors, was successful at the 2004 British Sandwich Association Awards winning four of the categories including 'En-Route Retailer of the Year' and 'British Sandwich Designer of the Year'. The Denbigh activities are now concentrated on the distribution of sandwiches and sandwich fillings under 'North Wales Foods'.

REVIEW OF ACTIVITIES PET

By the Chief Executive Derek Black

Turnover continued to increase with sales up 6 per cent to £32 million.

The year has been one of major change in the food business with the opening of the new 'state of the art' fully automated production facility at Driffield. This plant is regarded as the largest of its type in Europe and has the production capacity to double our output of bird and small animal foods. Activities previously undertaken at the Beverley and Carlisle sites, old premises operating at full capacity, have been relocated, consolidated and renamed Cranswick Pet Products.

Food sales in the year were 4 per cent ahead at almost £22 million. Whilst there was some reduction in sales of pigeon feed and cage and aviary bird food this was offset by the continued development of our garden bird food and accessory products under the brand 'Natures Feast'. The increased interest in garden bird products reflects changing lifestyles and the positive approach to wild bird conservation.

Sales in the aquatic business at Tropical Marine Centre increased 10 per cent to more than £10 million. Although last year's poor summer impacted on the sales of garden pond products increases elsewhere more than offset this. Sales of marine livestock, including those from our own hatchery, were up as were dry goods which incorporate the supply of commercial livestock filtration systems and consumables.

The Manchester site, opened three years ago, continued to develop sales and the Bristol site, opened a year ago, achieved the targets set. The development of these two sites has freed up capacity to allow the original Hertfordshire site to focus on niche European sales expansion. Exports account for 20 per cent of sales and during the year the business was involved in a number of high profile projects including the supply of marine livestock and related consumables to two large aquarium displays in prestigious retail malls in Berlin and Prague. In the UK similar products were supplied to the new exhibit extension at The Deep in Hull.

FIVE YEAR STATEMENT

£m	**2005**	2004	2003	2002	2001
Turnover	318.5	270.1	237.7	225.6	192.6
Profit before tax*	21.7	21.2	19.8	17.5	11.7
Earnings per share*	38.1p	35.8p	34.2p	31.5p	21.8p
Dividends per share	14.5p	13.2p	12.0p	10.75p	8.25p
Capital expenditure	19.1	10.0	6.7	4.8	3.7
(Net debt)/net cash	(92.4)	(13.3)	1.6	(1.2)	(5.0)
Net assets	86.0	68.8	61.2	52.0	40.1

**prior to goodwill amortisation.*

The above figures have been compiled from the published accounts for each year.

FINANCIAL REVIEW

OVERVIEW

The main features of the year have been the record profits for the financial year recorded by the Group, the acquisition of Perkins Chilled Foods ("Perkins") in January for £83.3m, our largest acquisition to date by a long way, and the major capital expenditure programme that has recently drawn to a close that will create increased production capacity and bring greater efficiencies to the business. The amount of potentially disruptive activity that has taken place during the year including the factory rationalisation programme at our sausage and pet food businesses together with the fire at Cottingham and the closure of the animal feed mill at Wellingore has been significant but it has been well managed. The closure costs including redundancies and asset write-offs have been treated as exceptional items, with exceptional profits and cash likely to flow into the business in the current year from the sale of the three remaining surplus freehold sites, one of which is due to complete in the summer. We are now well invested for the future with some of the most efficient factories in the industry.

TURNOVER AND OPERATING PROFIT

Turnover increased by 18 per cent to £318.5m, which included £26.7m from Perkins in its first 3 months as part of the Group. The growth in sales of fresh pork, sandwiches and continental-style products was particularly pleasing, but animal feed sales were adversely affected by the closure of Wellingore and pet food sales were held back in the second half by the capacity constraints that we were working under pending the opening of the new facility at Kelleythorpe. Operating profit before goodwill amortisation and exceptional items increased by 17% to £25.6m, with £1.8m coming from Perkins. The operating margin before exceptional items and goodwill amortisation was marginally below last year at 8.0 per cent. Further details of the Company's operating performance are given in the Statement to Shareholders.

INTEREST

The interest charge for the year was £2.0m compared with £0.7m previously, reflecting the increased borrowings following the acquisition of Perkins and the capital expenditure programme mentioned above. Interest cover was 13 times, before exceptional items and goodwill amortisation.

GOODWILL AMORTISATION

The charge for amortisation of goodwill amounted to £3.2m compared with £2.2m the previous year, the increase largely reflecting a 3 month charge on the £68.7m of goodwill on the Perkins acquisition

TAXATION

The Company's effective tax rate was 26.2 per cent of profit before goodwill amortisation and after exceptional items as a result of tax relief on the fair value adjustments relating to the aquisition, compared with a standard rate of 30 per cent and 30.0 per cent last year.

EARNINGS AND DIVIDENDS

Profit attributable to shareholders increased from £12.6m to £12.8m. Adjusted earnings per share based on the profit for the year before exceptionals increased by 15 per cent over the previous year. The dividend for the year has been increased by 10 per cent, giving cover of 2.8 times based on earnings per share calculated before exceptional items and goodwill amortisation.

EQUITY SHAREHOLDERS' FUNDS

Equity shareholders' funds increased from £68.8m to £86.0m, reflecting principally the retained profit of £6.5m and the share placing in December 2004 of £9.1m.

CAPITAL EXPENDITURE

Capital additions for the year amounted to £19.1m compared with a depreciation charge of £5.8m. The food activities accounted for £15.1 m of this spend, with £4.0m going into the pet activities. The major items of spend were £6.3m on the new sausage factory and £3.7m on the new pet food facility. The acquisition of Perkins brought in to the Group balance sheet fixed assets with a cost of £35.9m and a net book value of £16.2m.

CASHFLOW

The net cash inflow from operating activities was £25.6m compared with £21.3m the previous year. Operating profit plus depreciation and goodwill amortisation generated £31.4m and working capital increased by £4.7m of which £2.1m related to the balance owing to us on the Cottingham fire insurance claim. The cash cost of the exceptional items in the year was £0.9m. Interest payments and loan issue costs amounted to £2.3m, compared with £0.8m the previous year, and £6.9m was paid out in taxation, £1.0m higher than the previous year. The cash ouflow on the purchase of fixed assets was £18.7m compared with £9.6m previously. The dividend payment increased by only £0.2m to £4.8m as a result of the higher scrip dividend take-up in the year. The cash outflow before financing after the purchase of Perkins for £83.3m was £88.6m compared with an outflow the previous year of £14.9m (after the acquisition of The Sandwich Factory for £15.6m).

FUNDING

The funding of cash outflows during the year was largely out of new facilities of £120m provided by Lloyds TSB and The Royal Bank of Scotland. These comprise two medium term loans of £45m each, a revolving credit facility of £20m and an overdraft facility of £10m. Interest is based on a margin over LIBOR and the Group has taken out an interest rate hedge in respect of 50% of the term loans on an amortising basis. There is no security against these loans other than cross guarantees but there are certain covenants against which the Group has to report on a six monthly basis. In addition a 5% share placing in December 2004 generated a net £9.1m. As a result the Group ended the year with net debt of £92.4m, 107 per cent of shareholders' funds, compared with £13.3m (19 per cent) a year ago. This comprised drawdowns under the above facilities of £96.2m, loan notes of £1.2m less net cash at bank of £5.0m.

FINANCIAL INSTRUMENTS

In the case of manufacturing activities, it is Company policy not to enter into forward purchase commitments beyond predictable production requirements. In the case of trading activities, no forward purchase contracts are entered into beyond one year's forecast sales based on market expectations. 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. The Company uses interest rate swaps to manage its exposure to rises in interest rates.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In common with all UK listed companies the Company is required to comply with adopted International Financial Reporting Standards for the first financial statements commencing on or after 1 January 2005. Therefore the first accounting period affected will be for the year ended 31 March 2006. Work is underway to ensure a smooth transition to IFRS.

John Lindop
Finance Director

ENVIRONMENTAL POLICY

The Company has sought to demonstrate high environmental standards which consistently exceed the basic requirements of environmental legislation. The fact that 7 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 5 '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.

DIRECTORS

Non-executive directors

+†* **Patrick Farnsworth** *(aged 57)*
Patrick has many years experience in the food industry, having worked for William Jackson & Son Limited, a Hull-based private company since 1965. He has been Joint Group Managing Director since 1995 and is due to retire later this year. He was appointed a non-executive director of Cranswick plc on 1 August 2004.

†* **Noel Taylor,** *(aged 57)*
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, Chairman *(aged 51)*
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 and became Chairman in July 2004 following the retirement of Jim Bloom. Since April 2004 Martin has been a non-executive Director of Thorntons plc, on which he spends one day per month. All fees receivable are paid to the Company.

John Lindop, Finance *(aged 55)*
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.

Bernard Hoggarth, Chief Executive Food *(aged 52)*
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 and Chief Executive of Food in 2004.

Derek Black, Chief Executive Pet *(aged 50)*
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 and Chief Executive of Pet in 2004.

Dr. Bernard Bell, Food *(aged 59)*
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.

Adam Couch, Food *(aged 36)*
Adam joined Cranswick in 1991 as a graduate trainee from Hull University, where he graduated in accountancy. Adam was appointed a director in 2003 and is managing director of the fresh pork operations.

* Member of Remuneration Committee   † Member of Audit Committee   + Member of Nomination Committee

REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts of the Company for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The Company's activities are focused in the food and pet sectors. A Review of the Activities is detailed on pages 6 to 9 of these accounts.

RESULTS AND DIVIDENDS

The profit on ordinary activities before taxation, was £18.5 million (2004 - £18.9 million).

An interim dividend of 4.7p per ordinary share was paid on 21 January 2005. The directors now recommend the payment of a final dividend for the year of 9.8p per ordinary share which, together with the interim dividend, represents 14.5p per ordinary share, totalling £6.3 million (2004 - 13.2p per ordinary share, totalling £5.5 million).

Subject to approval at the Annual General Meeting, the final dividend will be paid in cash or scrip form on 9 September 2005 to members on the register at the close of business on 29 July 2005. Shares will go ex-dividend on 27 July 2005.

After the above dividends, and a taxation charge of £5.7 million (2004 - £6.4 million), the retained profit for the year is £6.5 million (2004 - £7.1 million).

DIRECTORS AND THEIR INTERESTS

The directors of the Company currently in office are as stated on page 14. Each of the directors served for the whole of the year under review with the exception of Patrick Farnsworth, who was appointed on 1 August 2004 and retires in accordance with the Articles of Association and, being eligible, offers himself for re-election. In addition, Jim Bloom served as a director until his retirement on 26 July 2004. Derek Black and Noel Taylor retire in accordance with the Articles of Association and, being eligible, each offers himself for re-election. Derek Black has a service contract with a notice period which will have reduced to one year by 30 April 2006. Noel Taylor has a six month rolling contract.

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 37 to 39), are as follows:-

	At 31 March 2005 Ordinary Shares	At 31 March 2004 Ordinary Shares
M. T. P. Davey	**182,118**	171,382
Dr B. Bell	**76,837**	76,837
D. J. Black	**76,991**	70,503
A. Couch	**38,826**	32,782
B. Hoggarth	**100,736**	93,779
J. D. Lindop	**96,095**	88,216
R. N. Taylor	**397,200**	497,200
P. Farnsworth	**1,010**	- *

All the above interests are beneficial.

* *at date of appointment*

There have been no other changes to the above interests in the period from 1 April 2005 to 16 May 2005.

MAJOR SHAREHOLDERS

The Company has been informed of the following interests at 16 May 2005 in the 44,055,372 ordinary shares of the Company, as required by the Companies Act 1985:

	Number of Shares	% of issued share capital
AMVESCAP PLC	10,420,392	23.7
Jupiter Asset Management	2,468,053	5.6
Framlington Investment Management	2,296,800	5.2
Legal & General Investment Management	2,225,341	5.1

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 33 days. The average credit taken by our customers on a similar basis is 33 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 the Special Business to be transacted at the Annual General Meeting are contained in Appendix 1 to the Notice of Meeting on pages 45 to 46.

By Order of the Board
J Lindop
Secretary,
24 May 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2005

	Note	Before exceptionals £'000	Exceptionals £'000	2005 Total £'000	2004 £'000
Turnover - continuing operations	2				
- Ongoing		291,827	-	291,827	270,116
- Acquisition		26,711	-	26,711	-
		318,538	-	318,538	270,116
Cost of sales		(259,293)	(2,642)	(261,935)	(219,162)
Gross profit		59,245	(2,642)	56,603	50,954
Operating expenses before goodwill amortisation		(33,633)	-	(33,633)	(29,112)
Operating profit before goodwill amortisation		25,612	(2,642)	22,970	21,842
Goodwill amortisation	11	(3,235)	-	(3,235)	(2,240)
Operating profit - continuing operations	3, 4				
-Ongoing		20,593	(2,642)	17,951	19,602
-Acquisition		1,784	-	1,784	-
		22,377	(2,642)	19,735	19,602
Profit on disposal of tangible fixed assets	4	-	707	707	-
Net interest payable and similar charges	6	(1,972)	-	(1,972)	(683)
Profit on ordinary activities before taxation		20,405	(1,935)	18,470	18,919
Profit on ordinary activities before taxation and goodwill amortisation		*23,640*	*(1,935)*	*21,705*	*21,159*
Tax on profit on ordinary activities	7	(6,341)	657	(5,684)	(6,356)
Profit for the financial year attributable to members of the parent company	8	14,064	(1,278)	12,786	12,563
Equity dividends	9			(6,268)	(5,462)
Retained profit for the year	23			6,518	7,101
Earnings per share:	10				
- basic				30.4p	30.4p
- diluted				30.2p	30.2p
- adjusted				41.1p	35.8p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 March 2005

	2005 £'000	2004 £'000
Profit attributable to shareholders of the Company	12,786	12,563
Exchange differences on foreign equity investments	21	(6)
Total recognised gains and losses related to the year	12,807	12,557

CONSOLIDATED BALANCE SHEET

31 March 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Intangible assets	11	**106,884**	41,451
Tangible assets	12	**63,156**	38,047
		170,040	79,498
Current assets			
Stocks	14	**19,635**	11,884
Assets held for sale		**891**	-
Debtors	15	**48,127**	33,212
Cash at bank and in hand		**5,025**	2,801
		73,678	47,897
Creditors - amounts falling due within one year	16	**68,450**	56,099
Net current assets / (liabilities)		**5,228**	(8,202)
Total assets less current liabilities		**175,268**	71,296
Creditors - amounts falling due after more than one year	17	**83,974**	148
Provision for liabilities and charges	20	**5,297**	2,302
		85,997	68,846
Capital and reserves			
Called-up share capital	21	**4,405**	4,157
Share premium account	22	**38,250**	27,886
Profit and loss account	23	**43,342**	36,803
Equity shareholders' funds		**85,997**	68,846

Approved by the Board of Directors on 24 May 2005

M Davey Director

J Lindop Director

COMPANY BALANCE SHEET

31 March 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	12	**2,342**	2,363
Investment in subsidiary undertakings	13	**137,211**	53,890
		139,553	56,253
Current assets			
Debtors	15	**15,634**	1,605
Corporation tax recoverable		-	450
Cash at bank and in hand		-	-
		15,634	2,055
Creditors - amounts falling due within one year	16	**18,704**	16,552
Net current liabilities		**(3,070)**	(14,497)
Total assets less current liabilities		**136,483**	41,756
Creditors – amounts due after more than one year			
Bank loans	17	**83,862**	-
Provision for liabilities and charges			
Deferred tax	20	**113**	93
		52,508	41,663
Capital and reserves			
Called-up share capital	21	**4,405**	4,157
Share premium account	22	**38,250**	27,886
General reserve	23	**4,000**	4,000
Merger reserve	23	**1,806**	1,806
Profit and loss account	23	**4,047**	3,814
Equity shareholders' funds		**52,508**	41,663

Approved by the Board of Directors on 24 May 2005

M Davey — M Davey — Director

J Lindop — Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2005

	Note	2005 £'000	2004 £'000
Operating activities			
Net cash inflow from operating activities	25	**25,565**	21,308
Returns on investment and servicing of finance			
Hire purchase interest		-	(1)
Net bank interest		**(1,734)**	(618)
Issue costs on new bank loans		**(540)**	-
Loan note interest		**(59)**	(139)
		(2,333)	(758)
Taxation paid		**(6,864)**	(5,842)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(18,682)**	(9,565)
Proceeds of sale of tangible fixed assets		**1,806**	180
		(16,876)	(9,385)
Acquisitions and disposals			
Purchase of subsidiary undertakings		**(83,321)**	(15,122)
Net overdraft acquired with subsidiary undertaking		-	(493)
		(83,321)	(15,615)
Equity dividends paid		**(4,815)**	(4,608)
Cash outflow before financing		**(88,644)**	(14,900)
Financing			
Issue of ordinary share capital		**9,834**	-
Bank loans		**95,000**	-
Loan note repayments		**(808)**	(3,643)
Capital element of hire purchase payments		**(49)**	(100)
Net cash inflow/(outflow) from financing		**103,977**	(3,743)
Increase / (decrease) in cash in the year	26	**15,333**	(18,643)

NOTES TO THE ACCOUNTS

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 two principal sectors, being food and pet. The origin and destination of turnover is all within the European Union.

Turnover	Food		Pet		Total	
	2005	2004	**2005**	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Gross	**362,151**	294,119	**31,904**	30,077	**394,055**	324,196
Internal	**75,517**	54,080	**-**	-	**75,517**	54,080
External	**286,634**	240,039	**31,904**	30,077	**318,538**	270,116

In the opinion of the directors, the disclosure of segmental operating profit and net operating assets would be seriously 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:

	2005	2004
	£'000	£'000
Cost of sales		
- Ongoing (including exceptional costs of £2,642,000; 2004 - £nil)	**238,662**	219,162
- Acquisition	**23,273**	-
	261,935	219,162
Operating expenses		
Selling and distribution expenses		
- Ongoing	**12,943**	12,737
- Acquisition	**1,077**	-
	14,020	12,737
Administrative expenses		
- Ongoing	**21,413**	18,615
- Acquisition	**1,435**	-
	22,848	18,615
Operating expenses after goodwill amortisation	**36,868**	31,352
Goodwill amortisation	**(3,235)**	(2,240)
Operating expenses before goodwill amortisation	**33,633**	29,112
Depreciation of owned assets	**5,738**	4,514
Depreciation of assets held under finance leases and hire purchase contracts	**48**	97
Release of government grants	**(36)**	(36)
Operating lease rentals – land and buildings	**500**	481
– plant and machinery	**747**	643
Auditors' remuneration	**115**	85

In addition, payments to Ernst & Young LLP for non audit services amounted to £245,000 (2004 - £157,000) of which £214,000 related to due diligence services and £31,000 to taxation.

4. EXCEPTIONAL ITEMS – CONTINUING OPERATIONS

Non-recurring costs incurred during the year in the rationalisation of sites within the Food division were as follows:

	2005	2004
	£'000	£'000
Recognised in operating profit		
Redundancy and site closure costs	1,023	-
Plant and equipment write-offs	1,619	-
	2,642	-
Recognised below operating profit		
Profit on disposal of surplus sites	(707)	-
Total exceptional items before taxation	1,935	-

The corporation tax credit associated with these exceptional items amounted to £657,000 (2004: £nil).

The cash flow impact of exceptional items is £1,900,000 received in relation to asset disposals and £915,000 paid in relation to redundancies and site closure costs.

5. EMPLOYEES

	2005	2004
	£'000	£'000
Staff costs:		
Wages and salaries	37,054	29,207
Social security costs	3,313	2,788
Other pension costs	640	531
	41,007	32,526

The average monthly number of employees during the year was:

	2005	2004
	No	No
Production	1,628	1,437
Selling and distribution	172	186
Administration	197	189
	1,997	1,812

Directors' emoluments are included above within staff costs. Details of each director's remuneration, pension contributions and share options are detailed in the Report on Directors' Remuneration on pages 37 to 39.

6. NET INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£'000	£'000
Hire purchase interest	-	1
Loan note interest	59	139
Bank interest paid and similar charges	1,927	572
	1,986	712
Bank interest received	(14)	(29)
	1,972	683

7. TAXATION

a) Analysis of tax charge in the year

	2005 £'000	2004 £'000
The charge based on the profit for the year comprises:		
UK corporation tax		
UK corporation tax on profits of the year	5,945	6,068
Adjustments in respect of previous years	90	(147)
	6,035	5,921
Overseas taxation		
Overseas taxation on profits of the year	137	126
Adjustments in respect of previous years	25	-
Total current tax	6,197	6,047
UK deferred tax		
Origination and reversal of timing differences	(513)	309
Total deferred tax	(513)	309
Tax on profit on ordinary activities	5,684	6,356

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:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	18,470	18,919
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 : 30%)	5,541	5,676
Effect of:		
Disallowed expenses (primarily goodwill amortisation)	1,065	781
Depreciation in excess of capital allowances	661	(241)
Short term timing differences	(919)	(22)
Rollover relief	(316)	-
Other	50	-
Adjustments in respect of prior years	115	(147)
Current tax charge for the year	6,197	6,047

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 cumulative amount not provided is £290,000 (2004 - £ 72,000). 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 £6,501,000 (2004 - £5,863,000) 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

	2005	2004
	£'000	£'000
Interim paid 4.7p per share (2004 – 4.4p)	1,951	1,819
Final proposed 9.8p per share (2004 – 8.8p)	4,317	3,643
	6,268	5,462

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit after taxation of £12,786,000 (2004 - £12,563,000) and on the weighted average number of shares in issue during the financial year of 42,072,481 (2004 41,318,512) excluding the shares held by the Cranswick Qualifying Employee Share Ownership Trust. The calculation of diluted earnings per share is based on 42,321,995 (2004 - 41,671,361) ordinary shares allowing for the exercise of outstanding share options which have a dilutive effect.

The calculation of adjusted earnings per share is based on adjusted profits of £17,299,000 (2004 - £14,803,000) being profit after taxation of £12,786,000 (2004 - £12,563,000) but before goodwill amortisation of £3,235,000 (2004 - £2,240,000) and exceptional items net of tax of £1,278,000 (2004: £nil) and on the weighted average number of shares in issue of 42,072,481 (2004 - 41,318,512). The adjusted earnings per share figure is included because, in the opinion of the directors, it provides a better understanding of the underlying trading performance of the group.

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000
Cost	
At 31 March 2004	47,650
Acquisition of subsidiary undertakings	68,668
At 31 March 2005	**116,318**
Amortisation	
At 31 March 2004	6,199
Provided during the year	3,235
At 31 March 2005	**9,434**
Net book amounts	
At 31 March 2004	41,451
At 31 March 2005	**106,884**

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

12. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings	Leasehold property	Plant equipment and vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 31 March 2004	16,372	3,437	34,795	3,436	58,040
On acquisition of subsidiary undertaking	-	13,454	22,456	-	35,910
Additions	9,815	270	8,979	-	19,064
On commissioning	2,442	-	994	(3,436)	-
Transfer to assets held for resale	(927)	-	(284)	-	(1,211)
Disposals	(596)	(1,534)	(6,844)	-	(8,974)
At 31 March 2005	**27,106**	**15,627**	**60,096**	**-**	**102,829**
Depreciation					
At 31 March 2004	1,844	446	17,703	-	19,993
Charge for the year	268	344	5,174	-	5,786
On acquisition of subsidiary undertaking	-	4,898	14,793	-	19,691
Transfer to assets held for resale	(130)	-	(190)	-	(320)
Relating to disposals	(25)	(575)	(4,877)	-	(5,477)
At 31 March 2005	**1,957**	**5,113**	**32,603**	**-**	**39,673**
Net book amounts					
At 31 March 2004	14,528	2,991	17,092	3,436	38,047
At 31 March 2005	**25,149**	**10,514**	**27,493**	**-**	**63,156**

Included in freehold land and buildings is land with a cost of £2,952,000 (2004 - £2,952,000) which is not depreciated relating to the group and £1,210,000 (2004 - £1,210,000) relating to the Company. The cost of freehold land and buildings includes £467,000 (2004 - £206,000) in respect of capitalised interest. £261,000 of interest was capitalised during the year (2004: £32,000).

Company	Freehold land and buildings £'000
Cost	
At 31 March 2004	2,431
Additions	-
At 31 March 2005	**2,431**
Depreciation	
At 31 March 2004	68
Charge for the year	21
At 31 March 2005	**89**
Net book amounts	
At 31 March 2004	2,363
At 31 March 2005	**2,342**

13. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	£'000
a) Shares at cost	
At 31 March 2004	53,890
Additions in year	83,321
At 31 March 2005	**137,211**

The principal subsidiary undertakings are:

Food

Cranswick Country Foods plc
Studleigh-Royd Limited
Brookfield Foods Limited
The Sandwich Factory Group Limited (registered in Scotland)
North Wales Foods Limited
Cranswick Gourmet Bacon Company Limited (70% ownership, holding via Cranswick Country Foods plc)
Cranswick Mill Limited
Cranswick Deutschland GmbH (registered in Germany)
Cranswick ApS (registered in Denmark)

Pet

Cranswick Pet & Aquatics plc

Except where stated otherwise, each of the companies is registered in England and Wales and Cranswick plc holds directly 100% of the shares and voting rights of each subsidiary undertaking.

b) Studleigh-Royd Limited and Brookfield Foods Limited (together "Perkins Chilled Foods") were acquired on 6 January 2005 and have been accounted for as an acquisition from that date.

	Book value	Revaluation adjustments	Fair value
	£'000	£'000	£'000
Tangible fixed assets (Note i)	16,947	(728)	16,219
Stocks	7,258	-	7,258
Debtors (Note ii)	11,260	(392)	10,868
Creditors (Note iii)	(16,149)	(1,887)	(18,036)
Deferred taxation (Note iv)	(2,541)	898	(1,643)
Net assets	16,775	(2,109)	14,666
Goodwill arising on acquisition			68,655
Cost of acquisition			**83,321**

Discharged by:	
Cash consideration	82,092
Acquisition costs	1,229
	83,321

Revaluation adjustments

i. Write-off of redundant assets
ii. Write-off of irrecoverable marketing costs
iii. Provision for dilapidations on properties acquired, and on a discounted basis, for future rentals on vacant properties.
iv. Deferred tax impact of the fair value adjustments

Perkins Chilled Foods contributed £1,864,000 to the group's net operating cash flows and utilized £184,000 for capital expenditure and financial investment.

In the year ended 31 December 2004 Perkins Chilled Foods reported a profit after tax of £8,400,000. A summarised profit and loss account for this period is as follows:

	£'000
Turnover	120,075
Operating profit	10,896
Interest payable	(4)
Profit before tax	10,892
Tax	(2,492)
Profit after tax	8,400

c) In addition, costs of £13,000 were incurred by Cranswick Country Foods plc in relation to their holding in Cranswick Gourmet Bacon Limited and this amount has been charged to goodwill.

14. STOCKS

		Group
	2005	*2004*
	£'000	£'000
Raw materials	**10,683**	6,811
Finished goods	**6,759**	3,472
Livestock	**2,193**	1,601
	19,635	11,884

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

15. DEBTORS

		Group		Company
	2005	*2004*	**2005**	*2004*
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors	**39,172**	29,645	**-**	-
Other debtors	**5,020**	1,362	**-**	-
Prepayments and accrued income	**3,935**	2,205	**19**	21
Amounts owed by subsidiary undertakings	**-**	-	**15,615**	1,584
	48,127	33,212	**15,634**	1,605

16. CREDITORS – amounts falling due within one year

		Group		Company
	2005	*2004*	**2005**	*2004*
	£'000	£'000	**£'000**	£'000
Bank loans	**5,625**	-	**5,625**	-
Revolving credit facility	**5,000**	-	**5,000**	-
Bank overdraft	**1,734**	14,843	**1,093**	10,553
Obligations under hire purchase contracts	**-**	49	**-**	-
Loan notes	**1,200**	1,173	**1,200**	1,173
Trade creditors	**32,262**	20,262	**-**	-
Corporation tax	**2,634**	3,301	**671**	-
Other taxes and social security costs	**1,744**	931	**-**	-
Other creditors	**413**	1,515	**774**	1,159
Accruals and deferred income	**13,497**	10,358	**-**	-
Proposed dividend	**4,341**	3,667	**4,341**	3,667
	68,450	56,099	**18,704**	16,552

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

		Group		Company
	2005	*2004*	**2005**	*2004*
	£'000	£'000	**£'000**	£'000
Bank loans	**83,862**	-	**83,862**	-
Accruals and deferred income	**112**	148	**-**	-
	83,974	148	**83,862**	-

18. BANK LOANS

		Group		Company
	2005	*2004*	**2005**	*2004*
	£'000	£'000	**£'000**	£'000
Amounts falling due:				
In one year or less	**5,625**	-	**5,625**	-
Between one and two years	**11,250**	-	**11,250**	-
Between two and five years	**73,125**	-	**73,125**	-
	90,000	-	**90,000**	-
Less: unamortised issue costs	**(513)**	-	**(513)**	-
	89,487	-	**89,487**	-

The loan is repayable in 8 semi-annual instalments of £5,625,000 commencing March 2006, followed by a *single payment of £45,000,000 in September 2009. Interest is payable on the loan at a margin above LIBOR.*

The loan is unsecured.

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 12.

The disclosures below exclude short term debtors and creditors.

Interest rate risk profile of financial liabilities

After taking into account interest rate swaps entered into by the group, the interest rate profile of the group's financial liabilities at 31 March was as follows:

	Total	**Fixed rate financial liabilities**	**Floating rate financial liabilities**
2005	**£'000**	**£'000**	**£'000**
Sterling	97,383	45,000	52,383
Dollar	258	-	258
Euro	223	-	223
Danish Krona	70	-	70
	97,934	45,000	52,934
2004			
Sterling	14,713	49	14,664
Dollar	388	-	388
Euro	660	-	660
Danish Krona	304	-	304
	16,065	49	16,016

Floating interest rates are based on UK or overseas bank rates. The only financial asset at 31 March 2005 was cash at bank of £5,025,000 (2004 - £2,801,000), which comprised sterling £2,747,000 (2004 - £1,280,000), Euro £2,107,000 (2004 - £1,174,000), Danish Krona £261,000 (2004 - £161,000), US $ £Nil (2004 - £186,000). 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 5.8% (2004-2.2%) and the weighted average period for which rates are fixed is 4.75 years (2004 - 1.0 years).

The maturity profile of financial liabilities at 31 March 2005 was as follows:

		Group
	2005	*2004*
	£'000	£'000
In one year or on demand	**13,559**	16,065
In more than one year but not more than two years	**11,250**	-
Between two and five years	**73,125**	-
	97,934	16,065
Unamortised issue costs	**(513)**	-
	97,421	16,065

As at 31 March 2005 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 functional currency of all the Group's operations is sterling with the exception of the Group's subsidiaries in Germany and Denmark whose functional currency is in euros and who have net foreign currency monetary assets of £749,000 (2004 - £1,069,000).

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 liabilities has been estimated at £45,045,000 (2004 - £49,000); the fair value of fixed rate swaps has been estimated at £45,000 (2004: £nil).

The Group has various borrowing facilities available to it. The undrawn committed facilities available at 31 March 2005 were £24,000,000 (2004 - £5,152,000). The facilities run until 17 December 2009.

20. PROVISIONS

	Group			Company
	Property provisions	Deferred tax	Total	Deferred tax
	£'000	£'000	£'000	£'000
At 1 April 2004	-	2,302	2,302	93
On acquisition of subsidiary undertakings	1,887	1,643	3,530	-
Movement in the year	(22)	(513)	(535)	20
At 31 March 2005	1,865	3,432	**5,297**	**113**

Property provisions are held against dilapidations obligations and the costs of onerous leases and these provisions are expected to be utilised over the next seven years.

Deferred taxation consists of:

	Group		Company	
	2005	*2004*	***2005***	*2004*
	£'000	£'000	**£'000**	£'000
Accelerated capital allowances	**4,264**	2,437	**113**	93
Other timing differences	**(832)**	(135)	-	-
Total deferred tax liabilities	**3,432**	2,302	**113**	93

21. CALLED-UP SHARE CAPITAL

	Authorised		Allotted, called-up and fully paid	
	2005	*2004*	***2005***	*2004*
	£'000	£'000	**£'000**	£'000
Ordinary shares of 10p each	**5,300**	5,300	**4,405**	4,157

On 10 September 2004 83,367 ordinary shares were issued at 366.5p as a result of shareholders exercising the scrip dividend option in lieu of the cash payment for the 2004 final dividend. On 22 December 2004 2,050,000 ordinary shares were placed with institutional investors at a price of 457p. The placing raised £9,139,000 net of issue costs of £229,000. On 21 January 2005 101,698 ordinary shares were issued at 464.6p as a result of shareholders exercising the scrip dividend option in lieu of the cash payment for the 2005 interim dividend.
During the course of the year 53,033 ordinary shares were issued to the Company's Qualifying Employee Share Ownership Trust at prices between 364p and 600p as a result of employees exercising SAYE options. The option prices were between 120.75p and 415p. During the course of the year 197,598 ordinary shares were issued to employees exercising SAYE options at prices between 120.75p and 264p.

Of the unissued ordinary share capital £129,304 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	*163,418*	*264p*	*March 2005 to October 2009*
Savings related	69,301	415p	March 2006 to October 2010
Savings related	216,667	255p	March 2007 to October 2011
Savings related	*195,951*	*375p*	*March 2008 to October 2012*
Executive	430,000	362p	December 2004 to December 2011
Executive	215,000	518.5p	December 2005 to December 2012

At 31 March 2005 the Cranswick Qualifying Employee Share Ownership Trust held no ordinary shares in the Company (2004 – 172,373 ordinary shares with a nominal value of 10p and a market value of £669,669). Options over these shares were granted to employees under the SAYE scheme.
Dividends on the shares issued to 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 2004	27,886
Arising on share issues	10,364
At 31 March 2005	38,250

23. RESERVES

	Profit and loss account
Group	£'000
At 31 March 2004	36,803
Exchange differences	21
Retained profit for the year	6,518
At 31 March 2005	43,342

Cumulative goodwill of £7,102,000 (2004 - £7,102,000) has been written off reserves in respect of goodwill arising prior to 1 April 1998.

	General reserve	Merger reserve	Profit and loss account
Company	£'000	£'000	£'000
At 31 March 2004	4,000	1,806	3,814
Retained profit for the year	-	-	233
At 31 March 2005	4,000	1,806	4,047

24. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

		Group
	2005	*2004*
	£'000	£'000
At 31 March 2004	**68,846**	61,239
Profit for the financial year	**12,786**	12,563
Exchange differences	**21**	(6)
Dividends	**(6,268)**	(5,462)
Issue of shares		
In respect of share placing	**9,139**	-
In respect of scrip dividends	**778**	512
In respect of share options	**695**	-
At 31 March 2005	**85,997**	68,846

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

		Group
	2005	*2004*
	£'000	£'000
Operating profit	**22,377**	19,602
Goodwill amortisation	**3,235**	2,240
Depreciation	**5,786**	4,611
Release of government grants	**(36)**	*(36)*
Cash cost of exceptional items	**(915)**	-
(Profit)/loss on sale of tangible fixed assets	**(221)**	12
Increase in stocks	**(492)**	(2,429)
Increase in debtors	**(3,141)**	(3,944)
(Decrease)/increase in creditors	**(1,028)**	1,252
Net cash inflow from operating activities	**25,565**	21,308

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Group	
	2005	*2004*
	£'000	£'000
Increase/(decrease) in cash in the year	**15,333**	(18,643)
Cash (inflow)/outflow from change in debt and hire purchase	**(94,143)**	3,743
Issue costs of new debt	**540**	-
Change in net debt resulting from cash flow	**(78,270)**	(14,900)
Amortisation of issue costs	**(27)**	-
New loan notes issued in respect of deferred consideration	**(835)**	-
Movement in net debt in the year	**(79,132)**	(14,900)
Net (debt)/funds at start of year	**(13,264)**	1,636
Net debt at end of year	**(92,396)**	(13,264)

27. ANALYSIS OF NET DEBT

	At 31 March *2004* £'000	Issue of loan notes £'000	Cash flow £'000	Other non cash changes £'000	**At 31 March** ***2005*** **£'000**
Cash at bank and in hand	2,801	-	2,224	-	**5,025**
Overdrafts	(14,843)	-	13,109	-	**(1,734)**
	(12,042)	-	15,333	-	**3,291**
Bank loans	-	-	(94,460)	(27)	**(94,487)**
Loan notes	(1,173)	(835)	808	-	**(1,200)**
Hire purchase	(49)	-	49	-	**-**
	(13,264)	(835)	(78,270)	(27)	**(92,396)**

Loan notes amounting to £835,000 were issued in the year to satisfy deferred consideration relating to the acquisition of North Wales Foods Limited.

28. CONTINGENT LIABILITIES

The Company, together with its subsidiary undertakings, has entered into a guarantee with Lloyds TSB Bank plc and The Royal Bank of Scotland plc in respect of the Group's facilities with those banks.

29. COMMITMENTS

(a) The Directors have contracted for future capital expenditure totalling £1,654,000 (2004 - £7,888,000).

(b) The Group's annual commitment under non-cancellable operating leases was as follows:

	Land & Buildings		Other	
	2005	*2004*	***2005***	*2004*
	£'000	£'000	**£'000**	£'000
Leases expiring within:				
Within one year	**10**	13	**574**	252
Two to five years	**40**	-	**1,435**	322
After five years	**1,656**	459	**311**	-
	1,706	472	**2,320**	574

30. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme whereby contributions are made to a scheme operated by a major insurance company. The Perkins Chilled Foods business acquired during the year operates a number of defined contributions schemes on the same basis. Contributions to these schemes are determined as a percentage of employees' earnings and the amount charged to the profit and loss account is disclosed in note 4. *Contributions prepaid to the insurance company at the year-end, included in other debtors, amounted* to £29,000 (2004 - £82,000).

CORPORATE GOVERNANCE

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

Principles of good governance

The Board is committed to high standards of corporate governance. The adoption and maintenance of good governance is the responsibility of the Board as a whole. This report, together with the Directors' Remuneration Report on pages 37 to 39, describes how the Board applies the principles of good governance and best practice as set out in the Combined Code on Corporate Governance (the "Combined Code") which came into effect for reporting years commencing after 30 November 2003 and therefore applies to the full year under review. A statement of compliance can be found at the end of this report.

The Board

On 26 July 2004 Jim Bloom retired as Chairman and the Board appointed Martin Davey as Executive Chairman, Bernard Hoggarth and Derek Black respectively as Chief Executives of the food and pet divisions and on 1 August 2004 appointed a new independent non-executive, Patrick Farnsworth. The Board consulted with major shareholders before appointing Martin Davey, the then Chief Executive, as Chairman. His appointment to Chairman is considered by the Board to be in the long term interests of the Business and as a result no external search consultancy nor open advertising was used for his appointment. The Board now consists of an Executive Chairman, two Chief Executives, three executive directors and two non-executives. A further independent non-executive, John Worby, has been appointed with effect from 1 August 2005 who will, on appointment, be nominated the Company's Senior Independent Director. The Board considers Noel Taylor and, until his retirement, Jim Bloom to be independent although the Combined Code would not deem them to be independent due to their long association with the Company. The Board believes that they act in the best interests of the Company and that their holding of shares in the Company aligns their interests with shareholders. The Combined Code recommends that the board of directors of a UK public company should include a balance of executive and non-executive directors (including independent non-executives) such that no individual or small group of individuals can dominate the board's decision-making. The Board is confident that following these appointments from 1 August 2005 it will meet the majority of the requirements of the Combined Code.

The Board meets each month throughout the year to direct and control the overall strategy and operating performance of the Group. To enable them to carry out these responsibilities all directors have full and timely access to all relevant information. A formal schedule of matters reserved for decision by the Board covers key areas of the Group's affairs including acquisition and divestment policy, approval of budgets, major capital expenditure projects, profit and cashflow performance and general treasury and risk management policies. Responsibility for the Group's day-to-day operations is delegated to the Chief Executives of the two divisions who, supported by the executive directors and executive management, implement the Board's strategy and manage the Group's business. Upon appointment, all directors undertake a formal introduction to all the Group's activities and are also provided with the opportunity for on-going training to ensure that they are kept up-to-date on changes in relevant legislation and the general business environment. Procedures are in place for directors to seek both independent advice at the expense of the Company and the advice and services of the Company Secretary in order to fulfil their duties. The Company Secretary is responsible to the Board for ensuring that Board procedures are complied with and for advising the Board, through the Chairman, on all governance matters. The appointment and removal of the Company Secretary is determined by the Board as a whole.

The Chairman has completed a performance evaluation of the Board, its committees and directors benchmarked against targets and expectations set out at the start of the year. The non-executive directors meet at least once a year with the Chairman to appraise Board performance and to evaluate the Board, its Committees and individual directors. In addition, the non-executive directors meet, without the Chairman present, in order to appraise his performance.

The Company's Articles of Association provide that one third (but not more than one third) of the Directors retire by rotation each year and with the proviso that each Director shall seek re-election at the Annual General Meeting every three years. All new directors are subject to election by shareholders at the first opportunity following their appointment.

Directors' biographies and membership of the various committees are shown on page 14. The formal terms of reference for the main Board Committees together with the terms and conditions of appointment of non-executive directors are available for inspection at the Company's Registered Office and at the Annual General Meeting.

Audit Committee

The Audit Committee currently comprises the non-executives, Patrick Farnsworth and Noel Taylor. The Committee was chaired by Jim Bloom until his retirement on 26 July 2004 and by Patrick Farnsworth from 1 August 2004. On his appointment on 1 August 2005 John Worby, who has considerable recent relevant financial experience, will become Chairman of the Committee. From that date the Committee will comprise the three non-executive directors. The Board is confident that at that date the Company will fully comply with the requirements of the Combined Code in terms of the required number of independent directors for a Company of Cranswick's size.

Martin Davey, John Lindop, Mark Wood, Group Financial Controller, and David Maughan, the senior financial executive responsible for assessing the Group's internal financial controls, together with the external auditors, attend the meetings as appropriate. The external auditors have the opportunity for direct access to the Committee without the Executive Directors being present.

The Committee reviews the Group's accounting policies and internal reports on accounting and internal financial control matters together with reports from the external auditors. The Audit Committee has overall responsibility for monitoring the integrity of financial statements and announcements and for all aspects of internal control and in the future will meet three times a year to coincide with a review of the Group's half and full year statements together with the fourth quarter update. The Audit Committee considers annually the extent of the work of the internal audit function. The Audit Committee is also responsible for recommendations for the appointment, reappointment or removal of the external auditors and for reviewing their effectiveness. It also approves the terms of engagement and remuneration, monitors their independence and for developing a policy for the review and approval of all non-audit services.

The Chairman of the Audit Committee will be available at the Annual General Meeting to respond to any shareholder questions that might be raised on the Committee's activities.

Remuneration Committee

The Remuneration Committee currently comprises Patrick Farnsworth (Chairman) and Noel Taylor. The Committee was chaired by Jim Bloom until his retirement on 26 July 2004. Patrick Farnsworth was appointed Chairman on 1 August 2004. It is a requirement of the Combined Code that the Remuneration Committee should, in the case of smaller companies, consist of at least two members who are considered by the Combined Code to be independent. The Company is only able to comply with this from the appointment of John Worby on 1 August 2005. The Board is confident that at that date the Company will fully comply with the requirements of the Combined Code in terms of the required number of independent directors for a company of Cranswick's size. Martin Davey, Chairman, attends meetings of the Remuneration Committee by invitation and in an advisory capacity. No director attends any part of a meeting at which his own remuneration is discussed. The executive directors determine the remuneration of the non-executive directors.

The Committee recommends to the Board the policy for executive remuneration and determines, on behalf of the Board, the other terms and conditions of service for each executive director. It determines appropriate performance conditions for the annual cash bonus and long term incentive schemes and approves awards and the issue of options in accordance with the terms of those schemes. The Remuneration Committee also recommends and monitors the level and structure of remuneration of senior management below that of main board director. The Remuneration Committee has access to advice from the Company Secretary and to detailed analysis of executive remuneration in comparable companies. Details of the Committee's current remuneration policies are given in the Directors' Remuneration Report on pages 37 to 39.

The Chairman of the Remuneration Committee attends the Annual General Meeting to respond to any shareholder questions that might be raised on the Committee's activities.

Nomination Committee

The Committee, which was established at the start of the financial year, currently comprises Martin Davey, Executive Chairman, who also acts as the Committee's Chairman, and Patrick Farnsworth, independent non-executive, since his appointment on 1 August 2004. On his appointment on 1 August 2005 John Worby will also become a member of the Committee. It is a requirement of the Combined Code that a majority of the members of the Nomination Committee should be non-executive directors, and the Chairman should be either the chairman of the board or a non-executive director. The Board is confident that with effect from 1 August 2005 it will fully comply with these requirements of the Combined Code. Although neither an external search consultancy or open advertising has been used in the selection of the new non-executive directors, potential candidates were discussed with the Company's advisers. The Board is confident that the process used in their selection ensured the quality and independence of these individuals. The proceedures used to select directors will be reviewed periodically. Due to the size of the Company and the stability of the Board the Chairman's time commitment to this Committee is not anticipated to be heavy.

The Committee meets as required and is authorised to propose to the Board new appointments of executive and non-executive directors. Since the year-end the Nomination Committee has recommended the appointment of a new non-executive director.

The Chairman of the Nomination Committee will attend the Annual General Meeting to respond to any shareholder questions that might be raised on the Committee's activities.

Meetings attendance

Details of the number of meetings of, and members' attendance at, the Board, Audit, Remuneration and Nomination Committees during the year are set out in the table below.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
No. of meetings	12	1	1	1
B.Bell	12			
D. Black	9			
J.Bloom(*1*)	4	1	1	1
A.Couch	11			
M.Davey	12			1
P.Farnsworth(*2*)	7			
B.Hoggarth	11			
J.Lindop	12			
N.Taylor	10	1	1	

(*1*) retired on 26 July 2004 (*2*) appointed on 1 August 2004

Shareholders

The views of shareholders expressed during meetings with them are communicated to the Board as a whole, and through this process of communication the Board is able to gain a sound understanding of the views and concerns of the major shareholders. Other directors are available to meet the Company's major shareholders if requested. The Senior Independent Director is available to meet shareholders if they have concerns which contact through the Chairman has failed to resolve or for which such contact is inappropriate. Principles of corporate governance and voting guidelines issued by the Company's institutional shareholders and their representative bodies are circulated to and considered by the Board. The Board also welcomes the attendance and questions of shareholders at the Annual General Meeting which is also attended by the Chairmen of the Audit, Remuneration and Nomination Committees.

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 safeguard 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.

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 Chairman of the Audit Committee reports to the Board on internal controls and risk management issues following each Audit Committee meeting. 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. As stated in last year's report, a senior financial executive within the Group has been given the responsibility of overseeing the Group's internal controls and is progressively reviewing the processes across all business locations.

The management of the Food 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.

Auditor Independence

The Board is satisfied that Ernst & Young LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence is maintained. The Company meets its obligations for maintaining the appropriate relationship with the external auditors through the Audit Committee whose terms of reference include an obligation to consider and keep under review the degree of work undertaken by the external auditor, other than the statutory audit, to ensure such objectivity and independence is safeguarded.

Compliance with the Revised Combined Code

The Directors consider that the Company has, during the year ended 31 March 2005, complied with the requirements of the revised Combined Code other than as set out below. The principal reason why the Company has failed to comply has been the changes in the composition of the Board and its Committees during the year. The Board has taken the actions neccessary to move quickly toward fuller compliance with the appointment of independent non executive directors.

i) The Board did not comply throughout the year with Combined Code provision A.4.1 and C.3.3 in terms of formal written terms of reference for the Audit, Remuneration and Nomination Committees and their availability. Written terms of reference were adopted for all three Committees at a board meeting held on 6 May 2005 and they are now available for inspection. Prior to this date there were no written terms of reference. Consequently the Directors consider that from 6 May 2005 the Board is in compliance with provisions A.4.1 and C.3.3.

ii) The Board did not comply throughout the year with Combined Code provisions A.1.3, A.3.2, A.4.1, A.4.3, B.2.1 and C.3.1 regarding the composition of the Board and the Audit, Remuneration and Nomination Committees. With the appointment of John Worby on 1 August 2005 the Board is confident that it will from that date move toward compliance with the above Combined Code provisions.

iii) The Board did not comply throughout the year with Combined Code provision A.3.3 in that there was no designated senior independent director. On his appointment to the Board on 1 August 2004 Patrick Farnsworth was nominated senior independent director. On his appointment to the Board on 1 August 2005 John Worby will be nominated senior independent director.

iv) The Board does not comply with Combined Code provision C.3.4 in that it has not adopted a formal "whistleblowing" policy, but is reviewing plans to introduce one across the Group.

v) The Board does not comply with Combined Code provisions A.7.2 and B.1.6 in that notice periods contained in the service agreements dated 1 May 2004 for M.Davey, D.Black and B.Hoggarth contain notice periods that reduce progressively to 1 year by 1 May 2006. In addition Noel Taylor, non-executive director, does not have a fixed term contract, but is employed subject to a notice period of 6 months

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 currently comprises the non-executive directors Patrick Farnsworth (Chairman of the Committee) and Noel Taylor. The Executive Chairman attends the meetings in an advisory capacity as requested. The Committee determines the remuneration of the Company's executive directors and puts forward its recommendations for approval by the Board. The Committee has not used remuneration consultants in the year, but has undertaken a review of remuneration levels at quoted companies of comparable size. The remuneration of the non-executives is determined by the executive directors and reflects the time commitment and responsibility of their roles.

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, car allowance and benefits

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

Bonus scheme

The bonus scheme in operation is based on the achievement of group profit targets. The profit targets and bonuses are the same for all executive directors. During the year a sum of £40,000 was payable on achievement of the profit target plus a further 1% of the profit achieved over target. Total bonus is capped at 150% of basic salary. Non-executive directors do not participate in the company's incentive scheme. Incentive payments and benefits are not pensionable.

Share options

Salary and bonus scheme are intended as the most significant part of directors' remuneration; in addition, executive share options can be proposed by the Remuneration Committee and are granted periodically to promote the involvement of senior management in the longer term success of the Company. Options can only be exercised if certain performance criteria are achieved by the Company. These criteria are based on total shareholder return over the period since granting of the options 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, Arla Foods, Geest, Glanbia, Canterbury Foods, 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. Employer contributions are determined by the service contracts as a percentage of basic salary.

Service contracts

The service contracts for M. Davey, D. Black and B. Hoggarth include notice periods which will have reduced to one year by 1 May 2006 except in the case of a takeover of the Company when the notice period is 2 years for the first six months following the takeover. J. Lindop has a 1 year rolling contract. B Bell's contract terminates on 1 December 2005 when he reaches the age of 60. A Couch, who had a pre-existing 3 year contract reducing to 6 months when he was appointed to the Board on 2 July 2003, will be given a 1 year rolling contract prior to 30 April 2006 when his existing contract expires. N. Taylor has a 6 month rolling service contract and P.Farnsworth has a three year appointment letter from 1 August 2004. The contracts for M. Davey, D. Black, B. Hoggarth and J. Lindop have special provisions relating to liquidated damages requiring that the notice period stipulated in the contract will be paid in full. For the other contracts the Remuneration Committee will consider the circumstances of an early termination and determines compensation payments accordingly.

Information subject to audit.

Directors' Remuneration

The remuneration of directors for the year was as follows:

	2005	*2004*
	£'000	£'000
Salary and fees	**1,711**	1,548
Bonuses	**90**	-
Benefits	**8**	14
Pension contribution	**294**	229
Payment in lieu of pension contribution	**249**	-
	2,352	1,791
Aggregate notional gains made by directors on exercise of options	**155**	22

Individual directors, including pension contributions:

	Salary and fees £'000	Bonus £'000	Other £'000	Benefits £'000	**Total 2005 £'000**	Total 2004 £'000	**Pension 2005 £'000**	Pension 2004 £'000
Non-executive directors:-								
JCW Bloom (to date of retirement)	25	-	-	1	**26**	78	-	-
P Farnsworth (from date of appointment)	17	-	-	-	**17**	-	-	-
RN Taylor	55	-	-	1	**56**	54	**11**	11
M Field	-	-	-	-	-	40	-	-
Executive directors:-								
Dr. B Bell	197	15	-	1	**213**	196	**32**	32
DJ Black	266	15	81	1	**363**	230	**44**	37
MTP Davey	400	15	76	1	**492**	343	**67**	57
B Hoggarth	311	15	92	1	**419**	267	**52**	44
JD Lindop	230	15	-	1	**246**	230	**61**	37
AH Couch	210	15	-	1	**226**	124	**27**	11

Other comprises payments in lieu of pension contribution.

The number of directors who were active members of the money purchase pension scheme during the year was 7 (2003 - 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 which is available to all employees.
The interests of the directors were as follows:-

Executive share option scheme

	At 1 April 2004 No	Granted in the year No	Exercised in the year No	Lapsed No	At 31 March 2005 No	Exercise price p	Range of exercise dates
MTP Davey	50,000	-	-	-	50,000	362.0	5 Dec 2004/4 Dec 2011
	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
	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
	25,000	-	-	-	25,000	518.5	23 Dec 2005/12 Dec 2012
AH Couch	20,000	-	-	-	20,000	362.0	5 Dec 2004/4 Dec 2011
	10,000	-	-	-	10,000	518.5	23 Dec 2005/22 Dec 2012
B Hoggarth	50,000	-	-	-	50,000	362.0	5 Dec 2004/4 Dec 2011
	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
	25,000	-	-	-	25,000	518.5	23 Dec 2005/22 Dec 2012

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

Savings related share option scheme

	At 1 April 2004 No	Granted in the year No	Exercised in the year No	Lapsed No	At 31 March 2005 No	Exercise price* p	Range of exercise dates
P Farnsworth	+-	-	-	-	-	-	
R N Taylor	-	-	-	-	-	-	
MTP Davey	10,736	2,526	-10,736	-	2,526	375.00	1 Mar 2010/1 Sept 2010
Dr. B Bell	3,957	-	-	-	3,957	415.00	1 Mar 2008/1 Sept 2008
DJ Black	9,009	1,833	-5,812	-	5,030	162.69	1 Mar 2008/1 Sept 2010
AH Couch	9,330	-	-4,918	-	4,412	188.49	1 Mar 2009/1 Sept 2009
B Hoggarth	7,384	1,516	-6,474	-	2,426	330.00	1 Mar 2006/1 Sept 2010
JD Lindop	9,009	1,833	-5,812	-	5,030	162.69	1 Mar 2008/1 Sept 2010

\+ at date of appointment *weighted average

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 following directors exercised savings related share options during the year:

	Number	Date Exercised	Exercise price £	Market price £	Notional gain £'000
MTP Davey	9,614	1.3.05	1.2075	5.855	45
	1,122	1.3.05	2.64	5.855	4
DJ Black	5,812	1.3.05	1.2075	5.855	27
B Hoggarth	5,812	1.3.05	1.2075	5.855	27
	662	1.3.05	2.64	5.855	2
JD Lindop	5,812	1.3.05	1.2075	5.855	27
AH Couch	4,918	1.3.05	1.2075	5.855	23

The market price of the company's shares at 31 March 2005 was 566p 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	618.5p	351.0p
Options issued during the year	618.5p	566.0p

There have been no changes to the above interests in the period from 1 April 2005 to 16 May 2005. The Company's register of directors interests, which is open to inspection, contains full details of Directors' shareholdings and options to subscribe.

On behalf of the Board.
Patrick Farnsworth, Director
24 May 2005

REPORT OF THE AUDITORS

to the members of Cranswick plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRANSWICK plc

We have audited the group's financial statements for the year ended 31 March 2005 which comprise the Consolidated Profit and Loss Account, Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, and the related notes 1 to 30. 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 Kindom law and accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements. The directors are also responsible for preparing the Directors' Remuneration Report.

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 Report of the Directors 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 nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, 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, Report of the Directors, Corporate Governance, unaudited part of the Directors' Remuneration Report, Five Year Statement and Shareholder Analysis. 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 2005 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
24 May 2005

SHAREHOLDER INFORMATION

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 16 May 2005

	Number of holdings	Number of shares
Classification		
Private shareholders	1,094	6,626,766
Corporate bodies and nominees	485	37,428,606
	1,579	44,055,372
Size of holding (shares)		
1 – 1,000	661	289,927
1,001 – 5,000	551	1,255,711
5,001 – 10,000	125	874,511
10,001 – 50,000	124	2,978,989
50,001 – 100,000	39	2,763,887
Above 100,000	79	35,892,347
	1,579	44,055,372

SHARE PRICE

At 31 March 2004	388.5p
At 31 March 2005	566.0p
High in the year	618.5p
Low in the year	351.0p

NOTICE OF MEETING

Notice is hereby given that the 32nd Annual General Meeting of the Company will be held at Ramada Jarvis, Grange Park Lane, Willerby, Hull on 25 July 2005 at 11.30am for the following purposes:-

1. To receive and adopt the Report of the Directors and the Accounts for the year ended 31 March 2005.

2. To declare a Final Dividend of 9.8p per share on the existing Ordinary Share Capital.

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

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

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

6. To re-appoint Ernst & Young LLP as auditors.

7. To authorize the Directors to determine the auditors' remuneration.

As Special Business to consider and, if thought fit, to pass the following Resolutions in the case of the Resolutions numbered 10 and 11 as Special Resolutions and in the case of the remaining Resolutions as Ordinary Resolutions:-

8.To receive and approve the Directors' Remuneration Report for the year ended 31 March 2005.

9.That in substitution for any existing authority under section 80 of the Companies Act 1985 (the "Act"), but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised, pursuant to section 80 of the Act, to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £894,462, such authority to expire on the earlier of the commencement of the Company's Annual General Meeting to be held in 2006 or any adjournment thereof and 30 September 2006, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors of the Company may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

10.That in substitution for any existing power under section 95 of the Companies Act 1985 (the "Act"), but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby empowered pursuant to section 95(1) of the Act to:-

(a) allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority referred to in the previous resolution, as if section 89(1) of the Act did not apply to any such allotment; and

(b) sell relevant shares (as defined in section 94(5) of the Act) in the Company if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in section 162A(3) of the Act) ("treasury shares") for cash, as if section 89(1) of the Act did not apply to any such sale,

up to an aggregate nominal value of £894,462, such power to expire on the earlier of the commencement of the Company's Annual General Meeting to be held in 2006 or any adjournment thereof and 30 September 2006, unless previously revoked, varied or extended by the Company in general meeting, provided that such power shall be limited to the allotment of equity securities and the sale of treasury shares:-

(i) in connection with an offer of equity securities open for acceptance for a period fixed by the Directors of the Company to the holders of ordinary shares in the share capital of the Company on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such ordinary shares (but subject to such exclusions or other arrangements as the Directors of the Company may consider necessary or expedient to deal with legal problems under or resulting from the application or apparent application of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever); and

(ii) other than pursuant to sub-paragraph (i) of this resolution, up to an aggregate nominal amount of £220,276.

save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or treasury shares to be sold after the expiry of such power and the Directors of the Company may allot equity securities or sell treasury shares in pursuance of such an offer or agreement as if such power had not expired.

11. 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.

12. That the Cranswick plc Company Share Option Plan, a copy of the rules of which has been produced to the Meeting and initialed by the Chairman for the purposes of identification and a summary of the main provisions of which is set out in appendix 2 to the Notice of Meeting, be and is hereby approved and adopted and the Directors of the Company be and are hereby authorised to do all acts and things necessary to establish and carry the same into effect, including the incorporation into the said rules of such alterations, amendments and/or additions as might be required in order to obtain the approval of the HM Revenue & Customs.

Cranswick
Driffield
East Yorkshire YO25 9PF
24 May 2005

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.

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the register of members of the Company at 11.30 am on the date which is two days prior to the Meeting (or, in the event that the Meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting) will be entitled to attend or vote at such meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after that time (or, in the event that the Meeting is adjourned, less than 48 hours before the time of any adjourned meeting) will be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the Meeting or adjourned 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;

(iii) A copy of the rules of the proposed Cranswick plc Company Share Option Plan will be available for inspection, during normal business hours, on any weekday (Saturdays and public holidays excepted) at 2 Gresham Street, London EC2V 7QP until the conclusion of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the Meeting

APPENDIX 1 TO THE NOTICE OF MEETING

Special Business to be transacted at the Annual General Meeting.

The Board proposes Special Business as set out in resolutions 8 to 12 contained in the Notice of Meeting on pages 43 and 44.

Resolution 8 asks shareholders to receive and approve the Directors' Remuneration Report. The Directors' Remuneration Report is set out on pages 37 to 39. This resolution is an advisory vote, as permitted by law, and no entitlement to remuneration is conditional upon this resolution being passed.

Resolution 9 gives the Directors authority to allot authorised but unissued shares and is to maintain the flexibility, given at previous general meetings, in respect of the Company's financing arrangements. This resolution is in accordance with normal practice and complies with the guidelines issued by the Association of British Insurers. 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 £894,462 which is equal to the unissued share capital as at 16 May 2005 and which represents approximately 21.5 per cent of the issued share capital (excluding treasury shares) as at 16 May 2005. 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 2006 or 30 September 2006.

Resolution 10 disapplies rights of pre-emption on the allotment of shares by the Company and the sale by the Company of treasury shares. This resolution is in accordance with normal practice and complies with the guidelines issued by the Association of British Insurers. The authority will allow the Directors to allot equity securities for cash, and to sell treasury shares for cash, on a pro rata basis to existing shareholders (subject to fractional entitlements and certain legal requirements) and otherwise than on such a pro rata basis up to an aggregate nominal amount of £220,276, representing 5 per cent of the Company's issued share capital as at 16 May 2005. Listed companies that now purchase their own shares are able to hold shares in treasury for subsequent sale, rather than to cancel them immediately

This resolution will expire on the earlier of the commencement of the Annual General Meeting to be held in 2006 or 30 September 2006.

Resolution 11 authorises the Company to buy its 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 16 May 2005 options over 1,290,337 ordinary shares in the Company were outstanding under the Company's employee share schemes, representing 2.9% of the Company's issued share capital at that date. If the existing authority to purchase shares granted at the Company's last annual general meeting and the proposed authority being sought were to be exercised in full, such options would represent 3.7% of the Company's issued share capital (excluding treasury shares) at 16 May 2005.

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.

Listed companies can now retain any of their own shares they have purchased as treasury shares with a view to possible sale at a future date, rather than cancelling them in accordance with previous legislation. The Company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury shares. This would give the Company the ability to sell treasury shares quickly and cost-effectively, and would provide the Company with additional flexibility in the management of its capital base.

Resolution 12 authorises the adoption of "The Cranswick plc Company Share Option Plan" ("CSOP").

The Cranswick plc 1995 Executive Share Option Scheme ("the existing scheme") has a life of 10 years and is due to expire this year and it is intended that the CSOP will replace the existing scheme. As is the case with the existing scheme, it is intended that the CSOP will be a HM Revenue & Customs approved company share option plan.

The Remuneration Committee considers that option schemes are an integral and central part of the Company's remuneration policies for senior executives and that the existing scheme has helped to contribute to the success of the Company. The Remuneration Committee feels that it is appropriate to continue the granting of options as part of the Company's remuneration policies. Accordingly shareholders are asked to approve the adoption of the CSOP.

As is the case with the existing scheme, the rules of the CSOP will generally require the satisfaction of performance criteria before any option may be exercised. The Remuneration Committee will decide upon the appropriate objective performance criteria to apply prior to the grant of options.

Appendix 2 to the Notice of Meeting contains a summary of the principal terms of the rules of the CSOP. A copy of the rules of the proposed CSOP will be available for inspection, during normal business hours, on any weekday (Saturdays and public holidays excepted) at 2 Gresham Street, London EC2V 7QP until the conclusion of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the Meeting.

APPENDIX 2 TO THE NOTICE OF MEETING

Summary of the Cranswick plc Company Share Option Plan ("CSOP")

The CSOP provides for the grant of rights to acquire shares to eligible employees of the Company and its subsidiaries ("the Group"). Options under the CSOP are not transferable and do not constitute pensionable benefits. The principal terms of the CSOP are as follows:-

1. Eligibility

Options under the CSOP may be granted to employees and executive directors of the Group. The Remuneration Committee of the Company ("the Committee") will have a discretion as to the selection of those to whom options may be granted. Options may not be granted to any employee or executive who is within six months of his or her contractual retirement date.

2. Grant of Options

Options may be granted within 42 days of the date on which the CSOP is approved by HM Revenue & Customs, within the period of 42 days following an announcement of the Company's results for any period and within the period of 14 days after a new employee first joins the Group.

If the Company is in a 'close period', so being restricted from granting options during any of the periods mentioned above, options may be granted within 42 days from the date on which the close period ends.

The Committee will also be able to grant options outside the specific periods if it considers the circumstances to be exceptional.

No option may be granted more than ten years after the date on which the CSOP is approved by shareholders *in general meeting.*

3. Exercise Price

The price per share at which shares may be acquired upon the exercise of an option shall be determined by the Committee at the time of grant but shall be not less than the higher of the middle market quotation of a share on the date of grant as derived from the London Stock Exchange Daily Official List and, in the case of options to subscribe for shares, the nominal value of an ordinary share.

4. Performance Targets

The exercise of options will generally be subject to satisfaction of objective performance criteria set by the Committee and measured over such period as the Committee determines. The Committee will decide upon the appropriate objective performance criteria and performance period to apply prior to each grant of options.

The Committee may from time to time vary any performance-related conditions as they apply to outstanding options if an event or events have occurred in consequence of which the Committee reasonably considers that to do so would more effectively achieve the objective of affording a more effective incentive to optionholders or produce a fairer measure of performance.

5. Option Period

Options cannot be exercised more than 10 years from their grant (or such earlier time as specified at the time of grant) but once 'vested' in accordance with the performance criteria will normally remain exercisable until such tenth anniversary. Save in the circumstances set out in section 6 below, options cannot generally be exercised prior to the third anniversary of the date of grant and the point at which they vest.

6. Special Cases

Death

If an optionholder dies in service after an option has vested his option may be exercised by his personal representatives within 12 months thereafter but only to the extent that it has become vested in accordance with the performance criteria.

If an optionholder dies in service before an option has vested his option may be exercised (even if the performance criteria is not then satisfied) by his personal representatives within 12 months thereafter but only in respect of such proportion of the option shares as corresponds to such proportion of the period of three years (or such longer period as the Committee may determine having regard to the performance period over which any performance criteria is measured) beginning with the date of grant that has elapsed on the date of death or such greater proportion as the Committee may determine having regard to the performance of the Company since the date of grant.

If the option is not exercised within such periods, the option will lapse.

Cessation of employment

If an optionholder ceases employment with the Group by reason of injury, ill-health, disability, redundancy or retirement at or after reaching age 55, or the company or business in which he is employed being sold outside the Group, then the option may be exercised within the period of 6 months of such cessation of employment in respect of such number of shares in respect of which the option has vested or, if it has not vested, (even if the performance criteria is not then satisfied) such proportion of the option shares as corresponds to such proportion of the period of three years (or such longer period as the Committee may determine having regard to the performance period over which any performance criteria is measured) beginning with the date of grant that has elapsed on the date of such cessation of employment or such greater proportion as the Committee may determine having regard to the performance of the Company since the date of grant.

If the option is not exercised within that period, the option lapses.

Where the optionholder ceases employment in other circumstances the option shall lapse unless and to the extent the Committee determine otherwise. If the Committee does so determine, the relevant options may be exercised even if the performance criteria is not then satisfied. In making any such determination, the Committee will have regard to the performance of the Company since the date of grant.

Takeover

Following a takeover of the Company subsisting options may be exercised (even if the performance criteria is not then satisfied) for a specified period but only in respect of such proportion of the option shares as corresponds to such proportion of the period of three years (or such longer period as the Committee may determine having regard to the performance period over which any performance criteria is measured) beginning with the date of grant that has elapsed at the time of the takeover or such greater proportion as the Committee may determine having regard to the performance of the Company since the date of grant. If the options are not exercised within that period, the options lapse.

Following a takeover of the Company, an optionholder may, within a specified period and with the agreement of the acquiring company, release his rights under his option in consideration of the grant to him of equivalent rights to acquire shares in the acquiring company.

Demerger, reconstruction, winding-up

Options may be exercised within specified periods in the event of a demerger or statutory reconstruction of the Company to the extent that the Committee may permit (even if the performance criteria is not then satisfied). Options which are not so exercised will lapse.

If notice is given to shareholders of a resolution for the voluntary winding up of the Company, options may be exercised to the extent that the Committee may permit (even if the performance criteria is not then satisfied) at any time before the winding-up of the Company. Otherwise all unexercised options will lapse upon the commencement of a winding-up.

7. Rights Attaching to Shares

Shares issued or transferred to a participant upon the exercise of options will rank equally in all respects with all other ordinary shares of the Company for the time being in issue save as regards any rights attaching to ordinary shares by reference to a record date prior to the allotment or transfer of such shares.

8. Limits

There is a limit, of 5 per cent of issued share capital, on the number of shares which may be issued, or over which rights to subscribe for new shares or acquire shares from treasury ("subscription rights") may be granted, under the CSOP and any other discretionary share option or incentive plan of the Company in any period of ten years.

There is an ultimate limit of 10 per cent of issued share capital, on the number of shares which may be issued, or over which subscription rights may be granted, under the CSOP and any other employees' share scheme established by the Company in any period of ten years.

There is a limit on the total value of shares in respect of which an individual may hold options under the CSOP and any other HM Revenue & Customs approved share option plan established by the Company of £30,000.

There is also a further limit on the total value of shares in respect of which an individual may be granted options in any financial year of the Company of one times that individual's salary (excluding benefits-in-kind).

9. Variation of Share Capital

In the event of a variation in the ordinary share capital of the Company, the Committee may adjust the number of shares subject to any option and/or the exercise price provided that, except in the case of a subdivision, consolidation or capitalisation issue, any such adjustment must be confirmed in writing by the auditors of the Company to be in their opinion fair and reasonable.

10. Amendment of the CSOP

The Directors may amend the CSOP in any respect but may not make any alteration to the advantage of existing or new optionholders, to the provisions relating to eligibility, the overall and individual limits in the CSOP, the basis for determining optionholders' entitlements to shares, the adjustment of such entitlements on variation of share capital or the amendment rule itself without the prior approval of shareholders in general meeting except for minor amendments to benefit the administration of the CSOP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for optionholders or any member of the Group.

No alteration to any 'key feature' of the CSOP (being a provision which is necessary in order to obtain HM Revenue & Customs approval of the CSOP) can take effect unless the HM Revenue & Customs confirm that the alteration does not affect the approved status of the CSOP.

The above summary of the principal terms of the CSOP does not form part of the rules of the CSOP and should not be taken as affecting the interpretation of the detailed terms or provisions of the CSOP or any element of it. The Directors reserve the right, up to the time of the Annual General Meeting, to make such alterations and additions to the rules of the CSOP as they consider to be necessary or appropriate provided that such alterations and additions do not conflict in any material respect with the above summary.

The resolution approving the adoption of the CSOP, which is to be proposed at the Annual General Meeting, also authorises the Directors to make such alterations and additions to the rules of the CSOP as might be required in order to obtain the approval of the HM Revenue & Customs.