

Interim Results for the Period to
27th September 2003

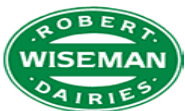
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Highlights

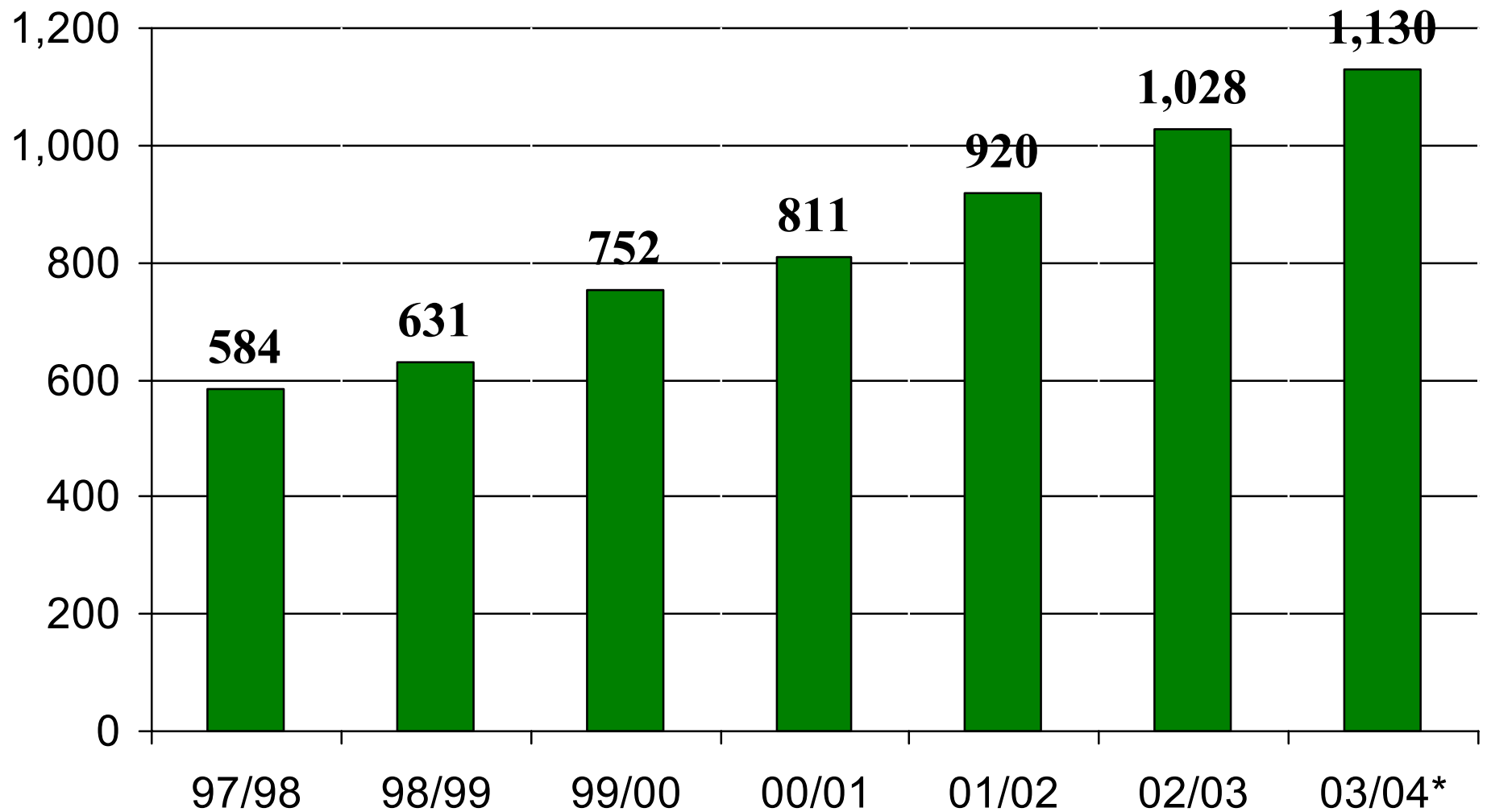
- Volumes up 12.3% to 565 million litres
- Turnover up 19.1% to £223 million
- Operating profit up 16.8% to £14.3 million
- Pre tax profit up 21.1% to £13.5 million
- Earnings per share up 19.1% to 11.87 pence
- Dividend up 21.2% to 2.00 pence per share
- Droitwich Spa dairy expansion completed
- Chester Le Street depot scheduled for September 2004 at a cost of £5.2 million



Operating Review



Sales Growth (millions of litres)



** First half year annualised*

Operating Review

Sales/Marketing

- Record volumes of 565 million litres (1.13 billion annualised)
- Increase of over 20% in volumes in England and Wales
- Recent volumes 5 million gallons per week (1.18 billion litres annualised)
- England and Wales now more than 66% of volumes sold
- Benefit from
 - > additional Safeway stores in January 2003
 - > additional Sainsbury and Tesco stores started in April 2003
 - > additional Somerfield business to start in June 2003
 - > additional volumes secured with middle ground retailers
 - > organic growth from declining doorstep market

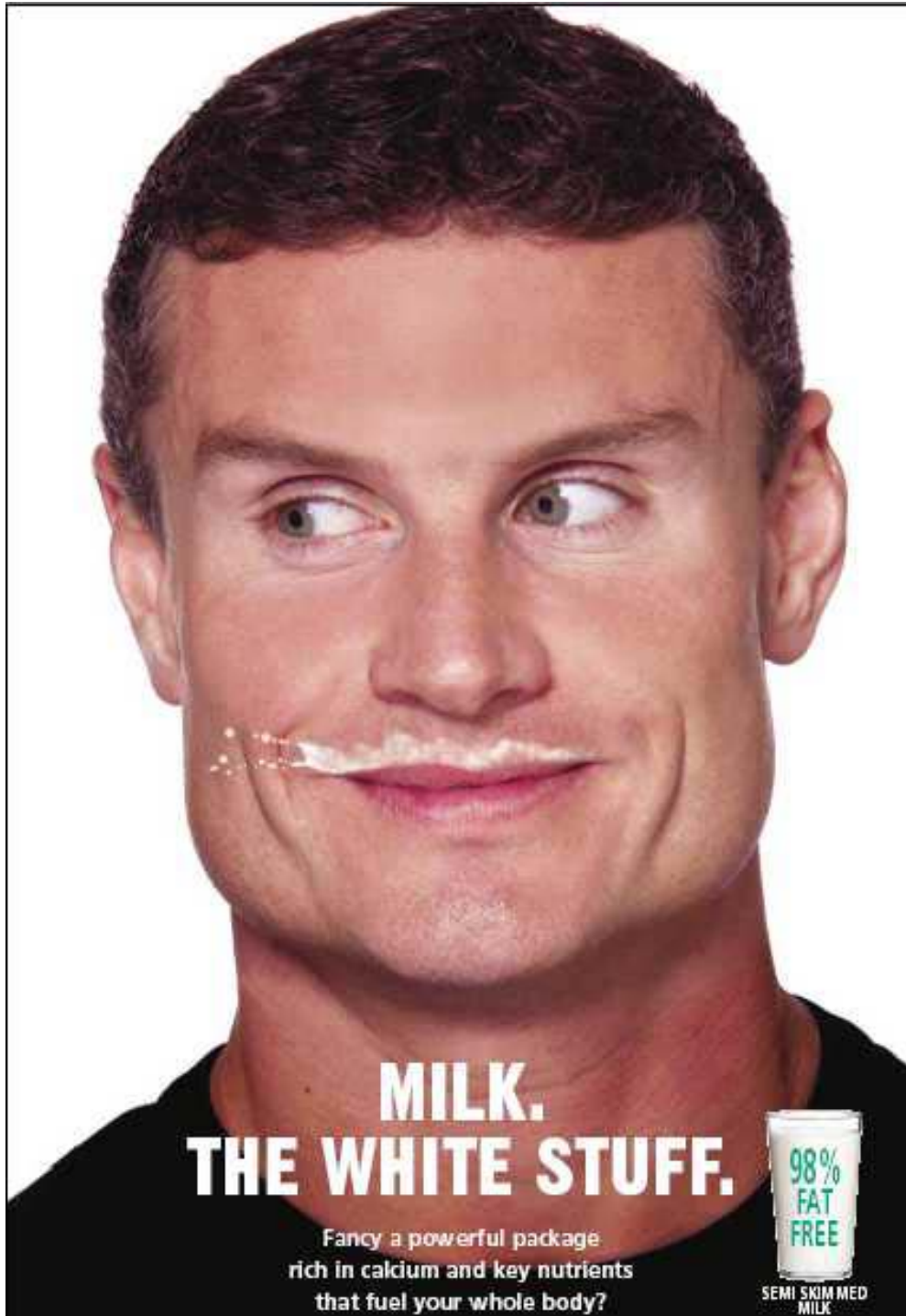


Operating Review

Sales/Marketing (cont'd)

- Revenues per litre sold rose 6%
- Higher milk prices paid reflected in sales
- Bulk cream prices improved as Euro weakened and demand improved - 2004 prices linked to CAP reforms
- Increased pot cream sales to Tesco from October
- Continue to target new business
- The White Stuff campaign re-launched in Scotland in September
- Utilising the US “Milk Moustache” campaign





**MILK.
THE WHITE STUFF.**

Fancy a powerful package
rich in calcium and key nutrients
that fuel your whole body?



SEMI SKIM MED
MILK



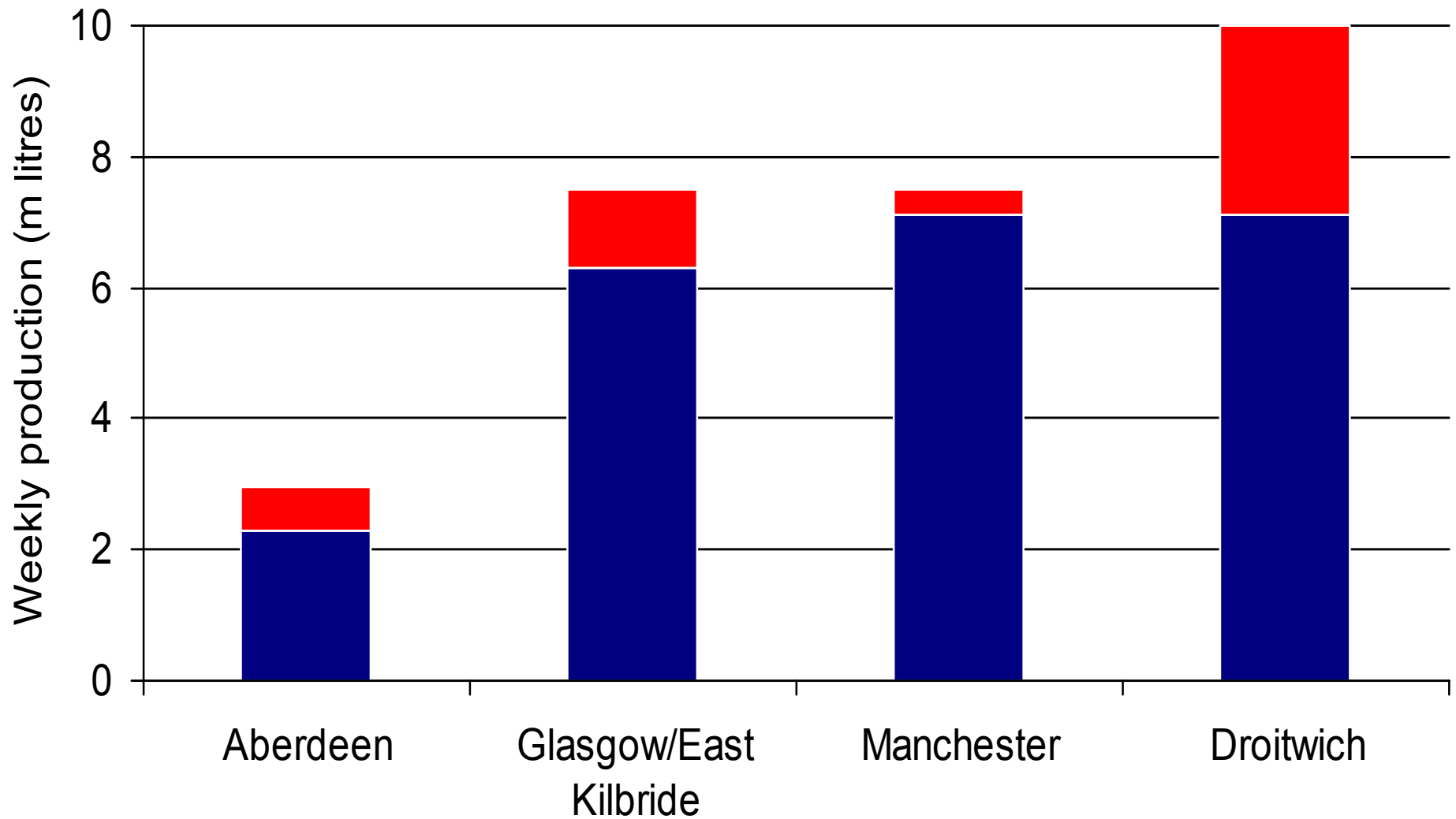
Operating Review

Facilities

- Droitwich Spa dairy volume processed increased in the period by 43% to 172 million litres
- Substantial improvements in efficiency, wastage and operating costs
- Droitwich Spa capacity increased to 500 million litres
- Seek to ensure other dairies remain well invested
- Reverse osmosis plant commissioned at Glasgow
- Continue to look at options for additional capacity
 - > expand existing facilities
 - > build a new dairy
 - > linked to customer discussions



Dairy Capacities



■ Utilised ■ Headroom

Operating Review

Distribution

- Plan to begin construction of new depot in County Durham in New Year, to be operational by September 2004
- Steady increase in sales volumes in Bristol with further capacity still available
- Actively considering our options for distribution in the South East



Operating Review

Milk Procurement

- Consistently sought to enhance producer returns
 - > increased price by 0.8 pence per litre in July
 - > increased price by 0.3 pence per litre in October
- Only major processor paying more than 20 pence per litre (excluding specially selected Waitrose and M&S supplies)
- Reflects the benefit of major retailer initiatives and recent support from our middle ground market
- Hope that this price provides a sustainable price for efficient dairy farmers



Milk Price Comparison

Milk Price Table - Liquid Contracts

| | Pence per litre | Effective Date |
|-------------|-----------------|----------------|
| Wiseman | 20.03 | 1 October |
| Arla | 19.69 | 1 November |
| Express | 19.65 | 1 November |
| ACC | 19.31 | 1 November |
| Dairy Crest | 18.86 | * |
| DFOB | 18.79 | 1 November |
| First Milk | 17.65 | * |
| Milk Link | 17.58 | * |



* - yet to announce any increase in prices

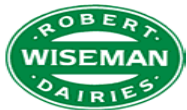
Source - Dairy Industry Newsletter

Milk Supply Issues

- Milk prices steadied in the short term by ex United Milk plant at Westbury remaining operational
- Implementation of CAP reforms will impact on milk prices commencing in July 2004
- Difficult times for milk co-operatives
- Significant gap in price compared to direct suppliers



Financial Results

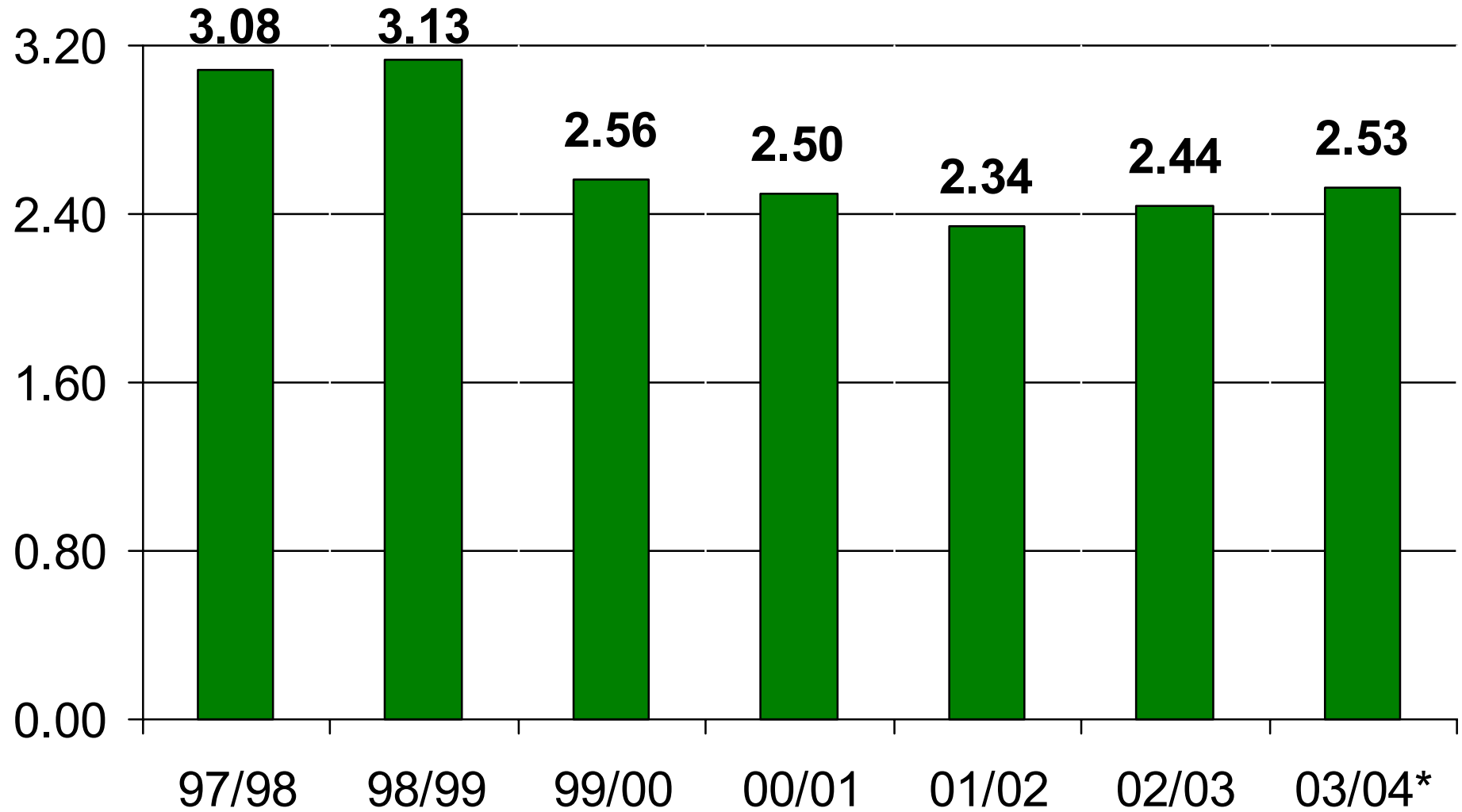


Profit and Loss

| | % change | 1st half 2003/04 | 1st half 2002/03 |
|----------------------------|-----------------|-----------------------------|-----------------------------|
| Volume (litres) | + 12.3% | 565 m | 503 m |
| Turnover | + 19.1% | £223.0 m | £187.2m |
| Operating profit | + 16.8% | £14.3 m | £12.2m |
| Operating margin | | 6.4% | 6.5% |
| Operating profit per litre | + 4.1% | 2.53 ppl | 2.43 ppl |
| Interest payable | | £0.8m | £1.1m |
| Effective tax rate | | 31.0% | 30.0% |
| Earnings per share | 19.1% | 11.87p | 9.97p |
| Dividend per share | 21.2% | 2.00p | 1.65p |



Pence per Litre Operating Profit



* Six months



Balance Sheet Review

| | September 2003 | March 2003 |
|---------------------------------|----------------|---------------|
| | £m | £m |
| Total fixed assets | <u>146.8</u> | <u>145.5</u> |
| Current assets | 53.8 | 40.1 |
| Creditors less than one year | <u>(78.2)</u> | <u>(69.3)</u> |
| Net current liabilities | <u>(24.4)</u> | <u>(29.1)</u> |
| Assets less current liabilities | 122.4 | 116.4 |
| Creditors more than one year | <u>(13.3)</u> | <u>(16.3)</u> |
| Provisions | <u>(11.4)</u> | <u>(10.8)</u> |
| Net assets | <u>97.7</u> | <u>89.3</u> |
| Gearing | <u>19.8%</u> | <u>19.5%</u> |



Capital Expenditure

| | Year to March 2004 Budget | Year to March 2003 Actual |
|---------------|---------------------------------|---------------------------------|
| | £m | £m |
| Droitwich | 7.2 | 3.6 |
| Other dairies | 3.8 | 2.1 |
| Depots | 2.3 | 5.6 |
| Vehicles | 7.7 | 7.8 |
| Other assets | <u>2.0</u> | <u>1.5</u> |
| Total | <u>23.0</u> | <u>20.6</u> |



Cash Flow Review

| | First Half 2003/04 | First Half 2002/03 |
|----------------------------------|-------------------------------|-------------------------------|
| | £m | £m |
| Inflow from operating activities | 15.3 | 17.5 |
| Interest payments (net) | (0.7) | (1.1) |
| Tax paid | (2.4) | (1.2) |
| Capital expenditure (net) | (11.7) | (11.0) |
| Acquisitions | (0.1) | (0.1) |
| Dividends paid | (3.2) | (2.6) |
| (Outflow)/inflow from financing | <u>(2.8)</u> | <u>(7.7)</u> |
| Decrease in cash | <u>(5.6)</u> | <u>(6.2)</u> |

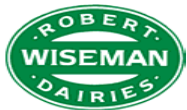


Office of Fair Trading Update

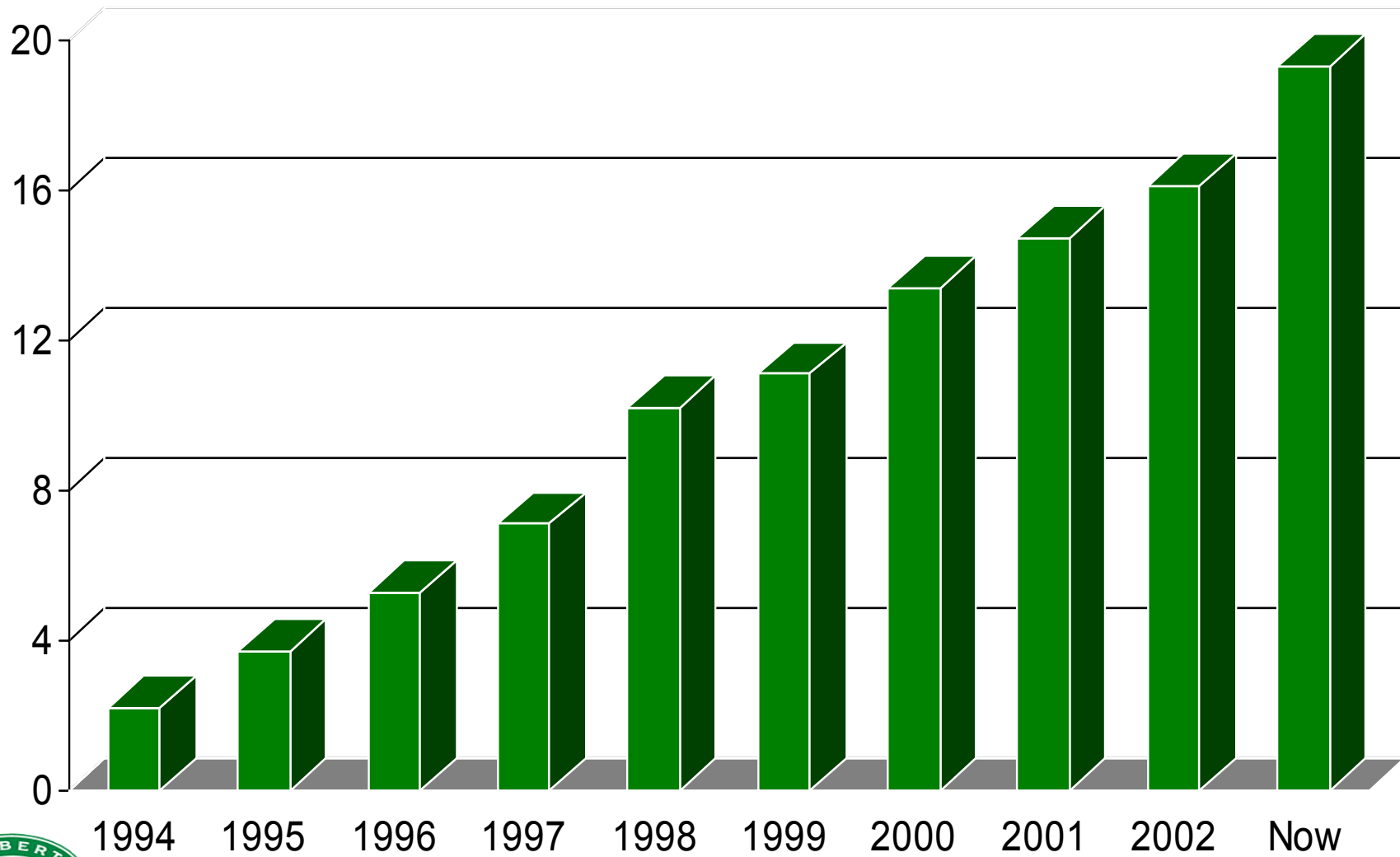
- Chapter II appeal continues with no significant progress to report
- Chapter I Inquiry reopened in August 2003 and we await developments



Market Overview



Our Market Share (% of GB)



Source: Dairy Industry Newsletter (Wiseman current figure annualised)

GB Liquid Milk Market

Current Position

| | Total (million litres) | % Market |
|-------------------|----------------------------------|-----------------|
| 1. Arla | 1,945 | 34.2 |
| 2. Dairy Crest | 1,390 | 24.4 |
| 3. Robert Wiseman | 1,130 | 19.8 |
| Others | 1,235 | 21.6 |
| TOTAL | 5,700 | 100.0 |

Source: Dairy Industry Newsletter (Wiseman current figure annualised)



Market Shares By Sector

| | Doorstep | Middle-Ground | Super-markets | Total |
|--------------|-----------------|----------------------|----------------------|--------------|
| Arla | 390 | 500 | 1,055 | 1,945 |
| Dairy Crest | 400 | 280 | 710 | 1,390 |
| Wiseman | 50 | 315 | 765 | 1,130 |
| Others | 120 | 1,115 | - | 1,235 |
| Total | 960 | 2,210 | 2,530 | 5,700 |

Source: Dairy Industry Newsletter - Supermarkets include Tesco, Sainsbury, Asda, Safeway, Somerfield, Morrison, Waitrose and M&S



Summary & Outlook

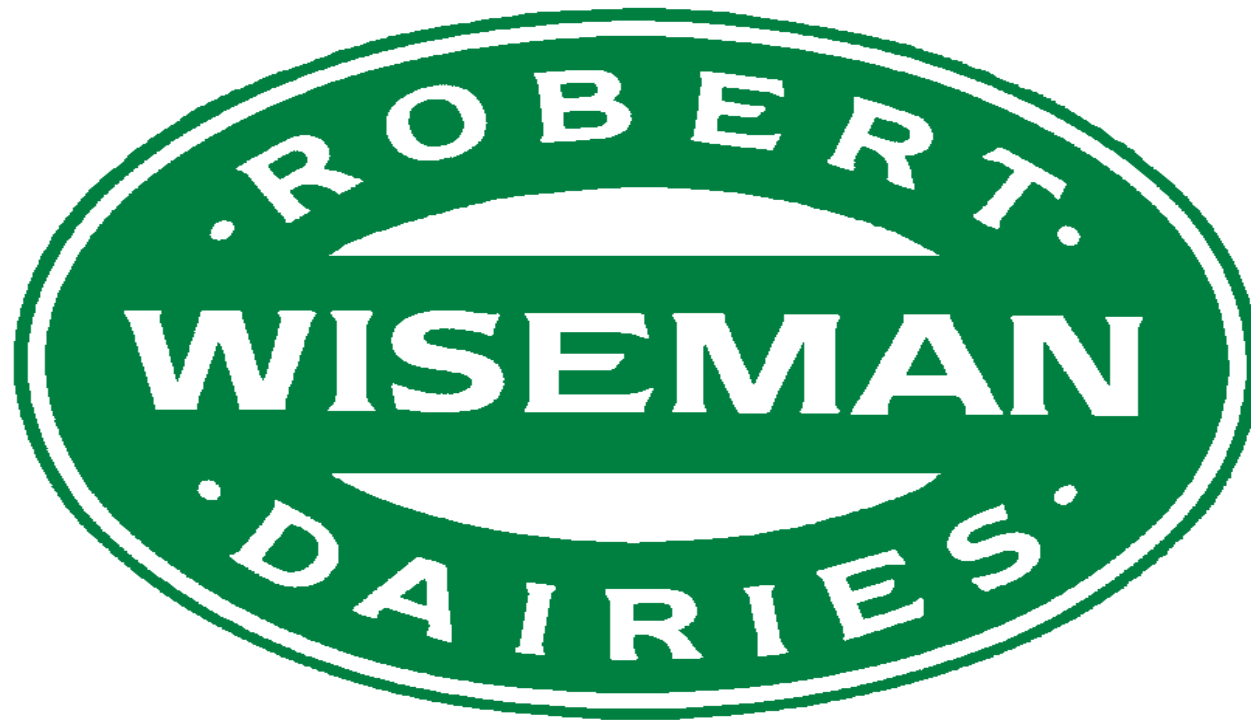




Summary & Outlook

- Volume and turnover at new record levels
- Strong growth in profits to record levels
- Look for further volume growth in the year ahead
- Droitwich Spa increased production capacity to 500m litres
- Strong balance sheet to finance capital expenditure and any other opportunities
- Foundations for continued success in place
- Strategy remains unchanged





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