

CAPAC ITY TO GROW



Robert Wiseman Dairies PLC
INTERIM REPORT 2003

- 01** HIGHLIGHTS
- 02** CHAIRMAN'S STATEMENT
- 04** CONSOLIDATED PROFIT
AND LOSS ACCOUNT
- 05** CONSOLIDATED BALANCE SHEET
- 06** CONSOLIDATED CASH
FLOW STATEMENT
- 07** NOTES TO INTERIM
FINANCIAL INFORMATION
- 11** INDEPENDENT REVIEW REPORT
- 12** FINANCIAL CALENDAR

- +12.3% SALES VOLUMES INCREASED TO 565 MILLION LITRES (2002: 503 MILLION LITRES)
- +19.1% TURNOVER UP TO £223.0 MILLION (2002: £187.2 MILLION)
- +16.8% OPERATING PROFIT ROSE TO £14.3 MILLION (2002: £12.2 MILLION) AND REPRESENTED 2.53 PENCE PER LITRE SOLD (2002: 2.43 PPL)
- +21.1% PRE-TAX PROFIT UP TO £13.5 MILLION (2002: £11.1 MILLION)
- +19.1% EARNINGS PER SHARE UP TO 11.87P (2002: 9.97P)
- +21.2% DIVIDEND INCREASED TO 2.00P PER SHARE (2002: 1.65P)

RECORD PROFITS AND EFFICIENCY RECORDED DURING FIRST HALF

SALES IN ENGLAND AND WALES RUNNING AT 20% UP ON LAST YEAR AND NOW REPRESENT TWO THIRDS OF THE GROUP'S TOTAL SALES

CHESTER LE STREET DEPOT (COUNTY DURHAM) TO BE OPERATIONAL AROUND SEPTEMBER 2004

RECENTLY ANNOUNCED INCREASE OF 0.3 PPL BACKDATED TO 1 OCTOBER TO MILK SUPPLIERS – RWD CONTINUES TO OFFER HIGHEST MILK PRICE TO ITS DAIRY FARMERS

RESULTS

I am pleased to be able to report a record set of Interim Results for the Group for the six months ended 27 September 2003.

Sales volumes were up 12.3% to 565 million litres (2002: 503 million litres), continuing our successful growth. Turnover was up 19.1% to £223.0 million (2002: £187.2 million), reflecting the effect of the additional volumes and higher milk prices during the period. Operating profit was up 16.8% to £14.3 million (2002: £12.2 million), benefiting from higher throughput and the associated improvement in our operating costs. Operating profit represented 2.53 pence per litre sold (2002: 2.43 pence per litre), a modest improvement on the same period last year.

Pre-tax profits were up 21.1% to £13.5 million (2002: £11.1 million) and earnings per share rose 19.1% to 11.87p (2002: 9.97p).

As with previous periods there was a strong operating cash performance during the period, with a net cash inflow from operating activities of £15.3 million (2002: £17.5 million). Net debt at the end of the period was £19.4 million (2002: £31.7 million), which compares with £17.4 million at March 2003. This slight increase was expected and primarily relates to a £7.3 million increase in working capital, which should largely reverse in the second half-year. Gearing at the end of the period was 19.8% (2002: 37.6%), a slight increase on the level at 29 March 2003 of 19.5%. Interest cover for the half-year remains very comfortable at 17.5 times (2002: 11.1 times).

CHAIRMAN'S STATEMENT

DIVIDEND

The Board has declared a dividend of 2.00p per share (2002: 1.65p), an increase of 21.2% over the same period last year. The interim dividend will be paid on 12 February 2004 to ordinary shareholders on the register at close of business on 16 January 2004.

OPERATING REVIEW COMMERCIAL

It is pleasing to see sales volumes continuing their pattern of growth and confirming the benefit of additional contract wins during early 2003 with Safeway, Tesco, Sainsbury's and Somerfield, as well as several of our larger middle ground customers.

Sales volumes in recent weeks have continued to run at record levels, with our business in England and Wales showing increases of over 20% on the same period last year. Sales in England and Wales now represent some two thirds of our total sales by volume.

Our average sales price per litre rose by 6%, reflecting higher milk and cream selling prices, which also enabled higher milk prices to be paid to our suppliers. Bulk cream prices firmed in comparison to last year due to a combination of the weaker Euro and increased demand.

Discussions are ongoing with our major customers regarding continuing our growth with them and we are encouraged by the positive feedback received to date.

Reaction to the Scottish generic milk promotional campaign "The White Stuff" launched in September has been favourable and, although it is early days, we are hopeful this can be used on a wider UK basis. A recent recruit to having a "Milk Moustache" has been Formula One driver David Coulthard.

CHAIRMAN'S STATEMENT

DAIRIES

We are delighted with the record levels of efficiency and reduced milk wastage being recorded across the Group. Droitwich Spa continues to benefit from increased volumes and during the six month period 172 million litres were processed through this facility, compared with 120 million litres for the same period last year, an increase of 43.3%. Capacity at Droitwich Spa has recently been increased to 500 million litres per annum, facilitating our continued sales growth.

Investment continues at our other dairies and our Glasgow dairy recently commissioned a reverse osmosis plant, similar to that operating at Droitwich Spa, which will help further improve wastage levels and efficiency at this site.

We continue to review our options regarding further increases to overall production capacity within the Group. The permutations include expanding capacity at existing facilities and/or building a further new dairy in England. We have not yet reached a conclusion to these deliberations, which obviously rely heavily on the outcome of discussions with our customers concerning their future purchasing intentions.

DISTRIBUTION

Plans to construct a new depot at Chester Le Street, County Durham, at a cost of £5.2 million, are progressing satisfactorily and we expect that this facility will be operational around September 2004.

Sales volumes at the new Bristol depot, which opened last August, are growing steadily and we have targeted future sales growth to use more fully the capacity at this site.

We are also considering our options for servicing the densely populated London and South East market.

MILK PROCUREMENT

We continue to pay the highest milk price of all the major UK dairy companies and recently announced an increase to all our suppliers of 0.3 pence per litre backdated to 1 October 2003. This increase takes the standard price for our direct suppliers to above 20 pence per litre. We would hope that this price level provides a reasonable return for efficient dairy farmers.

The challenge in the months ahead will be to maintain this price and allow a period of stability for our suppliers to plan their future. There has been a tremendous amount of support during recent years from the major multiple retailers for initiatives to ensure there is a sustainable milk supply for the long term.

STAFF

There was a great accolade for the business recently when my brother, Robert, our Managing Director, became Ernst and Young Entrepreneur of the Year for both Scotland and United Kingdom. Receiving this prestigious award reflects the great effort that all three thousand three hundred employees have made in building our business and, once again, I would like to thank them all for their continued commitment.

OUTLOOK

It is encouraging to be able to report on improving sales and profits, driven by the success of our strategy in England and Wales. We have also made a good start to the second half-year, recording for the first time ever weekly sales in liquid milk of over 5 million gallons (22.73 million litres), another significant milestone for the Group.

We are well placed to further expand our operations and remain confident that we are on track to continue our record of delivering growth in the period ahead.



ALAN W WISEMAN
CHAIRMAN
02 December 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 27 SEPTEMBER 2003

		SIX MONTHS TO 27 SEPTEMBER 2003 £'000	SIX MONTHS TO 28 SEPTEMBER 2002 £'000	AUDITED YEAR TO 29 MARCH 2003 £'000
Turnover	1	222,989	187,236	390,982
Cost of sales		(168,606)	(139,864)	(295,747)
Gross profit		54,383	47,372	95,235
Other operating expenses (net)	2	(40,098)	(35,145)	(70,126)
Operating profit		14,285	12,227	25,109
Interest receivable		12	12	23
Interest payable		(830)	(1,118)	(2,329)
Profit on ordinary activities before taxation		13,467	11,121	22,803
Tax on profit on ordinary activities	3	(4,180)	(3,336)	(7,065)
Profit for the period		9,287	7,785	15,738
Dividends	4	(1,580)	(1,290)	(4,500)
Retained profit for the period		7,707	6,495	11,238
Earnings per ordinary share	5			
Basic earnings per share		11.87p	9.97p	20.15p
Diluted earnings per share		11.49p	9.84p	19.85p
Dividends per ordinary share	4	2.00p	1.65p	5.75p

There are no recognised gains or losses in any of the periods other than the profit for each period.

CONSOLIDATED BALANCE SHEET

AS AT 27 SEPTEMBER 2003

		27 SEPTEMBER 2003 £'000	28 SEPTEMBER 2002 £'000	AUDITED 29 MARCH 2003 £'000
	NOTES			
Fixed assets				
Goodwill		2,850	3,475	3,133
Tangible assets		142,953	140,019	142,095
Investments: own shares		957	-	303
		146,760	143,494	145,531
Current assets				
Stocks		6,022	5,064	5,804
Debtors		41,400	36,396	28,795
Cash at bank and in hand		6,387	6,753	5,581
		53,809	48,213	40,180
Creditors – amounts falling due within one year		(78,210)	(76,924)	(69,326)
Net current liabilities		(24,401)	(28,711)	(29,146)
Total assets less current liabilities		122,359	114,783	116,385
Creditors – amounts falling due after more than one year		(13,264)	(20,638)	(16,284)
Provisions for liabilities & charges		(11,353)	(9,874)	(10,814)
Net assets		97,742	84,271	89,287
Capital & reserves				
Called-up share capital	6	7,899	7,819	7,827
Share premium account	7	17,846	16,330	16,405
Special reserve	7	4,062	4,062	4,062
Merger reserve arising on consolidation	7	(3,872)	(3,872)	(3,872)
Capital redemption reserve	7	770	770	770
Profit & loss account	7	71,037	59,162	64,095
Equity shareholders' funds	8	97,742	84,271	89,287

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 27 SEPTEMBER 2003

	NOTES	SIX MONTHS TO 27 SEPTEMBER 2003 £'000	SIX MONTHS TO 28 SEPTEMBER 2002 £'000	AUDITED YEAR TO 29 MARCH 2003 £'000
Net cash inflow from operating activities	9a	15,335	17,533	42,709
Returns on investments and servicing of finance				
Interest received		12	12	23
Interest element of finance lease payments		(11)	(28)	(40)
Other interest paid		(725)	(1,102)	(2,128)
Net cash outflow from returns on investments and servicing of finance		(724)	(1,118)	(2,145)
UK corporation tax paid		(2,396)	(1,237)	(3,823)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(10,714)	(11,166)	(17,274)
Purchase of shares for employee share option trust		(1,175)	-	(441)
Sales of tangible fixed assets		188	211	610
Net cash outflow for capital expenditure and financial investment		(11,701)	(10,955)	(17,105)
Acquisitions and disposals				
Acquisition of businesses		(53)	(117)	(167)
Sales of goodwill		1	25	123
Net cash outflow for acquisitions and disposals		(52)	(92)	(44)
Equity dividends paid		(3,232)	(2,616)	(3,906)
Cash (outflow)/inflow before management of liquid resources and financing		(2,770)	1,515	15,686
Financing				
Issue of ordinary share capital		811	112	194
New loans		4,250	-	-
Repayment of loans		(7,830)	(7,465)	(10,282)
Capital element of finance lease payments		(100)	(335)	(636)
Net cash outflow from financing		(2,869)	(7,688)	(10,724)
(Decrease)/ increase in cash in the period	9b	(5,639)	(6,173)	4,962

NOTES TO INTERIM FINANCIAL INFORMATION

1 SEGMENT INFORMATION

The Group's turnover and profits arose wholly from the processing and distribution of liquid milk and associated products in the UK.

2 OTHER OPERATING EXPENSES (NET)

	SIX MONTHS TO 27 SEPTEMBER 2003 £'000	SIX MONTHS TO 28 SEPTEMBER 2002 £'000	AUDITED YEAR TO 29 MARCH 2003 £'000
Selling and distribution costs	31,844	29,104	57,887
Administrative expenses	8,514	6,340	12,905
Other operating income	(260)	(299)	(666)
Total other operating expenses	40,098	35,145	70,126

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge of 31% for the six months ended 27 September 2003 is based on the estimated effective rate of tax for the full year ending 3 April 2004 (2003 - 31%).

4 DIVIDENDS

The interim dividend of 2.00 pence per ordinary share will be paid on 12 February 2004 to ordinary shareholders on the register at the close of business on 16 January 2004.

5 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is based on the Group profit on ordinary activities after tax of £9,287,000 (six months to 28 September 2002 - £7,785,000, year to 29 March 2003 - £15,738,000) and on 78,228,972 ordinary shares (six months to 28 September 2002 - 78,115,646, year to 29 March 2003 - 78,099,973) which represents the weighted average number of ordinary shares in issue during the period. The diluted earnings per share is the basic earnings per share adjusted for the effect of the exercise of all outstanding dilutive share options. The diluted earnings per share is based on the weighted average number of ordinary shares of 80,802,197 (six months to 28 September 2002 - 79,087,877, year to 29 March 2003 - 79,274,542).

6 SHARE CAPITAL

During the period the Company issued 713,573 ordinary shares with a nominal value of 10p each in respect of employees exercising options under the share option and sharesave schemes. The Group made a contribution of £701,000 to the Employee Share Ownership Trust to enable the trust to satisfy the valid exercise of options granted under employee share option and sharesave schemes.

7 RESERVES

The movements on reserves are as follows:

	PROFIT AND LOSS ACCOUNT £'000	SHARE PREMIUM ACCOUNT £'000	SPECIAL RESERVE £'000	MERGER RESERVE £'000	CAPITAL REDEMPTION RESERVE £'000
Beginning of period	64,095	16,405	4,062	(3,872)	770
Non-cash UITF 17 charge written back in respect of long term incentive plan	(65)	-	-	-	-
Arising on new share issues (net of expenses)	-	1,441	-	-	-
Goodwill sold, previously written off to reserves	1	-	-	-	-
Contribution to Employee Share Ownership Trust	(701)	-	-	-	-
Retained profit for the period	7,707	-	-	-	-
End of period	71,037	17,846	4,062	(3,872)	770

The profit and loss account is a distributable reserve. The other reserves are non-distributable.

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	SIX MONTHS TO 27 SEPTEMBER 2003 £'000	SIX MONTHS TO 28 SEPTEMBER 2002 £'000	AUDITED YEAR TO 29 MARCH 2003 £'000
Profit for the period	9,287	7,785	15,738
Dividends	(1,580)	(1,290)	(4,500)
New share capital subscribed (net of expenses)	1,513	129	212
Non-cash UITF 17 charge written back to P & L reserve in respect of long term incentive plan	(65)	-	162
Contribution to employee share ownership trust	(701)	(17)	(18)
Goodwill sold, previously written off to reserves	1	4	33
Net movement on shareholders' funds	8,455	6,611	11,627
Opening shareholders' funds	89,287	77,660	77,660
Closing shareholders' funds	97,742	84,271	89,287

NOTES TO INTERIM FINANCIAL INFORMATION

CONTINUED

9 NOTES TO THE CASH FLOW STATEMENT

a Reconciliation of operating profit to net cash inflow from operating activities

	SIX MONTHS TO 27 SEPTEMBER 2003 £'000	SIX MONTHS TO 28 SEPTEMBER 2002 £'000	AUDITED YEAR TO 29 MARCH 2003 £'000
Operating profit	14,285	12,227	25,109
Amortisation of goodwill	336	310	632
Depreciation charges	7,656	7,266	14,943
Amortisation of own shares	521	-	138
Gain on sale of tangible fixed assets	(117)	(116)	(367)
Amortisation of deferred income	(7)	(12)	(22)
(Increase) /decrease in stock	(218)	50	(690)
(Increase)/decrease in debtors	(12,605)	(6,597)	1,004
Increase in creditors	5,484	4,405	1,962
Net cash inflow from operating activities	15,335	17,533	42,709

b Reconciliation of net cash flow to movement in net debt

	SIX MONTHS TO 27 SEPTEMBER 2003 £'000	SIX MONTHS TO 28 SEPTEMBER 2002 £'000	AUDITED YEAR TO 29 MARCH 2003 £'000
(Decrease)/increase in cash in period	(5,639)	(6,173)	4,962
Cash outflow from decrease in net debt and lease financing	3,680	7,800	10,918
Movement in net debt in the period	(1,959)	1,627	15,880
Net debt at beginning of period	(17,412)	(33,292)	(33,292)
Net debt at end of period	(19,371)	(31,665)	(17,412)

10 CONTINGENT LIABILITY – OFFICE OF FAIR TRADING (“OFT”)

The OFT decided to close its investigation of Robert Wiseman & Sons Ltd and/or Robert Wiseman Dairies PLC under Chapter II of the Competition Act in August 2002 as it took the view that further investigation was unlikely to lead to a finding of abuse. Chapter II prohibits the abuse of a dominant market position within the UK. Further to an appeal by Express Dairies PLC (“Express”) the Competition Appeals Tribunal (“CAT”), announced that it has jurisdiction to review the decision of the OFT. This decision by the CAT is a purely technical one, simply establishing that it has jurisdiction in this matter. It does not presuppose that the OFT was wrong in finding that Wiseman was unlikely to have infringed the Chapter II prohibition.

In August 2003 notification was received from the OFT that it had reopened its investigation into the supply of fresh processed milk to middle ground retailers in Scotland under Chapter I of the Competition Act 1998. The OFT has advised that Wiseman is one of the undertakings subject to the investigation. The initial Chapter I investigation commenced in June 2000 and concluded on October 2002 with no action being taken. Chapter I prohibits agreements between undertakings which have as their object or effect the prevention, restriction or distortion of competition within the UK. The appeal lodged by Express with the CAT against the decision in October 2002 has been stayed until the outcome of the current investigation is determined.

Businesses that infringe Chapter I or Chapter II may be liable to a financial penalty of up to 10 per cent of their UK group turnover for each year of the infringement for each breach. In addition, infringing businesses can be ordered to change their commercial conduct (e.g. pricing policy) and can be sued for damages by those who have suffered loss as a result of the breach of the Competition Act. Given the status of the appeals that have been lodged it is not possible to quantify the financial effect, if any, of the final outcome.

The above follow a nine-month Competition Commission Inquiry and two OFT investigations each lasting more than a year, none of which resulted in action being taken against Wiseman. The Board will continue to defend its position vigorously until the appeals process is exhausted.

11 BASIS OF PREPARATION

The results for the six months ended 27 September 2003 and 28 September 2002 are unaudited but have been prepared on the basis of accounting policies consistent with those set out in the audited report and financial statements for the year ended 29 March 2003.

The results for the year ended 29 March 2003 are an abridged version of the Group’s full financial statements for that financial year. These financial statements carried an unqualified auditors’ report which did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985. The full financial statements have been filed with the Registrar of Companies.

The report was approved by the Board of Directors on 2 December 2003. It has been prepared in accordance with applicable accounting standards and on a consistent basis using accounting policies set out in the 2003 annual report.

INDEPENDENT REVIEW REPORT

TO ROBERT WISEMAN DAIRIES PLC

Introduction

We have been instructed by the Group to review the financial information for the six months ended 27 September 2003 which comprises the Consolidated Profit and Loss Account, Consolidated Balance Sheet and Consolidated Cash Flow Statement and the related notes 1 to 11. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Group in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Group those matters we are required to state to them in an independent review 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 Group, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 27 September 2003.

Deloitte & Touche LLP
Chartered Accountants
Glasgow
2 December 2003

INTERIM DIVIDEND PAID
12 FEBRUARY

FINANCIAL YEAR END
3 APRIL

FULL YEAR RESULTS ANNOUNCED
MAY

ANNUAL GENERAL MEETING
JULY

FINAL DIVIDEND PAID
SEPTEMBER

INTERIM RESULTS ANNOUNCED
NOVEMBER

HEAD OFFICE

159 GLASGOW ROAD
EAST KILBRIDE
GLASGOW
G74 4PA

TELEPHONE

01355 244261

FACSIMILE

01355 230352

E MAIL

wiseman@wiseman-dairies.co.uk

