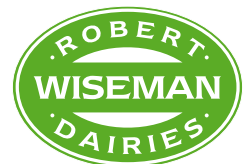


Robert Wiseman Dairies PLC
Interim Report for the six months
ended 30 September 2006

Filled with confidence



Robert Wiseman Dairies procures, processes and delivers liquid milk to customers throughout the UK

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Highlights

Financial Highlights

- Sales volumes up 3.1% to 708.7 million litres (2005: 687.1 million)
- Turnover increased by 3.8% to £291.9 million (2005: £281.3 million)
- Operating profit up by 40.1% to £17.5 million (2005: £12.5 million)
- Operating profit (excluding property gain) up by 34.0% to £16.7 million (2005: £12.5 million)
- Operating profit per litre (excluding property gain) 2.36 ppl (2005: 1.81ppl)
- Profit before tax up 41.4% to £17.1 million (2005: £12.1 million)
- Earnings per share up by 44.1% to 16.36p (2005: 11.35p)
- Interim dividend of 3.00p per share, an increase of 25% (2005: 2.40p)
- Net debt of £14.1 million (2005: £10.9 million)

Operational Highlights

- Major supply agreements successfully renewed with Sainsbury's and Somerfield
- Transforming growth in share of organic milk sector through new contracts from Tesco and Horizon Organic Dairy
- Milk Link liquid milk acquisition in the South-West successfully integrated and performing well
- £46 million Bridgwater dairy on schedule for completion in late 2007
- Plastics and energy costs remain a concern
- Higher cream returns resulted in a 0.4 ppl increase for all our milk suppliers from 1 November 2006

Interim Business and Financial Review



Alan W Wiseman
Chairman

The results for the six months ended 30 September 2006 are very satisfactory and demonstrate the Company is making steady progress after a difficult period.

RESULTS

The results for the six months ended 30 September 2006 are very satisfactory and demonstrate the Company is making steady progress after a difficult period, which included major supermarket contract changes and exceptional inflationary costs.

Sales volumes are up 3.1% to 708.7 million litres (2005: 687.1 million litres) and benefited from organic growth with our major supermarket customers. We were pleased to agree an extension of our supply contracts with both Sainsbury's and Somerfield during the period. Turnover rose by 3.8% to £291.9 million (2005: £281.3 million).

The Group showed good progress in terms of gross profit, with an increase of 13.8% to £75.9 million (2005: £66.7 million). The improved gross profit reflected the full benefit of selling price increases in early 2006 to recover exceptional inflationary costs encountered in late 2005 and the continued focus on dairy and distribution efficiencies.

Operating expenses increased by 9.2% on the back of higher oil related costs to £59.2 million (2005: £54.2 million). However, despite this, operating profit increased 40.1% to £17.5 million and, excluding a one off property gain, increased by 34.0% to £16.7 million (2005: £12.5 million). In pence per litre terms operating profit (excluding the one off property gain) in the half-year was 2.36 ppl, a significant improvement on the 1.81 ppl recorded for the same period last year, and a more modest uplift on the 2.2 ppl reported for the second half of the last financial year.

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Sales for the Group during the six months were again at record levels.

As already mentioned, this improvement in pence per litre operating profit reflects the full benefit of the selling price increases and improvements in operational efficiencies. While the recovery in our key measure of profitability is welcomed, it is still some way short of the levels we have achieved in previous years and we are still looking for ppl profitability to recover further in the medium term.

Finance costs rose marginally to £0.4 million (2005: £0.3 million) and are expected to rise in the second half-year as expenditure on our new Bridgwater dairy increases in line with activity on-site. We achieved a profit of £0.8 million on the disposal of land owned at Chester-le-Street, Durham. This site became surplus to requirements when contract changes meant we no longer needed to develop facilities in the North, but instead switched our attention to the South-West of England.

Profit before tax increased by 41.4% to £17.1 million (2005: £12.1 million). Excluding the one-off property gain, profit before tax increased by 35.2% to £16.4 million.

Earnings per share rose 44.1% to 16.36p (2005: 11.35p). If the one off property gain is excluded the earnings per share was 15.63p, an increase of 37.7%.

Net cash generated from operating activities was £9.1 million (2005: £15.8 million). This reduction in cash generated from last year related to an increase in working capital. Net debt at the end of the period was £14.1 million (2005: £10.9 million). During the period, the Group acquired Milk Link's liquid operations in the South-West of England at a cost of £5.5 million.

INTERIM DIVIDEND

The Board has declared a dividend of 3.00p per share, an increase of 25% over last year (2005: 2.40p per share). The interim dividend is payable on 8 February 2007 to ordinary shareholders on the register at 12 January 2007.

OPERATING REVIEW

Commercial

Sales for the Group during the six months were again at record levels. Compared to a year ago, our contract position with major supermarkets has been more stable, with supply agreements successfully renewed recently with both Sainsbury's and Somerfield. A new supply contract with One Stop, a chain of over 500 convenience stores in England and Wales, commenced in June 2006 and has performed in line with expectations.

Our share of the UK's fast growing organic milk market continues to expand. Tesco has confirmed that Wiseman will, from late November 2006, become responsible for sourcing and supplying 60% of Tesco's organic milk, which is in line with the proportion of their regular own label milk we currently supply. This comes on top of the already announced agreement to pack Rachel's label organic milk on behalf of Horizon Organic Dairy from mid-November 2006. These two agreements will help to transform our organic milk business and provide a platform for further development, in advance of our new Bridgwater dairy coming on stream and establishing itself as a centre of excellence for organic milk production.

Interim Business and Financial Review



Robert T Wiseman
Chief Executive

The development of our new dairy, a significant increase in our share of the organic milk market and good relationships with our customers, leaves us in a confident mood about our future prospects.

We are also helping our major customers to foster closer working relationships with dairy farmers. During the period we saw the launch of the Sainsbury's Dairy Development Group, through which Sainsbury's is looking to create a direct relationship with its milk suppliers. Likewise, Tesco is also looking to get more involved with the milk producers that supply its milk and have recently announced plans to work more closely with the Organic Milk Suppliers Co-operative ("OMSCO") and pay their members' annual inspection fees. We are delighted to facilitate this strengthened dialogue throughout the supply chain, which can only bring benefits to all parties.

Sales of extended shelf life milk ("ESL") continue to grow steadily, with Tesco's "Pure" building its share of their milk cabinet. We have also introduced "Puriti" as an alternative ESL brand for the other multiple retailers and large middle ground customers. Initial reaction has been positive and we have already established listings with several supermarkets and larger middle ground customers.

The television advertising campaign for "the One", our low fat milk product, has been running successfully since the summer, with further advertising planned for the remainder of the financial year. The target is to create a national brand milk product synonymous with low fat and highlight the advantages the product has over regular semi-skimmed milk.

Filled with confidence

We were pleased to agree an extension of our supply contracts with both Sainsbury's and Somerfield during the period.

Our middle ground sales were boosted by the acquisition of Milk Link's liquid operations and we are pleased with the reaction we have received from the customer base. Due to the extent of duplication of different labels we produced for this region (a result of the earlier acquisition of Definitely Devon), we conducted market research and aim to streamline the number of labels produced while still maintaining the important characteristics of being a regional product sourced from a local supply.

OPERATIONS

Dairies

Given the record turnover the Group has experienced over the last six months, with volumes in England and Wales now accounting for over 75% of our total throughput, it is no surprise that our dairies have all been working hard to meet demand. It is pleasing to report that we have managed to keep up with sales, due, in no small way, to the excellent performance of our dairies in terms of efficiencies.

The main focus in terms of investment is the commencement of work at our new Bridgwater dairy. It is pleasing to report that work is well underway, with all contracts for processing and filling equipment having been placed. This leaves us on schedule for completion in late 2007 at the previously reported cost of approximately £46 million. We are looking to ensure the Bridgwater dairy is at the leading edge in terms of environmental efficiency. Initiatives being examined include the installation of a Biomass plant on this site to allow us to produce steam for the dairy, as well as other projects to maximise energy efficiency and minimise emissions to the environment.

Since we took over the Milk Link dairies at Okehampton and Pensilva, we have been pleased with both their performance and the positive attitude from personnel at these sites. This acquisition did, however, result in the Group having three dairies in the South-West of England. Following a period of consultation with staff, a decision was recently made to close the Torrington dairy (acquired via Definitely Devon) and transfer production to Okehampton, approximately twenty miles away. This closure will take place in early December 2006 and, while it is a disappointing decision to have to make, the level of investment required at the site could not be justified.

The additional volumes of organic milk to be processed from November 2006 will be carried out at our Manchester dairy until the Bridgwater dairy commences production in about twelve months time. We are excited about the opportunity the new dairy brings in terms of being able to pack organic and other milks from a new state-of-the-art facility.

Costs

The cost of HDPE resin has remained stubbornly high, despite recent falls in oil prices, and we hope the upward trend in plastic costs is coming to an end. Likewise, we are locked into higher energy costs for the next twelve months, so will not benefit if these costs ease in the short-term.

Interim Business and Financial Review



William G Keane
Group Finance Director

Profit before tax increased by 41.4% to £17.1 million (2005: £12.1 million). Excluding the one-off property gain, profit before tax increased by 35.2% to £16.4 million.

Distribution

The Distribution department once again rose to the challenge of taking on board the new acquisitions in the South-West and rationalisation of the businesses acquired by the Group is underway. This project will take some months to complete and it will be 2007 before its benefits are seen.

Efficiency improvement programmes are underway at all of our sites to lower costs and further improve service levels. A pilot project to evaluate handheld computers for our distribution drivers will take place early next year.

Milk Procurement

We were delighted to be able to announce recently an increase of 0.4p per litre to all our milk suppliers with effect from 1 November 2006. This increase was based upon higher cream returns, where the strength of markets has surprised commentators following the cuts in CAP support prices that were implemented in July.

Despite progress on our new milk haulage depot at Market Drayton being slower than originally anticipated, work is now progressing satisfactorily and we expect to start utilising this site by Christmas.

Our success in winning new organic business with both Tesco and Horizon Organic Dairy is due to many factors, including our close working relationship with our organic milk supplier OMSCO.

Filled with confidence

Efficiency improvement programmes are underway at all of our sites to lower costs and further improve service levels.

STAFF

Our staff continue to do an amazing job in coping with the challenges faced every day in meeting all our customers' requirements and we again express our appreciation for their efforts.

OFFICE OF FAIR TRADING

We have been working hard to respond to the Statement of Objections issued by the OFT on 6 September 2006, which set out its provisional findings from its investigation into the supply of fresh processed milk to middle ground retailers in Scotland under Chapter 1 of the Competition Act 1998. The case relates primarily to matters dating back over five years and we will present our response to the OFT within the next few weeks and then await their decision on the case.

In respect of the outstanding Chapter 1 case involving what were known as "Retail Price Initiatives", we await the outcome of the long running OFT investigation with interest.

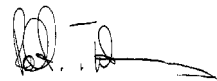
OUTLOOK

The Group has demonstrated that margins are slowly recovering, with the Interim results showing very satisfactory progress in that regard. Although much remains to be done to re-establish margins to levels which we consistently achieved in previous years, the Group is heading in the right direction. The development of our new dairy, a significant increase in our share of the organic milk market and good relationships with our customers leave us in a confident mood about our future prospects.

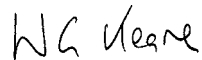
ALAN W WISEMAN
Chairman



ROBERT T WISEMAN
Chief Executive



WILLIAM G KEANE
Group Finance Director



13 November 2006

Independent Review Report to the Members of Robert Wiseman Dairies PLC

INTRODUCTION

We have been instructed by the Company to review the financial information for the six months ended 30 September 2006 which comprises the consolidated income statement, consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 13. 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 Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company 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 Company, 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 are 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 the 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 International Standards on Auditing (UK and Ireland) 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 30 September 2006.

Deloitte & Touche LLP

Chartered Accountants
Glasgow

13 November 2006

Consolidated Income Statement

for the six months ended 30 September 2006

	Notes	Six months to 30 Sep 2006 £000	Six months to 1 Oct 2005 £000	Year to 1 Apr 2006 £000
Continuing operations				
Revenue	3	291,927	281,277	568,564
Cost of sales		(216,057)	(214,622)	(429,883)
Gross profit		75,870	66,655	138,681
Other operating expenses (net)	4	(59,167)	(54,190)	(111,186)
Gain on sale of property		756	–	–
Operating profit		17,459	12,465	27,495
Investment income		51	(11)	52
Finance costs		(383)	(343)	(821)
Profit before tax		17,127	12,111	26,726
Tax	5	(5,309)	(3,760)	(8,276)
Profit for the period from continuing operations		11,818	8,351	18,450
Earnings per ordinary share				
	7			
Basic earnings per share		16.36p	11.35p	25.35p
Diluted earnings per share		15.88p	11.07p	24.69p

Consolidated Statement of Recognised Income and Expense

for the six months ended 30 September 2006

	Six months to 30 Sep 2006 £000	Six months to 1 Oct 2005 £000	Year to 1 Apr 2006 £000
Profit for the period	11,818	8,351	18,450
Actuarial losses on defined benefit plans	–	–	(432)
Tax on items taken directly to equity	427	(259)	94
Total recognised income and expense for the period	12,245	8,092	18,112

Consolidated Balance Sheet

as at 30 September 2006

	Notes	30 Sep 2006 £000	1 Oct 2005 £000	1 Apr 2006 £000
Non-current assets				
Property, plant and equipment		157,981	150,217	150,119
Goodwill		5,001	2,804	3,270
Other intangible assets		522	–	176
		163,504	153,021	153,565
Current assets				
Inventories		5,778	6,256	7,037
Trade and other receivables		63,158	54,292	44,559
Cash and cash equivalents		3,883	5,840	4,732
		72,819	66,388	56,328
Non-current assets classified as held for sale		–	600	1,258
Total assets		236,323	220,009	211,151
Current liabilities				
Trade and other payables		(69,768)	(73,628)	(65,431)
Borrowings and interest rate swaps		(14,070)	(16,040)	(2,291)
Current tax liabilities		(10,431)	(7,815)	(8,448)
		(94,269)	(97,483)	(76,170)
Non-current liabilities				
Borrowings and interest rate swaps		(4,000)	(822)	(5,024)
Retirement benefit obligation		(518)	(1,048)	(518)
Deferred tax liabilities		(10,284)	(10,159)	(10,181)
Provisions		(44)	(209)	–
		(14,846)	(12,238)	(15,723)
Total liabilities		(109,115)	(109,721)	(91,893)
Net assets		127,208	110,288	119,258
Equity				
Called-up share capital	8	7,249	7,213	7,219
Share premium account	9	26,963	24,256	24,414
Special reserve	9	4,062	4,062	4,062
Merger reserve arising on consolidation	9	(3,872)	(3,872)	(3,872)
Capital redemption reserve	9	1,776	1,731	1,731
ESOP reserve	9	(104)	(310)	(207)
Retained earnings	9	91,134	77,208	85,911
Total equity	10	127,208	110,288	119,258

Consolidated Cash Flow Statement

for the six months ended 30 September 2006

	Notes	Six months to 30 Sep 2006 £000	Six months to 1 Oct 2005 £000	Year to 1 Apr 2006 £000
Operating activities				
Cash generated from operations	11	12,778	19,350	43,542
Interest paid		(274)	(333)	(821)
Income taxes paid		(3,357)	(3,207)	(6,711)
Net cash from operating activities		9,147	15,810	36,010
Investing activities				
Interest received		51	22	31
Purchase of property, plant and equipment		(12,974)	(13,917)	(24,534)
Purchase of intangible assets		(406)	–	(204)
Purchase of a business		(2)	(7)	(473)
Proceeds from sale of property, plant and equipment		2,154	186	1,300
Proceeds from disposal of intangible assets		–	6	9
Acquisition of subsidiary		(4,663)	–	–
Net cash used in investing activities		(15,840)	(13,710)	(23,871)
Financing activities				
Issue of ordinary share capital		1,310	983	1,057
Purchase of own shares		(1,448)	(9,098)	(9,098)
Dividends paid		(4,773)	(4,240)	(5,968)
New loans		4,000	–	5,000
Repayment of loans		(5,648)	(5,858)	(6,715)
Increase in bank overdrafts		12,403	13,636	–
Net cash used in financing activities		5,844	(4,577)	(15,724)
Net decrease in cash and cash equivalents		(849)	(2,477)	(3,585)
Cash and cash equivalents at start of period		4,732	8,317	8,317
Cash and cash equivalents at end of financial period		3,883	5,840	4,732

Notes to Interim Financial Information

for the six months ended 30 September 2006

1. GENERAL INFORMATION

The information for the 6 months ended 30 September 2006 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985 and has not been audited. No statutory accounts for the period have been delivered to the Registrar of Companies.

The information for the year ended 1 April 2006 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985, but has been extracted from the Group's statutory accounts which have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under sections (2) or (3) of the Companies Act 1985.

2. ACCOUNTING POLICIES

The interim financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). The Group has opted not to prepare the interim financial information under IAS 34 "Interim Financial Reporting".

The interim financial information has been prepared on the historical cost basis, except for the revaluation of financial instruments in accordance with IAS 39. The same accounting policies and methods of computation are followed in the interim financial report as published by the Company in the annual financial statements for the year ended 1 April 2006.

3. SEGMENT INFORMATION

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

4. OTHER OPERATING EXPENSES (NET)

	Six months to 30 Sep 2006 £000	Six months to 1 Oct 2005 £000	Year to 1 Apr 2006 £000
Selling and distribution costs	49,063	46,133	93,730
Administrative expenses	10,198	8,426	18,069
Other operating income	(94)	(369)	(613)
Total other operating expenses (net)	59,167	54,190	111,186

Notes to Interim Financial Information continued

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Six months to 30 Sep 2006 £000	Six months to 1 Oct 2005 £000	Year to 1 Apr 2006 £000
Current tax:			
UK Corporation tax	4,856	3,652	7,643
Adjustment in respect of prior year tax computations	–	–	150
Total Current tax:	4,856	3,652	7,793
Deferred tax:			
Current year	453	108	483
Total tax	5,309	3,760	8,276
Effective tax rate	31.0%	31.0%	31.0%

The effective tax rate of 31% (six months to 1 October 2005: 31%) represents the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

6. DIVIDENDS

	Six months to 30 Sep 2006	Six months to 1 Oct 2005	Year to 1 Apr 2006
Amounts recognised as distributions in the period			
Dividends paid	£000 4,773	£000 4,240	£000 5,968
Dividend per share	Pence 6.60	Pence 5.80	Pence 8.20
Dividend proposed but not paid or included in the accounting records	£000 2,175	£000 1,730	£000 4,765
Dividend proposed per share	Pence 3.00	Pence 2.40	Pence 6.60

The final proposed dividend for the year to 1 April 2006 of 6.60 pence per ordinary share was paid on 21 September 2006 to ordinary shareholders on the register at the close of business on 25 August 2006 (2005: 5.80 pence). The proposed dividend of 3.00 pence per ordinary share was approved by the Board on 9 November 2006 and has not been included as a liability at 30 September 2006.

Notes to Interim Financial Information continued

7. EARNINGS PER ORDINARY SHARE

	Six months to 30 Sep 2006 £000	Six months to 1 Oct 2005 £000	Year to 1 Apr 2006 £000
Profit from continuing operations – basic EPS earnings	11,818	8,351	18,450
Gain on sale of property (net of tax)	(529)	–	–
Profit excluding gain on sale of property (net of tax) – adjusted EPS earnings*	11,289	8,351	18,450
Number of shares			
Number of shares – basic earnings per share	72,231,965	73,558,307	72,768,783
Potential dilutive ordinary shares re share options	2,207,030	1,898,071	1,964,593
Number of shares – diluted earnings per share	74,438,995	75,456,378	74,733,376

The number of shares above represents the weighted average number of ordinary shares in issue in the period.

Earnings per ordinary share

Basic earnings per share	16.36p	11.35p	25.35p
Diluted earnings per share	15.88p	11.07p	24.69p
Adjusted basic earnings per share*	15.63p	11.35p	25.35p
Adjusted diluted earnings per share*	15.17p	11.07p	24.69p

*The adjustment is to exclude the gain on sale (net of tax) made on the disposal of the property at Chester-le-Street.

8. SHARE CAPITAL

During the period the Company issued 754,612 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 £1,314,000 (2005: £839,000) 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.

Further to shareholders' resolutions of 6 July 2006, the Company bought 450,000 ordinary shares with a nominal value of £45,000, representing 0.6% of the Company's share capital, for a total consideration of £1,448,000. These shares have been cancelled.

Notes to Interim Financial Information continued

9. RESERVES

The movements on reserves are as follows:

	Retained earnings £000	Share premium account £000	Special reserve £000	Merger reserve £000	ESOP reserve £000	Capital redemption reserve £000
Start of period	85,911	24,414	4,062	(3,872)	(207)	1,731
ESOP share amortisation	(103)	–	–	–	103	–
Share based payment credit	616	–	–	–	–	–
Arising on new share issues	–	2,549	–	–	–	–
Arising on purchase of ordinary shares	(1,448)	–	–	–	–	45
Contribution for purchase of shares by ESOP	(1,314)	–	–	–	–	–
Total recognised income and expense	12,245	–	–	–	–	–
Dividends	(4,773)	–	–	–	–	–
End of period	91,134	26,963	4,062	(3,872)	(104)	1,776

The £1,448,000 represents the cost of shares bought back and cancelled as described in Note 8.

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY

	Six months to 30 Sep 2006 £000	Six months to 1 Oct 2005 £000	Year to 1 Apr 2006 £000
Total recognised income and expense	12,245	8,092	18,112
Dividends	(4,773)	(4,240)	(5,968)
New share capital subscribed	2,624	1,823	1,987
Purchase of ordinary shares	(1,448)	(9,098)	(9,098)
Contribution for purchase of shares by ESOP	(1,314)	(839)	(929)
Share based payment	616	475	1,076
Goodwill sold, previously written off to reserves	–	6	9
Net movement on shareholders' equity	7,950	(3,781)	5,189
Opening shareholders' equity	119,258	114,069	114,069
Closing shareholders' equity	127,208	110,288	119,258

Notes to Interim Financial Information continued

11. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of operating profit to cash generated by operations

	Six months to 30 Sep 2006 £000	Six months to 1 Oct 2005 £000	Year to 1 Apr 2006 £000
Operating profit	17,459	12,465	27,495
Depreciation of property, plant and equipment	9,655	9,268	18,807
Share based payments	616	475	1,076
Gain on sale of tangible fixed assets	(606)	(123)	(120)
Amortisation of deferred income	–	(5)	(10)
Decrease/(increase) in inventory	1,561	570	(211)
Increase in debtors	(14,636)	(19,585)	(9,852)
(Decrease)/increase in creditors	(1,271)	16,285	6,357
Cash generated from operations	12,778	19,350	43,542

b) Analysis of net debt

	Six months to 30 Sep 2006 £000	Six months to 1 Oct 2005 £000	Year to 1 Apr 2006 £000
Decrease in cash and cash equivalents	(849)	(2,477)	(3,585)
Increase in bank overdraft	(12,403)	(13,636)	–
Cash outflow from decrease in net debt and lease financing	1,648	5,858	1,715
Movement in net debt in the period	(11,604)	(10,255)	(1,870)
Net debt at beginning of period	(2,542)	(672)	(672)
Net debt at end of period	(14,146)	(10,927)	(2,542)

Notes to Interim Financial Information continued

12. CONTINGENT LIABILITY

a) Office of Fair Trading ("OFT")

On 6 September 2006 the OFT issued a Statement of Objections setting out its provisional findings from 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 provisionally found that six Scottish dairies entered into an agreement and/or concerted practice in the supply of fresh processed milk to 'middle ground' customers, in breach of competition law, over a four year period from 2000 to 2003. The alleged infringement relates to the 'middle ground' market sector in Scotland which consists of customers such as schools, shops, cafes and hotels but excludes the big supermarkets and doorstep customers. The main provisional finding is that six dairies, including Wiseman, engaged in price fixing by sharing pricing information and co-ordinating a series of price increases between them and colluded over arrangements not to compete for each others' customers, a form of market sharing. Price fixing and market sharing are both forms of conduct which infringe Chapter I of the Competition Act 1998. The OFT stated that no assumption should be made at this stage that there has been an infringement of competition law. The OFT will not be in a position to decide if the law has been breached until it has received and reviewed the parties' responses to the Statement of Objections and any comments from interested third parties. Wiseman will cooperate fully with the OFT and looks forward to a speedy and satisfactory resolution to the inquiry.

In addition to the above, notification was received from the OFT in 2004 that it had opened an investigation into whether the Group agreed and/or concerted with other undertakings on prices in the supply of fresh liquid milk and other products at the wholesale and/or retail level under Chapter I of the Competition Act 1988. The matters under review have been referred to in the press previously as "retail price initiatives", being initiatives from retailers to increase the revenue of farmers. The OFT have not advised the Group what, if any, other parties are subject to investigation.

Following changes in 2004 to the penalty regime applicable businesses that infringe the Competition Act may now be liable to a maximum penalty of 10 per cent of their world-wide group turnover in the last financial year, for each infringement. However, as the Group's involvement in the alleged infringements may be considered to have occurred prior to the commencement of the new penalty regime, any financial penalty imposed by the OFT must not exceed the maximum financial penalty that was applicable under the earlier penalty regime period of the potential infringements. The financial penalty applicable during the period of the potential infringements was up to 10 per cent of UK group turnover for each year (up to a maximum of three years) of infringement for each breach. In addition to imposing a financial penalty, the OFT can order infringing businesses to change their commercial conduct (e.g. pricing policy), amend/terminate arrangements or impose structural remedies. Infringing businesses can also be sued for damages by those who have suffered loss as a result of the breach of the Competition Act.

No provision has been made in the financial statements for any potential liabilities that may arise in respect of the above matters.

b) Claim by Arla Foods UK PLC

In October 2006 a court action was raised by inter alia, Arla Foods UK PLC and its subsidiary, Claymore Dairies Limited, in respect of losses and damages which they allege have been sustained in respect of their Scottish operations. The writ, which is unsubstantiated in terms of any detail, seeks damages of £15 million and interest from 1 January 1999 and is on a joint and several basis against the parties including Wiseman, who are subject to the Statement of Objections announced by the Office of Fair Trading on 6 September 2006. Wiseman will vigorously defend its position in relation to the claim from Arla.

No provision has been made in the financial statements for any potential liability that may arise in respect of the above matter.

Notes to Interim Financial Information continued

13. BASIS OF PREPARATION

These interim financial statements for the six months ended 30 September 2006 have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year ended 1 April 2006. The Group has not applied IAS 34 'Interim Financial Reporting' which is not mandatory for UK groups in the preparation of these interim statements. The financial statements have been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules. The interim financial statements are unaudited but have been formally reviewed by the auditors and their report to the Company is set out on page 8.

The interim report was approved by the Board of Directors on 13 November 2006.

Shareholder Information

FINANCIAL CALENDAR 2007

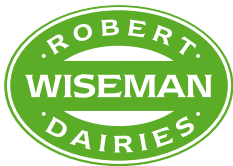
Interim Dividend Paid	8 February
Financial Year End	31 March
Full Year Results Announced	May
Annual General Meeting	July
Final Dividend Paid	September
Interim Results Announced	November

REGISTRARS AND DIVIDEND PAYMENTS

Enquiries regarding shareholdings, lost certificates, change of address, and dividend payments should be addressed to the Company's registrars:

Capita Registrars, Northern House, Fenay Bridge, Huddersfield, West Yorkshire HD8 0LA.
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