

**FOR RELEASE**

**7.00AM**

**13 JANUARY 2004**

**INTER LINK FOODS PLC**  
(“Inter Link Foods” or “Group”)

*Manufacturer of own -label cake and pastry products*

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2003**

	<b>2003</b>	<b>2002</b>	<b>Change</b>
<b>Turnover</b>	<b>£33.17m</b>	£24.55m	35%
<b>Earnings before tax, interest, depreciation and amortisation (EBITDA)</b>	<b>£3.28m</b>	£2.32m	41%
<b>Profit before tax and amortisation of goodwill</b>	<b>£2.28m</b>	£1.61m	42%
<b>Profit before tax</b>	<b>£1.79m</b>	£1.31m	37%
<b>Earnings per share before goodwill amortisation</b>	<b>19.1p</b>	17.2p	11%
<b>Diluted earnings per share before goodwill amortisation</b>	<b>18.4p</b>	16.7p	10%
<b>Dividend</b>	<b>1.85p</b>	1.67p	11%

- 〈 **Record levels of sales, profit, earnings per share and dividends**
- 〈 **Paul Griffiths appointed Group Managing Director**
- 〈 **Announcement of acquisition of Farmhouse Bakery Holdings Ltd**
- 〈 **Announcement of Disney Licensing Agreement**
- 〈 **New product launches having major impact on organic growth**
- 〈 **Looking to the future with considerable confidence**

**For further information:**

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**Background note:****A few facts**

- One of the top three cake suppliers in the UK
- Hoppers sold 35.7million mince pies at Christmas
- The Oldham Bakery makes over 101 million chocolate mini rolls a year
- The Dewsbury Bakery creates over 100 million cake buns a year
- The Trafford Park Bakery made over 29 million Soreen Malt loaves
- The Blackburn Bakery made over 50 Million Bakewell tarts

**History**

- April 1994 - acquisition of Crossfield Foods
- December 1995 – acquisition of Lisa Bakery
- August 1998 – admitted to trading on AIM
- March 2000 – acquisition of Maid Marian
- January 2001 – new bakery opened at Shadsworth
- January 2001 – acquisition of Newton House Bakery
- February 2001 – acquisition of Cakes for the Connoisseur
- March 2001 - acquisition of the Creative Cakes Company
- June 2001 – acquisition of William Lusty
- October 2001 – AIM Company of the Year
- February 2003 – acquisition of Soreen
- January 2004 – acquisition of “Hoppers”

<b>MANUFACTURING FACILITIES</b>	<b>PRODUCTS</b>
<i>Creative Cake Company</i> Salisbury, Wiltshire	Celebration and Novelty Cakes
<i>Crossfield Foods</i> Blackburn, Lancashire	Sponge Cakes, Traybakes In Store Bakery Fruit Pies
<i>Hoppers</i> Herne Bay, Kent	Seasonal pies, flapjacks, oat slices
<i>Lisa Bakery</i> Oldham, Lancashire	Chocolate Coated Mini Rolls Swiss Rolls
<i>Maid Marian</i> Blackburn, Lancashire	Celebration and Novelty Cakes
<i>Newton House</i> Dewsbury, Yorkshire	Fairy Cakes, Cup Cakes, Viennese Whirls
<i>Shadsworth</i> Blackburn, Lancashire	Cherry Bakewells, Lemon Bakewells, Toffee Bakewells, Loaf Cakes
<i>Soreen</i> Manchester	Malt Loaf, Fruit Loaf, Cereal Bars
<i>William Lusty</i> Heywood, Lancashire	Slab Cakes, Loaf Cakes, Layer Cakes
<b>MARKETING &amp; DISTRIBUTION</b>	<b>DEPOTS</b>
<i>Cakes for the Connoisseur</i> Huddersfield	Huddersfield, Luton, Avonmouth, Glasgow

**INTER LINK FOODS PLC****INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2003****Chairman's Statement**

We are delighted to announce another period of record levels of turnover, profits and earnings per share. These results are particularly pleasing given the range of raw material price increases which have affected the input costs of many food manufacturers.

Turnover was up 35% to £33,168,000 (2002: £24,545,000). EBITDA has risen by 41% to £3,283,000 (2002:£2,323,000). Profit before tax and amortisation of goodwill increased also by 42% to £2,278,000 (2002: £1,606,000) and adjusted earnings per share increased by 11% to 19.1p (2002: 17.2p).

As at 31 October 2003 the Group had net debt of £13,664,000 (2002: £7,994,000). A significant proportion of the increase in debt relates to the acquisition of the business and assets of Soreen in February 2003. Overall this represents gearing of 68% (2002: 71%) and the Group generated operating cash of £1,879,000 (2002:£2,170,000).

**Dividend**

In the light of these improving results and the prospect of further growth in the second half of the financial year, the Board has decided to increase the interim dividend by 11% to 1.85p (2002: 1.67p) which will be paid on 18 March 2004 to members on the register on 20 February 2004.

**Strategy**

We have previously stated that our objective is to grow the business organically and by selective acquisition and in the medium term become the number two supplier of high quality cakes and pastries in the UK.

**Acquisition of Farmhouse Bakery Holdings Limited**

We continue to look at a number of suitable cake manufacturing acquisition opportunities and are delighted to announce today the acquisition of Farmhouse Bakery Holdings Ltd. based in Herne Bay, Kent. This family owned company known as "Hoppers" Farmhouse Bakeries stretches back some six generations of the Hopper family and enjoys a well deserved reputation for producing high quality bakery goods. The company employs 110 people and brings a number of complementary products to our range with a particular emphasis on Christmas.

We are paying £5m in cash, financed by bank debt for sales of £12.47m. and pre-tax profits of £788,000 based upon the year ended 30 June 2003 when net assets were £2.02m. The business is currently highly focussed towards Christmas trade and accordingly is only profitable in the second half of the calendar year with approximately 60% of annual sales in the period from September to December.

The acquisition provides the Group with quality plant and machinery which produces a range of seasonal products that are new to us. We believe that "Hoppers" is an exciting business which has tremendous growth potential.

### **New Disney Licence Agreement**

We are delighted to announce today that we have signed a licence agreement with The Walt Disney Company Limited. This provides Inter Link Foods plc with the licence to manufacture and sell within UK and Eire, offering access to major Disney characters for use across our broadening range of small cakes. The award of a licence with this important brand reflects our growing reputation in the marketing of licensed products and will assist significantly in the marketing of our wide product range in the multiple retailer and independent sectors. Disney is the number one licensor in the world and this licence will ensure we enhance our position in this expanding sector of the market.

### **Investment**

Capital expenditure in the first half of the year amounted to £1,306,000 compared with £847,000 in the equivalent period last year. The main projects have been principally aimed at either improving efficiency and in so doing reducing unit costs or increasing our overall capacity. Capital expenditure of approximately £900,000 is anticipated in the second half of the year, to further improve efficiencies at Soreen, Creative Cakes and small tart production at Shadsworth, Blackburn.

### **New product development**

The significance of product innovation in our partnership with the major retailers continues to grow and cannot be underestimated. This is a major influence in our achievement of continued organic growth. As planned the first half has seen a number of successful new product launches and this trend has accelerated into the second half of the year.

### **Staff**

Paul Griffiths joined us on 1 September 2003 as Group Managing Director. His 32 years of both food manufacturing and food retailing experience will benefit the Group enormously as we continue our progress towards the goal of becoming the country's second largest cake manufacture.

This statement would not be complete without expressing my warmest thanks, and those of the Board, to the employees throughout our various bakeries who have contributed to our continuing success.

**Outlook**

The Group's trading performance in the first half was in line with our expectations, reaching new highs of both sales and profit. Trading is benefiting from a number of planned new listings which together with the acquisition of Hoppers Farmhouse Bakeries and the forthcoming launch of Disney licences across our small cake range all contribute to us looking to the future with considerable confidence.

**Jeremy Hamer**  
**Chairman**  
**13 January 2004**

**INTER LINK FOODS PLC**

**GROUP PROFIT AND LOSS ACCOUNT**

**FOR THE SIX MONTHS ENDED 31 OCTOBER 2003**

	6 months ended 31 October 2003 (unaudited) £'000	6 months ended 31 October 2002 (unaudited) £'000	Year ended 30 April 2003 (audited) £'000
<b>Turnover</b>			
Continuing operations	33,168	24,545	48,901
Acquisitions	-	-	2,475
	<u>33,168</u>	<u>24,545</u>	<u>51,376</u>
<b>EBITDA</b>	3,283	2,323	5,224
Depreciation	(664)	(466)	(991)
Amortisation of goodwill	(491)	(300)	(699)
	<u>2,128</u>	<u>1,557</u>	<u>3,534</u>
<b>Operating profit</b>			
Continuing operations	2,128	1,557	3,332
Acquisitions	-	-	202
	<u>2,128</u>	<u>1,557</u>	<u>3,534</u>
Net interest	(341)	(251)	(572)
	<u>1,787</u>	<u>1,306</u>	<u>2,962</u>
<b>Profit on ordinary activities before taxation</b>			
Taxation	(606)	(392)	(983)
	<u>1,181</u>	<u>914</u>	<u>1,979</u>
<b>Profit on ordinary activities after taxation</b>			
Dividends	(178)	(117)	(434)
	<u>1,003</u>	<u>797</u>	<u>1,545</u>
<b>Retained profit</b>			
<b>Basic earnings per share</b>	<u>13.5p</u>	<u>13.0p</u>	<u>26.3p</u>
<b>Adjusted earnings per share</b>	<u>19.1p</u>	<u>17.2p</u>	<u>35.5p</u>
<b>Diluted earnings per share</b>	<u>13.0p</u>	<u>12.6p</u>	<u>25.2p</u>
<b>Adjusted diluted earnings per share</b>	<u>18.4p</u>	<u>16.7p</u>	<u>34.1p</u>

**INTER LINK FOODS PLC**

**GROUP BALANCE SHEET**

**AT 31 OCTOBER 2003**

	31 October 2003 (unaudited) £'000	31 October 2002 (unaudited) £'000	30 April 2003 (audited) £'000
<b>Fixed assets</b>			
Tangible assets	11,892	8,280	11,261
Intangible assets	19,387	11,763	18,851
	<u>31,279</u>	<u>20,043</u>	<u>30,112</u>
<b>Current assets</b>			
Stock	3,314	2,198	2,914
Debtors	14,406	8,397	10,771
Cash at bank and in hand	2,905	1,943	2,084
	<u>20,625</u>	<u>12,538</u>	<u>15,769</u>
<b>Creditors: amounts falling due within one year</b>	<u>23,369</u>	<u>14,908</u>	<u>18,222</u>
<b>Net current liabilities</b>	<u>(2,744)</u>	<u>(2,370)</u>	<u>(2,453)</u>
<b>Total assets less current liabilities</b>	28,535	17,673	27,659
<b>Creditors: falling due after more than one year</b>	(7,529)	(5,610)	(8,227)
Provisions for liabilities and charges	(831)	(751)	(831)
<b>Net assets</b>	<u>20,175</u>	<u>11,312</u>	<u>18,601</u>
<b>Capital and reserves</b>			
Called up share capital	192	141	190
Share premium account	14,258	7,687	14,179
Other reserves	128	128	128
Profit and loss account	5,597	3,356	4,104
	<u>20,175</u>	<u>11,312</u>	<u>18,601</u>

**INTER LINK FOODS PLC**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 31 OCTOBER 2003**

	6 months ended 31 October 2003 (unaudited) £'000	6 months ended 31 October 2002 (unaudited) £'000	Year ended 30 April 2003 (audited) £'000
<b>Net cash inflow from operating activities</b>	1,879	2,170	3,702
<b>Returns on investments and servicing finance</b>			
Net interest	(341)	(250)	(572)
<b>Net cash outflow from return on investments and servicing of finance</b>	(341)	(250)	(572)
<b>Taxation</b>	(188)	(168)	(1,284)
<b>Capital expenditure and financial investment</b>			
Development expenditure	(409)	(153)	(453)
Purchase of fixed assets	(1,081)	(720)	(1,728)
Sale of fixed assets	24	-	75
<b>Net cash outflow from capital expenditure and financial investment</b>	(1,466)	(873)	(2,106)
<b>Acquisition and disposals</b>			
Purchase of subsidiary undertakings	(311)	(200)	(8,949)
Deferred consideration	(500)	(500)	(900)
<b>Net cash outflow from acquisitions and disposals</b>	(811)	(700)	(9,849)
<b>Equity dividends paid</b>	(316)	(197)	(315)
<b>Financing</b>			
Issue of share capital (net of issue costs)	81	-	6,541
Net movement on loans	(468)	(590)	2,326
Capital element of finance lease payments	(165)	(133)	(304)
<b>Net cash (outflow)/ inflow from financing</b>	(552)	(723)	8,563
<b>Decrease in cash</b>	(1,795)	(741)	(1,861)

**INTER LINK FOODS PLC**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 31 OCTOBER 2003**

	6 months ended 31 October 2003 (unaudited) £'000	6 months ended 31 October 2002 (unaudited) £'000	Year ended 30 April 2003 (audited) £'000
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit	2,128	1,557	3,534
Depreciation	664	466	991
Amortisation of development costs	184	151	323
Amortisation of goodwill	491	300	699
Profit on sale of assets	(13)	-	(2)
Increase in stocks	(400)	(517)	(683)
(Increase)/ Decrease in debtors	(3,635)	130	(3,606)
Increase in creditors	2,460	83	2,446
	<u>1,879</u>	<u>2,170</u>	<u>3,702</u>

## Notes

1. The figures for the year to 30 April 2003 have been extracted from the audited accounts of Inter Link Foods Plc. The accounts for the year ended 30 April 2003 received an unqualified audit report and are filed with The Registrar of Companies.
2. The interim financial statements have been prepared on the same basis and using the same accounting policies as used in the full set of accounts for the year ended 30 April 2003. The interim financial statements have been approved by the Board and are unaudited.
3. Taxation has been provided at the estimated effective rate of 33.9% for the year as a whole (2002:30%). This rate reflects the effective rate for the year ended 30 April 2003.
4. Basic earnings per ordinary share is calculated on the basis of profit for the period after tax, divided by the weighted average of ordinary shares in issue in the period of 8,774,425. The comparatives are calculated by reference to the weighted average of shares in issue which was 7,045,964 for the period to 31 October 2002 and 7,537,192 for the year ended 30 April 2003.
5. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is 9,108,353 (31 October 2002: 7,271,526, 30 April 2003:7,862,991). This has been adjusted for the effect of potentially dilutive share options granted under the Company's share option schemes.
6. An adjusted earnings per share, which excludes goodwill amortisation, is calculated on both basic and diluted bases to allow shareholders a clearer understanding of the trading performance of the Group.
- 7 An interim dividend of 1.85p per share (2002:1.67p) has been approved by the Board and is payable on 18 March 2004 to members on the register on 20 February 2004.
8. This statement is being sent to the shareholders of the Company and will be available at the Company's Registered Office at Shadsworth Bakery, Sett End Road, Blackburn, BB1 2PT.