



For Immediate Release

16 November 2006

**WILLIAM RANSOM & SON PLC**  
**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006**

**IMPROVED LEVELS OF PROFITABILITY**  
**ACROSS THE GROUP**

William Ransom & Son plc ("Ransom"), one of the UK's leading natural healthcare companies, today announces its unaudited interim results for the six months ended 30 September 2006.

**Financial Highlights:**

- Group sales increased by 32% to £17.7m (2005: £13.4m)
- Profit before tax and amortisation of goodwill up over 170% to £1.9m (2005: £0.7m)
- EPS excluding amortisation of goodwill and exceptional items increased by 12%, to 1.63p (2005: 1.46p)
- Gross margins improved from 40.2% to 42.5%

**Operational Highlights:**

- Improved levels of profitability in all areas of the business
- Development of several exciting new products due for launch in the second half of the year
- New export markets with local distribution partners and new Italian subsidiary established
- Move to a new centralised 52,000 square foot distribution centre in Bradford completed

**Tim Dye, Chairman and Chief Executive of Ransom, commenting on the interim results and outlook, said,**

*"It is encouraging to see further improved levels of profitability in all areas of the business. The key objectives that we set ourselves for the first half of the year have been met and the Group continues to trade in line with our expectations. Our normal second half bias should be further enhanced by the effect of new product introductions, export business development and anticipated additional operational efficiencies.*

*With the key elements of the acquired businesses now integrated, and manufacturing performing to target, we are again able to consider expansion opportunities in both the UK and overseas. The Board believes that the short and medium term outlook for the Group is good."*

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## Chairman's Statement

### Results

In the six months to 30 September 2006, group profit before tax and amortisation of goodwill rose significantly, to £1.9m (2005: £0.7m). Operating profit increased to £1.3m (2005: £0.3m). Basic earnings per share rose to 0.63p (2005: loss of 0.15p) and excluding amortisation of goodwill and exceptional items, earnings increased by 12% to 1.63p (2005: 1.46p). Group sales increased to £17.7m (2005: £13.4m). The Board declared an unchanged dividend of 0.50p per share, payable on 10 January 2007 to all shareholders on the register on 15 December 2006.

### Operating Review

It has been very pleasing to see further improved levels of profitability in all areas of the business alongside the attainment of key operational objectives in the first half of the year.

We have worked hard to maintain a high level of new product innovation and have developed several exciting new products due for launch in the second half, as well as having introduced earlier this year an extensive range of new products for export markets. We expect the new product launches to benefit from the cross-selling opportunities which the enlarged Group provides.

Our innovative and dynamic range of natural consumer healthcare products has enabled us to establish new export markets with local distribution partners. The selection of suitable partners and adaptation of packaging to suit local requirements is time-consuming and can be costly, but it will yield benefit in the second half and beyond. Additionally, at the beginning of the year, in Italy, which is a highly developed market for natural healthcare products such as ours, we invested in the establishment of our own marketing office, with a range of 60 products specifically selected and packaged for the Italian market. After a slightly slow start, the business is now growing well. Branded consumer healthcare exports to the Middle East have not yet reached the exceptionally high sales rates of last year, but some pick-up is expected in the second half, driven in part by new product range extensions.

Growth in the UK glucosamine market, which until recently had been very high through all channels, has become more patchy, although it is still a very attractive market overall. In part the change is due to a degree of uncertainty caused by a potentially shifting regulatory environment for glucosamine, which we are monitoring carefully. Under our Health Perception and Optima brands, we have responded to the changing market with an adapted and expanded product range which seems, initially at least, to be showing very positive effects.

Margins in consumer healthcare have seen further benefit in the first half from the integration of more processes of the acquired businesses. The move earlier this month to the Group's new 52,000 square foot centralised distribution centre in Bradford took considerable planning and will realise additional gains from the fourth quarter forwards.

Manufacturing volumes and efficiency have improved steadily in the year to date, as we have continued to optimise production processes against a background of a growth in new contract manufacturing business.

### Financial Review

Gross margins again improved, from 40.2% to 42.5%, which reflected a greater emphasis on branded consumer healthcare products following the acquisition of Optima, as well as a general improvement in gross margin in all activities across the Group. Expenses rose by £1.2m as a result of the effect of consolidating Optima for the full six months, compared with three months for the comparable period. Underlying expenses fell slightly. Operating margin improved to 7.3% (2005: 2.6%).

There was a net cash inflow from operating activities of £2.0m (2005: outflow of £0.4m). Stocks rose by £0.4m principally within the manufacturing divisions as core stock levels were rebuilt following the very high sales at the end of the last financial year. Debtors rose by less than £0.1m, while creditors fell by £0.3m.

Capital expenditure of £0.3m was within the depreciation figure of £0.5m. Overall net debt was reduced by £0.9m to £5.8m after the repayment of £0.5m of the senior term loan.

## Outlook

The Group continues to trade in line with our expectations and the Board believes that its short and medium term outlook is good. The beneficial impact in the second half of the seasonal bias of our business should be further enhanced by the effect of new product introductions, export business development and anticipated operational efficiencies. In the slightly longer term, the shifting UK regulatory situation regarding glucosamine presents opportunities and threats to which we shall remain alert.

The natural healthcare market fundamentals remain very attractive and are, we believe, conducive to sustained long-term growth in the sector. With the key elements of the acquired businesses now integrated, and manufacturing performing to target, we have begun again to consider opportunities for expansion in the UK and overseas by acquisition in what are still fragmented markets. Growth in the natural healthcare markets has attracted some high M&A multiples, but we remain cautious in our approach and will not be drawn into over-paying. As I have mentioned in previous announcements, we are also actively seeking another suitably-qualified independent non-executive director to strengthen further our Board for what promises to be an exciting period of further expansion.

Tim Dye

Chairman and Chief Executive

## Consolidated Profit and Loss Account

	For the six months ended 30 September		For the year ended 31 March
	2006 £'000	2005 £'000 Restated	2006 £'000 Restated
<b>Turnover</b>	<b>17,744</b>	13,426	<b>32,510</b>
Cost of sales	(10,201)	(7,416)	(18,417)
Exceptional cost of sales	-	(607)	(607)
<b>Total cost of sales</b>	<b>(10,201)</b>	(8,023)	<b>(19,024)</b>
<b>Gross profit</b>	<b>7,543</b>	5,403	<b>13,486</b>
Selling and distribution costs	(3,598)	(2,802)	(6,632)
Administrative expenses	(2,641)	(2,256)	(4,994)
Provision for bad debt	-	-	80
<b>Group operating profit</b>	<b>1,304</b>	345	<b>1,940</b>
Net interest payable	(211)	(177)	(439)
<b>Profit before taxation</b>	<b>1,093</b>	168	<b>1,501</b>
Tax on profit / (loss) on ordinary activities	(561)	(261)	(780)
<b>Profit / (loss) after taxation</b>	<b>532</b>	(93)	<b>721</b>
Equity minority interests	3	-	2
<b>Profit / (loss) attributable to shareholders</b>	<b>535</b>	(93)	<b>723</b>
<b>Earnings per share:</b>			
Basic earnings / (loss) per share	<b>0.63p</b>	(0.15p)	<b>1.00p</b>
Diluted earnings / (loss) per share	<b>0.63p</b>	(0.15p)	<b>1.00p</b>
<b>Statement of total recognised gains and losses</b>			
<b>Reported profit / (loss) attributable to shareholders</b>	<b>535</b>	(93)	<b>723</b>
Exchange adjustments offset in reserves	(7)	-	2
<b>Total recognised gains / (losses) for the period</b>	<b>528</b>	(93)	<b>725</b>
Prior year adjustment	(60)	-	-
<b>Total gains and losses recognised since the last annual report</b>	<b>468</b>	(93)	<b>725</b>

## Balance Sheet

	At 30 September 2006 £ '000	2005 £ '000 Restated	At 31 March 2006 £ '000 Restated
<b>Fixed assets</b>			
Intangible assets	28,701	30,387	29,548
Tangible assets	5,998	6,487	6,263
	<hr/> 34,699	<hr/> 36,874	<hr/> 35,811
<b>Current assets</b>			
Stocks	7,334	7,623	6,970
Debtors	7,664	6,907	7,616
Cash at bank and in hand	920	105	2,220
	<hr/> 15,918	<hr/> 14,635	<hr/> 16,806
<b>Creditors: Amounts falling due within one year</b>	<hr/> (8,440)	<hr/> (9,230)	<hr/> (9,521)
<b>Net current assets</b>	<hr/> 7,478	<hr/> 5,405	<hr/> 7,285
<b>Total assets less current liabilities</b>	42,177	42,279	43,096
<b>Creditors: Amounts falling due after more than one year</b>	(4,745)	(5,671)	(5,283)
<b>Provision for liabilities and charges</b>	(668)	(281)	(659)
<b>Net assets</b>	<hr/> <hr/> 36,764	<hr/> <hr/> 36,327	<hr/> <hr/> 37,154
<b>Capital and reserves</b>			
Called up share capital	8,433	8,433	8,433
Share premium account	21,978	21,979	21,978
Profit and loss account	6,358	5,915	6,745
<b>Total equity shareholders' funds</b>	<hr/> 36,769	<hr/> 36,327	<hr/> 37,156
Equity minority interests	(5)	-	(2)
<b>Capital employed</b>	<hr/> <hr/> 36,764	<hr/> <hr/> 36,327	<hr/> <hr/> 37,154

## Cash Flow Statement

	For the six months ended 30 September		For the year ended 31 March
	2006 £ '000	2005 £ '000 Restated	2005 £ '000 Restated
<b>Net cash inflow / (outflow) from operating activities</b>	<b>2,005</b>	(418)	<b>2,609</b>
<b>Returns on investment and servicing of finance</b>			
Interest received	1	-	13
Interest paid	(208)	(177)	(415)
Interest element of finance lease rental payments	(4)	-	(10)
	<b>(211)</b>	(177)	<b>(412)</b>
<b>Taxation paid</b>			
UK corporation tax paid	(78)	(247)	(745)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	(278)	(112)	(662)
Receipts from sale of tangible fixed assets	9	-	78
Receipts from sale of intangible fixed assets	-	-	5
	<b>(269)</b>	(112)	<b>(579)</b>
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertaking	-	(23,077)	(12,569)
Overdraft balances acquired	-	(521)	(524)
	-	(23,598)	(13,093)
<b>Equity dividends paid</b>	-	-	(1,265)
<b>Cashflow before use of liquid resources</b>	<b>1,447</b>	(24,552)	<b>(13,485)</b>
<b>Financing</b>			
Proceeds from new bank loans	-	4,900	4,900
Issue of ordinary share capital	-	20,390	10,000
Issue expenses for shares	-	(568)	(569)
Repayment of bank loans	(500)	(250)	(750)
Capital element of finance lease rental payments	26	-	24
	<b>(474)</b>	24,472	<b>13,605</b>
<b>Increase / (decrease) in cash</b>	<b>973</b>	(80)	<b>120</b>

## Notes on the financial statements for the six months ended 30 September 2006

1. The results for the six months ended 30 September 2006 and 30 September 2005 are unaudited. They have been prepared on the basis of accounting policies expected to be adopted for the year ended 31 March 2007. The figures for the year ended 31 March 2006 have been extracted from the full accounts for that year which have been delivered to the Registrar of Companies and on which the auditors have given an unqualified report.

During the year the Group adopted FRS 20 'Share - based Payment'. The adoption of this standard constitutes a change in accounting policy therefore the impact has been reflected as a prior year adjustment in accordance with FRS 3 'Reporting financial performance'.

The standard requires that where shares or rights to shares are granted to third parties, including employees, a charge should be recognised in the profit and loss account based on the fair value of the shares at the date the grant of shares or right to shares is made.

The effect of the adoption of FRS 20 on prior year comparatives is to reduce the profit attributable to shareholders by £13,000 in the six months to 30 September 2005 and by £25,000 in the year to 31 March 2006.

2. Earnings per share

Basic earnings per share are based on the profit on ordinary activities after taxation and on 84,335,207 shares (2005 : 60,692,397 shares), the weighted average number of shares in issue during the period. The diluted earnings per share are the same as the basic earnings per share.

	For the six months ended 30 September		For the year ended 31 March 2006
	2006	2005	2006
Basic earnings / (loss) per share	<b>0.63p</b>	(0.15p)	<b>1.00p</b>
Diluted earnings / (loss) per share	<b>0.63p</b>	(0.15p)	<b>1.00p</b>
Basic earnings per share excluding exceptional items	<b>0.63p</b>	0.55p	<b>1.51p</b>
Diluted earnings per share excluding exceptional items	<b>0.63p</b>	0.55p	<b>1.51p</b>
Basic earnings per share excluding exceptional items and amortisation	<b>1.63p</b>	1.46p	<b>3.41p</b>
Diluted earnings per share excluding exceptional items and amortisation	<b>1.63p</b>	1.46p	<b>3.41p</b>

Profit per share excluding all exceptional items, which are disclosed to reflect the underlying performance of the Company, is calculated on a profit of £535,000 (2005: £332,000).

Profit per share excluding all exceptional items and amortisation, which are disclosed to reflect the effect of amortisation charges on the performance of the Company, is calculated on a profit of £1,376,000 (2005: £884,000)

3. Reserves

	Share premium account £ '000	Profit and loss account £ '000
At 1 April 2006	21,978	6,745
Retained profit	-	535
Share option scheme issues	-	13
Unrealised exchange difference	-	(7)
Dividends	-	(928)
	<hr/>	<hr/>
At 30 September 2006	21,978	6,358
	<hr/>	<hr/>

4. Reconciliation of operating profit with net cash inflow / (outflow) from operating activities:

	For the six months ended 30 September		For the year ended 31 March
	2006 £ '000	2005 £ '000	2006 £ '000
Operating profit	1,304	345	1,940
Depreciation	538	265	1,030
Amortisation and impairment of intangibles	841	552	1,378
Share based remuneration	13	13	25
(Profit) / loss on sale of tangible fixed assets	(4)	-	14
(Increase) / decrease in stocks	(364)	(346)	307
Increase in debtors	(48)	(915)	(1,669)
Decrease in creditors	(275)	(332)	(330)
Cashflows relating to fundamental reorganisation	-	-	(86)
	<u>2,005</u>	<u>(418)</u>	<u>2,609</u>

5. Reconciliation of net cash flow to movement in net debt:

	For the six months ended 30 September		For the year ended 31 March
	2006 £ '000	2005 £ '000	2006 £ '000
Increase / (decrease) in cash	973	(80)	120
New finance leases and higher purchase contracts	(28)	-	(80)
Amortisation of loan cost	(9)	-	(28)
Cash inflow from increase in net debt	-	(4,615)	(4,174)
Change in net debt resulting from cash flows	<u>936</u>	<u>(4,695)</u>	<u>(4,162)</u>
Opening net (debt) / funds	<u>(6,771)</u>	<u>(2,609)</u>	<u>(2,609)</u>
Closing net (debt) / funds	<u><u>(5,835)</u></u>	<u><u>(7,304)</u></u>	<u><u>(6,771)</u></u>
Represented by:			
Cash at bank and in hand	920	105	2,220
Bank overdraft	(919)	(755)	(2,670)
	<u>1</u>	<u>(650)</u>	<u>(450)</u>
Bank and other loans	(5,671)	(6,654)	(6,162)
Finance leases	(163)	-	(159)
Closing net debt	<u><u>(5,835)</u></u>	<u><u>(7,304)</u></u>	<u><u>(6,771)</u></u>

6. Copies of this interim report are being sent to shareholders. Further copies can be obtained from the Company's registered office at Alexander House, 40a Wilbury Way, Hitchin, Hertfordshire, SG4 0AP.