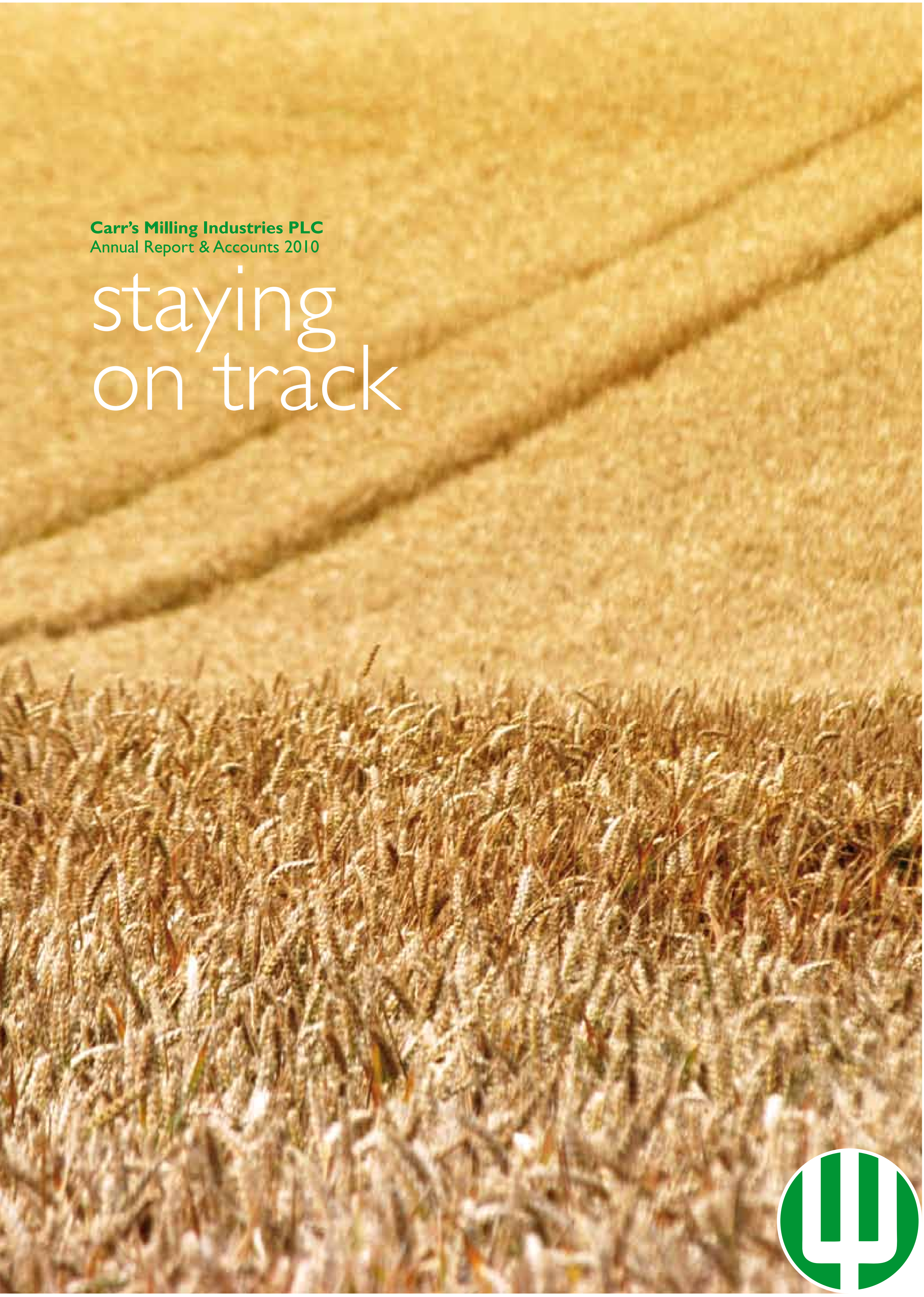
Carr's Milling Industries PLC
Annual Report & Accounts 2010

staying on track



Carr's Milling Industries PLC ("Carr's") is focussed on the principal activities of agriculture, food and engineering.

The Company's agriculture business comprises fertiliser blending, retailing of farm machinery/supplies and animal feed manufacture in the UK, US and Germany.

Carr's principal food businesses are all flour millers based in three UK locations. Engineering comprises Bendalls, R Hind, Carrs MSM and Wälischmiller based in Southern Germany which was acquired in 2009.

Financial Highlights

Revenue	Profit before tax
£345.0m	£9.0m
(2009: £350.0m)	(2009: £7.0m)

Earnings per share	Dividend per share
64.1p	24.0p
(2009: 50.4p)	(2009: 23.0p)

Commercial Highlights

- Acquisition of agricultural businesses to extend geographical cover
- Expansion of agriculture retail branches
- Expansion of fuel oil distribution business
- Crystalyx brand range successfully launched into New Zealand
- Carr's awarded "The Scottish Livestock Supplier of the Year"

Chairman's Statement

I am pleased to report to Shareholders that Carr's achieved a strong financial performance for the past year whilst continuing to build the Group's market presence both in the UK and overseas.

The result for the 52 weeks ended 28 August 2010 reflects positive trading across both Agricultural businesses with our Engineering business benefiting from the first full-year contribution from Wälischmiller, which was acquired in March 2009. Over-capacity in the milling industry had an adverse impact on our food business where management continue to focus on reducing costs and developing higher-margin speciality products.

In March and June 2010, we strengthened our Agricultural businesses in Scotland and the North of England through the acquisitions of Ag Chem (UK), Scotmin Nutrition Limited and A C Burn Limited for a total consideration of £6.0 million. The integration of these businesses is progressing well and will be earnings enhancing in the current financial period.

Overall, the growth in profit and improvement in margins, combined with tight control over working capital, resulted in strong cash flow with net debt, after capital expenditure and acquisition costs, being £3.8 million lower at the end of the period compared to the previous year.

Richard Inglewood Chairman

We believe that the Group's sound financial position and the investment made in developing the business has laid the foundation for a period of sustained growth, particularly in Agriculture.

Financial Review

Revenue for the period was £345.0 million (2009: £350.0 million) and operating profit was up 25.4% to £9.1 million (2009: £7.3 million). The growth in profit reflects increased sales of animal feed, feed blocks and fuel and the recovery in fertiliser after the very substantial fall in sales last year. Revenue and profit from the Food and Engineering divisions were lower than 2009.

After a reduced retirement benefit charge, which offset a lower share of profit from associate and joint ventures, pre-tax profit increased by 27.4% to £9.0 million (2009: £7.0 million). Fully diluted earnings per share were 27.4% higher at 64.1p (2009: 50.3p).

The Group generated net cash from operating activities of £15.3 million (2009: £5.6 million). This included a net cash inflow of £6.5 million (2009: outflow £0.2 million) from reduced working capital, of which £3.2 million was from payments on account received from our engineering customers.

Capital expenditure was £3.7 million (2009: £4.7 million) as the Group continued to invest in necessary replacement of equipment, and the three acquisitions during the year cost a total of £6.0 million. After capital expenditure and acquisitions, net debt at 28 August 2010 was reduced to £15.5 million (29 August 2009: £19.3 million) representing gearing of 44.7% (2009: 64.7%).

Dividend

The Board paid two interim dividends of 6.0 pence per share in May 2010 and October 2010 to smooth the cash flow for our Shareholders. At the Annual General Meeting to be held on 11 January 2011, the Board will be proposing a final dividend of 12.0 pence per share. This makes a total for the year of 24.0 pence per share, an increase of 4.3% on the total for last year of 23.0 pence. The final dividend, if approved by Shareholders, will be paid on 21 January 2011 to Shareholders on the register at close of business on 24 December 2010. Shares will go ex-dividend on 22 December 2010.

Colonel Alexander Matthew

It is with sadness that I report to Shareholders the death during the year of Sandy Matthew. Sandy was appointed to the Board in 1964 and made an enormous contribution to the continuing success of the Company over the following 19 years. On behalf of all at Carr's we extend our sympathy to Sandy's family.

Outlook

The positive momentum of the second half of the year ended 28 August 2010 has continued into the new financial year. We anticipate farmers will continue to invest in response to favourable prospects in beef, lamb and cereals. As a result of higher input prices the farmgate milk price must only improve from its current unsustainably low levels.

We are well positioned to service increasing demand. Our businesses have developed significant expertise in the supply chain, building on their long association in flour and feed milling and extending this into the procurement of fertiliser and animal feed ingredients. These factors, together with the spread and diversity of our customer base, encourage us to believe that the two Agriculture Divisions will continue to develop and deliver consistent performance, even in challenging times.

Our financial performance will further benefit from having strengthened our market presence through acquisition and we continue to look for further opportunities.

While Food is likely to remain a difficult environment, Engineering is trading well and remains a focused niche business.

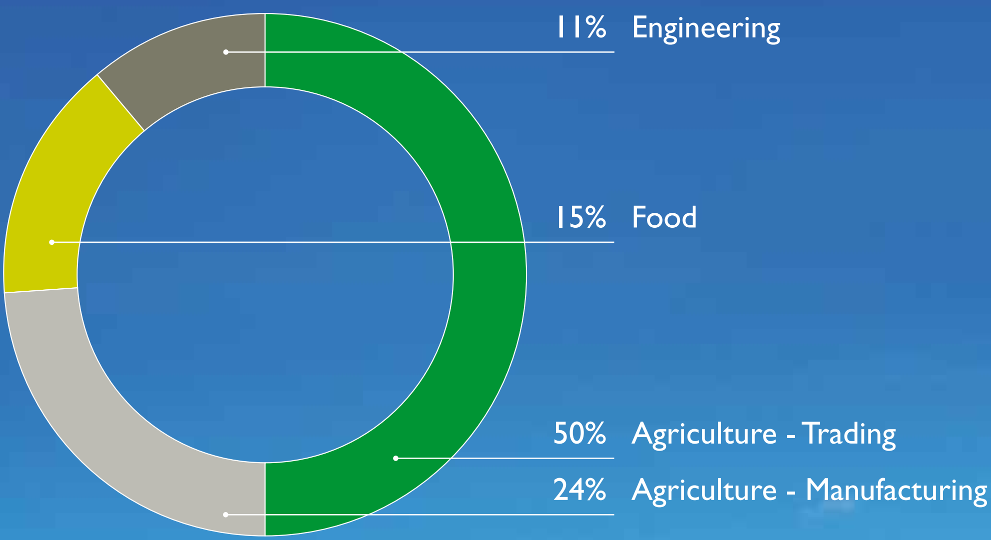
Overall, therefore, we believe we have laid a solid foundation for sustained growth and are confident in the outlook for the Group.

Richard Inglewood
Chairman
17 November 2010

A history of Carr's Milling

2010	Acquisition of the trade of Ag Chem fertiliser. Acquisition of A C Burn (animal feed and farming supplier). Acquisition of Scotmin Nutrition (animal feed supplements)
2009	Acquisition of the trade and assets of Hans Wälischmiller (a remote-handling technology, robotics and radiation protection equipment business in Southern Germany)
2008	Acquisition of J M Raine (ground care equipment distributor)
2007	Acquisition of Johnstone Fuels and Lubricants
2006	Formation of Crystalyx Products GmbH, a joint venture company with Agravis (low moisture feed blocks) in Germany. Formation by Carrs Billington Agriculture (Sales) of Bibby Agriculture joint venture animal feed and farming supplies in Wales. Formation of Afgritech, a joint venture company in Langwathby with Afgri Operations based in South Africa
2005	Acquisition of Wallace Oils. Acquisition by Carrs Billington Agriculture (Operations) of W&J Pye animal feed producing assets
2004	Sale of Bendalls site in Carlisle and new site commissioned. Acquisition of Meneba UK flour milling business (2 mills)
2002	Reorganisation of Carrs Billington Agriculture, Sales and Operations. Acquisition of assets of engineering business Master Slave Manipulators
2001	Foot and Mouth Disease affects UK and in particular Cumbria and SW England
2000	Acquisition of AF PLC (2 animal feed mills and 4 retail outlets)
1999	Formation of Joint Venture, Carrs Billington Agriculture, to supply animal feed from two mills. Sale of remaining 50% holding in Robertsons (plant baker). Commission of Animal Feed Supplement's second plant, in South Dakota, USA
1997	Acquisition of Animal Feed Supplement, Oklahoma, USA
1996	Acquisition of Bendalls, Carlisle
1982	Re-registration as a PLC
1972	Listing on the London Stock Exchange
1950	Changed name from Carrs Flour Mills Limited to Carrs Milling Industries Limited
1908	Carrs Flour Mills Limited incorporated. De-merge from Carr & Co. Limited when Carrs Flour Mills Limited acquired the flour milling assets
1831	Company Founded by Jonathan Dodgson Carr

Operating profit by sector



Chief Executive's Review

Across Carr's the benefits of broadening our product range, together with the investment in improved operating efficiency and our cost reduction programmes have produced a significant increase in the Group's performance in the year to August 2010. The improvement is reflected in margins, profitability and cash generation and was achieved against the continuing subdued global economic backdrop. We believe that the foundation has been laid for a period of sustained growth, particularly in Agriculture.

Chris Holmes Chief Executive

Agriculture - Trading

The demand for animal feed and other agricultural products remains good. Farmgate prices, with the notable exception of milk, have generally been strong. During the year, the regions we serve endured severe winter weather. The excellent service we were able to give our customers during this difficult period was recognised by Carr's being presented with The Scottish Livestock Supplier of the Year award at the Royal Highland show in June of this year.

Against this background, sales of both animal feeds and low moisture feed blocks rose steadily during the year, with profitability enhanced. This was the result of our focus on added value products such as Aminomax, a bypass protein developed in the U.S., the benefits of investment in efficient facilities and our focus on customer service.

Looking forward, as both animal feed compound and block markets are relatively mature, the keys to growth will be product innovation, efficiency and selective acquisitions such as Scotmin Nutrition in June 2010. Scotmin's supplement ranges complement the feed block products produced and marketed by Caltech. We successfully launched the Crystalyx brand range into New Zealand, potentially a very large market for our products, and we expect this initiative to start contributing to revenues in the current financial year.

The demand for Crystalyx products in Germany continues to grow and new export markets have been opened, notably in France.

The performance of our branch network which retails farm inputs, rural supplies and agricultural machinery, has been very satisfactory. Despite price deflation across the product range, like-for-like sales increased by 2% for the year. Bolt-on acquisitions such as A C Burn, acquired last June, and Forsyths of Wooler, announced after the year-end, augment the growth prospects of this part of our business. The network of branches has risen to 19 across Northern England and Scotland.

Our farm machinery activities also performed well throughout the year, winning in September 2010 the Kuhn distribution agency for agricultural machinery. The Kuhn product range expands our existing range of machinery and should enable us to enter new markets.

Our fuel oil business provides natural synergies between the retailing of agricultural and rural supplies. This has led us to expand our fuel oil business by opening depots at our feed mills which are located near to our retail branches. Market share continues to grow and the business benefited strongly from last winter's severe weather.

Agriculture - Manufacturing

Following the sharp fall experienced last year, demand for fertiliser has been steadily improving, with prices rising; and we have seen a sharp recovery in profitability. This followed a period of two years of high sales, and then a period of low sales, but we now foresee a more orderly market.

We have reduced our reliance on commodity products and seen the benefits of investment in new value added products such as AVAIL, our unique phosphorus fertiliser enhancer, as well as environmentally oriented products.

This enabled us to continue to grow our market share. Margins remain satisfactory, despite the pressure from phosphate and nitrogen input prices, and the immediate outlook is positive.

This segment of our operations includes our low moisture animal feed business operating from two plants in the US. Our market share in feed blocks is increasing as the result of our continuing focus on new product development for the cattle feed market, which is benefiting from a recovery in beef prices.

Food

Our food division comprises three flour mills, in Fife, Cumbria and Essex. We supply most sectors of the market, including industrial bakers, craft bakers, food manufacturers and multiple retailers.

Markets continue to be extremely challenging as we contend with significantly higher raw material prices and industry over-capacity. We are responding by reducing operating costs, while at the same time focusing on developing speciality products. We have recently secured a contract to supply a leading UK food retailer with a new range of speciality flours for its own premium brand.

The rise in wheat prices over the last two months of the financial year has been extreme. Following drastic reductions in wheat output from Eastern Europe, exacerbated by wet weather downgrading harvest quality in Northern Europe, and further fuelled by commodity speculation on both sides of the Atlantic, the market price of wheat has moved up by over 60%.

These volatile and fast moving markets present challenges and opportunities. We have taken appropriate steps to manage the risks presented by greater volatility and continue to explore new wheat supply sources. In the past year we have received cargoes of wheat from Latvia, and also, for the first time in almost 50 years, direct shipments of Canadian wheat into our Cumbrian Silloth mill.

Engineering

The engineering division broadly maintained revenue but saw profits fall. This principally reflects lower demand at Carrs MSM as the result of more stringent stock control management by its major customer.

Following a decline in the first half, the order book at Bendalls, the Group's specialist steel fabrication business recovered in the second half and there is evidence of scope to improve margins.

Wälischmiller has performed very well since acquisition in 2009 and continues to see sales volumes increase. The order book for 2011 and 2012 is strong with good demand from Japan, France and Germany. In addition we have received our first orders from China.

Key determinants of the trading performance of this division include demand from the nuclear and oil/petrochemical industries. The order book for the nuclear market is particularly strong with high activity in Europe and the Far East. The emphasis on niche high-skill contract-focused work will remain.

Acquisitions

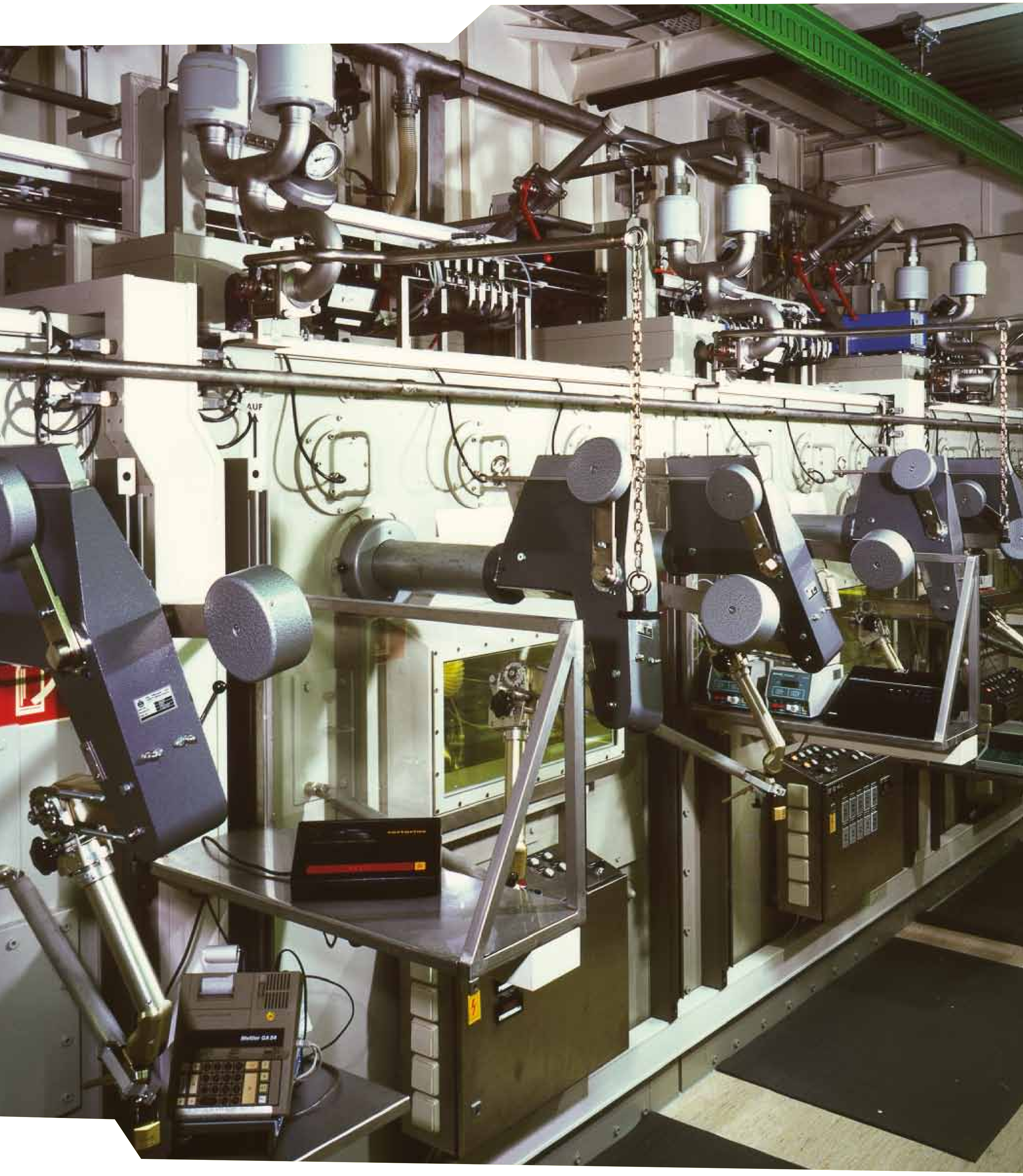
The Group completed three acquisitions, all agriculture related businesses, in the second half of the year. Both Ag Chem and A C Burn are small businesses and have been successfully integrated. Scotmin Nutrition, a producer and distributor of animal feed supplements, complements our existing range of feed block products and will create one of the UK's leading feed and mineral block producers and suppliers.

Since the year-end a small agricultural business engaged in the sale of animal feed and proprietary health products was acquired.

Staff

Carr's is operated on a decentralised basis with a number of business sectors each with its own management team. The continued successful growth of the Company is a reflection of their expertise and commitment and on behalf of the Board I would like to thank them and their colleagues for their contribution in driving the business forward.

Chris Holmes
Chief Executive Officer
17 November 2010



Financial review

The Group's business

The Group's operations are organised into four business divisions, agriculture trading, agriculture manufacturing, food and engineering, and the performance of these four divisions in the year is discussed in the Chief Executive's Review on pages 5 to 10. The agriculture businesses operates predominantly in the North of England, Wales and Scotland, in addition there are two animal feed plants in the US and a plant in Germany. The flour business operates entirely within the UK and the engineering business operates in the UK and Germany.

The markets in which all four businesses operate are competitive both in terms of pricing from other suppliers and the retail environment in general which has a direct impact on many of our customers. Despite this, Carr's businesses have a long record of increasing sales and profits through a combination of investing in modern efficient factories, developing a range of quality products and making sound acquisitions. The businesses are under the control of stable, experienced and talented operational management teams supported by a skilled workforce.

Business objectives

There are five key elements to the Group's strategy for meeting its objectives of continuing growth and profitability:

- Deliver quality, innovative and cost-effective products and services to our customers
- Organic growth
- Seek acquisitions to complement our existing businesses
- Maximise operational efficiency
- Securing employee health and safety

We monitor our performance against the strategy by means of key performance indicators ('KPIs').

Ronald Wood Finance Director

- Organic sales growth – year on year increase in sales revenue excluding the impact of acquisitions and disposals
- Gross return on revenue – gross profit as a percentage of revenue
- Net return on revenue – operating profit as a percentage of revenue
- Adjusted earnings per share – profit attributed to equity shareholders before amortisation and related tax relief divided by the weighted average of shares in issue during the period
- Return on net assets – profit before tax and before amortisation as a percentage of net assets
- Free cash flow – cash generated from operations less tax and interest paid

Performance against KPIs	2010	2009
Organic sales growth	-2.1%	-7.3%
Gross return on revenue	13.1%	11.7%
Net return on revenue	2.7%	2.1%
Adjusted earnings per share	65.7p	51.0p
Return on net assets	23.3%	21.4%
Free cash flow	£15.3m	£5.6m

Business strategies

The Group's market strategy is to focus on growing the quality end of the markets in which we operate, to establish meaningful and long lasting relationships with our customers, by a combination of product development and high service levels, and to invest in quality facilities. Each business within the Group is given the responsibility for developing its own plans to deliver the objectives of the Group with particular emphasis on growing sales through the supply of quality products, service and product innovation, improving operational efficiency and securing employee health and safety. The role of the Board in achieving Group objectives has been to support operational management and to identify suitable acquisitions that will bring new customers to the Group or will secure existing market positions.

Financial Review

Overview

Group revenue during the period was £345.0 million (2009: £350.0 million).

Profit before taxation increased to £9.0 million (2009: £7.0 million).

Net finance costs were £1.0 million (2009: £1.3 million) and were covered 9.3 times (2009: 5.6 times) by Group operating profit.

Taxation

The Group's effective tax charge on profit from activities after net finance costs was 26.1% (2009: 30.6%). A reconciliation of the actual total tax charge to the standard rate of corporation tax in the UK of 28% is set out in note 8 to the financial statements. The lower than the standard rate of tax in the current year primarily relates to a prior year adjustment.

Earnings per share

The profit attributable to the equity holders of the Company amounted to £5.6 million (2009: £4.4 million), and basic earnings per share was 64.1p (2009: 50.4p), an increase of 27.2%. Adjusted earnings per share of 65.7p (2009: 51.0p) is calculated by dividing the profit attributable to equity shareholders for the period, before amortisation of intangible assets net of related tax relief, by the weighted average number of shares in issue during the period.

Cash flow

The Group has generated strong operational cash flow. Cash generated from operating activities was £15.3 million (2009: £5.6 million) arising from higher Group profit, lower tax payments and a decrease in working capital; a significant part of which was attributable to the receipt of payments on account by our engineering businesses in quarter four of the year. The net cash outflow from investing activities of £9.0 million reflects capital additions of £3.3 million, and the net outflow from acquisitions of £5.6 million. The previous year's outflow was £6.6 million and comprised capital additions of £2.6 million and acquisition costs of £4.3 million. The £2.1 million of net cash used in financing activities in 2010 reflects dividends paid of £2.0 million, finance leases paid £1.1 million offset by an increase in other borrowings of £1.6 million. The prior year cash inflow from financing of £9.9 million reflected dividends paid of £2.0 million, finance leases paid of £1.0 million and proceeds from the issue of ordinary share capital of £2.6 million part funded by the net proceeds of new bank loans of £11.6 million. The overall result is a net increase in cash and cash equivalents of £4.1 million (2009: £9.1 million).

Net debt

Net debt reduced by £3.8 million to £15.5 million (2009: £19.3 million) at the period end resulting from strong operating cash flows offset by the net cash outflow from acquisitions.

Pensions

The Group operates its current pension arrangements on a defined benefit and defined contribution basis. The defined benefit section is closed to new members and has 85 active members, 97 deferred members and 187 current pensioners, and the scheme receives additional contributions from the Group in accordance with the latest actuarial valuation as agreed between the Company and the Trustees.

The valuation under the IAS19 accounting basis showed a deficit before the related deferred tax asset in the scheme of £10.7 million (2009: £14.7 million). Actuarial gains of £2.3 million (2009: gain £1.0 million) have been reported in the Consolidated Statement of Comprehensive Income.

A Group subsidiary undertaking is a participating employer in a defined benefit pension scheme. This scheme is closed to future service accrual. The IAS19 accounting basis showed a deficit, for that scheme, before the related deferred tax asset in the scheme of £5.6 million (2009: £5.0 million). The details of both pension schemes are given in note 27 to the financial statements.

Treasury policies

The Group's policy is structured to ensure adequate financial resources are available for the development of its business while managing its currency and interest rate risks. The Group's strategy, policy and controls are developed centrally and approved by the Board. The Group contracts to purchase raw materials for its fertiliser blending and flour milling activities in advance of sales contracts.

The main elements of treasury activity are outlined below.

Foreign currency risk

The major foreign currency risk facing the Group is in the purchasing of raw materials in the fertiliser and flour milling operations. The major currencies involved are the euro and the US dollar. The policy of the Group is to hedge using forward foreign exchange contracts with UK banks as soon as commitment has been given to the underlying transaction.

The results of the Group's foreign subsidiaries are translated into sterling at the average rates of exchange for the period concerned. As this translation has no impact on cash flow, the Group chooses not to hedge its foreign subsidiaries' earnings.

The balance sheets of the foreign subsidiaries are translated into sterling at the closing US dollar and euro exchange rates. Any gains or losses on the translation of the balance sheet into sterling are recorded in reserves. Currency translation risks of net assets in the subsidiaries are not hedged.

Interest rate risk
Historically the policy of the Group has been to hedge around 40% to 60% of the core borrowings. After the cessation of the interest rate swaps in October and December 2009 there are no new interest rate hedging instruments in place to protect the Group against significant increases in interest rates. The Board will continue to review the appropriateness of the interest rate policy and the hedging policy during the financial year.

Credit risk
Practically all sales are made on credit terms to an extensive range of customers, which include UK food producers, agricultural merchants, farmers and the nuclear industry. Overdue accounts are reviewed monthly at divisional management meetings. Historically, the incidence of bad debts is low. The current financial climate requires the Group's credit control functions to be particularly vigilant.

Funding
The Group has historically been cash generative. The bank position for each operation is monitored on a daily basis and capital expenditure above a certain level is approved at the monthly Group board meeting. Each operation has access to the Group's overdraft facility or has facilities specific to that operation and all term debt is arranged centrally. Bank facilities for approximately half the Group's funding requirements is agreed for the two years to August 2012. The balance of the Group's funding is negotiated annually.

Resources, risks and uncertainties
The Group aims to safeguard the assets that give it competitive advantage, being its product quality, product innovation and service levels, its operational management, skilled workforce and its modern well-equipped factories.

Reputation
It is the responsibility of local operational management assisted by the Group Risk Manager to maintain and where possible enhance the Group's reputation for product quality, product innovation, service levels and a culture of safe working.

Manufacturing facilities
The Group has continued to invest in its production facilities in all four businesses and it intends to continue investing to ensure that it maintains a competitive edge.

Employees
While the Group continues to invest in facilities and equipment we also continue to invest in our people. The Group offers training programmes where additional skills are required to undertake their responsibilities. The businesses have strategies for retaining staff, including the provision of competitive terms and conditions, and a contributory occupational pension scheme.

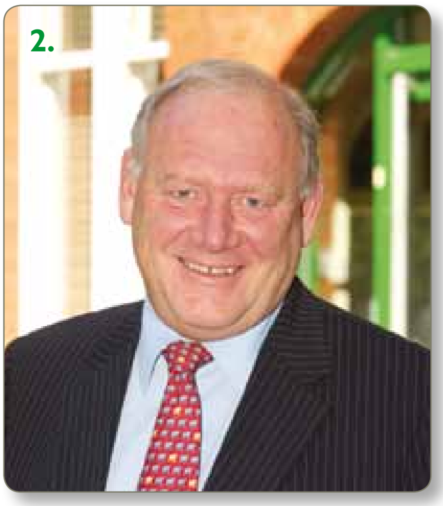
Principal risks and uncertainties
Each year the Group carries out a formal exercise to identify and assess the impact of risks on its business and this year the exercise was carried out in August 2010.

The Board has identified six vulnerabilities specific to the Group's activities, whose converse gives rise to potential upside:

- A decline in the size and prosperity of the dairy farming industry in north west England and south west Scotland, in particular through a reduction in the farm-gate milk price.
- A decline in the size and prosperity of other parts of the farming industry, in particular the beef and sheep farming industry, in northern England and Scotland.
- A decline in the size and prosperity of the beef farming industry in the USA.
- For fertiliser, a sharp decline in the Sterling price of raw materials, leading to inventory devaluation and sale deferment, and unsettled markets.
- For flour, market turbulence, in the face of overcapacity and the impact of the recession on consumers of bread, biscuits and confectionery, and a sharp increase in the milling wheat price.
- For engineering, funding problems for large capital projects and a recession driven-increase in contract deferral and variation.

On behalf of the Board
Ronald C Wood
Finance Director
17 November 2010

Board of Directors



1. Lord Inglewood
Non-Executive Chairman

2. Chris Holmes
Chief Executive Officer

3. Ronald Wood
Finance Director

4. Alistair Wannop
Non-Executive Director

5. Robert Heygate
Non-Executive Director

Registered Office and Advisers

Registered Office
Carr's Milling Industries PLC
Old Croft, Stanwix
Carlisle CA3 9BA
Registered No. 98221

Chartered Accountants and Statutory Auditors
PricewaterhouseCoopers LLP
89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

Bankers
Clydesdale Bank PLC
82 English Street
Carlisle CA3 8HP

The Royal Bank of Scotland plc
37 Lowther Street
Carlisle CA3 8EL

Financial Adviser and Broker
Investec Bank (UK) Limited
2 Gresham Street
London EC2V 7QP

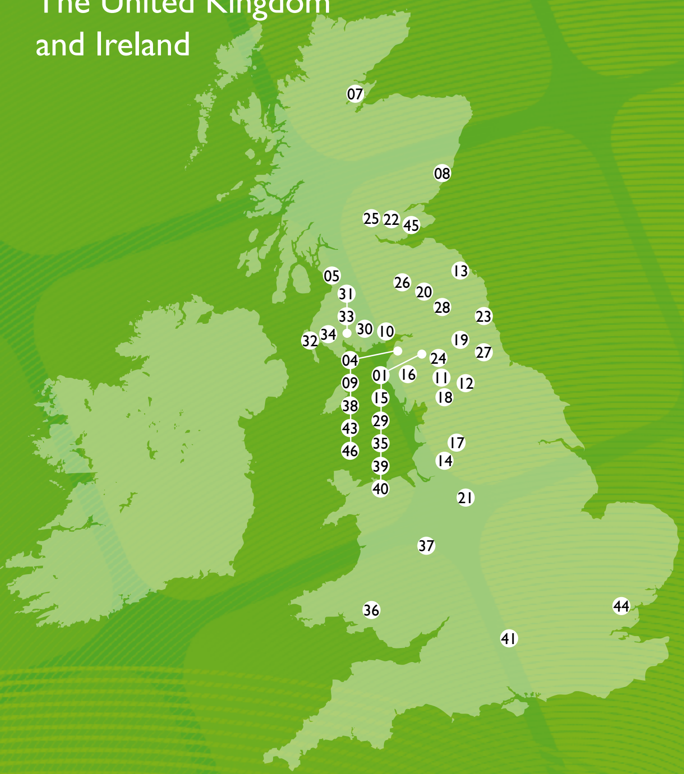
Solicitors
Hill Dickinson LLP
1 St Paul's Square
Liverpool L3 9SJ

Atkinson Ritson
15 Fisher Street
Carlisle CA3 8RW

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

Location of Operations

The United Kingdom and Ireland



North America

Germany

Head Office

01 Carr's Milling Industries PLC, Carlisle

Agriculture

Animal Feed Supplement Inc. USA
02 Belle Fourche, South Dakota
03 Poteau, Oklahoma

Caltech
04 Silloth

Scotmin Nutrition
05 Ayr

Crystalyx Products GmbH
06 Oldenberg

Carrs Fertilisers
07 Invergordon
08 Montrose
09 Silloth

Carrs Billington Agriculture (Sales)
10 Annan
11 Appleby
12 Barnard Castle
13 Berwick upon Tweed
14 Brock
15 Carlisle
16 Cockermouth
17 Gisburn
18 Hawes
19 Hexham
20 Jedburgh
21 Leek
22 Milnathort
23 Morpeth
24 Penrith
25 Perth
26 Selkirk
27 Spennymoor
28 Wooler

Wallace Oils
29 Carlisle

Johnstone Wallace Fuels
30 Castle Douglas
31 Dargavel Stores, Dumfries
32 Stranraer
33 Heathhall, Dumfries
34 Newton Stewart

Afgritech
35 Carlisle

Bibby Agriculture
36 Carmarthen
37 Shrewsbury

Silloth Storage
38 Silloth

Engineering

39 Bendalls, Carlisle
40 R Hind, Carlisle
41 Carrs MSM, Swindon
42 Wälischmiller Engineering GmbH, Markdorf

Food

43 Carrs Flour, Silloth
44 Greens Flour, Maldon
45 Hutchisons Flour, Kirkcaldy
46 John Stronach, Silloth

The Directors submit their report and the audited financial statements of the Group and Company for the period ended 28 August 2010.

The Company is a public limited company incorporated and domiciled in England and Wales whose shares are listed and traded on the London Stock Exchange. The address of its registered office is Old Croft, Stanwix, Carlisle, CA3 9BA.

Principal activities, business review and future developments

The Group's activities are Agriculture Trading, Agriculture Manufacturing, Food and Engineering. A review of the business is presented in the Chief Executive's Review on pages 5 to 10, future developments of the Group are presented in the Chairman's Statement on pages 2 to 3 and a discussion of the principal risks and uncertainties faced by the Group is presented in the Financial Review on pages 12 to 14.

Results and dividends

The profit on ordinary activities before taxation, was £9.0 million (2009: £7.0 million). After taxation charge of £2.1 million (2009: £1.8 million), the profit for the year is £6.8 million (2009: £5.2 million). An interim dividend of 6.0p (2009: 6.0p) per ordinary share was paid on 14 May 2010. A second interim dividend of 6.0p per ordinary share was paid on 7 October 2010. The Directors recommend the payment of a final dividend for the period, which is not reflected in these accounts, of 12.0p (2009: 17.0p) per ordinary share which, together with the interim dividends, represents 24.0p per ordinary share, totalling £2.1 million (2009: 23.0p per ordinary share, totalling £2.0 million).

Subject to approval at the Annual General Meeting, the final dividend will be paid on 21 January 2011 to members on the register at the close of business on 24 December 2010. Shares will be ex-dividend on 22 December 2010.

Key performance indicators are presented in the Group Financial Review on page 12.

During the year a number of acquisitions were made. Carrs Agriculture acquired Scotmin Nutrition, a manufacturer and supplier of animal feed supplements based in Ayr, Scotland. Scotmin has established a strong reputation for its supplement range which will complement our existing range of feed block products. Also, Carrs Agriculture acquired Ag Chem (UK), a small supplier of fertiliser products based in Yorkshire, and increases our range of fertiliser products. Carrs Billington Agriculture (Sales) acquired A C Burn, trading as borthwickburn, a supplier of animal feed and proprietary animal feed products based in the Scottish borders. This business extends the number of retail branches operating in northern England and Scotland from 15 to 18. The total consideration, including acquisition expenses and net debt acquired, for the above acquisitions was £5.7 million. There is no deferred consideration payable.

Post balance sheet event

On 14 September 2010 the Group completed the acquisition of Forsyths of (Wooler) Limited, an agricultural merchant. Details of this acquisition are in note 37.

Financial instruments

The Group's risk management objectives and policy are discussed in the Treasury policies section of the Financial Review on page 13 and note 26 in the Notes to the Financial Statements.

Pensions

Estimates of the amount and timing of future funding obligations for the Group's pension plans are based on various assumptions including, among other things, the actual and projected market performance of the pension plan assets, future long-term corporate bond yields, longevity of members and statutory requirements. In the last period, the relative improvement in equity markets, cash funding from the Company, together with lower inflation has decreased the deficit. The Group continually reviews this risk and takes action to mitigate where possible. In addition, while the Group is consulted by the trustees on the investment strategies of its pension plans, the Group has no direct control over these matters as the trustees are directly responsible for the strategy.

Details of the Group's pension plans are in note 27 in the Notes to the Financial Statements.

Directors and their interests

The Directors of the Company who served during the period and up to the date of signing the financial statements are stated on page 15. Each of the current Directors served for the whole of the period under review. R C Wood and A R Heygate retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Biographical details of the Directors are shown below:

Non-executive Directors

Lord Inglewood (59) was a Conservative member of the European Parliament for ten years until his retirement in 2004, was a Government Minister from 1995 to 1997 and has been a member of the House of Lords since 1989. He brings to the Board wide experience, in particular of EU and Westminster politics, allied with a knowledge of farming in Carr's north-west England heartland. He is also Chairman of CN Group Limited, the Carlisle based regional media company.

Mr A R Heygate (65) is an executive Director of Heygate & Sons Limited, the UK's largest independent flour miller, and is also engaged in animal feed compounding and other agricultural activities.

Mr A G M Wannop (48) is a Director of English Food and Farming Partnership and of Cumbria Vision. He has actively farmed in Cumbria for many years.

Lord Inglewood, Mr A R Heygate and Mr A G Wannop have two year fixed term contracts which expire on 31 August 2011.

Executive Directors

Mr C N C Holmes (59) was appointed to the Board in January 1992, and as CEO in September 1994. Previously he held senior management positions in the agricultural division of J Bibby & Sons.

Mr R C Wood (63) was appointed to the Board as Finance Director in January 1988 and is a member of the Chartered Institute of Management Accountants. Mr R C Wood is also Company Secretary. He is also non-executive Director of Cumbria Partnership NHS Trust. All fees receivable are paid to the Company.

The two executive Directors have service contracts which provide for a rolling one year notice period.

The Company has maintained a directors' and officers' liability insurance policy throughout the period and up to signing the financial statements, which is a qualifying third party indemnity provision for the purpose of the Companies Act 2006. Neither the Company's indemnity nor insurance provides cover in the event that a Director is proved to have acted fraudulently or dishonestly. No claims have been made either under the indemnity or the insurance policy.

Employment policies

The Company's policy on employee involvement is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the Company's operations.

Employment policies are designed to provide equal opportunities irrespective of colour, ethnic or natural origin, nationality, sex, religion, marital or disabled status. Full consideration is given to applications for employment by and the continuing employment, training and career development of disabled people.

Charitable donations

During the period ended 28 August 2010 the Group contributed £9,927 (2009: £10,111) in the UK for charitable purposes.

Payment of suppliers

Payment terms are agreed with each supplier and every endeavour is made to adhere to the agreed terms. The average credit terms for the Group as a whole, based on the year-end trade payables figure and a 365 day year, is 42 days (2009: 45 days). The Company has no outstanding trade payables at the end of the financial period.

Share Capital

The Company has a single class of share capital which is divided into Ordinary Shares of £0.25 each.

The movement in the share capital during the year is detailed in note 28 to the financial statements.

The business of the Company will be managed by the Board who exercise all the powers of the Company, subject to the provisions of the Company's Memorandum of Association, the Articles of Association, the Companies Act 2006 and any ordinary resolution of the Company.

The interests of the Directors, as defined by the Companies Act 2006, in the ordinary shares of the Company, other than in respect of options to acquire ordinary shares (which are detailed in the analysis of options included in the Directors' Remuneration Report on pages 23 to 26), are as follows:

	on 28 August 2010 Ordinary Shares	on 29 August 2009 Ordinary Shares
C N C Holmes	114,915	106,415
R C Wood	92,077	92,077
A R Heygate	37,225	37,225
W R Inglewood	4,410	4,410
A G M Wannop	2,261	2,261

All the above interests are beneficial. There have been no other changes to the above interests in the period from 28 August 2010 to 8 November 2010.

Rights and obligations attaching to shares

In a general meeting of the Company, subject to the provisions of the Articles of Association and to any special rights or restrictions as to voting attached to any class of shares in the Company (of which they are none), the holders of the Ordinary Shares are entitled to one vote in a poll for every Ordinary Share held. No member shall be entitled to vote at any general meeting or class meeting in respect of any shares held if any call or other sum then payable in respect of that share remains unpaid. Currently all issued shares are fully paid.

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the Annual General Meeting to be held on 11 January 2011 are set out in the Notice of Annual General Meeting.

Subject to the provisions of the Companies Act 2006, the Company may, by ordinary resolution, declare a dividend to be paid to the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment. All dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares.

Major shareholders

The Company has been informed of the following interests at 8 November 2010 in the 8,791,286 ordinary shares of the Company, as required by the Companies Act 2006:

	Number of shares	Percentage of Issued share capital
Heygate & Sons Limited*	1,265,287	14.4%
T W G Charlton	575,000	6.5%
Rathbone Nominees Limited	498,350	5.7%
Europe Nominees Limited	369,300	4.2%
HSBC Global Custody Nominee (UK) Limited	350,000	4.0%
BNY GIL Client Account (Nominees)	315,000	3.6%
Barclayshare Nominees Limited	308,644	3.5%

* A R Heygate is a director of Heygate & Sons Limited.

Change of control

There are no agreements that the Company considers significant and to which the Company is party that would take effect, alter or terminate upon change of control of the Company following a takeover bid other than the following:

- The Company is party to a number of banking agreements which upon a change of control of the Company are terminable by the bank immediately.

Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of the Shareholders.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 15. Having made enquiries of fellow Directors each of these Directors, at the date of this report, confirms that:

- to the best of each Director's knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware; and

- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Corporate Governance

The Company's statement on Corporate Governance is included in the Corporate Governance report on pages 20 to 22 of these financial statements.

Annual General Meeting and Special Business to be transacted at the Annual General Meeting

The Notice convening the Annual General Meeting appears on page 86 and includes the following items of Special Business:

(i) Resolution 7: Directors power to allot securities
Under section 551 of the Companies Act ("Act"), relevant shares may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising the Directors to issue shares without further reference to the shareholders. This resolution authorises the issue of shares up to an aggregate nominal value of £725,281, which is equal to 33% of the nominal value of the current issued ordinary share capital of the Company, for the period commencing with the passing of the resolution until the conclusion of the next annual general meeting of the Company or 6 months from the next accounting reference date of the Company (whichever is the earlier).

(ii) Resolution 8: Disapplication of pre-emption rights on equity issues for cash
Sections 570 - 573 of the Act requires that a Company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. This resolution excludes that statutory procedure as far as rights issues are concerned. It also enables the Directors to allot shares up to an aggregate nominal value of £219,782, which is equal to 10% of the nominal value of the current issued ordinary share capital of the Company, subject to resolution 7 being passed. The Directors believe that the limited powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplication will expire on the conclusion of the next annual general meeting of the Company or 6 months from the next accounting reference date of the Company (whichever is the earlier).

(iii) Resolution 9: Authority for the market purchase by the Company of its own shares
Section 693 of the Act requires the Company to obtain the shareholders' consent prior to making any market purchase of the Company's own shares. Resolution 9 sets out the conditions of the authority as required by section 166 of the Act and the resolution is proposed as a special resolution as required by the Listing Rules of the UK Listing Authority. The Directors have no current intentions relating to this authority but believe that the limited nature of the resolution will provide a desirable degree of flexibility. The Directors intend that any shares so purchased will be cancelled. The total number of share options in issue at the date of this document is 192,276 which, if exercised, would represent 2.2% of the issued share capital of the Company as at the date hereof and would, if the authority under this resolution were to be exercised in full, represent 2.4% of the issued share capital of the Company following completion of the purchase of the Company's own shares.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on page 15 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and

- the Chief Executive's Review includes a fair review of the development and performance of the business and the position of the Group and the Financial Review includes a description of the principal risks and uncertainties that it faces.

By Order of the Board
Ronald C Wood
Secretary
17 November 2010

Statement by the Directors on compliance with the provisions of the Combined Code

Principles of good governance
The Board is committed to high standards of corporate governance. The adoption and maintenance of good governance is the responsibility of the Board as a whole. This report, together with the Directors' Remuneration Report on pages 23 to 26, describes how the Board applies the principles of good governance and best practice as set out in Section 1 of the Combined Code on Corporate Governance 2008 (the "Combined Code 2008"). A statement of compliance can be found at the end of this report. A copy of the Combined Code 2008 is publicly available from www.frc.org.

Takeover Directive requirements
The required information is disclosed in full in the Report of the Directors.

The Board
The Board consists of a non-executive Chairman, two executive Directors and two other non-executives. Lord Inglewood is considered independent and his independence was assessed when he was appointed as non-executive Chairman. A R Heygate is a non-executive Director and the Board considers him to be independent although the Combined Code 2008 would not deem him independent due to his long association with the Company and he represents a significant shareholder. The Board believes that he acts in the best interests of the Company and that his holding of shares in the Company aligns his interests with that of the shareholders. A G M Wannop is the senior independent non-executive Director. The Combined Code 2008 recommends that the Board of Directors of a UK public company should include a balance of executive and non-executive Directors (including independent non-executives) such that no individual or small group of individuals can dominate the Board's decision-making. The Board is confident that it meets the requirements of the Combined Code 2008 with the exception of A R Heygate as outlined above.

The Board meets ten times throughout the year to determine the strategic direction of the Group and to review operating, financial and risk performance. To enable them to carry out these responsibilities all Directors have full and timely access to all relevant information. There is a formal schedule of matters reserved to the Board, which includes:

- approval of the Group's annual Business Plan;
- the Group's strategy;
- acquisitions, disposals and capital expenditure projects above certain thresholds;
- all guarantees;
- treasury policies;
- the financial statements;
- the Company's dividend policy;
- transactions involving the issue or purchase of Company shares;
- borrowing powers;
- appointments to the Board;
- alterations to the Memorandum and Articles of Association;
- legal actions brought by or against the Group above certain thresholds; and
- the scope of delegations to Board committees, subsidiary boards and executive management of the Group.

The Company's Articles of Association provide that one third of the Directors retire by rotation each year at the Annual General Meeting which is in compliance with the Combined Code 2008. All new Directors are subject to election by shareholders at the first opportunity following their appointment.

Directors' biographies are shown on page 17. The formal terms of reference for the main Board Committees together with the terms and conditions of appointment of non-executive Directors are reviewed annually and are available for inspection at the Company's Registered Office and at the Annual General Meeting.

Board Meeting Agenda
In advance of all Board meetings the Directors are supplied with detailed and comprehensive papers covering the Group's operating functions. Members of the executive management team attend and make presentations as appropriate at meetings of the Board. The Company Secretary is responsible to the Board for the timeliness and quality of information.

Directors can obtain independent professional advice at the Company's expense in performance of their duties as Directors. None of the Directors obtained independent professional advice in the period under review. All Directors have access to the advice and the services of the Company Secretary. In addition to these formal roles, the Non-executive Directors have access to senior management of the business either by telephone or via involvement at informal meetings.

Board Committees
Audit Committee
The Audit Committee currently comprises the three non-executives, W R Inglewood, A R Heygate and A G M Wannop. The Committee is chaired by A R Heygate. The Board considers that the Company meets the main requirements of the Combined Code 2008 other than those provisions listed on page 22.

The Board are responsible for assessing the Group's internal financial controls and meeting with the external auditors as appropriate. The external auditors have the opportunity for direct access to the Committee without the executive Directors being present.

The Committee reviews the Group's accounting policies, the annual and consolidated accounts, and internal reports on accounting and internal financial control matters, together with reports from the external auditors. The Audit Committee has overall responsibility for monitoring the integrity of financial statements and related announcements and for all aspects of internal control. The Committee meets at least two times a year and such meetings involve a review of the Group's interim and full year statements. The Audit Committee is also responsible for recommendations for the appointment, reappointment or removal of the external auditors and for reviewing their effectiveness. It also approves the terms of engagement and remuneration and monitors their independence, as well as monitoring the statutory audit of the Financial Statements. The Audit Committee carries out each year a full evaluation of the external auditor as to its complete independence from the Group and that it is adequately resourced and technically capable to deliver an objective audit to shareholders. Based on this review the Audit Committee recommends to the Board each year the continuation, or removal and replacement, of the external auditor. The Audit Committee continuously reviews any potential non-audit services to ensure the auditors do not compromise their independence. Auditors do not undertake internal accounting or other financial services, internal audit services or remuneration consultancy; all of which could compromise the auditors' independence. Recommendations by the auditors on internal control procedures are considered by the Audit Committee and implemented where appropriate. There is also a whistle blowing policy in place which includes arrangements by which staff can, in confidence, raise concerns about possible improprieties in matters of financial reporting and other matters.

The Chairman of the Audit Committee will be available at the Annual General Meeting to respond to any shareholder questions that might be raised on the Committee's activities.

Meetings attendance

Details of the number of meetings of, and members' attendance at, the Board, Audit and Remuneration Committees during the period are set out in the table below.

	Board	Audit Committee	Remuneration Committee
No. of meetings	10	2	2
W R Inglewood	10	2	2
C N C Holmes	10	—	—
R C Wood	10	—	—
A R Heygate	10	2	2
A G M Wannop	10	2	2

Remuneration Committee

The Remuneration Committee currently comprises A G M Wannop (Chairman), W R Inglewood and A R Heygate. It is a requirement of the Combined Code 2008 that the Remuneration Committee should, in the case of smaller companies, consist of at least two members who are considered by the Combined Code 2008 to be independent. The Company has complied with this. The Board is confident that the Company complies with the requirements of the Combined Code 2008 in terms of the required number of independent Directors for a Company of Carr's size. C N C Holmes, Chief Executive, attends meetings of the Committee by invitation and in an advisory capacity. No Director attends any part of a meeting at which his own remuneration is discussed. The Chairman and the executive Directors determine the remuneration of the other non-executive Directors. The remuneration of the Chairman is determined by the Board.

The Committee recommends to the Board the policy for executive remuneration and determines, on behalf of the Board, the other terms and conditions of service for each executive Director. It determines appropriate performance conditions for the annual cash bonus and deferred bonus scheme and approves awards and the issue of options in accordance with the terms of those schemes. The executive Directors' contract periods are one year. The Remuneration Committee also monitors the level and structure of remuneration of senior management below that of main board Director. The Committee has access to advice from the Company Secretary and to detailed analysis of executive remuneration in comparable companies. Details of the Committee's current remuneration policies are given in the Directors' Remuneration Report on pages 23 to 26.

The Chairman of the Remuneration Committee attends the Annual General Meeting to respond to any shareholder questions that might be raised on the Committee's activities.

Relations with Shareholders

The Board recognises the importance of good communications with all shareholders. The Group maintains dialogue with institutional shareholders and analysts, and general presentations are made when financial results are announced. Shareholders have access to the Company's website at www.carrs-milling.com.

The Annual General Meeting is the principal forum for all the Directors to engage in dialogue with private investors. All shareholders are given the opportunity to raise questions at the meeting. The Group aims to send notices of Annual General Meetings to shareholders at least 20 working days before the meeting, as required by the Combined Code 2008, and it is the Company's practice to indicate the proxy voting results on all resolutions at the meetings.

Going concern

The Directors have prepared the accounts on a going concern basis, having satisfied themselves from a review of internal budgets and forecasts and current bank facilities that the Group has adequate resources to continue in operational existence for the foreseeable future.

Internal control

The Board of Directors has overall responsibility for the Group's systems of internal control, including financial, operational and compliance controls and risk management, which safeguards the shareholders' investment and the Group's assets, and for reviewing its effectiveness. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

A review of internal inventory controls at one of the divisions highlighted weaknesses in inventory control management. Management have investigated the weakness and implemented more robust controls.

The Group operates within a clearly defined organisational structure with established responsibilities, authorities and reporting lines to the Board. The organisational structure has been designed in order to plan, execute, monitor and control the Group's objectives effectively and to ensure that internal control becomes embedded in the operations. The Board confirms that the key on-going processes and features of the Group's internal risk based control system, which accord with the Turnbull guidance, have been fully operative throughout the year and up to the date of the Annual Report being approved. These include: a process to identify and evaluate business risk; a strong control environment; an information and communication process; a monitoring system and a regular Board review for effectiveness. The Finance Director and Group Financial Accountant are responsible for overseeing the Group's internal controls.

The Group does not have an internal audit function as the Board consider that the Group has not yet reached a size where a separate internal audit function would be an appropriate or cost effective method of ensuring compliance with Group policies, and therefore does not currently propose to introduce a Group internal audit function. This area will be kept under review as part of the Board's assessment of the Group's systems of internal control.

The management of the Group's businesses identified the key business risks within their operations, considered the financial implications and assessed the effectiveness of the control processes in place to mitigate these risks. The Board reviewed a summary of the findings and this, along with direct involvement in the strategies of the businesses, investment appraisal and budgeting process, enabled the Board to report on the effectiveness of internal control. Following its review, the Board determined that it was not aware of any significant deficiency or material weakness in the system of internal control.

Auditors independence

The Board is satisfied that PricewaterhouseCoopers LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence is maintained. The Group meets its obligations for maintaining the appropriate relationship with the external auditors through the Audit Committee whose terms of reference include an obligation to consider and keep under review the degree of work undertaken by the external auditors, other than the statutory audit, to ensure such objectivity and independence is safeguarded. There is a continuous review of what work auditors can and cannot do so as not to compromise their independence. In assessing the auditors' objectivity, the Audit Committee considers: the auditors' policy to ensure that their staff have no personal relationships with the Group, the auditors' policy on rotation of the lead partner, and adherence by the auditors and the Group to the policy on procurement of non-audit services.

Compliance with the Revised Combined Code

The Directors consider that the Company has, during the period ended 28 August 2010, complied with the requirements of the Combined Code 2008 other than as set out below.

- the non-executive Director, A R Heygate, is not deemed to be independent under the requirements of the Combined Code 2008 although the Board considers him to be independent (A.3.1)
- the members of the Audit Committee are deemed not to have recent and relevant financial experience in accordance with the Combined Code 2008 (A.3.1). However, the Board believes their business knowledge and experience is sufficient to satisfy the Committee's obligations
- there are no specific provisions for compensation on early termination of the executive Directors (B.1.5)
- the Board did not have in place during the period a formal and rigorous process of evaluation of its own performance and that of its committees (A.6.1). Rigorous but informal evaluation has historically been carried out by the Chairman and Chief Executive, an evaluation of the performance of the individual Directors has also been carried out by the Remuneration Committee
- there is no separate Nominations Committee (A.4.1) to assess and recommend new Directors. Instead the Board as a whole considers these areas following initial scrutiny and recommendations by the Chief Executive and Chairman

By order of the Board

Ronald C Wood
Secretary
Carlisle
CA3 9BA
17 November 2010

Information not subject to audit

Remuneration Committee

All matters relating to executive remuneration are determined by the Remuneration Committee, a sub-committee of the Board of Directors. The Remuneration Committee comprises A G M Wannop (Chairman), A R Heygate and Lord Inglewood. As appropriate, the Committee may invite the Chief Executive Officer to participate in some of its discussions. The Committee is responsible for determining the terms and conditions of employment of executive Directors. It is also responsible for considering management recommendations for remuneration and employment terms of the Company's senior staff, including incentive arrangements for bonus payments and grant of share options.

The remuneration of the non-executive Directors is determined by the Chairman and the Chief Executive Officer and reflects the time, commitment and responsibility of their roles.

The Remuneration Committee's decisions are made on the basis of rewarding individuals for the nature of jobs they undertake and their performance therein. Proper regard is given to the need to attract and retain high quality, well-motivated staff at all levels and to the remuneration being paid by similar companies.

Details of Remuneration

The remuneration of Directors is set out in detail on page 24. The Company's Remuneration Committee decides the remuneration policy that applies to executive Directors and the Group's other senior management.

Each of the executive Directors has a one-year rolling contract. The most recent executed contracts for the executive Directors were dated 10 June 2002 and as amended on 2 September 2010. In the event of termination C N C Holmes would be entitled to loss of salary, benefits and pensionable service for the notice period. R C Wood receives a pension from the Carr's Milling Industries Pension Scheme 1993 and he would be entitled to loss of salary and benefits in the event of termination of employment. Contracts do not provide additional compensation for severance as a result of a change of control.
The contracts of non-executive Directors of the Company are fixed for two years and the most recent executed contracts for W R Inglewood, A R Heygate and A G M Wannop were 1 September 2009.

The Company's policy for the current and subsequent periods is that a proportion of the remuneration of the executive Directors should be performance related. As described below, executive Directors may earn annual incentive payments together with the benefits of participation in Share Option Schemes.

When setting the remuneration policy for the executive Directors for the current financial period, the Remuneration Committee considered pay and employment conditions elsewhere within the Group.

Constituent Elements of Remuneration Package

In applying the above principles to the determination of executive Director remuneration, the Remuneration Committee gives consideration to several components which together comprise the total remuneration package; these consist of the following:

Basic Salary is determined by the Committee at the beginning of each year. In deciding appropriate levels, the Committee considers the position in the Group, personal and Company performance and relies on information on a comparable group of companies. Basic salaries were last reviewed in September 2010, with increases taking effect from 1 September 2010. The next review will take place in August 2011. Executive Directors' contracts of service, which include details of remuneration, will be available for inspection at the Annual General Meeting.

Annual Bonus is paid up to a maximum of 100% of Basic Salary on exceeding profit targets. Annual bonus payments are not pensionable and conform to best practice as set out in the Combined Code 2008.

Benefits in Kind comprise car benefit and private healthcare which is not pensionable, critical illness and death in service cover.

Pension Contribution. The Company's defined benefit pension scheme aims at producing a pension of two-thirds final pensionable salary at normal retirement age of 60. C N C Holmes is a member of the pension scheme and his final pension is based on the notional earnings cap and can retire early without actuarial reduction to his pension.

C N C Holmes' pension information is given in the section subject to audit.

R C Wood receives a pension from the pension scheme.

The normal retirement age is 60 with a two-thirds surviving spouse's pension. On death in service a lump sum equal to four times basic salary is payable together with a surviving spouse's pension of two-thirds of the director's prospective pension. For death after retirement a spouse's pension of two-thirds of the member's pension is payable plus the balance of a five year guarantee if applicable.

Non-executive Directors do not participate in the pension scheme.

Pensions in payment are guaranteed to be increased annually by 5% or the increase in the Retail Price Index (RPI) if less.

Share Options. Salary and a bonus scheme are intended as the most significant part of Directors' remuneration; in addition, executive share options can be proposed by the Remuneration Committee and are granted periodically to promote the involvement of senior management in the longer term success of the Company. Options can only be exercised if certain performance criteria are achieved by the Company. These criteria are based on the growth in the Company's adjusted earnings per share in excess of the growth in the retail price index over the performance period by an average 2% per annum for each of the three years in the performance period.

Deferred Bonus Scheme

In February 2006, the Group established an HMRC Approved Deferred Bonus Scheme. In the year ended 28 August 2010, the Remuneration Committee declined to offer the two executive Directors deferred bonus shares (2009: Nil).

Non-Executive Remuneration

The remuneration of the non-executive Directors is agreed by the Group Board taking into account a number of factors pertinent to their position and role as non-executive Directors. The non-executive Directors do not participate in share option awards, bonus plans or pension arrangements.

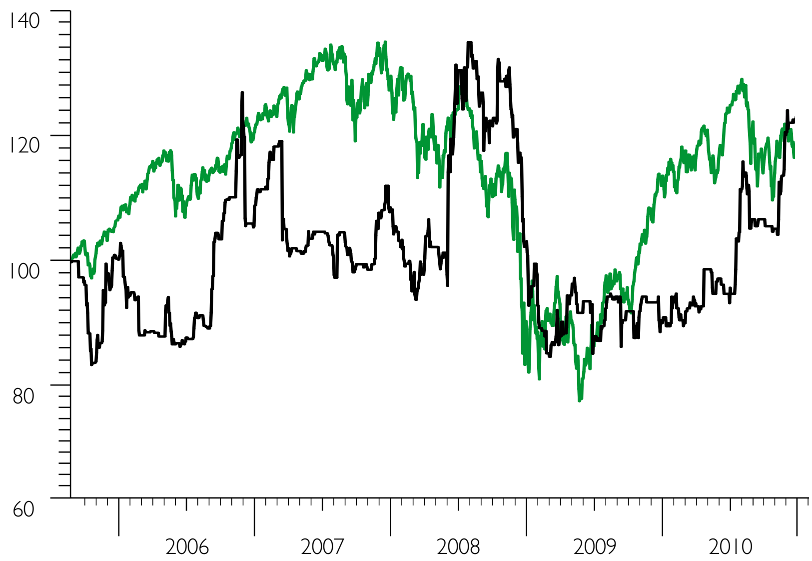
Performance Graph

The following graph illustrates the Company's total shareholder return performance since 31 August 2005 relative to the FTSE All-share index. The Company considers that the FTSE All-share index to be the most appropriate comparator group as it is a broad index and reflects the Company's broad range of activities.

Carr's Milling Industries

FTSE All-Share Price Index

Source: Thomson Datastream



Information subject to audit
Directors' Remuneration

	Fees & Basic Salary £'000	Annual Bonus £'000	Benefits £'000	Total Emoluments 2010 £'000	Total Emoluments 2009 £'000	2010 Pension Contributions £'000	2009 Pension Contributions £'000	2010 Gain on Exercise of Share Options £'000	2009 Gain on Exercise of Share Options £'000
Executive Directors									
C N C Holmes	500	192	8	700	407	30	20	—	—
R C Wood	233	163	3	399	187	—	—	—	—
Non-executive Directors									
W R Inglewood	51	—	—	51	50	—	—	—	—
A R Heygate	25	—	—	25	25	—	—	—	—
A G M Wannop	25	—	—	25	25	—	—	—	—
	834	355	11	1,200	694	30	20	—	—

The basic salary of C N C Holmes includes an additional sum representing 93% of his gross basic salary to normal retirement age at 5 September 2011, or earlier retirement from the Company. This additional sum represents compensation for the reduction in pension entitlement.

Executive Directors' Pension Information

	C N C Holmes
Age at 28 August 2010	58
	£'000
Directors' contributions during the period	—
Increase in accrued pension entitlement for the period	
At 28 August 2010	
excluding inflation	2
including inflation	3
Total accrued pension entitlement	
At 28 August 2010	82
At 29 August 2009	79
Transfer value of pension	
At 28 August 2010	1,619
At 29 August 2009	1,627
(Decrease)/increase in transfer value less contributions made by Directors	
At 28 August 2010	(8)
At 29 August 2009	293
Transfer value of the increase in accrued benefits less contributions made by Directors	
At 28 August 2010	78

The accrued pension entitlement and transfer value of pension at 28 August 2010 for C N C Holmes have been determined using the maximum of the earnings cap applicable for 2009/10.

The accrued pension entitlement is the amount that the Director would receive if he retired at the end of the period.

The decrease in the accrued entitlement is the difference between the accrued benefit at the period end and that at the previous period end.

The transfer values have been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11. The transfer values of the accrued entitlement represent the value of assets that the pension scheme would need to transfer to another pension provider on transferring the scheme's liability in respect of the Director's pension benefits. They do not represent sums payable to the Director and, therefore cannot be added meaningfully to annual remuneration.

Directors' Share Options

The Company operates an HMRC approved and an unapproved share option scheme to reward employees' performance and to incentivise at senior levels. Exercise is subject to performance conditions. For all options granted the exercise criterion has been that earnings should achieve growth which exceeds the percentage growth in the Retail Price Index by 2% or more. The rules of the schemes conform to institutional investor guidelines.

The performance criterion, which applies to the executive Directors to whom options have been granted under the Schemes, was chosen as it requires significant improvement in financial performance. No options have been granted at a discount to the market price at the date of their grant.

Options to acquire shares in the Company, granted to Directors under the Scheme but not exercised, as at 28 August 2010 are:

	At 29 August 2009	Exercised during period	Granted during period	At 28 August 2010	Exercise price	Date of grant	Earliest date from which exercisable	Expiry date
C N C Holmes	6,000	—	—	6,000	502.3p	20 Feb 2006	Feb 2009	Feb 2016
R C Wood	6,000	—	—	6,000	502.3p	20 Feb 2006	Feb 2009	Feb 2016

The two executive Directors did not exercise executive share options during the year.

The middle market closing price of the shares at 27 August 2010 was 570.0p (28 August 2009: 445.0p) and the range throughout the year was 577.5p to 420.0p.

Deferred Bonus Scheme

The Group operates an approved HMRC deferred bonus scheme to reward employees' performance and to incentivise at senior levels. In the year ended 1 September 2007 the two executive Directors elected to defer 50% of the bonus paid in November 2007 in the form of a Bonus Share Award. The Remuneration Committee granted a Matching Share Award and on meeting in full the performance conditions, the two Directors will receive matching shares. The matching shares equal the gross amount of deferred bonus divided by the average price per share at date of deferral.

To qualify for the Maximum Award Multiple of 1 the growth in the Company's adjusted earnings per share over the 3 years ended 31 August 2010 must equal or exceed the growth in the Retail Price Index ("RPI") over the 3 years by an average of 4% per annum. The Award Multiple will be reduced to 0.5 should the growth in adjusted earnings per share over the 3 years equal the growth in RPI by an average of 2% per annum. Should the Company's adjusted earnings per share fall between the two threshold levels, referred to above, the Award Multiple will be measured on a straight line basis between 0.5 and 1.

	No. of Bonus award shares	Base no. of shares	Maximum award multiple	Maximum no. of matching shares	Exercise date
C N C Holmes	2,131	3,612	1	3,612	30 November 2010
R C Wood	1,860	3,153	1	3,153	30 November 2010

On behalf of the Board

A G M Wannop
Chairman of the Remuneration Committee
17 November 2010

We have audited the financial statements of Carr's Milling Industries PLC for the period ended 28 August 2010 which comprise the consolidated income statement, the consolidated and company statements of comprehensive income, the consolidated and company balance sheets, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated and company statements of cash flows, principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors
As explained more fully in the directors' responsibilities statement set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 28 August 2010 and of the group's profit and group's and parent company's cash flows for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 20 to 22 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 21, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Mark Webster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
17 November 2010

Consolidated Income Statement
for the period ended 28 August 2010

	Notes	52 week period 2010 £'000	52 week period 2009 £'000
Revenue	2,3	**344,953**	350,023
Cost of sales	3	**(299,898)**	(309,016)
Gross profit	3	**45,055**	41,007
Net operating expenses	3	**(35,906)**	(33,712)
Group operating profit	3,4	**9,149**	7,295
Finance income	7	**410**	211
Finance costs	7	**(1,392)**	(1,522)
Share of post-tax profit in associate and joint ventures	5	**799**	1,051
Profit before taxation	2	**8,966**	7,035
Taxation	8	**(2,131)**	(1,829)
Profit for the period		**6,835**	5,206
Profit attributable to:			
Equity shareholders		**5,632**	4,421
Minority interests		**1,203**	785
		6,835	5,206
Earnings per share (pence)			
Basic	10	**64.1**	50.4
Diluted	10	**64.1**	50.3

All of the above are derived from continuing operations. The results from acquisitions during the period were not material and have not been presented separately.

Consolidated and Company Statements of Comprehensive Income

for the period ended 28 August 2010

	Notes	Group 52 week period 2010 £'000	Group 52 week period 2009 £'000	Company 52 week period 2010 £'000	Company 52 week period 2009 £'000
Profit for the period		**6,835**	5,206	**1,271**	7,954
Other comprehensive income					
Foreign exchange translation (losses)/gains arising on translation of overseas subsidiaries		**(82)**	276	**(148)**	—
Actuarial gains/(losses) on retirement benefit obligation:					
- Group	27	**2,294**	951	**2,294**	951
- Share of associate	27	**(512)**	(1,386)	**—**	—
Taxation (charge)/credit on actuarial movement on retirement benefit obligation:					
- Group	18	**(642)**	(266)	**(642)**	(266)
- Share of associate		**143**	388	**—**	—
Other comprehensive income/(expense) for the period, net of tax		**1,201**	(37)	**1,504**	685
Total comprehensive income for the period		**8,036**	5,169	**2,775**	8,639
Total comprehensive income attributable to:					
Equity shareholders		**6,830**	4,387	**2,775**	8,639
Minority interests		**1,206**	782	**—**	—
		8,036	5,169	**2,775**	8,639

Consolidated and Company Balance Sheets
As at 28 August 2010

	Notes	Group 52 week period 2010 £'000	Group 52 week period 2009 £'000	Company 52 week period 2010 £'000	Company 52 week period 2009 £'000
Assets					
Non-current assets					
Goodwill	11	**4,336**	1,654	**—**	—
Other intangible assets	11	**1,362**	764	**—**	—
Property, plant and equipment	12	**32,588**	31,764	**—**	—
Investment property	13	**699**	718	**—**	—
Investment in subsidiary undertakings	14,17	**—**	—	**13,000**	13,002
Investment in associate	14,15	**2,811**	2,735	**1,470**	1,470
Interest in joint ventures	14,16	**2,138**	1,840	**320**	320
Other investments	14	**69**	51	**—**	—
Financial assets					
- Non-current receivables	20	**5**	53	**1,775**	2,275
Deferred tax assets	18	**3,924**	5,015	**2,903**	4,111
		47,932	44,594	**19,468**	21,178
Current assets					
Inventories	19	**27,015**	23,860	**—**	—
Trade and other receivables	20	**48,810**	43,059	**18,386**	13,213
Current tax assets	21	**303**	119	**1,619**	959
Financial assets					
- Derivative financial instruments	26	**—**	16	**—**	—
- Cash at bank and in hand	22	**13,695**	10,304	**9,559**	16,038
		89,823	77,358	**29,564**	30,210
Total assets		**137,755**	121,952	**49,032**	51,388
Liabilities					
Current liabilities					
Financial liabilities					
- Borrowings	25	**(11,478)**	(10,226)	**(4,958)**	(3,748)
- Derivative financial instruments	26	**(127)**	(43)	**—**	(43)
Trade and other payables	23	**(49,468)**	(35,928)	**(932)**	(833)
Current tax liabilities	24	**(1,129)**	(708)	**—**	—
		(62,202)	(46,905)	**(5,890)**	(4,624)
Non-current liabilities					
Financial liabilities					
- Borrowings	25	**(17,732)**	(19,403)	**(13,955)**	(14,410)
Retirement benefit obligation	27	**(10,745)**	(14,673)	**(10,745)**	(14,673)
Deferred tax liabilities	18	**(4,960)**	(4,840)	**—**	—
Other non-current liabilities	23	**(2,797)**	(2,834)	**—**	—
		(36,234)	(41,750)	**(24,700)**	(29,083)
Total liabilities		**(98,436)**	(88,655)	**(30,590)**	(33,707)
Net assets		**39,319**	33,297	**18,442**	17,681
Shareholders' equity					
Called-up share capital	28	**2,196**	2,196	**2,196**	2,196
Share premium		**7,738**	7,738	**7,738**	7,738
Treasury share reserve		**(101)**	(101)	**—**	—
Equity compensation reserve		**170**	164	**205**	199
Foreign exchange reserve		**301**	386	**(148)**	—
Other reserve		**1,477**	1,508	**—**	—
Retained earnings		**22,925**	17,999	**8,451**	7,548
Total shareholders' equity		**34,706**	29,890	**18,442**	17,681
Minority interests in equity		**4,613**	3,407	**—**	—
Total equity		**39,319**	33,297	**18,442**	17,681

The financial statements set out on pages 28 to 83 were approved by the Board on 17 November 2010 and signed on its behalf by:

Christopher N C Holmes　　　　Ronald C Wood

Consolidated Statement of Changes in Equity
For the period ended 28 August 2010

	Called-up Share Capital £'000	Share Premium Account £'000	Treasury Share Reserve £'000	Equity Compensation Reserve £'000	Foreign Exchange Reserve £'000	Other Reserves £'000	Retained Earnings £'000	Total Shareholders' Equity £'000	Minority Interest £'000	Total £'000
At 31 August 2008	2,094	5,252	(101)	206	107	1,539	15,880	24,977	2,619	27,596
Profit for the period	—	—	—	—	—	—	4,421	4,421	785	5,206
Other comprehensive income	—	—	—	—	279	—	(313)	(34)	(3)	(37)
Total comprehensive income	—	—	—	—	279	—	4,108	4,387	782	5,169
Dividends paid	—	—	—	—	—	—	(2,020)	(2,020)	—	(2,020)
Equity settled share-based payment transactions, net of tax	—	—	—	(42)	—	—	—	(42)	6	(36)
Allotment of shares	102	2,486	—	—	—	—	—	2,588	—	2,588
Transfer	—	—	—	—	—	(31)	31	—	—	—
At 29 August 2009	2,196	7,738	(101)	164	386	1,508	17,999	29,890	3,407	33,297
At 30 August 2009	2,196	7,738	(101)	164	386	1,508	17,999	29,890	3,407	33,297
Profit for the period	—	—	—	—	—	—	5,632	5,632	1,203	6,835
Other comprehensive income	—	—	—	—	(85)	—	1,283	1,198	3	1,201
Total comprehensive income	—	—	—	—	(85)	—	6,915	6,830	1,206	8,036
Dividends paid	—	—	—	—	—	—	(2,020)	(2,020)	—	(2,020)
Equity settled share-based payment transactions, net of tax	—	—	—	6	—	—	—	6	—	6
Transfer	—	—	—	—	—	(31)	31	—	—	—
At 28 August 2010	2,196	7,738	(101)	170	301	1,477	22,925	34,706	4,613	39,319

The treasury share reserve includes the purchase of own shares in the Company, which are held in trust. These shares were acquired by the trust in the open market place and are to be held to meet the Group's obligations under the share based award schemes. However at the balance sheet date they have not yet been allocated to the various schemes.

The equity compensation reserve reflects the cumulative spreading, at the balance sheet date, of the fair value of the share option, share save and deferred bonus schemes over the vesting periods. The movement on the equity compensation reserve is taken through the income statement.

The amount recognised in the Statement of Comprehensive Income in respect of foreign exchange translation (losses)/gains arising on translation of overseas subsidiaries includes £3,000 (2009: £3,000) in respect of translation differences attributable to minority interest.

The Group has opted to use previous revaluations of property made under UK GAAP as deemed cost. On adoption of IFRS the revaluation reserve was reclassified to other reserves.

Company Statement of Changes in Equity
For the period ended 28 August 2010

	Called-up Share Capital £'000	Share Premium Account £'000	Equity Compensation Reserve £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 31 August 2008	2,094	5,252	233	—	929	8,508
Profit for the period	—	—	—	—	7,954	7,954
Other comprehensive income	—	—	—	—	685	685
Total comprehensive income	—	—	—	—	8,639	8,639
Dividends paid	—	—	—	—	(2,020)	(2,020)
Equity settled share-based payment transactions, net of tax	—	—	(34)	—	—	(34)
Allotment of shares	102	2,486	—	—	—	2,588
At 29 August 2009	2,196	7,738	199	—	7,548	17,681
At 30 August 2009	**2,196**	**7,738**	**199**	**—**	**7,548**	**17,681**
Profit for the period	**—**	**—**	**—**	**—**	**1,271**	**1,271**
Other comprehensive income	**—**	**—**	**—**	**(148)**	**1,652**	**1,504**
Total comprehensive income	**—**	**—**	**—**	**(148)**	**2,923**	**2,775**
Dividends paid	**—**	**—**	**—**	**—**	**(2,020)**	**(2,020)**
Equity settled share-based payment transactions, net of tax	**—**	**—**	**6**	**—**	**—**	**6**
At 28 August 2010	**2,196**	**7,738**	**205**	**(148)**	**8,451**	**18,442**

Consolidated and Company Statements of Cash Flows

For the period ended 28 August 2010

		Group		Company	
	Notes	52 week period 2010 £'000	52 week period 2009 £'000	52 week period 2010 £'000	52 week period 2009 £'000
Cash flows from operating activities					
Cash generated from/(used in) operations	31	18,002	9,817	(3,302)	(2,840)
Interest received		395	204	475	342
Interest paid		(1,422)	(1,456)	(560)	(588)
Tax (paid)/recovered		(1,698)	(2,985)	372	924
Net cash generated from/(used in) operating activities		15,277	5,580	(3,015)	(2,162)
Cash flows from investing activities					
Acquisition of subsidiaries (net of cash acquired)	30	(5,604)	(4,258)	—	—
Dividends received from subsidiaries		—	—	2,984	6,100
Net (payment)/receipt of loans to subsidiaries		—	—	(4,875)	1,806
Purchase of intangible assets		(260)	(25)	—	—
Proceeds from sale of property, plant and equipment		187	282	—	—
Purchase of property, plant and equipment		(3,315)	(2,612)	—	—
Purchase of investments		(17)	—	—	—
Receipt of non-current receivables		50	—	—	—
Net cash (used in)/generated from investing activities		(8,959)	(6,613)	(1,891)	7,906
Cash flows from financing activities					
Net proceeds from issue of ordinary share capital		—	2,588	—	2,588
Net proceeds from loans from subsidiaries		—	—	507	1,517
Net (costs)/proceeds from issue of new bank loans		(20)	18,029	(20)	14,878
Finance lease principal repayments		(1,065)	(1,025)	—	—
Repayment of borrowings		(634)	(6,450)	—	(6,375)
Increase/(decrease) in other borrowings		1,626	(1,195)	—	—
Dividends paid to shareholders	9	(2,020)	(2,020)	(2,020)	(2,020)
Net cash (used in)/generated from financing activities		(2,113)	9,927	(1,533)	10,588
Effects of exchange rate changes		(58)	161	(40)	(174)
Net increase/(decrease) in cash and cash equivalents		4,147	9,055	(6,479)	16,158
Cash and cash equivalents at beginning of the period	22	9,121	66	16,038	(120)
Cash and cash equivalents at end of the period	22	13,268	9,121	9,559	16,038

Basis of accounting

The consolidated financial statements are prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company is a public limited company incorporated and domiciled in England and Wales whose shares are listed and traded on the London Stock Exchange. The address of its registered office is Old Croft, Stanwix, Carlisle, CA3 9BA.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ materially from those estimates.

Accounting policies have been applied consistently, other than where new policies have been adopted.

The consolidated financial statements are prepared under the historic cost convention as modified by the revaluation of derivative financial instruments and share based payments at fair value through profit or loss.

Basis of consolidation

The consolidated financial statements comprise Carr's Milling Industries PLC and all its subsidiaries, together with the Group's share of the results of its associate and joint ventures. The financial statements of the subsidiaries, associate and joint ventures are prepared as of the same reporting date and consolidated using consistent accounting policies. Group inter-company balances and transactions, including any unrealised profits arising from Group inter-company transactions, are eliminated in full. Profits and losses on transactions with the associate and joint ventures are recognised in the consolidated income statement.

Results of subsidiary undertakings acquired during the current financial period were included in the financial statements from the effective date of control. The separable net assets, both tangible and intangible, of the acquired subsidiary undertakings were incorporated into the financial statements on the basis of the fair value as at the effective date of the Group acquiring control.

Subsidiaries are entities where the Group has the power to govern the financial and operating policies, generally accompanied by a share of more than 50% of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group and are included until the date on which the Group ceases to control them. Associates are entities over which the Group has significant influence but not control, generally accompanied by a share of between 20% and 50% of the voting rights. Joint ventures are entities over which the Group has joint control, established by contractual agreement. Investments in associates and joint ventures are accounted for using the equity method. The Group's share of its associate and joint ventures' post-tax profits or losses are recognised in the income statement, and its share of movement in reserves is recognised in reserves. The cumulative movements are adjusted against the carrying amount of the investment. The Group's investment in associate and joint ventures includes any goodwill arising on acquisition. If the Group's share of losses in an associate or joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

All subsidiaries are accounted for by applying the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group. The identifiable assets, liabilities and contingent liabilities of the acquiree are measured initially at fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

Acquisition related costs are expensed to the income statement in the period they are incurred.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group.

Employee share trust

Standing Interpretations Committee (SIC) 12 requires that the Group consolidate a special purpose entity where the substance of the relationship between the parties indicates that the Group controls the entity. The employee share trust sponsored by the Group falls within this category of special purpose entity and has been accounted for as if it were, in substance, a subsidiary.

Shares acquired by the trust have been recognised in the treasury share reserve and have been excluded from the calculation of earnings per share in the current period, as the shares have not been allocated to a share scheme. When such an allocation occurs the shares will be included in the diluted earnings per share calculation.

Currency translation

The financial statements for the Group's subsidiaries, associate and joint ventures are prepared using their functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Group and functional currency of the Group is Sterling.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Exchange differences resulting from the settlement of such transactions and from the translation, at exchange rates ruling at the balance sheet date, of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in the consolidated income statement.

The balance sheets of foreign operations are translated into sterling using the exchange rate at the balance sheet date and the income statements are translated into sterling using the average exchange rate for the period. Where this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, the exchange rate on the transaction date is used. Exchange differences arising are recognised as a separate component of shareholders' equity. On disposal of a foreign operation any cumulative exchange differences held in shareholders' equity are transferred to the consolidated income statement.

Revenue recognition

Revenue from the sale of goods or services is measured at the fair value of the consideration, net of rebates and excluding value added tax. Revenue from the sale of goods or services is recognised when the Group has transferred the significant risks and rewards of ownership of the goods to the buyer, when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group. Inter segmental revenue is on an arm's length basis.

In respect of construction contracts, revenue is calculated on the basis of the stage of completion and the total sales value of each contract.

Retirement benefit obligations

The Group participates in two defined benefit pension schemes, Carr's Milling Industries Pension Scheme 1993 and Carrs Billington Agriculture Pension Scheme. The Group also offers various defined contribution schemes to its employees.

The assets of the above named schemes are held separately from those of the Group and are invested with independent investment managers.

Contributions to defined contribution schemes are charged to the consolidated income statement in the period to which they relate. The liability recognised in the consolidated balance sheet at the period end in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets. Independent actuaries calculate the defined benefit obligation annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The current service costs, past service costs and gains and losses on settlements and curtailments are included in operating profit in the consolidated income statement.

A charge is made within operating costs which represents the expected increase in the liabilities of the pension schemes during the period. This arises from the liabilities of the schemes being one year closer to payment.

A credit representing the expected return on the assets of the pension schemes during the period is netted against the above charge within operating costs. This is based on the market value of the assets of the schemes at the start of the financial period. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the consolidated statement of comprehensive income. The pension schemes' deficits or surpluses, to the extent that they are considered recoverable, are recognised in full on the consolidated balance sheet.

The Group's share of the deficit in the Carrs Billington Agriculture Pension Scheme is recognised through its investment in associate.

Share based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

At each balance sheet date the Group revises its estimate of the number of options that are expected to vest. Changes to the fair value recognised as a result of this are charged or credited to the consolidated income statement with a corresponding adjustment to the equity compensation reserve.

Interest

Interest is recognised in the consolidated income statement on an accruals basis using the effective interest method.

Operating segments

The Group has adopted the requirements of IFRS8 'Operating segments'. The standard requires operating segments to be identified on the basis of internal financial information about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ('CODM') to allocate resources to the segments and to assess their performance. The CODM has been identified as the Board of Directors.

The Board considers the business from a product/services perspective. Operating segments have been identified as Agriculture Trading, Agriculture Manufacturing, Food and Engineering.

Non-recurring items

Non-recurring items that are material by size and/or by nature are presented within their relevant income statement category. Items that management consider fall into this category are disclosed within a note to the financial statements. The separate disclosure of non-recurring items helps provide a better indication of the Group's underlying business performance. Events which may give rise to non-recurring items include, but are not limited to, gains or losses on the disposal of businesses, the restructuring of businesses, the integration of new businesses and asset impairments.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of the acquisition.

At the date of acquisition, goodwill is allocated to cash generating units for the purpose of impairment testing.

Goodwill is recognised as an asset, which is carried at cost less impairment, and assessed for impairment annually. Any impairment is recognised immediately in the income statement. Once recognised, an impairment of goodwill is not reversed under any circumstance.

Where a business combination results in an excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost, the excess is credited to the consolidated income statement in the period of acquisition.

Goodwill written off to reserves under UK GAAP prior to 31 August 1998 has not been reinstated and would not form part of the gain or loss on the disposal of a business.

Other intangible assets

Other intangible assets are carried at cost less accumulated amortisation. Amortisation commences when assets are available for use. The expected useful lives, over which the assets are amortised, are generally as follows:

Customer relationships	1 - 5 years
Brands	15 - 20 years
Know-how	5 years
Patents and trademarks	contractual life
Software	3 - 10 years

Customer relationships and brands are amortised in line with the profit and income streams they are respectively expected to generate over their expected useful life.

Know-how, patents, trademarks and software are amortised on a straight-line basis.

The cost of intangible assets acquired in a business combination is the fair value at the acquisition date. The cost of separately acquired intangible assets comprises the purchase price and any directly attributable costs of preparing the assets for use.

Research and development costs

All research costs are recognised in the consolidated income statement as incurred. Development costs are recognised as an asset only to the extent that specific recognition criteria, as set out in IAS38 'Intangible assets', relevant to the proposed application are met and the amount recognised is recoverable through future economic benefits.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price and directly attributable costs.

Freehold land and assets under construction are not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight-line basis to allocate cost less residual values of the assets over their estimated useful lives as follows:

Freehold buildings	up to 50 years
Leasehold buildings	shorter of 50 years or lease term
Plant and equipment	3 to 20 years

Residual values and useful lives are reviewed at each financial period-end.

Assets not fully constructed at the balance sheet date are classified as assets in the course of construction. When construction is complete these assets are reclassified to the appropriate heading within property, plant and equipment. Depreciation commences when the asset is ready for use.

The cost of maintenance, repairs and minor equipment is charged to the income statement as incurred; the cost of major renovations and improvements is capitalised.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

Investment property

Investment properties are properties held for long-term rental yields. Investment properties are carried in the balance sheet at cost less accumulated depreciation. Freehold land is not depreciated. For all other investment property, depreciation is calculated on a straight-line basis to allocate cost less residual values of the assets over their estimated useful lives as follows:

Freehold buildings	up to 50 years

The cost of maintenance, repairs and minor equipment is charged to the income statement as incurred; the cost of major renovations and improvements is capitalised.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is deemed for an individual asset. If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Where appropriate, cost is calculated on a specific identification basis. Otherwise inventories are valued using the first-in first-out method.

Contract work in progress is measured at the selling price of the work performed at the balance sheet date. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract work.

The stage of completion is determined as the proportion that contract costs incurred for work performed to date bear to the total estimated total contract costs. Amounts invoiced for work completed are deducted from the selling price, while amounts invoiced in excess of work completed are recognised as current liabilities.

Where it is probable that contract costs will exceed total contract revenue the expected loss is recognised immediately as an expense in the income statement.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents for the purposes of the consolidated statement of cash flows comprise cash at bank and in hand, money market deposits and other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are presented in borrowings within current liabilities in the consolidated balance sheet.

Grants

Grants received on capital expenditure are recorded as deferred income and taken to the consolidated income statement in equal annual instalments over the expected useful lives of the assets concerned.

Revenue grants and contributions are taken to the consolidated income statement in the period to which they apply.

Leases

Leases are classified as finance leases at inception where substantially all of the risks and rewards of ownership are transferred to the Group. Assets classified as finance leases are capitalised on the consolidated balance sheet and are depreciated over the shorter of the useful life of the asset and the term of the lease. The interest element of the rental obligations is charged to the consolidated income statement over the period of the lease using the actuarial method.

Rentals paid under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease. Leasehold land is normally classified as an operating lease. Payments made to acquire leasehold land are included in prepayments at cost and are amortised over the life of the lease. Any incentives to enter into operating leases are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Tax
The tax charge comprises current tax and deferred tax.

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Group's taxable profits.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax arising from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. Deferred tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised or the liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax is recognised in the consolidated income statement, unless the tax relates to items recognised directly in shareholders' equity, in which case the tax is recognised directly in shareholders' equity through the consolidated statement of comprehensive income.

Dividends
Final equity dividends to the shareholders of the Company are recognised in the period that they are approved by the shareholders. Interim equity dividends are recognised in the period that they are paid.

Dividends receivable are recognised in the period in which they are received.

Financial instruments
Financial assets and liabilities are recognised on the Group's consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Investments
Investments are initially measured at cost, including transaction costs. They are classified as 'held to maturity' and are measured at amortised cost using the effective interest method.

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured by other means are held at cost.

Financial liability and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings
Interest-bearing loans and overdrafts are recognised initially at fair value net of direct issue costs and are subsequently stated at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedging activities
The Group primarily uses interest rate swaps, caps and collars and forward foreign currency contracts to manage its exposures to fluctuating interest and foreign exchange rates. These instruments are initially recognised at fair value and are subsequently re-measured at their fair value at each balance sheet date.

The Group's policy is to hedge its international assets and it has designated foreign currency borrowings as a hedge against net investment in foreign operations. The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined as an effective hedge is recognised directly in equity. The gain or loss on any ineffective portion of the hedge is recognised immediately in the income statement.

Fair valuation
Fair values are based on market values, where available. Where market values are not readily available, the Group establishes fair valuation techniques; these include the use of recent arm's length transactions, reference to other similar instruments and discounted cash flow analysis.

New standards and interpretations

The following new standards, amendments and interpretations, which are in issue at the balance sheet date but not yet effective, have not been applied in these financial statements:

	Effective for periods commencing on or after
IFRS9: 'Financial instruments'	1 January 2013
IAS24 Revised: 'Related party disclosures'	1 January 2011
Amendment to IFRS7: 'Financial instruments: Disclosures'	1 July 2011
Amendment to IFRIC14: 'Pre-payments of a Minimum Funding Requirement'	1 January 2011
IFRIC18: 'Transfer of Assets from Customers'	30 October 2009
IFRIC19: 'Extinguishing Financial Liabilities with Equity Instruments'	1 July 2010
Annual improvements 2010	1 January 2011

It is considered that the above standards, amendments and interpretations will not have a significant effect on the results or net assets of the Group but will increase the level of disclosure to be made in the financial statements.

From 30 August 2009, the following standards, amendments and interpretations became effective and were adopted by the Group:

IFRS8: 'Operating segments'
IAS1 Revised: 'Presentation of financial statements'
IAS23 Revised: 'Borrowing costs'
IAS27 Revised: 'Consolidated and separate financial statements'
IFRS1 Revised: 'First time adoption of IFRS'
IFRS3 Revised: 'Business combinations'
IFRIC13: 'Customer Loyalty Programmes'
IFRIC14: 'The Limit on a Defined Benefit Asset'
IFRIC15: 'Agreements for the Construction of Real Estate'
IFRIC16: 'Hedges of a Net Investment Including Foreign Operations'
Amendment to IAS39: 'Financial instruments: Recognition and measurement', and IFRS7: 'Financial instruments: Disclosures' on the reclassification of financial assets
Amendment to IFRIC9 and IAS39 regarding embedded derivatives
Amendment to IFRS1: 'First time adoption of IFRS' and IAS27: 'Consolidated and separate financial statements' on the cost of an investment in a subsidiary, jointly controlled entity or associate
Annual improvements to IFRSs (2008)
Amendment to IAS32: 'Financial instruments: Presentation' and IAS1: 'Presentation of financial statements on puttable financial instruments and obligations arising on liquidation'
Amendment to IFRS2, 'Share-based payments' on vesting conditions and cancellations
Annual improvements 2009
Amendment to IFRS2: 'Share-based payments - Group cash-settled share-based payment transactions'
Amendments to IFRS1: for additional exemptions
Amendments to IAS32: 'Financial instruments: Presentation on classification of rights issues'
Amendment to IAS39: 'Financial instruments: Recognition and measurement' on eligible hedged items
IFRIC17: 'Distribution of Non Cash Assets to Owners'

The adoption of these standards, amendments and interpretations has not had a significant impact on the Group's profit for the year or equity. The impact of adopting IFRS8 has increased the level of disclosure in the financial statements. Under IAS1: Revised, the Group has decided to present two separate performance statements.

Significant judgements, key assumptions and estimates

Application of certain Group accounting policies requires management to make judgements, assumptions and estimates concerning the future as detailed below.

Valuation of pension obligations

The valuation of the Group's defined benefit pension scheme is determined each period following advice from the Group's actuary and can fluctuate based on a number of external factors. Such factors include the major assumptions as shown in the table in note 27 and actual returns on scheme assets compared to those predicted in the previous scheme valuation.

Valuation of share-based payments

The fair value of share-based payments is determined using valuation models and is charged to the income statement over the vesting period.

The valuation models require certain assumptions to be made as shown in the tables in note 29. Estimations of vesting and satisfaction of performance criteria are required to determine fair value.

Impairment of goodwill

The carrying value of goodwill must be assessed for impairment annually. This requires an estimation of the value in use of the cash generating units to which goodwill is allocated. Value in use is dependent on estimations of future cash flows from the cash generating unit and the use of an appropriate discount rate to discount those cash flows to their present value.

No impairment has been identified in the period (note 11).

Provision for impairment of trade receivables

The financial statements include a provision for impairment of trade receivables (note 20) that is based on management's estimation of recoverability. There is a risk that the provision will not match the trade receivables that ultimately prove to be irrecoverable.

Valuation of derivative financial instruments

The fair value of derivative financial instruments (note 26) is determined using market factors at the period end over which management have no control. Such factors include the estimation of future currency exchange rates and interest rates. In addition the fair value of such instruments is affected by the global economic environment and financial institution pricing structures.

1 The Company has taken advantage of the exemption, under section 408 of the Companies Act 2006, from presenting its own income statement. The profit after tax for the period dealt with in the accounts of the Company was £1,271,000 (2009: £7,954,000).

2 Segmental information

The Group has adopted IFRS 8 Operating Segments with effect from 30 August 2009. IFRS 8 requires operating segments to be identified on the basis of internal financial information about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") to allocate resources to the segments and to assess their performance.

The CODM has been identified as the Board of Directors. Management has identified the operating segments based on internal financial information reviewed by the Board. The Board considers the business from a product/services perspective. Operating segments have been identified as Agriculture Trading, Agriculture Manufacturing, Food and Engineering. Operating segments have not been aggregated for the purpose of determining reportable segments.

Agriculture Trading aims to provide for all farming requirements. It derives its revenue from the sale of animal feed and feed blocks together with retail sales of farm equipment, fuels and farm consumables.

Agriculture Manufacturing derives its sales through the manufacture of feed blocks and the blending of fertiliser raw materials into finished product. It sells its finished goods to merchants, including Agriculture Trading, agents and direct to the farming community.

Food derives its revenues from the milling of wheat into flour. Customers range from the larger companies, bread & biscuit manufacturers and supermarkets, to smaller owner managed bakeries.

Engineering derives its revenues from the design and manufacture of remote handling equipment for use in research and nuclear industries. In addition the UK business is involved in the design and manufacture of pressure vessels for the oil, petrochemical and gas industry.

Performance is assessed using profit before taxation. For internal purposes profit before taxation is measured in a manner consistent with that in the financial statements, with the exception of material non-recurring items, which are excluded.

Inter-segmental transactions are all undertaken on an arm's length basis.

Adjustments to segmental information represents non-reportable segments and consolidation adjustments.

Segment assets represent inventories and trade receivables as reported to the CODM.

As segment liabilities are not reviewed by the CODM they are not required to be disclosed under IFRS 8.

The Group has operations in the UK and overseas. In accordance with IFRS 8, entity wide disclosures based on the geography of operations is also presented below. The geographical analysis of revenue is presented by revenue origin.

The segmental information for the period ended 28 August 2010 is as follows:

	Agriculture Trading £'000	Agriculture Manufacturing £'000	Food £'000	Engineering £'000	Group £'000
Revenues from external customers	203,003	59,005	67,087	15,820	344,915
Other adjustments					38
					344,953
Revenues from other operating segments	191	12,408	6	269	12,874
Elimination of inter segment revenues					(12,874)
					—
Profit before taxation	5,228	2,536	1,508	982	10,254
Head office net expense					(935)
Retirement benefit charge					(1,187)
Other adjustments					35
Share of post-tax profit of associate					445
Share of post-tax profit of joint ventures					354
Profit before taxation per consolidated income statement					8,966

2 Segmental information continued

	Agriculture Trading £'000	Agriculture Manufacturing £'000	Food £'000	Engineering £'000	Group £'000
The following are included in segmental profit before taxation:					
Finance income	67	68	27	8	170
Adjustments					240
					410
Finance costs	(493)	(173)	(193)	(224)	(1,083)
Adjustments					(309)
					(1,392)
Depreciation of property, plant and equipment	(1,087)	(677)	(1,395)	(400)	(3,559)
Adjustments					(139)
					(3,698)
Depreciation of investment property	—	—	(4)	—	(4)
Adjustments					(15)
					(19)
Profit/(loss) on the disposal of property, plant and equipment	31	(4)	(3)	1	25
Adjustments					(2)
					23
Amortisation of intangible assets	—	(12)	(24)	(104)	(140)
Adjustments					(57)
					(197)

Assets

	Agriculture Trading £'000	Agriculture Manufacturing £'000	Food £'000	Engineering £'000	Group £'000
Segment assets	35,309	14,329	14,060	9,409	73,107
Adjustments					(1,794)
Other current assets:					
Other receivables					4,512
Current tax assets					303
Cash at bank and in hand					13,695
Non-current assets					47,932
Total Assets					137,755

2 Segmental information continued

The segmental information for the period ended 29 August 2009 (restated) is as follows:

	Agriculture Trading £'000	Agriculture Manufacturing £'000	Food £'000	Engineering £'000	Group £'000
Revenues from external customers	197,402	57,591	78,953	15,921	349,867
Other adjustments					156
					350,023
Revenues from other operating segments	152	13,261	3	71	13,487
Elimination of inter segment revenues					(13,487)
					—
Profit/(loss) before taxation	5,178	(104)	2,056	1,136	8,266
Head office net expense					(591)
Retirement benefit charge					(1,605)
Other adjustments					(86)
Share of post-tax profit of associate					863
Share of post-tax profit of joint ventures					188
Profit before taxation per consolidated income statement					7,035
The following are included in segmental profit before taxation:					
Finance income	97	139	32	9	277
Adjustments					(66)
					211
Finance costs	(654)	(305)	(264)	(122)	(1,345)
Adjustments					(177)
					(1,522)
Depreciation of property, plant and equipment	(973)	(622)	(1,356)	(337)	(3,288)
Adjustments					(123)
					(3,411)
Depreciation of investment property	—	—	(4)	—	(4)
Adjustments					(15)
					(19)
(Loss)/profit on the disposal of property, plant and equipment	(14)	6	—	6	(2)
Adjustments					2
					—
Amortisation of intangible assets	—	(11)	(26)	(40)	(77)

2 Segmental information continued

Assets

	Agriculture Trading £'000	Agriculture Manufacturing £'000	Food £'000	Engineering £'000	Group £'000
Segment assets	30,621	10,989	16,292	6,511	64,413
Adjustments					(1,785)
Other current assets:					
Other receivables					4,291
Current tax assets					119
Derivative financial instruments					16
Cash at bank and in hand					10,304
Non-current assets					44,594
Total assets					121,952

Entity wide disclosures

Revenues from external customers are derived from the sale of products by individual business segment. The breakdown of revenue by business segment is provided above.

Revenues from external customers:

	2010 £'000	2009 £'000
UK	327,392	330,512
Other	17,561	19,511
	344,953	350,023

The Company is domiciled in the UK.

Non-current assets excluding deferred tax assets:

2010	Goodwill £'000	Other intangible assets £'000	Property plant and equipment £'000	Investment property £'000	Investment in associate £'000	Interest in joint ventures £'000	Other investments £'000	Non-current receivables £'000
UK	4,023	764	28,949	699	2,811	1,276	52	5
Other	313	598	3,639	—	—	862	17	—
	4,336	1,362	32,588	699	2,811	2,138	69	5

2009	Goodwill £'000	Other intangible assets £'000	Property plant and equipment £'000	Investment property £'000	Investment in associate £'000	Interest in joint ventures £'000	Other investments £'000	Non-current receivables £'000
UK	1,341	208	28,104	718	2,735	1,107	51	53
Other	313	556	3,660	—	—	733	—	—
	1,654	764	31,764	718	2,735	1,840	51	53

Major customers

There are no revenues from transactions with customers which amount to ten per cent or more of Group revenue.

3 Revenue, cost of sales and net operating expenses

	2010		2009	
	£'000	£'000	£'000	£'000
Revenue				
- from sale of goods	330,999		336,333	
- from contracts	13,954		13,690	
		344,953		350,023
Cost of sales		(299,898)		(309,016)
Gross profit		45,055		41,007
Net operating expenses:				
Distribution costs	(19,246)		(18,985)	
Administrative expenses	(16,660)		(14,727)	
		(35,906)		(33,712)
Group operating profit		9,149		7,295

4 Group operating profit

	2010 £'000	2009 £'000
Group operating profit is stated after (crediting)/charging:		
Amortisation of grants	(8)	(10)
Profit on disposal of property, plant and equipment	(23)	—
Depreciation of property, plant and equipment	3,698	3,411
Depreciation of owned investment property	19	19
Amortisation of intangible assets	197	77
Foreign exchange gains	(32)	(703)
Derivative financial instruments losses	143	889
Operating lease charges	645	619
Auditors' remuneration:		
Audit services (Company £12,000; 2009: £11,000)	67	65
The auditing of accounts of associates of the Company pursuant to legislation (including that of countries and territories outside Great Britain)	150	134
Services relating to taxation	46	81
Other services	13	24
Included within Group operating profit is the following in respect of investment property leased to, and occupied by, external parties:		
Rental income	(43)	(43)
Operating expenses	52	53
	9	10

5 Share of post-tax profit in associate and joint ventures

	2010 £'000	2009 £'000
Share of post-tax profit in associate	445	863
Share of post-tax profit in joint ventures	354	188
Total share of post-tax profit in associate and joint ventures	799	1,051

6 Staff costs

Group	2010 £'000	2009 £'000
Wages and salaries	23,781	21,086
Social security costs	2,611	2,239
Other pension costs	2,490	2,549
Share based payment expense/(income)	6	(36)
	28,888	25,838

Included within other pension costs is £1,187,000 (2009: £1,605,000) in respect of the defined benefit pension scheme.

The average monthly number of employees, including Directors, during the period was made up as follows:

	2010 Number	2009 Number
Sales, office and management	466	469
Manufacture and distribution	373	317
	839	786

Key management are considered to be the Directors of the Group.

Full details of the Directors' emoluments, pension benefits and share options are given in the Directors' Remuneration Report on pages 23 to 26.

7 Finance income and finance costs

	2010 £'000	2009 £'000
Finance income		
Bank interest	378	195
Other interest	32	16
Total finance income	410	211
Finance costs		
Interest payable on bank overdrafts	(334)	(419)
Interest payable on bank loans and other borrowings	(858)	(757)
Interest payable on finance leases	(137)	(141)
Other interest	(106)	(176)
Movement in fair value of interest related derivative instruments (note 26)	43	(29)
Total finance costs	(1,392)	(1,522)

8 Taxation

(a) Analysis of the charge in the period

	2010 £'000	2009 £'000
Current tax:		
UK corporation tax		
Current period	1,518	980
Prior period	(401)	(38)
Foreign tax		
Current period	481	729
Group current tax	1,598	1,671
Deferred tax:		
Origination and reversal of timing differences		
Current period	405	177
Prior period	128	(19)
Group deferred tax (note 18)	533	158
Tax on profit on ordinary activities	2,131	1,829

(b) Factors affecting tax charge for the period

The tax assessed for the period is lower (2009: lower) than the rate of corporation tax in the UK of 28% (2009: 28%). The differences are explained below:

	2010 £'000	2009 £'000
Profit before taxation	8,966	7,035
Tax at 28% (2009: 28%)	2,510	1,970
Effects of:		
Tax effect of share of profit in associate and joint ventures	(224)	(294)
Tax effect of expenses that are not allowable in determining taxable profit	180	170
Effects of different tax rates of foreign subsidiaries	61	76
Effects of changes in tax rates	(65)	—
Over provision in prior years	(273)	(57)
Utilisation of unrecognised tax losses	(67)	(45)
Other	9	9
Total tax charge for the period	2,131	1,829

(c) Factors affecting future tax charges

A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28 per cent to 27 per cent from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 24 per cent by 1 April 2014. As the Finance (No2) Act 2010 was substantively enacted at the balance sheet date, UK deferred tax balances at 28 August 2010 have been calculated using a tax rate of 27 per cent.

The proposed reductions of the main rate of corporation tax by 1 per cent per year to 24 per cent by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 27 per cent to 24 per cent, if these applied to the deferred tax balance at 28 August 2010, would be to reduce the deferred tax net liability by approximately £216,000 (being £72,000 recognised in 2011, £72,000 recognised in 2012 and £72,000 recognised in 2013).

9 Dividends

Equity	2010 £'000	2009 £'000
Final dividend for the period ended 29 August 2009 of 17.0p per 25.0p share (2008: 17.0p)	1,493	1,493
Interim paid of 6.0p per 25.0p share (2009: 6.0p)	527	527
	2,020	2,020

Since the period end a second interim dividend of £527,057, being 6.0p per share, has been paid.

The proposed dividend to be considered by shareholders at the Annual General Meeting is £1,054,954, being 12.0p per share, making a total for the period of 24.0p. The financial statements do not reflect this dividend payable.

10 Earnings per ordinary share

Earnings per share are calculated by reference to a weighted average of 8,784,286 shares (2009: 8,773,022) in issue during the period.

Adjusted earnings per share is stated excluding amortisation of intangible assets and the related tax adjustments as follows:

	2010		2009	
	Earnings £'000	Earnings per share pence	Earnings £'000	Earnings per share pence
Earnings per share - basic	5,632	64.1	4,421	50.4
Intangible asset amortisation:				
Amortisation of intangible assets	197	2.2	77	0.9
Taxation relief on amortisation	(55)	(0.6)	(22)	(0.3)
Earnings per share - adjusted	5,774	65.7	4,476	51.0

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The potentially dilutive ordinary shares, where the exercise price is less than the average market price of the Company's ordinary shares during the period, are disclosed in note 29.

	2010			2009		
	Earnings £'000	Weighted average number of shares	Earnings per share pence	Earnings £'000	Weighted average number of shares	Earnings per share pence
Earnings per share	5,632	8,784,286	64.1	4,421	8,773,022	50.4
Effect of dilutive securities:						
Deferred bonus scheme	—	8,040	—	—	8,038	(0.1)
Diluted earnings per share	5,632	8,792,326	64.1	4,421	8,781,060	50.3

11 Goodwill and other intangible assets

Group	Goodwill £'000	Customer relationships £'000	Brands £'000	Know-how £'000	Patents and trademarks £'000	Software £'000	Total £'000
Cost							
At 31 August 2008	1,441	2,346	357	160	92	—	4,396
Exchange differences	—	—	—	—	11	—	11
Subsidiaries acquired	313	—	263	—	—	254	830
Additions	—	—	—	—	6	19	25
Contingent consideration	(40)	—	—	—	—	—	(40)
At 29 August 2009	1,714	2,346	620	160	109	273	5,222
Exchange differences	—	—	(17)	—	7	(19)	(29)
Subsidiaries acquired	2,682	560	—	—	—	—	3,242
Additions	—	—	—	80	12	168	260
At 28 August 2010	**4,396**	**2,906**	**603**	**240**	**128**	**422**	**8,695**
Amortisation							
At 31 August 2008	60	2,346	125	144	46	—	2,721
Exchange differences	—	—	—	—	6	—	6
Charge for the period	—	—	35	16	11	15	77
At 29 August 2009	60	2,346	160	160	63	15	2,804
Exchange differences	—	—	(2)	—	4	(6)	(4)
Charge for the period	—	58	41	1	12	85	197
At 28 August 2010	**60**	**2,404**	**199**	**161**	**79**	**94**	**2,997**
Net book value							
At 30 August 2008	1,381	—	232	16	46	—	1,675
At 29 August 2009	1,654	—	460	—	46	258	2,418
At 28 August 2010	**4,336**	**502**	**404**	**79**	**49**	**328**	**5,698**

During the period goodwill of £2,682,000 arose on acquisitions (note 30).

During the prior period goodwill of £313,000 arose on the acquisition of part of the trade and certain assets and liabilities of Hans Wälischmiller GmbH. Goodwill represented the value of the employees which under IFRS should not be recorded as a separately identifiable intangible asset on the balance sheet. It also represented opportunities to be gained from Wälischmiller Engineering GmbH's presence in the European and Far Eastern marketplace.

The prior period adjustment of £40,000 in respect of contingent consideration represented the net amount originally recognised as purchase consideration for J M Raine Limited that was no longer payable to the vendor under the terms of the earn out provision of the contract.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash generating units that are expected to benefit from the synergies of the acquisition.

11 Goodwill and other intangible assets continued

The carrying value of goodwill has been allocated to the following cash generating units:

	28 August 2010 £'000	29 August 2009 £'000
Carrs Billington Agriculture (Sales) Limited	195	195
Carrs Billington Agriculture (Sales) Limited - Johnstone Wallace Oils profit centre	781	781
Carrs Billington Agriculture (Sales) Limited - Spennymoor profit centre	325	325
Carrs Billington Agriculture (Sales) Limited - Borders profit centre	264	—
Carrs Agriculture Limited - Fertiliser Montrose profit centre	40	40
Carrs Agriculture Limited - Fertiliser Ag Chem profit centre	350	—
Scotmin Nutrition Limited	2,068	—
Wälischmiller Engineering GmbH	313	313
	4,336	1,654

Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. Goodwill is tested for impairment by estimating future cash flows from the cash generating units to which goodwill has been allocated and discounting these cash flows to their present value. The key assumptions in this calculation are in respect of discount rates used and change in cash flows. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units.

Cash flows are estimated using the most recent budget information for the year to August 2011, which has been approved by the Board and extrapolates cash flows based on an estimated growth rate of 1%-3% excluding inflation. The pre-tax discount rate used to discount the forecast cash flows for all cash generating units is 8.5% (2009: 8.5%).

The Directors consider the assumptions adopted in calculating the cash flows to be consistent with historical performance and to be reasonable given current market conditions.

No sensitivity is presented as the Directors do not believe that an impairment would occur should the assumptions alter for any reasonably foreseeable events.

No impairment has been identified in the period (2009: nil).

Amortisation is recognised within administrative expenses.

There is no goodwill or intangible assets in the Company (2009: nil).

12 Property, plant and equipment

Group	Land and buildings £'000	Plant and equipment £'000	Assets in course of construction £'000	Total £'000
Cost				
At 31 August 2008	19,196	41,570	225	60,991
Exchange differences	108	375	—	483
Subsidiaries acquired	1,712	297	—	2,009
Additions	99	4,048	529	4,676
Disposals	—	(1,465)	—	(1,465)
Reclassifications	—	225	(225)	—
At 29 August 2009	21,115	45,050	529	66,694
Exchange differences	(47)	221	2	176
Subsidiaries acquired	506	1,561	—	2,067
Additions	235	2,557	945	3,737
Disposals	(21)	(788)	—	(809)
Reclassifications	182	349	(531)	—
At 28 August 2010	**21,970**	**48,950**	**945**	**71,865**
Accumulated depreciation				
At 31 August 2008	4,202	28,193	—	32,395
Exchange differences	37	270	—	307
Charge for the period	544	2,867	—	3,411
Disposals	—	(1,183)	—	(1,183)
At 29 August 2009	4,783	30,147	—	34,930
Exchange differences	23	185	—	208
Subsidiaries acquired	173	913	—	1,086
Charge for the period	583	3,115	—	3,698
Disposals	(13)	(632)	—	(645)
At 28 August 2010	**5,549**	**33,728**	**—**	**39,277**
Net book value				
At 30 August 2008	14,994	13,377	225	28,596
At 29 August 2009	16,332	14,903	529	31,764
At 28 August 2010	**16,421**	**15,222**	**945**	**32,588**

Freehold land amounting to £3,123,065 (2009: £3,113,065) has not been depreciated.

The net book value of plant and equipment includes £2,974,091 (2009: £3,598,960) in respect of assets held under finance leases. This consists of cost of £5,329,584 (2009: £5,791,439) less accumulated depreciation of £2,355,493 (2009: £2,192,479).

Depreciation is recognised within the Income Statement as shown below:

	2010 £'000	2009 £'000
Cost of sales	2,556	2,404
Distribution costs	169	164
Administrative expenses	973	843
	3,698	3,411

The Company has no property, plant and equipment (2009: nil).

13 Investment property

Group	Land and buildings £'000
Cost	
At 31 August 2008, 29 August 2009 and 28 August 2010	**871**
Accumulated depreciation	
At 31 August 2008	134
Charge for the period	19
At 29 August 2009	153
Charge for the period	19
At 28 August 2010	**172**
Net book value	
At 30 August 2008	737
At 29 August 2009	718
At 28 August 2010	**699**

Included within investment property are properties occupied by life tenants. The net book value of these properties at 28 August 2010 is £218,000 (2009: £224,000).

The Directors do not consider that the fair value of investment properties differs materially from carrying value. Investment properties have not been valued as at 28 August 2010 by an independent professionally qualified valuer.

There is no investment property in the Company (2009: nil).

14 Investments

Group	Associate £'000	Joint ventures £'000	Other investments £'000	Total £'000
Cost				
At 31 August 2008	2,870	1,609	260	4,739
Exchange difference	—	43	—	43
Share of post-tax profit	863	188	—	1,051
Share of losses recognised directly in equity	(998)	—	—	(998)
At 29 August 2009	2,735	1,840	260	4,835
Exchange difference	—	(56)	—	(56)
Subsidiaries acquired	—	—	1	1
Additions	—	—	17	17
Share of post-tax profit	445	354	—	799
Share of losses recognised directly in equity	(369)	—	—	(369)
At 28 August 2010	**2,811**	**2,138**	**278**	**5,227**
Provision for impairment				
At 31 August 2008, 29 August 2009 and 28 August 2010	**—**	**—**	**209**	**209**
Net book value				
At 30 August 2008	2,870	1,609	51	4,530
At 29 August 2009	2,735	1,840	51	4,626
At 28 August 2010	**2,811**	**2,138**	**69**	**5,018**

Other investments comprise shares in several private limited companies. These investments have been classified as unquoted investments for which fair value cannot be reliably measured and are held at cost.

14 Investments continued

Company	Shares in subsidiaries £'000	Associate £'000	Joint ventures £'000	Other investments £'000	Total £'000
Cost					
At 31 August 2008	18,087	1,470	303	200	20,060
Exchange difference	—	—	17	—	17
Share based payment expense in respect of employees of subsidiary undertakings	1	—	—	—	1
At 29 August 2009	18,088	1,470	320	200	20,078
Share based payment expense in respect of employees of subsidiary undertakings	(2)	—	—	—	(2)
At 28 August 2010	**18,086**	**1,470**	**320**	**200**	**20,076**
Provision for impairment					
At 31 August 2008, 29 August 2009 and 28 August 2010	**5,086**	**—**	**—**	**200**	**5,286**
Net book value					
At 30 August 2008	13,001	1,470	303	—	14,774
At 29 August 2009	13,002	1,470	320	—	14,792
At 28 August 2010	**13,000**	**1,470**	**320**	**—**	**14,790**

Other investments comprise shares in several private limited companies. These investments have been classified as unquoted investments for which fair value cannot be reliably measured and are held at cost.

15 Investment in associate

The associated undertaking at 28 August 2010 is:

Group and Company

Name	Proportion of shares held Ordinary %	Country of incorporation	Country of operation	Activity
Carrs Billington Agriculture (Operations) Limited	49	England	UK	Manufacture of animal feed

Associates are accounted for using the equity method.

No contingent liabilities exist within the associate.

The aggregate amounts relating to the associate, of which the Group recognises 49%, are:

	2010 £'000	2009 £'000
Total assets	22,156	21,140
Total liabilities	(18,919)	(18,059)
Revenues	85,290	91,153
Profit after tax	908	1,761

Included within the investment in associate is a loan for £1,225,000 (2009: £1,225,000) which is considered to form part of the net investment in associate.

16 Interest in joint ventures

The joint ventures at 28 August 2010 are:

Group

Name	Proportion of shares held Ordinary %	Preference %	Country of incorporation	Country of operation	Activity
Crystalyx Products GmbH	50	—	Germany	Germany	Manufacture of animal feed blocks
Bibby Agriculture Limited	26	26	England	UK	Sale of agricultural products
Afgritech Limited	50	—	England	UK	Producers of ingredients of animal feed
Silloth Storage Company Limited	50	—	England	UK	Storage of cane derived livestock feed supplement

Crystalyx Products GmbH has a 31 December accounting period end.

Silloth Storage Company Limited has a 30 June accounting period end.

Interests in the joint ventures listed above are held directly by the holding Company with the following exceptions: Carrs Billington Agriculture (Sales) Limited holds 50% of the ordinary share capital and 50% of the preference share capital in Bibby Agriculture Limited. Carrs Agriculture Limited holds 50% of the ordinary share capital in Silloth Storage Company Limited. The preference shares in Bibby Agriculture Limited are redeemable with three months notice; carry no dividend entitlement except at the Directors' discretion, and no voting rights.

Joint ventures are accounted for using the equity method.

No contingent liabilities or capital commitments exist within the joint ventures.

The aggregate amounts included in the financial statements relating to the Group's share of joint ventures are:

	2010 £'000	2009 £'000
Non-current assets	1,434	1,639
Current assets	2,831	2,079
Current liabilities	(2,884)	(2,285)
Non-current liabilities	(130)	(480)
Income	12,192	12,102
Expenses	(11,683)	(11,824)
Net finance costs	(9)	(18)

Goodwill of £17,000 arose on the investment in Silloth Storage Company Limited. This is included in the carrying amount of the Group's interest in joint ventures and is not shown as a separate asset.

Included within interest in joint ventures is an amount of £870,000 (2009: £870,000) which relates to the Group's interest in the preference share capital of Bibby Agriculture Limited.

17 Investment in subsidiary undertakings

Name	Proportion of shares held Ordinary %	Country of incorporation	Country of operation	Activity
Carrs Agriculture Limited	100	England	UK	Manufacture of animal feed blocks and fertiliser
Scotmin Nutrition Limited	100	Scotland	UK	Manufacture of animal feed supplements
Carrs Billington Agriculture (Sales) Limited	51	England	UK	Agricultural retailers
Animal Feed Supplement Inc.	100	USA	USA	Manufacture of animal feed blocks
Carr's Flour Mills Limited	100	England	UK	Flour milling
Carrs Engineering Limited	100	England	UK	Engineering
Wälischmiller Engineering GmbH	100	Germany	Germany	Engineering
B.R.B. Trust Limited	100	England	UK	Financial services
Carrs Properties Limited	100	England	UK	Property holding

Investments in the subsidiaries listed above are held directly by the holding Company with the following exceptions: Carrs Agriculture Limited holds 100% of the ordinary share capital in Scotmin Nutrition Limited and Carrs Engineering Limited holds 100% of the ordinary share capital in Wälischmiller Engineering GmbH.

Dormant subsidiaries are not shown above because disclosure would be excessively lengthy. A full list of subsidiary undertakings will be annexed to the Company's next annual return.

During the period Carrs Agriculture Limited acquired the entire share issued capital of Scotmin Nutrition Limited (note 30).

During the period Carrs Billington Agriculture (Sales) Limited acquired the entire issued share capital of A C Burn Limited (note 30). By the period end the trade and net assets of the company had been hived up into Carrs Billington Agriculture (Sales) Limited leaving a dormant company. As this company is dormant by the period end it has not been included in the list above.

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2010 £'000	Assets 2009 £'000	Liabilities 2010 £'000	Liabilities 2009 £'000	Net 2010 £'000	Net 2009 £'000
Accelerated tax depreciation	—	—	(4,009)	(3,972)	(4,009)	(3,972)
Employee benefits	2,901	4,108	—	—	2,901	4,108
Other	1,023	907	(951)	(868)	72	39
Tax assets/(liabilities)	3,924	5,015	(4,960)	(4,840)	(1,036)	175

Movement in deferred tax during the period

	At 30 August 2009 £'000	Exchange differences £'000	In respect of acquisitions £'000	Recognised in income £'000	Recognised in equity £'000	At 28 August 2010 £'000
Accelerated tax depreciation	(3,972)	(6)	16	(47)	—	(4,009)
Employee benefits	4,108	—	—	(565)	(642)	2,901
Other	39	58	(104)	79	—	72
	175	52	(88)	(533)	(642)	(1,036)

Movement in deferred tax during the prior period

	At 31 August 2008 £'000	Exchange differences £'000	In respect of acquisitions £'000	Recognised in income £'000	Recognised in equity £'000	At 29 August 2009 £'000
Accelerated tax depreciation	(3,907)	—	—	(65)	—	(3,972)
Employee benefits	4,636	—	—	(262)	(266)	4,108
Other	(186)	56	—	169	—	39
	543	56	—	(158)	(266)	175

18 Deferred tax assets and liabilities continued

Company	Assets 2010 £'000	2009 £'000
Accelerated tax depreciation	2	3
Employee benefits	2,901	4,108
Tax assets	2,903	4,111

Movement in deferred tax during the period

	At 30 August 2009 £'000	Recognised in income £'000	Recognised in equity £'000	At 28 August 2010 £'000
Accelerated tax depreciation	3	(1)	—	2
Employee benefits	4,108	(565)	(642)	2,901
	4,111	(566)	(642)	2,903

Movement in deferred tax during the prior period

	At 31 August 2008 £'000	Recognised in income £'000	Recognised in equity £'000	At 29 August 2009 £'000
Accelerated tax depreciation	—	3	—	3
Employee benefits	4,636	(262)	(266)	4,108
Other	4	(4)	—	—
	4,640	(263)	(266)	4,111

Tax of £207,000 (2009: £285,000) in respect of tax losses has not been recognised as a deferred tax asset in the Group balance sheet.

Tax of £63,000 (2009: £66,000) in respect of tax losses have not been recognised as a deferred tax asset in the Company balance sheet.

19 Inventories

Group	2010 £'000	2009 £'000
Raw materials and consumables	10,865	9,337
Work in progress	3,756	1,526
Finished goods and goods for resale	12,394	12,997
	27,015	23,860
Inventories are stated after a provision for impairment of £597,000 (2009: £799,000).		
Cost of sales consists of the following:		
Material cost	280,976	291,428
Processing cost	7,088	6,276
Other	11,834	11,312
	299,898	309,016

The Company has no inventories (2009: nil).

20 Trade and other receivables

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Current:				
Trade receivables	47,521	41,671	—	—
Less: provision for impairment of trade receivables	(3,223)	(2,903)	—	—
Trade receivables - net	44,298	38,768	—	—
Amounts recoverable on contracts	1,467	1,642	—	—
Amounts owed by Group undertakings (note 36)	—	—	17,619	12,560
Amounts owed by other related parties (note 36)	623	607	422	411
Other receivables	1,091	821	132	118
Prepayments and accrued income	1,331	1,221	213	124
	48,810	43,059	18,386	13,213
Non-current:				
Amounts owed by Group undertakings (note 36)	—	—	1,775	2,275
Amounts owed by other related parties (note 36)	—	50	—	—
Other receivables	5	3	—	—
	5	53	1,775	2,275

The movement in the provision for impaired trade receivables consists of increases for additional provisions offset by receivables written off and unused provision released back to the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

During the period a charge of £631,000 (2009: £317,000) has been recognised within administrative expenses in the income statement in respect of the provision for impairment of trade receivables.

No impairment of other receivables has been recognised in the current or preceding period.

Interest bearing, non-trading amounts owed by Group undertakings carry interest at base rate +1.75%. Such amounts are unsecured and repayable on demand.

20 Trade and other receivables continued

	2010 Gross £'000	2010 Impairment £'000	2009 Gross £'000	2009 Impairment £'000
The ageing of trade receivables is as follows:				
Not past due	33,414	(418)	29,117	(215)
Past due 0 - 30 days	7,104	(238)	6,100	(225)
Past due 31 - 60 days	2,548	(317)	2,199	(262)
Past due 61 - 90 days	1,455	(401)	1,267	(276)
Past due 91 - 120 days	1,169	(400)	848	(284)
Past 121 days	1,831	(1,449)	2,140	(1,641)
	47,521	(3,223)	41,671	(2,903)

The Company has no trade receivables (2009: nil).

The credit quality of customers is assessed at subsidiary and Group level, taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors.

It is Group policy that overdue accounts are reviewed monthly at divisional management meetings to mitigate exposure to credit risk and are provided for where appropriate.

The maximum exposure to credit risk at the period end is the carrying value, net of provision for impairment, of each receivable. The Group and Company do not hold any significant collateral as security (2009: £nil).

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
The carrying value of trade receivables are denominated in the following currencies:				
Sterling	43,511	37,869	—	—
US Dollar	73	66	—	—
Euro	714	833	—	—
	44,298	38,768	—	—

21 Current tax assets

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Corporation tax recoverable	303	119	780	342
Group taxation relief	—	—	839	617
	303	119	1,619	959

22 Cash and cash equivalents and bank overdrafts

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Cash at bank and in hand per the balance sheet	13,695	10,304	9,559	16,038
Bank overdrafts (note 25)	(427)	(1,183)	—	—
Cash and cash equivalents per the statement of cash flows	13,268	9,121	9,559	16,038

23 Trade and other payables

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Current:				
Trade payables	29,254	20,245	—	—
Payments on account	5,129	1,956	—	—
Amounts owed to Group undertakings (note 36)	—	—	36	129
Amounts owed to other related parties (note 36)	7,401	7,597	—	—
Other taxes and social security payable	1,444	1,292	188	207
Other payables	1,639	1,714	116	166
Accruals and deferred income	4,601	3,124	592	331
	49,468	35,928	932	833
Non-current:				
Other payables	2,689	2,718	—	—
Accruals and deferred income	108	116	—	—
	2,797	2,834	—	—

Amounts owed to Group undertakings are interest free, unsecured and repayable on demand.

Included within non-current accruals and deferred income is the following in respect of government grants:

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
At the beginning of the period	116	126	—	—
Amortisation in the period	(8)	(10)	—	—
At the end of the period	108	116	—	—

24 Current tax liabilities

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Current tax	1,129	708	—	—

25 Borrowings

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Current:				
Bank overdrafts	427	1,183	—	—
Bank loans and other borrowings	10,180	8,096	953	454
Loans from Group undertakings (note 36)	—	—	4,005	3,294
Finance leases	871	947	—	—
	11,478	10,226	4,958	3,748
Non-current:				
Bank loans	15,577	16,776	13,955	14,410
Other loans (note 36)	1,262	1,265	—	—
Finance leases	893	1,362	—	—
	17,732	19,403	13,955	14,410
Borrowings are repayable as follows:				
On demand or within one year	11,478	10,226	4,958	3,748
In the second year	16,138	1,828	13,955	454
In the third to fifth years inclusive	1,594	17,575	—	13,956
	29,210	29,629	18,913	18,158

Group and Company borrowings are shown in the balance sheet net of arrangement fees of £91,645 of which £46,797 is deducted from current liabilities (2009: £135,450 of which £45,786 is deducted from current liabilities).

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
The net borrowings are:				
Borrowings as above	29,210	29,629	18,913	18,158
Cash and cash equivalents	(13,695)	(10,304)	(9,559)	(16,038)
Net borrowings	15,515	19,325	9,354	2,120

Bank loans and other borrowings includes an amount of £8,636,000 (2009: £7,010,000) which is secured on trade receivables. The Company, together with certain subsidiaries, act as guarantors on the bank loans. In addition, Royal Bank of Scotland PLC have a legal charge over certain properties. Finance lease obligations are secured on the assets to which they relate.

Interest bearing loans from Group undertakings carry interest at base rate or base rate + 1.25%. Such amounts are unsecured and repayable on demand.

Other loans are non-interest bearing and have no fixed date for repayment. The bank loans are repayable by instalments and the overdraft is repayable on demand.

Non-current bank loans includes a revolving credit facility of £10 million which is repayable in August 2012.

26 Derivatives and other financial instruments

The Group's activities expose it to a variety of financial risks. The Board reviews and agrees policies for managing its risk and they are summarised below. These policies have remained unchanged throughout the period.

Credit risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers. The credit quality of trade and other receivables is detailed in note 20.

The majority of Group revenues are made on credit terms. It is Group policy that overdue accounts are reviewed monthly at divisional management meetings to mitigate exposure to credit risk and are provided for where appropriate. The current financial climate requires the Group's credit control function to be particularly vigilant.

Price risk

The Group is not exposed to equity securities price risk. Due to the nature of its business the Group is exposed to commodity price risk such as the fluctuation in wheat prices and fertiliser commodity prices. This risk is, however, managed primarily through the use of contracts to secure supply at agreed prices.

Market risk

Market risk is the risk that changes in foreign exchange rates (currency risk) and interest rates (interest rate risk) will affect income or the value of financial assets and liabilities.

Currency risk

The Group publishes its financial statements in Sterling but conducts business in some foreign currencies. As a result it is subject to foreign currency exchange risk due to the effects that exchange rate movements have on the translation of results and the underlying net assets of its foreign subsidiaries.

The Group's subsidiary, Animal Feed Supplement Inc., operates in the US and its revenues and expenses are denominated exclusively in US dollars.

The Group's subsidiary, Wälischmiller Engineering GmbH, operates in Germany and its revenues and expenses are denominated exclusively in Euros.

Crystalyx Products GmbH, a joint venture of the Group, operates in Germany and its revenues and expenses are denominated exclusively in Euros.

The Group is also exposed to foreign currency risk on its purchases of raw materials for the fertiliser and flour milling operations. The major currencies involved are the Euro and the US dollar. The policy of the Group is to hedge using forward foreign exchange contracts with UK banks as soon as commitment has been given to the underlying transaction.

The Group is hedging its international assets and has designated foreign currency borrowings as a hedge against its net investment in foreign operations.

26 Derivatives and other financial instruments continued

Financial Instruments by currency

	2010				2009			
Group	Sterling £'000	US Dollar £'000	Euro £'000	Total £'000	Sterling £'000	US Dollar £'000	Euro £'000	Total £'000
Assets								
Other investments	52	17	—	69	51	—	—	51
Non-current receivables	5	—	—	5	53	—	—	53
Current trade and other receivables	47,820	243	747	48,810	41,696	333	1,030	43,059
Current derivatives	—	—	—	—	—	—	16	16
Cash and cash equivalents	12,574	(1,425)	2,546	13,695	8,102	1,989	213	10,304
	60,451	(1,165)	3,293	62,579	49,902	2,322	1,259	53,483
Liabilities								
Current borrowings	10,972	287	219	11,478	9,499	288	439	10,226
Current derivatives	—	59	68	127	43	—	—	43
Current trade and other payables	37,551	1,954	9,963	49,468	32,940	697	2,291	35,928
Non-current borrowings	16,073	—	1,659	17,732	16,997	—	2,406	19,403
Other non-current liabilities	108	2,689	—	2,797	116	2,718	—	2,834
	64,704	4,989	11,909	81,602	59,595	3,703	5,136	68,434

	2010				2009			
Company	Sterling £'000	US Dollar £'000	Euro £'000	Total £'000	Sterling £'000	US Dollar £'000	Euro £'000	Total £'000
Assets								
Non-current receivables	1,775	—	—	1,775	2,275	—	—	2,275
Current trade and other receivables	18,386	—	—	18,386	13,213	—	—	13,213
Cash and cash equivalents	8,883	492	184	9,559	14,128	1,887	23	16,038
	29,044	492	184	29,720	29,616	1,887	23	31,526
Liabilities								
Current borrowings	1,066	3,892	—	4,958	568	3,180	—	3,748
Current derivatives	—	—	—	—	43	—	—	43
Current trade and other payables	932	—	—	932	833	—	—	833
Non-current borrowings	13,955	—	—	13,955	14,410	—	—	14,410
	15,953	3,892	—	19,845	15,854	3,180	—	19,034

The Group and Company has right of offset on certain bank accounts.

Sensitivity analysis

The impact of a weakening or strengthening in Sterling against other currencies at the balance sheet date would be as follows:

	2010		2009	
	5% weakening £'000	5% strengthening £'000	5% weakening £'000	5% strengthening £'000
Impact on profit after taxation	(119)	107	211	(191)
Impact on total equity	(29)	26	199	309

This sensitivity analysis is not an indication of actual results, which may materially differ. For the purposes of this sensitivity analysis all other variables have been held constant.

26 Derivatives and other financial instruments continued

Interest rate risk

The Group finances its operations through a mixture of retained earnings and bank borrowings. The Group borrows in the desired currencies at fixed and floating rates of interest and then uses interest rate caps and swaps to manage the Group's exposure to interest rate fluctuations. Historically the policy of the Group has been to hedge around 40% to 60% of the core borrowings. Due to the cessation of the interest swaps in October and December 2009 there are no interest rate hedging instruments in place to protect the Group against significant increases in interest rates. The Directors will continue to review the appropriateness of the Group's interest rate and hedging policy during the financial year. At the period end £1.8 million (2009: £7.6 million) of the Group's borrowings were at a fixed rate of interest.

Group	Weighted average effective interest rate %	2010 £'000	Weighted average effective interest rate %	2009 £'000
Bank overdrafts	3.00	427	3.00	1,183
Bank loans and other borrowings	2.96	25,757	2.94	24,872
Other loans	—	1,262	—	1,265
Finance lease liabilities	6.02	1,764	8.93	2,309
		29,210		29,629
Fixed rate		1,764		7,559
Floating rate		26,184		20,805
Non-interest bearing		1,262		1,265
		29,210		29,629

The effect of the Group's interest rate swaps is to classify £nil million (2009: £5.25 million) of floating rate borrowings as fixed rate in the above table.

The Group's floating rate financial liabilities bear interest determined as follows:

Bank overdrafts	Base rate + 2.5% margin; Base rate + 2.75%; Currency lending rate +2.75%; US prime rate + 1% margin
Bank loans and other borrowings	Libor + 2.5%; Base rate + 2.25% margin; Euribor +2.5%

Company	Weighted average effective interest rate %	2010 £'000	Weighted average effective interest rate %	2009 £'000
Bank overdrafts	3.00	—	3.00	—
Bank loans and other borrowings	3.23	14,908	3.19	14,864
Loans from Group undertakings	1.50	4,005	1.51	3,294
		18,913		18,158
Fixed rate		—		5,250
Floating rate		18,913		12,908
		18,913		18,158

The effect of the Company's interest rate swaps is to classify £nil million (2009: £5.25 million) of floating rate borrowings as fixed rate in the above table.

The Company's floating rate financial liabilities bear interest determined as follows:

Bank overdrafts	Base rate + 2.5% margin
Bank loans and other borrowings	Libor + 2.5%

26 Derivatives and other financial instruments continued

Sensitivity analysis

The impact of a decrease or increase in interest rates during the period would be as follows:

	2010 1% decrease £'000	2010 1% increase £'000	2009 1% decrease £'000	2009 1% increase £'000
Impact on profit after taxation	337	(330)	347	(347)
Impact on total equity	337	(330)	347	(347)

This sensitivity analysis is not an indication of actual results, which may materially differ. For the purposes of this sensitivity analysis all other variables have been held constant.

Liquidity risk

The Group's policy throughout the period has been to maintain a mix of short and medium term borrowings. Short-term flexibility is achieved by overdraft facilities. In addition it is the Group's policy to maintain committed undrawn facilities in order to provide flexibility in the management of the Group's liquidity.

The tables below analyse the Group and Company's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant balance sheet date.

Group	2010 Total £'000	2010 Within one year £'000	2010 One to two years £'000	2010 Two to five years £'000	2009 Total £'000	2009 Within one year £'000	2009 One to two years £'000	2009 Two to five years £'000
Bank overdrafts	427	427	—	—	1,183	1,183	—	—
Bank loans and other borrowings	26,873	10,762	16,111	—	26,589	8,704	1,665	16,220
Other loans	1,262	—	37	1,225	1,265	—	40	1,225
Finance lease liabilities	1,935	967	572	396	2,577	1,071	783	723
Derivatives	127	127	—	—	43	43	—	—
Trade and other payables	49,468	49,468	—	—	35,928	35,928	—	—
Other non-current liabilities	2,797	—	—	2,797	2,834	—	—	2,834
	82,889	61,751	16,720	4,418	70,419	46,929	2,488	21,002

Company	2010 Total £'000	2010 Within one year £'000	2010 One to two years £'000	2010 Two to five years £'000	2009 Total £'000	2009 Within one year £'000	2009 One to two years £'000	2009 Two to five years £'000
Bank loans and other borrowings	15,920	1,468	14,452	—	16,388	978	963	14,447
Loans from Group undertakings	4,005	4,005	—	—	3,294	3,294	—	—
Derivatives	—	—	—	—	43	43	—	—
Trade and other payables	932	932	—	—	833	833	—	—
	20,857	6,405	14,452	—	20,558	5,148	963	14,447

Future minimum lease payments of finance leases

Group	2010 £'000	2009 £'000	Repayment profile 2010 £'000	Repayment profile 2009 £'000
Amount payable:				
Within one year	967	1,071	871	947
In the second year	572	783	523	702
In the third to fifth years inclusive	396	723	370	660
	1,935	2,577	1,764	2,309
Less: future finance charges	(172)	(268)		
Present value of lease obligations	1,763	2,309		

The Company has no finance lease obligations (2009: nil).

26 Derivatives and other financial instruments continued

Borrowing facilities

The Group has various undrawn committed facilities. The undrawn facilities available at 28 August 2010, in respect of which all conditions precedent had been met, were as follows:

	2010 Floating rate £'000	2009 Floating rate £'000
Expiring in one year or less	19,120	18,427

The Company's overdraft is within a Group facility and it is therefore not possible to determine the Company's undrawn committed facilities at the balance sheet date.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by shareholders' equity. Net debt is calculated as total borrowings (including current and non-current borrowings) as shown in the consolidated balance sheet less cash and cash equivalents. Shareholders' equity is as shown in the consolidated balance sheet.

The gearing ratio at 28 August 2010 was 44.7% (2009: 64.7%).

Fair values of financial assets and liabilities

	Group				Company			
	2010		2009		2010		2009	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Assets								
Other investments	69	69	51	51	—	—	—	—
Non-current receivables	5	5	53	53	1,775	1,775	2,275	2,275
Current trade and other receivables	48,810	48,810	43,059	43,059	18,386	18,386	13,213	13,213
Current derivatives	—	—	16	16	—	—	—	—
Cash and cash equivalents	13,695	13,695	10,304	10,304	9,559	9,559	16,038	16,038
	62,579	62,579	53,483	53,483	29,720	29,720	31,526	31,526
Liabilities								
Current borrowings	11,478	11,478	10,226	10,226	4,958	4,958	3,748	3,748
Current derivatives	127	127	43	43	—	—	43	43
Current trade and other payables	49,468	49,468	35,928	35,928	932	932	833	833
Non-current borrowings	17,732	17,648	19,403	19,371	13,955	14,051	14,410	14,532
Other non-current liabilities	2,797	2,797	2,834	2,834	—	—	—	—
	81,602	81,518	68,434	68,402	19,845	19,941	19,034	19,156

Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates and by applying year end exchange rates.

Other investments consist of investments in unquoted companies, which are held at cost as fair value cannot be reliably measured.

Derivative instruments are recognised in the balance sheet at fair value.

The fair value of current assets and current liabilities are assumed to approximate to book value due to the short term maturity of the instrument.

26 Derivatives and other financial instruments continued

Derivative financial instruments

Hedge of net investment in foreign subsidiaries

The Company has US dollar denominated borrowings totalling $6,000,000 (2009: $5,200,000) which act as a partial hedge against the investment in its US subsidiary. The fair value of the US dollar borrowings at 28 August 2010 was £3,892,000 (2009: £3,180,000) and a foreign exchange pre-tax loss of £205,000 (2009: £316,000) was recognised in equity during the year on translation of this loan to sterling.

A subsidiary of the Group has Euro denominated net loans payable totalling €548,000 (2009: net loans receivable €104,000) which act as a partial hedge against the investment in its European subsidiary. The fair value of the Euro net loans payable at 28 August 2010 was £450,000 (2009: net loans receivable £91,000) and a foreign exchange pre-tax gain of £37,000 (2009: £6,000) was recognised in equity during the year on translation of this net loan to sterling.

Currency derivatives

The Group and Company use forward foreign currency contracts to manage exchange risk exposure. At the balance sheet date, the fair value of outstanding forward foreign currency contracts are as below:

Group	2010 Fair value £'000	2010 Contractual or notional amount £'000	2009 Fair value £'000	2009 Contractual or notional amount £'000
At beginning of period	16	819	905	12,999
Losses during the period	(143)	5,480	(889)	(12,180)
At end of period	(127)	6,299	16	819
Included within:				
Current assets	—	—	16	819
Current liabilities	(127)	6,299	—	—
	(127)	6,299	16	819

Company	2010 Fair value £'000	2010 Contractual or notional amount £'000	2009 Fair value £'000	2009 Contractual or notional amount £'000
At beginning of period	—	—	31	1,920
Losses during the period	—	—	(31)	(1,920)
At end of period	—	—	—	—

Fair value has been determined by reference to the value of equivalent forward foreign currency contracts at the balance sheet date.

All forward foreign currency contracts have a maturity of less than one year after the balance sheet date. Gains and losses on currency related derivatives are included within administrative expenses.

26 Derivatives and other financial instruments continued

Interest rate derivatives

The Group and Company use interest rate swaps to manage their interest rate risk exposure. At the balance sheet date, the fair value of these instruments are as below:

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
At beginning of period	(43)	(14)	(43)	(14)
Gains/(losses) during the period	43	(29)	43	(29)
At end of period	—	(43)	—	(43)
Included within:				
Current liabilities	—	(43)	—	(43)

Fair value has been determined by reference to the value of equivalent instruments at the balance sheet date. All interest related derivatives have a maturity date of less than one year after the balance sheet date. Gains and losses on interest related derivatives are included within interest income/expense in the income statement.

The interest rate swaps matured during the period.

27 Retirement benefit obligation

The Group participates in two defined benefit pension schemes, Carr's Milling Industries Pension Scheme 1993 and Carrs Billington Agriculture Pension Scheme.

Carr's Milling Industries

The Company sponsors the Carr's Milling Industries Pension Scheme 1993 and offers a defined contribution and a defined benefit section. The assets of the scheme are held separately from those of the Group and are invested with independent investment managers.

The pension expense for the defined contribution section of the scheme for the period was £398,000 (2009: £233,000). Contributions totalling £19,000 (2009: £19,000) were payable to the fund at the period end and are included in other creditors.

The defined benefit section of the scheme is funded to cover future pension liabilities (including expected future earnings and pension increases). It is subject to an independent valuation on a triennial basis by a qualified actuary who determines the rate of the employer's contribution. The most recent valuation of the scheme was at 1 January 2009 and adopted the Projected Unit Method. It was assumed that the investment returns would be 6.5% per annum and that the salary increases would average 4.15% per annum. It was also assumed that present and future pensions would increase once in payment at the lesser of 5.0% per annum and price inflation subject to a minimum of 0% per annum.

The actuarial valuation as at 1 January 2009 shows a funding shortfall (technical provisions minus value of assets) of £16,084,000.

The pension contribution made by the Group over the period to the defined benefit section was £2,821,000 (2009: £2,539,000).

In addition, the Group offers a Group Personal Pension plan to certain employees of Carr's Flour Mills Limited. The pension expense for this scheme for the period was £309,000 (2009: £270,000).

The following disclosures relate to the defined benefit section of the Carr's Milling Industries Pension Scheme 1993. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 1 January 2009 and updated on an approximate basis to 28 August 2010.

27 Retirement benefit obligation continued

Major assumptions:

	2010 %	2009 %
Inflation	2.8	3.1
Salary increases	3.8	4.1
Rate of discount	5.1	5.6
Pension in payment increases:		
Pre 1 September 2001	3.1	3.4
Post 1 September 2001	2.8	3.1
Revaluation rate for deferred pensioners for pensions revaluing at 5.0% per annum or RPI if less	2.8	3.1

The Government has announced future changes to the revaluation of deferred pensions and increases to pensions in payment from occupational pension schemes. The statutory minimum for these calculations will be linked not to retail prices but to the Consumer Price Index from 6 April 2011. Since this is not yet endorsed the pension assumptions at 28 August 2010 continue to be based on the Retail Price Index.

The mortality tables used in the valuation have been updated to (130% of qx) PN*A00 (Year of Birth) and the Long Cohort improvement factors with a 1% underpin. The mortality assumptions adopted imply the following life expectancies at age 65:

	At 28 August 2010	At 29 August 2009
Males currently age 45	23.6 years	23.5 years
Females currently age 45	26.0 years	26.0 years
Males currently age 65	21.7 years	21.5 years
Females currently age 65	24.2 years	24.1 years

Amounts recognised in the Income Statement in respect of defined benefit schemes:

	2010 £'000	2009 £'000
Current service cost	588	568
Interest on pension scheme liabilities	2,592	2,937
Expected return on pension scheme assets	(1,993)	(1,900)
	1,187	1,605

The expense is recognised within the Income Statement as shown below:

	2010 £'000	2009 £'000
Cost of sales	108	299
Distribution costs	—	19
Administrative expenses	1,079	1,287
	1,187	1,605

Actuarial gains of £2,294,000 (2009: gains of £951,000) have been reported in the Statement of Comprehensive Income.

The cumulative amounts of actuarial losses recognised in the Statement of Comprehensive Income since adoption of IAS19 is £6,300,000

27 Retirement benefit obligation continued

Amounts included in the Balance Sheet:

	2010 £'000	2009 £'000
Present value of defined benefit obligations	(48,551)	(46,763)
Fair value of scheme assets	37,806	32,090
Deficit in scheme	(10,745)	(14,673)
Past service cost not yet recognised in the balance sheet	—	—
Total liability recognised in the balance sheet	(10,745)	(14,673)
Amount included in current liabilities	—	—
Amount included in non-current liabilities	(10,745)	(14,673)

Movements in the present value of defined benefit obligations:

	2010 £'000	2009 £'000
At the beginning of the period	46,763	48,016
Current service cost	588	568
Interest cost	2,592	2,937
Changes in assumptions underlying the defined benefit obligation	6	(3,041)
Benefits paid	(1,398)	(1,717)
At the end of the period	48,551	46,763

Movements in the fair value of scheme assets:

	2010 £'000	2009 £'000
At the beginning of the period	32,090	31,458
Expected return on scheme assets	1,993	1,900
Actual return less expected return on scheme assets	2,300	(2,090)
Contributions by employer	2,821	2,539
Benefits paid	(1,398)	(1,717)
At the end of the period	37,806	32,090

Analysis of the scheme assets, expected rate of return and actual return:

	Expected return		Fair value of assets	
	2010 %	2009 %	2010 £'000	2009 £'000
Equity instruments	6.96	7.2	18,643	16,311
Debt instruments	4.2	4.6	15,688	12,629
Property	6.76	7.0	3,321	2,676
Other assets	4.2	4.6	154	474
	5.79	6.1	37,806	32,090
Actual return on scheme assets			4,293	(190)

The expected long term return on other assets is determined by reference to bank base rates at the balance sheet date. The expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The expected rate of return on equities and property is based on the rate of return on bonds with an allowance for out-performance.

27 Retirement benefit obligation continued

History of scheme:

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Present value of the defined benefit obligation	(48,551)	(46,763)	(48,016)	(43,721)	(45,794)
Fair value of scheme assets	37,806	32,090	31,458	33,914	29,998
Deficit	(10,745)	(14,673)	(16,558)	(9,807)	(15,796)
Difference between expected and actual returns on scheme assets:					
Amount £'000	2,300	(2,090)	(3,742)	206	358
Percentage of scheme assets	6.1%	6.5%	11.9%	0.6%	1.2%
Experience gains and losses on scheme liabilities:					
Amount £'000	(6)	3,041	(7,323)	4,364	(4,258)
Percentage of scheme liabilities	0%	6.5%	15.3%	10.0%	9.3%

The Group expects to contribute approximately £2,880,000 to the defined benefit scheme in the next financial period. The Company expects to contribute approximately £2,295,000 to the defined benefit scheme in the next financial period.

Carrs Billington Agriculture

Carrs Billington Agriculture (Sales) Limited, one of the Group's subsidiary undertakings, is a participating employer of the Carrs Billington Agriculture Pension Scheme, another funded defined benefit scheme. On 30 November 2007, following consultation with the active members, the Company and Trustees agreed to close the scheme to future service accrual.

The pension contribution made by Carrs Billington Agriculture (Sales) Limited over the period to the Carrs Billington Agriculture Pension Scheme was £nil (2009: £nil).

The actuarial valuation as at 31 December 2006 shows that the market value of assets relating to the scheme was £19,921,000 and the actuarial value of those assets represented 81% of the actuarial value of benefits that had accrued to members, after allowing for expected future increase in earnings. It was assumed that the investment returns would be pre-retirement 6.2% per annum and post-retirement 4.7% per annum. At 31 December 2006, the scheme showed a deficit of £4,700,000.

The actuarial valuation as at 31 December 2009 has not yet been finalised.

Carrs Billington Agriculture (Sales) Limited offers a Group Personal Pension Plan to its employees and the pension expense for this plan in the period was £342,000 (2009: £201,000).

During the period contributions were also payable to a defined contribution pension scheme for certain employees of Carrs Billington Agriculture (Sales) Limited. The pension expense for this scheme for the period was £5,000 (2009: £5,000).

The following disclosures relate to the defined benefit scheme. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 December 2006 and updated on an approximate basis to 28 August 2010.

It is not possible to identify the underlying share of the pension scheme assets and liabilities that relate to the Group. At inception in June 2000 approximately 50% of the assets and liabilities of the pension scheme related to the Group and under IFRS approximately 50% of the assets and liabilities are included in the Group's financial statements through the investment in associate, which is the sponsoring employer of the scheme.

27 Retirement benefit obligation continued

Major assumptions:

	2010 %	2009 %
Inflation	2.8	3.1
Salary increases	N/A	N/A
Rate of discount	5.1	5.6
Pension in payment increases:		
LPI max 5%	2.8	3.1
LPI max 3%	2.5	2.6
LPI max 2.5%	2.25	2.3
Revaluation rate for deferred pensioners for pensions revaluing at 5.0% per annum or RPI if less	2.8	3.1

The Government has announced future changes to the revaluation of deferred pensions and increases to pensions in payment from occupational pension schemes. The statutory minimum for these calculations will be linked not to retail prices but to the Consumer Price Index from 6 April 2011. Since this is not yet endorsed the pension assumptions at 28 August 2010 continue to be based on the Retail Price Index.

Mortality rates used in the valuation are based on the S1NMA and S1NFA tables, projected, medium cohort, allowing for members' actual year of birth with a 1.5% underpin for future improvements. The mortality assumptions adopted imply the following life expectancies at age 65:

	At 28 August 2010	At 29 August 2009
Males currently age 45	24.5 years	23.1 years
Females currently age 45	27.5 years	25.9 years
Males currently age 65	21.6 years	22.0 years
Females currently age 65	24.6 years	24.8 years

Amounts recognised in the Income Statement of the associate in respect of defined benefit schemes:

	2010 £'000	2009 £'000
Current service cost	—	16
Interest on pension scheme liabilities	1,252	1,323
Expected return on pension scheme assets	(1,097)	(1,279)
	155	60

The Group's share of the charge is recognised within the Income Statement through the share of post-tax profit in associate.

The Group's share of the actuarial losses of £1,044,000 (2009: £2,828,000) have been reported in the Statement of Comprehensive Income.

The Group's share of the cumulative amount of actuarial losses of £7,598,000 have been recognised in the Statement of Comprehensive Income.

Amounts included in the Balance Sheet of the associate:

	2010 £'000	2009 £'000
Present value of defined benefit obligations	(25,143)	(22,858)
Fair value of scheme assets	19,564	17,903
Deficit in scheme	(5,579)	(4,955)
Past service cost not yet recognised in the balance sheet	—	—
Total liability recognised in the balance sheet	(5,579)	(4,955)

The Group's share of the deficit is recognised within the Balance Sheet through the investment in associate.

27 Retirement benefit obligation continued

Movements in the present value of defined benefit obligations:

	2010 £'000	2009 £'000
At the beginning of the period	22,858	21,896
Current service cost	—	16
Interest cost	1,252	1,323
Changes in assumptions underlying the defined benefit obligation	2,042	768
Benefits paid	(1,009)	(1,145)
At the end of the period	25,143	22,858

Movements in the fair value of scheme assets:

	2010 £'000	2009 £'000
At the beginning of the period	17,903	19,254
Expected return on scheme assets	1,097	1,279
Actual return less expected return on scheme assets	998	(2,060)
Contributions by employer	575	575
Benefits paid	(1,009)	(1,145)
At the end of the period	19,564	17,903

Analysis of the scheme assets, expected rate of return and actual return:

	Expected return		Fair value of assets	
	2010 %	2009 %	2010 £'000	2009 £'000
Equity instruments	7.2	7.2	9,978	11,100
Debt instruments	4.6	4.5	9,586	6,624
Other assets	4.6	4.5	—	179
	5.9	6.2	19,564	17,903
Actual return on scheme assets			2,095	(781)

To develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.9% assumption at 28 August 2010.

27 Retirement benefit obligation continued

History of scheme:

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Present value of the defined benefit obligation	(25,143)	(22,858)	(21,896)	(22,322)	(24,698)
Fair value of scheme assets	19,564	17,903	19,254	20,661	19,008
Deficit	(5,579)	(4,955)	(2,642)	(1,661)	(5,690)
Difference between expected and actual returns on scheme assets:					
Amount £'000	998	(2,060)	(3,005)	192	783
Percentage of scheme assets	5.1%	11.5%	15.6%	1.0%	4.1%
Experience gains and losses on scheme liabilities:					
Amount £'000	(2,042)	(768)	570	2,740	(364)
Percentage of scheme liabilities	8.1%	3.4%	2.6%	12.3%	1.5%

It is expected that contributions of approximately £575,000 will be paid to the defined benefit scheme in the next financial period.

28 Called-up share capital

Group and Company	2010 Shares	2010 £'000	2009 Shares	2009 £'000
Authorised:				
Ordinary shares of 25p each	14,000,000	3,500	14,000,000	3,500
Allotted and fully paid ordinary shares of 25p each:				
At start of period	8,784,286	2,196	8,374,286	2,094
Allotment of shares	—	—	410,000	102
At end of period	8,784,286	2,196	8,784,286	2,196

For details of share option, share save and deferred bonus schemes see note 29.

Since the period end there was a further allotment of 7,000 shares with a nominal value of £1,750 due to the exercise of share options.

During the prior period the authorised share capital was increased by 3,500,000 shares of 25p each.

29 Share-based payments

Group

The Group operates five share based payment schemes.

In 2008 the Group entered into a deferred bonus scheme (Deferred Bonus Scheme 2007). As part of this deferred bonus scheme the eligible individuals invest a proportion of their bonus into shares. Matching shares may be awarded after a period of three years if certain performance criteria are met. Individuals in the scheme may receive a maximum of one matching share for every share that they bought subject to the Group's adjusted earnings per share over the period of three years ended 31 August 2010 equalling or exceeding the growth in the RPI over the same period by an average of 4% per annum. The award multiple will be reduced to 0.5 should the growth in adjusted earnings per share over the three years equal the growth in RPI by an average of 2% per annum. Should the Group's adjusted earnings per share fall between the two threshold levels, referred to above, the award multiple will be measured on a straight-line basis between 0.5 and 1.

In 2007 the Group entered into a deferred bonus scheme (Deferred Bonus Scheme 2006). As part of this deferred bonus scheme the eligible individuals invest a proportion of their bonus into shares. Matching shares may be awarded after a period of three years if certain performance criteria are met. Individuals in the scheme may receive a maximum of one matching share for every share that they bought subject to the Group's adjusted earnings per share over the period of three years ended 31 August 2009 equalling or exceeding the growth in the RPI over the same period by an average of 4% per annum. The award multiple will be reduced to 0.5 should the growth in adjusted earnings per share over the three years equal the growth in RPI by an average of 2% per annum. Should the Group's adjusted earnings per share fall between the two threshold levels, referred to above, the award multiple will be measured on a straight-line basis between 0.5 and 1.

In 2006 the Group entered into three schemes, an HM Revenue and Customs approved discretionary employee share option scheme, an unapproved discretionary share option scheme and a share save scheme (comprising a 3-year and a 5-year plan).

Both the approved and unapproved share options were granted to certain senior employees and Directors. Options are exercisable between three and ten years from the date of grant, subject to the movement of the Group's adjusted earnings per share over the three years to 31 August 2008 exceeding that of the RPI by an average of 2% per annum.

All employees, subject to eligibility criteria, may participate in the share save scheme. Under this scheme employees are offered savings contracts for both 3 year and 5 year vesting period plans. The exercise period is 6 months from the vesting date.

The fair value per option granted and the assumptions used in the calculation of fair values are as follows:

	Deferred Bonus Scheme 2007	Deferred Bonus Scheme 2006	Approved and Unapproved Executive Share Option Scheme 2006	Share Save Scheme 2006 (3-Year Plan)	Share Save Scheme 2006 (5-Year Plan)
Grant date (approved)	6/12/07	7/2/07	24/2/06	1/6/06	1/6/06
Grant date (unapproved)	—	—	20/2/06	—	—
Share price at grant date (weighted average)	£5.44	£6.43	£4.78	£4.64	£4.64
Exercise price (weighted average)	£0.25	£0.25	£4.78	£4.79	£4.79
Number of employees	3	—	29	—	62
Shares under option (approved)	8,493	—	129,000	—	49,783
Shares under option (unapproved)	—	—	12,000	—	—
Vesting period (years)	2.83	2.67	3	3	5
Model used for valuation	Black Scholes	Black Scholes	Binomial	Black Scholes	Black Scholes
Expected volatility	22.00%	21.00%	22.44%	20.18%	21.37%
Option life (years)	2.92	2.75	10	3.5	5.5
Expected life (years)	2.83	2.67	6.5	3.25	5.25
Risk-free rate	4.420%	5.451%	4.224%	4.683%	4.623%
Expected dividends expressed as a dividend yield	3.30%	3.20%	3.36%	3.56%	3.56%
Expectations of vesting	100%	0%	100%	0%	97%
Expectations of meeting performance criteria	100%	0%	100%	N/A	N/A
Fair value per option	£4.74	£5.69	£0.99	£0.60	£0.78

The expected volatility is based on historical volatility calculated over the weighted average remaining life of the award being valued. The expected life is the average expected period to exercise. The risk-free rate of return is the implied yield of zero-coupon UK Government bonds with a remaining term equal to the expected term of the award being valued.

29 Share-based payments continued

Deferred Bonus Scheme 2007

The number and weighted average exercise prices are as follows:

	2010 Weighted average exercise price £	2010 Number of options ('000)	2009 Weighted average exercise price £	2009 Number of options ('000)
Outstanding at the beginning of the period	**0.25**	**8**	0.25	8
Outstanding at the end of the period	**0.25**	**8**	0.25	8
Exercisable at the end of the period	**—**	**—**	—	—

At the period end the weighted average remaining contractual life of the options is 0.167 years (2009: 1.167) with a weighted average remaining expected life of 0.083 years (2009: 1.083).

Deferred Bonus Scheme 2006

The number and weighted average exercise prices are as follows:

	2010 Weighted average exercise price £	2010 Number of options ('000)	2009 Weighted average exercise price £	2009 Number of options ('000)
Outstanding at the beginning of the period	**0.25**	**24**	0.25	24
Forfeited during the period	**0.25**	**(24)**	—	—
Outstanding at the end of the period	**—**	**—**	0.25	24
Exercisable at the end of the period	**—**	**—**	—	—

As the performance criterion under the scheme has not been met, matching shares have not been awarded.

Approved and Unapproved Executive Share Option Scheme 2006

The number and weighted average exercise prices are as follows:

	2010 Weighted average exercise price £	2010 Number of options ('000)	2009 Weighted average exercise price £	2009 Number of options ('000)
Outstanding at the beginning of the period	**4.78**	**141**	4.78	141
Outstanding at the end of the period	**4.78**	**141**	4.78	141
Exercisable at the end of the period	**4.78**	**141**	4.78	141

At the period end the weighted average remaining contractual life of the options is 5.5 years (2009: 6.5 years) with a weighted average remaining expected life of 2 years (2009: 3 years).

Since the period end 7,000 (2009: nil) shares were issued under the Approved Executive Share Option Scheme 2006.

29 Share-based payments continued

Share Save Scheme 2006 - 3 Year Plan

The number and weighted average exercise prices are as follows:

	2010 Weighted average exercise price £	2010 Number of options ('000)	2009 Weighted average exercise price £	2009 Number of options ('000)
Outstanding at the beginning of the period	4.79	2	4.79	23
Forfeited during the period	4.79	(2)	4.79	(21)
Outstanding at the end of the period	—	—	4.79	2
Exercisable at the end of the period	—	—	4.79	2

No participant in this scheme exercised their right to purchase shares by the end of the exercise period.

Share Save Scheme 2006 - 5 Year Plan

The number and weighted average exercise prices are as follows:

	2010 Weighted average exercise price £	2010 Number of options ('000)	2009 Weighted average exercise price £	2009 Number of options ('000)
Outstanding at the beginning of the period	4.79	55	4.79	57
Forfeited during the period	4.79	(5)	4.79	(2)
Outstanding at the end of the period	4.79	50	4.79	55
Exercisable at the end of the period	—	—	—	—

At the period end the weighted average remaining contractual life of the options is 1.25 years (2009: 2.25 years) with a weighted average remaining expected life of 1 year (2009: 2 years).

The total expense/(income) recognised for the period arising from share based payments are as follows:

	2010 £'000	2009 £'000
Approved and Unapproved Executive Share Option Scheme 2006	—	23
Share Save Scheme 2006 - 3 Year Plan	(13)	3
Share Save Scheme 2006 - 5 Year Plan	5	6
Deferred Bonus Scheme 2006	—	(82)
Deferred Bonus Scheme 2007	14	14
	6	(36)

The Share Save Scheme 2006 - 3 year plan cumulative charge has reversed in the current period as none of the participants in the scheme exercised their right to purchase shares.

The Deferred Bonus Scheme 2006 cumulative charge reversed in the prior period as the performance criterion had not been met.

29 Share-based payments continued

Company

In 2008 the Company entered into a deferred bonus scheme (Deferred Bonus Scheme 2007). As part of this deferred bonus scheme the eligible individuals invest a proportion of their bonus into shares. Matching shares may be awarded after a period of three years if certain performance criteria are met. Individuals in the scheme may receive a maximum of one matching share for every share that they bought subject to the Group's adjusted earnings per share over the period of three years ended 31 August 2010 equalling or exceeding the growth in the RPI over the same period by an average of 4% per annum. The award multiple will be reduced to 0.5 should the growth in adjusted earnings per share over the three years equal the growth in RPI by an average of 2% per annum. Should the Group's adjusted earnings per share fall between the two threshold levels, referred to above, the award multiple will be measured on a straight-line basis between 0.5 and 1.

In 2007 the Company entered into a deferred bonus scheme (Deferred Bonus Scheme 2006). As part of this deferred bonus scheme the eligible individuals invest a proportion of their bonus into shares. Matching shares may be awarded after a period of three years if certain performance criteria are met. Individuals in the scheme may receive a maximum of one matching share for every share that they bought subject to the Group's adjusted earnings per share over the period of three years ended 31 August 2009 equalling or exceeding the growth in the RPI over the same period by an average of 4% per annum. The award multiple will be reduced to 0.5 should the growth in adjusted earnings per share over the three years equal the growth in RPI by an average of 2% per annum. Should the Group's adjusted earnings per share fall between the two threshold levels, referred to above, the award multiple will be measured on a straight-line basis between 0.5 and 1.

In 2006 the Company entered into two schemes, an HM Revenue and Customs unapproved discretionary employee share option scheme and a share save scheme (comprising a 3-year and a 5-year plan).

The unapproved share options were granted to certain senior employees and Directors. Options are exercisable between three and ten years from the date of grant, subject to the movement of the Group's adjusted earnings per share over the three years to 31 August 2008 exceeding that of the RPI by an average of 2% per annum.

All employees, subject to eligibility criteria, may participate in the share save scheme. Under this scheme employees are offered savings contracts for both 3 year and 5 year vesting period plans. The exercise period is 6 months from the vesting date.

The fair value per option granted and the assumptions used in the calculation of fair values are as follows:

	Deferred Bonus Scheme 2007	Deferred Bonus Scheme 2006	Unapproved Executive Share Option Scheme 2006	Share Save Scheme 2006 (3-Year Plan)	Share Save Scheme 2006 (5-Year Plan)
Grant date	6/12/07	7/2/07	20/2/06	1/6/06	1/6/06
Share price at grant date	£5.44	£6.43	£5.02	£4.64	£4.64
Exercise price	£0.25	£0.25	£5.02	£4.79	£4.79
Number of employees	2	—	2	—	1
Shares under option	6,765	—	12,000	—	1,344
Vesting period (years)	2.83	2.67	3	3	5
Model used for valuation	Black Scholes	Black Scholes	Binomial	Black Scholes	Black Scholes
Expected volatility	22.00%	21.00%	22.44%	20.18%	21.37%
Option life (years)	2.92	2.75	10	3.5	5.5
Expected life (years)	2.83	2.67	6.5	3.25	5.25
Risk-free rate	4.420%	5.451%	4.224%	4.683%	4.623%
Expected dividends expressed as a dividend yield	3.30%	3.20%	3.36%	3.56%	3.56%
Expectations of vesting	100%	0%	100%	0%	97%
Expectations of meeting performance criteria	100%	0%	100%	N/A	N/A
Fair value per option	£4.74	£5.69	£0.99	£0.60	£0.78

The expected volatility is based on historical volatility calculated over the weighted average remaining life of the award being valued. The expected life is the average expected period to exercise. The risk-free rate of return is the implied yield of zero-coupon UK Government bonds with a remaining term equal to the expected term of the award being valued.

29 Share-based payments continued

Deferred Bonus Scheme 2007

The number and weighted average exercise prices are as follows:

	2010 Weighted average exercise price £	2010 Number of options ('000)	2009 Weighted average exercise price £	2009 Number of options ('000)
Outstanding at the beginning of the period	0.25	7	0.25	7
Outstanding at the end of the period	0.25	7	0.25	7
Exercisable at the end of the period	—	—	—	—

At the period end the weighted average remaining contractual life of the options is 0.167 years (2009: 1.167) with a weighted average remaining expected life of 0.083 years (2009: 1.083).

Deferred Bonus Scheme 2006

The number and weighted average exercise prices are as follows:

	2010 Weighted average exercise price £	2010 Number of options ('000)	2009 Weighted average exercise price £	2009 Number of options ('000)
Outstanding at the beginning of the period	0.25	15	0.25	15
Forfeited during the period	0.25	(15)	—	—
Outstanding at the end of the period	—	—	0.25	15
Exercisable at the end of the period	—	—	—	—

As the performance criterion under the scheme has not been met, matching shares have not been awarded.

Unapproved Executive Share Option Scheme 2006

The number and weighted average exercise prices are as follows:

	2010 Weighted average exercise price £	2010 Number of options ('000)	2009 Weighted average exercise price £	2009 Number of options ('000)
Outstanding at the beginning of the period	5.02	12	5.02	12
Outstanding at the end of the period	5.02	12	5.02	12
Exercisable at the end of the period	5.02	12	5.02	12

At the period end the weighted average remaining contractual life of the options is 5.5 years (2009: 6.5 years) with a weighted average remaining expected life of 2 years (2009: 3 years).

29 Share-based payments continued

Share Save Scheme 2006 - 3 Year Plan

The number and weighted average exercise prices are as follows:

	2010 Weighted average exercise price £	2010 Number of options ('000)	2009 Weighted average exercise price £	2009 Number of options ('000)
Outstanding at the beginning of the period	4.79	1	4.79	6
Forfeited during the period	4.79	(1)	4.79	(5)
Outstanding at the end of the period	—	—	4.79	1
Exercisable at the end of the period	—	—	4.79	1

No participant in this scheme exercised their right to purchase shares by the end of the exercise period.

Share Save Scheme 2006 - 5 Year Plan

The number and weighted average exercise prices are as follows:

	2010 Weighted average exercise price £	2010 Number of options ('000)	2009 Weighted average exercise price £	2009 Number of options ('000)
Outstanding at the beginning of the period	4.79	1	4.79	1
Outstanding at the end of the period	4.79	1	4.79	1
Exercisable at the end of the period	—	—	—	—

At the period end the weighted average remaining contractual life of the options is 1.25 years (2009: 2.25 years) with a weighted average remaining expected life of 1 year (2009: 2 years).

The total expense/(income) recognised for the period arising from share based payments are as follows:

	2010 £'000	2009 £'000
Unapproved Executive Share Option Scheme 2006	—	2
Share Save Scheme 2006 - 3 Year Plan	(4)	—
Share Save Scheme 2006 - 5 Year Plan	1	1
Deferred Bonus Scheme 2006	—	(49)
Deferred Bonus Scheme 2007	11	11
	8	(35)

The Share Save Scheme 2006 - 3 year plan cumulative charge has reversed in the current period as none of the participants in the scheme exercised their right to purchase shares.

The Deferred Bonus Scheme 2006 cumulative charge reversed in the prior period as the performance criterion had not been met.

29 Share-based payments continued

Share based payments awarded to employees of subsidiary undertakings and recognised as an investment in subsidiary undertakings in the Company are as follows:

	2010 £'000	2009 £'000
Approved Executive Share Option Scheme 2006	122	122
Share Save Scheme 2006 - 3 Year Plan	—	9
Share Save Scheme 2006 - 5 Year Plan	31	27
Deferred Bonus Scheme 2007	8	5
Total carrying amount of investments	161	163

30 Acquisitions

Scotmin Nutrition Limited

On 22 June 2010 Carrs Agriculture Limited acquired the entire issued share capital of Scotmin Nutrition Limited for cash consideration of £4,825,000.

The principal activity of Scotmin Nutrition Limited is that of the manufacture and distribution of animal feed supplements.

This purchase has been accounted for as an acquisition.

The primary reason for the business combination was the expansion of the Group's product range and the expansion of the distribution base of Scotmin Nutrition Limited via the existing Agriculture Trading distribution network. As an additional benefit the acquisition also provides access to alternative raw materials should the price of molasses increase dramatically or availability becomes a constraint due to alternative uses such as ethanol production.

A C Burn Limited

On 22 June 2010 Carrs Billington Agriculture (Sales) Limited acquired the entire issued share capital of A C Burn Limited for cash consideration of £800,000.

The principal activity of A C Burn Limited is that of an agricultural merchant.

This purchase has been accounted for as an acquisition.

The primary reason for the business combination was the geographical expansion of the existing Agriculture Trading business into the Borders region of Scotland. Synergies are expected following the rationalisation of the procurement and administration functions.

Ag Chem (UK)

On 31 March 2010 Carrs Agriculture Limited acquired the trade of Ag Chem (UK) for cash consideration of £350,000.

The principal activity of Ag Chem (UK) is that of a wholesaler of fertiliser.

This purchase has been accounted for as an acquisition.

The primary reason for the business combination was to complement Agriculture Manufacturing.

Aggregate disclosures

The total goodwill arising from acquisitions in the period amounts to £2,682,000. Goodwill reflects the value of the employees, which under IFRS should not be recorded as a separately identifiable intangible asset on the balance sheet, and anticipated synergy benefits arising from the acquisitions. Synergy benefits include the rationalisation of the procurement and administration functions and utilising the existing Group distribution network to distribute acquired product lines across the UK.

The following aggregated amounts have been recognised within the consolidated income statement in respect of acquisitions:

	£'000
Revenue	1,830
Loss before taxation	(21)

There were no other recognised gains and losses other than the loss shown above.

Related costs of the above acquisitions amounted to £131,000, which have been recognised within administrative expenses in the income statement.

30 Acquisitions continued

The aggregate assets and liabilities acquired in the period are set out below:

	Fair value £'000
Intangible assets	560
Property, plant and equipment	981
Investments	1
Inventories	1,135
Receivables	1,882
Cash at bank and in hand	371
Payables	(1,192)
Taxation	
- Current	(357)
- Deferred	(88)
Net assets acquired	3,293
Goodwill	2,682
Satisfied by cash	5,975

The aggregate gross contractual amounts receivable were £2,060,000.

Pro forma full year information

IFRS3 (revised) requires disclosure of information as to the impact on the financial statements if acquisitions had occurred at the beginning of the accounting period.

The unaudited pro forma summary below presents the Group as if all acquisitions in the period had been acquired on 30 August 2009.

The pro forma amounts include the results of the acquisitions, amortisation of the intangible assets recognised on acquisition, depreciation on fair value adjustments to property, plant and equipment and the interest expense on the increase in net debt as a result of the acquisitions. The pro forma amounts do not include any possible synergies from the acquisition. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined businesses.

	£'000
Revenue	354,904
Profit before taxation	9,187

31 Cash generated from/(used in) operations

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Profit for the period	6,835	5,206	1,271	7,954
Adjustments for:				
Tax	2,131	1,829	(409)	(344)
Dividends received from subsidiaries	—	—	(2,984)	(8,853)
Depreciation of property, plant and equipment	3,698	3,411	—	—
Profit on disposal of property, plant and equipment	(23)	—	—	—
Depreciation of investment property	19	19	—	—
Intangible asset amortisation	197	77	—	—
Net fair value losses on derivative financial instruments in operating profit	143	889	—	31
Net fair value loss/(gain)on share based payments	6	(36)	8	(35)
Net foreign exchange differences	(141)	(721)	40	480
Finance costs:				
Interest income	(410)	(211)	(478)	(350)
Interest expense and borrowing costs	1,441	1,536	604	610
Share of profit from associate and joint ventures	(799)	(1,051)	—	—
IAS19 income statement credit in respect of employer contributions (note 27)	(2,821)	(2,539)	(2,821)	(2,539)
IAS19 income statement charge (note 27)	1,187	1,605	1,187	1,605
Changes in working capital (excluding the effects of acquisitions):				
(Increase)/decrease in inventories	(2,020)	10,529	—	—
(Increase)/decrease in receivables	(3,854)	7,809	204	86
Increase/(decrease) in payables	12,413	(18,535)	76	(1,485)
Cash generated from/(used in) continuing operations	18,002	9,817	(3,302)	(2,840)

32 Analysis of net debt

Group	At 30 August 2009 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	At 28 August 2010 £'000
Cash and cash equivalents	10,304	3,391	—	—	13,695
Bank overdrafts	(1,183)	814	—	(58)	(427)
	9,121	4,205	—	(58)	13,268
Loans and other borrowings:					
- current	(8,096)	(2,236)	1	151	(10,180)
- non-current	(18,041)	1,264	(65)	3	(16,839)
Finance leases:					
- current	(947)	1,065	(989)	—	(871)
- non-current	(1,362)	—	469	—	(893)
	(19,325)	4,298	(584)	96	(15,515)

Other non-cash changes relate to finance leases, including finance leases acquired with subsidiaries, and transfers between categories of borrowings. It also includes the release of deferred borrowing costs to the income statement.

32 Analysis of net debt continued

Company	At 30 August 2009 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	At 28 August 2010 £'000
Cash and cash equivalents	16,038	(6,439)	—	(40)	**9,559**
Loans and other borrowings:					
- current	(3,748)	(487)	(519)	(204)	**(4,958)**
- non-current	(14,410)	—	455	—	**(13,955)**
	(2,120)	(6,926)	(64)	(244)	**(9,354)**

Other non-cash changes relate to the release of deferred borrowing costs to the income statement and transfers between categories of borrowings.

33 Capital Commitments

Group	2010 £'000	2009 £'000
Capital expenditure on property, plant and equipment that has been contracted for but has not been provided for in the accounts	**291**	8

The Company has no capital commitments (2009: nil).

34 Other Financial Commitments

Group

At 28 August 2010 the Group had commitments, other than land and buildings, under non-cancellable operating leases as follows:

	2010 £'000	2009 £'000
Within one year	**475**	362
Within two and five years inclusive	**828**	740
After five years	**6**	10
	1,309	1,112

Company

At 28 August 2010 the Company had commitments, other than land and buildings, under non-cancellable operating leases as follows:

	2010 £'000	2009 £'000
Within one year	**1**	1
Within two and five years inclusive	**2**	3
	3	4

35 Financial guarantees

The Company, together with certain subsidiary undertakings, has entered into a guarantee with Clydesdale Bank PLC in respect of the Group loans and overdraft with that bank, which at 28 August 2010 amounted to £390,000 (2009: £8,474,000).

The Company, together with certain subsidiary undertakings, has a €375,000 (2009: €625,000) letter of credit by Clydesdale Bank PLC in favour of Crystalyx Products GmbH, a joint venture arrangement.

The Company, together with certain subsidiary undertakings, has entered into a guarantee with Royal Bank of Scotland PLC in respect of an overdraft with that bank, which at 28 August 2010 amounted to £259,000 (2009: £792,000).

The Company has entered into a guarantee with Royal Bank of Scotland PLC in respect of an overdraft and loan facility with that bank, which at 28 August 2010 amounted to £2,093,000 (2009: £3,100,000).

One of the Group's bankers in the normal course of business, enters into certain specific guarantees with some of a subsidiary's customers. All these guarantees allow the bank to have recourse to the Company if a guarantee is enforced. The total outstanding of such guarantees entered into by the bank at 28 August 2010 was £2,929,000 (2009: £1,572,000).

35 Financial guarantees continued

The Company has provided specific guarantees to certain customers of a subsidiary. These are in place to guarantee the completion of the contract in any event. At 28 August 2010 the contracts under guarantee that have still to be completed have a total contract value of £1,814,000 (2009: £2,269,000).

A subsidiary undertaking of the Company, together with an associated undertaking of the Company, has entered into a guarantee with Royal Bank of Scotland PLC in respect of a loan with that bank. The Group's exposure to this liability at 28 August 2010 amounts to £nil (2009: £500,000).

The Company has entered into a guarantee with the Trustees of the Carrs Billington Agriculture Pension Scheme in respect of the punctual payment of obligations due to the pension scheme by the participating employers of the scheme. The Company's total liability shall not exceed £1,500,000 (2009: £1,500,000).

The Company has provided guarantees to certain suppliers of the Group's Fertiliser business. The maximum exposure under these guarantees is the amount owed at any one time to these suppliers. At the period end amounts owed under these guarantees was £8,982,000 (2009: £4,695,000). This is included within trade payables in the balance sheet.

The Group and Company does not expect any of the above guarantees to be called in.

36 Related parties

Group and Company

Identity of related parties

The Group has a related party relationship with its subsidiaries, associate and joint ventures and with its Directors. The balances and transactions shown below were all undertaken on an arm's length basis in the normal course of business.

Transactions with key management personnel

Key management personnel are considered to be the Directors and their remuneration is disclosed within the Directors' Remuneration Report.

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Balances reported in the Balance Sheet				
Amounts due from key management personnel (in a trading capacity):				
Trade receivables	126	101	—	—
	126	101	—	—
Transactions reported in the Income Statement				
Revenue	546	628	—	—
Purchases	(7)	(15)	—	—

Transactions with subsidiaries

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Balances reported in the Balance Sheet				
Amounts due from subsidiary undertakings:				
Loans	—	—	19,293	14,418
Other receivables	—	—	101	417
	—	—	19,394	14,835
Amounts due to subsidiary undertakings:				
Loans	—	—	(4,005)	(3,294)
Other payables	—	—	(36)	(129)
	—	—	(4,041)	(3,423)
Transactions reported in the Income Statement				
Management charges receivable	—	—	1,641	1,410
Dividends received	—	—	2,984	8,853
Interest receivable	—	—	197	289
Interest payable	—	—	(59)	(145)

36 Related parties continued

Transactions with associate

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Balances reported in the Balance Sheet				
Amounts due from associate:				
Trade and other receivables	56	56	—	—
	56	56	—	—
Amounts due to associate:				
Trade payables	(7,401)	(7,597)	—	—
	(7,401)	(7,597)	—	—
Transactions reported in the Income Statement				
Revenue	402	490	—	—
Rental income	18	18	—	—
Net management charges receivable	14	14	14	14
Purchases	(73,805)	(81,426)	—	—

Transactions with joint ventures

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Balances reported in the Balance Sheet				
Amounts due from joint ventures:				
Non-current loans	—	50	—	—
Trade and other receivables	441	450	422	411
	441	500	422	411

Included within Group and Company trade and other receivables is £420,000 (2009: £370,000) in respect of loans owed by joint ventures.

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Transactions reported in the Income Statement				
Revenue	87	179	—	—
Management charges receivable	107	56	50	—

Transactions with other related parties

Other loans of £1,225,000 (2009: £1,225,000) included within non-current borrowings is in respect of a loan from Edward Billington and Son Limited to Carrs Billington Agriculture (Sales) Limited. This loan is interest free, unsecured, and has no set repayment date. Edward Billington and Son Limited has a 49% shareholding in Carrs Billington Agriculture (Sales) Limited.

Other loans, within non-current borrowings, also includes loans from the minority shareholders in Quinphos (Ireland) Limited, which is a dormant subsidiary of the Group. These loans are denominated in Euros and the sterling equivalent at 28 August 2010 was £37,044 (2009: £39,587).

37 Post balance sheet event

On 14 September 2010, after the period end, the Group completed the acquisition of the entire issued share capital of Forsyths of (Wooler) Limited, an agricultural merchant.

The cash consideration paid was £723,000.

The primary reason for the business combination was the geographical expansion of the existing Agriculture Trading business into Northumberland. Synergies are expected following the rationalisation of the procurement and administration functions.

Given that this has been a recent acquisition the assets and liabilities at completion have yet to be finalised.

Five Year Statement

Revenue and Results	2006 £'000	2007 £'000	2008 £'000	2009 £'000	2010 £'000
Revenue	242,576	252,753	372,307	350,023	344,953
Group operating profit	7,116	5,785	12,875	7,295	9,149
Analysed as:					
Operating profit before non-recurring items	7,987	6,192	12,814	7,295	9,149
Non-recurring items	(871)	(407)	61	—	—
Group operating profit	7,116	5,785	12,875	7,295	9,149
Finance income	521	487	454	211	410
Finance costs	(1,532)	(1,484)	(2,061)	(1,522)	(1,392)
Share of post-tax profit in associate and joint ventures	218	738	1,590	1,051	799
Profit before taxation	6,323	5,526	12,858	7,035	8,966
Taxation	(1,989)	(1,225)	(4,605)	(1,829)	(2,131)
Profit for the period	4,334	4,301	8,253	5,206	6,835
Ratios					
Operating margin (excluding non-recurring items)	3.3%	2.4%	3.4%	2.1%	2.7%
Return on net assets (excluding non-recurring items)	32.9%	21.0%	46.4%	21.1%	22.8%
Earnings per share - basic	51.0p	50.7p	92.7p	50.4p	64.1p
- adjusted	59.7p	56.0p	108.6p	51.0p	65.7p
Dividends per ordinary share	18.0p	19.0p	23.0p	23.0p	24.0p

Net assets employed	2006 £'000	2007 £'000	2008 £'000	2009 £'000	2010 £'000
Non-current assets					
Goodwill	235	1,016	1,381	1,654	**4,336**
Other intangible assets	802	444	294	764	**1,362**
Property, plant and equipment	29,172	28,481	28,596	31,764	**32,588**
Investment property	794	756	737	718	**699**
Investments	1,940	3,642	4,530	4,626	**5,018**
Financial assets					
- Derivative financial instruments	37	132	—	—	**—**
- Non-current receivables	208	100	50	53	**5**
Deferred tax assets	5,162	3,228	5,318	5,015	**3,924**
	38,350	37,799	40,906	44,594	**47,932**
Current assets					
Inventories	11,944	14,853	31,014	23,860	**27,015**
Trade and other receivables	33,546	35,481	50,754	43,059	**48,810**
Current tax assets	1	82	65	119	**303**
Financial assets					
- Derivative financial instruments	—	—	927	16	**—**
- Cash at bank and in hand	2,292	1,315	3,896	10,304	**13,695**
	47,783	51,731	86,656	77,358	**89,823**
Total assets	86,133	89,530	127,562	121,952	**137,755**
Current liabilities					
Financial liabilities					
- Borrowings	(9,682)	(10,717)	(15,004)	(10,226)	**(11,478)**
- Derivative financial instruments	(27)	(10)	(22)	(43)	**(127)**
Trade and other payables	(25,387)	(28,478)	(52,977)	(35,928)	**(49,468)**
Current tax liabilities	(1,324)	(570)	(2,054)	(708)	**(1,129)**
	(36,420)	(39,775)	(70,057)	(46,905)	**(62,202)**
Non-current liabilities					
Financial liabilities					
- Borrowings	(6,512)	(5,971)	(6,325)	(19,403)	**(17,732)**
- Derivative financial instruments	—	—	(14)	—	**—**
Retirement benefit obligation	(15,796)	(9,807)	(16,558)	(14,673)	**(10,745)**
Deferred tax liabilities	(3,600)	(3,418)	(4,775)	(4,840)	**(4,960)**
Other non-current liabilities	(1,524)	(1,705)	(2,237)	(2,834)	**(2,797)**
	(27,432)	(20,901)	(29,909)	(41,750)	**(36,234)**
Total liabilities	(63,852)	(60,676)	(99,966)	(88,655)	**(98,436)**
Net assets	22,281	28,854	27,596	33,297	**39,319**

Company Number: 98221
Carr's Milling Industries PLC Notice of Annual General Meeting

Notice is hereby given that the one hundred and second annual general meeting of the Company will be held at the Crown Hotel, Wetheral, Carlisle on Tuesday 11 January, 2011 at 11.30 a.m. for the following purposes:

Ordinary Business

1. To receive the Company's annual accounts for the financial year ended 28 August 2010 together with the Directors' Report and the Auditor's Report on those accounts.
2. To declare a final dividend of 12.0p per share for the year ended 28 August 2010.
3. To re-elect R C Wood who retires by rotation pursuant to the Articles of Association of the Company.
4. To re-elect A R Heygate who retires by rotation pursuant to the Articles of Association of the Company.
5. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Audit Committee to fix their remuneration.
6. To approve the Directors' Remuneration Report for the financial year ended 28 August 2010.

Special Business

7. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

   "**THAT**, in substitution for all existing and unexercised authorities and powers, the Directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the "Act") to exercise all or any of the powers of the Company to allot relevant securities to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the Articles of Association of the Company) provided that:

   (a) the maximum nominal amount of such securities which may be allotted under this authority is £725,281; and

   (b) this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is 6 months after the next accounting reference date of the Company (if earlier) save that the Directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired."

8. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

   "**THAT,** subject to and conditional upon the passing of the resolution numbered 7 in the notice convening the meeting at which this resolution was proposed and in substitution for all existing and unexercised authorities and powers, the Directors of the Company be and are hereby empowered pursuant to sections 570-573 of the Act to allot equity securities pursuant to the authority conferred upon them by resolution 7 as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:

   (a) the allotment of equity securities in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all other shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them subject only to such exclusion or other arrangements as the Directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory; and

   (b) The allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £219,782 representing approximately 10% of the current issued share capital of the Company, and shall expire on the date of the next annual general meeting of the Company or (if earlier) the date which is 6 months after the next accounting reference date of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired."

9. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

   "**THAT**, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693 of the Act) of Ordinary Shares provided that:

   (a) the maximum number of Ordinary Shares which may be purchased is 879,129 (representing 10% of the Company's issued share capital);

   (b) the minimum price which may be paid for each Ordinary Share is 25p;

   (c) the maximum price which may be paid for each Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of London Stock Exchange plc for the 5 business days immediately preceding the day on which the Ordinary Share in question is purchased;

   (d) unless previously revoked or varied, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company to be held in 2011 or, if earlier, on the date which is 12 months after the date of the passing of this resolution; and

   (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which contract or contracts will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts."

By order of the board

Ronald Wood
Secretary
17 November 2010

Old Croft
Stanwix
Carlisle
CA3 9BA

Directory of Operations

Carr's Milling Industries PLC
Old Croft, Stanwix, Carlisle, Cumbria
CA3 9BA
Tel: 01228 554600
Fax: 01228 554601
Website: www.carrs-milling.com

Animal Feed Supplement, Inc
East Highway 212,
PO Box 188, Belle Fourche,
South Dakota 57717 USA
Tel: 00 1 605 892 3421
Fax: 00 1 605 892 3473

Animal Feed Supplement, Inc
PO Box 105,
101 Roanoke Avenue, Poteau,
Oklahoma 74953 USA
Tel: 00 1 918 647 8133
Fax: 00 1 918 647 7318

Caltech
Solway Mills, Silloth, Wigton,
Cumbria CA7 4AJ
Tel: 016973 32592
Fax: 016973 32339

Scotmin Nutrition Ltd
13 Whitfield Drive,
Heathfield Ind Est, Ayr KA8 9RX
Tel: 01292 280909
Fax: 01292 280919

Crystalyx Products GmbH*
Am Stau 199-203, 26122, Oldenburg,
Germany
Tel: 00 49 441 2188 92142
Fax: 00 49 441 2188 92177

Carrs Fertilisers, Invergordon
Inverbreakie Industrial Estate,
Invergordon, Ross-shire IV18 0QR
Tel: 01349 853 745
Fax: 01349 854 066

Carrs Fertilisers, Montrose
River Street, Montrose,
Angus DD10 8DL
Tel: 01674 678 400
Fax: 01674 671 318

Carrs Fertilisers, Silloth
The Wath, Silloth, Wigton, Cumbria
CA7 4PH
Tel: 016973 32333
Fax: 016973 32279

Carrs Billington Agriculture (Sales), Annan
25 High Street, Annan, Dumfriesshire
DG12 6AE
Tel: 01461 202 772
Fax: 01461 202 712

Carrs Billington Agriculture (Sales), Appleby
Crosscroft Industrial Estate, Appleby,
Cumbria CA16 6HX
Tel: 01768 352 999

Carrs Billington Agriculture (Sales), Barnard Castle
Montalbo Road, Barnard Castle, Co
Durham DL12 8ED
Tel: 01833 637 537
Fax: 01833 638 010

Carrs Billington Agriculture (Sales), Berwick upon Tweed
Highgate Works, Tweedmouth,
Berwick upon Tweed, Northumberland
TD15 2AP
Tel: 01289 307245
Fax: 01289 305727

Carrs Billington Agriculture (Sales), Brock
Brockholes Way,
Claughton Trading Estate, Lancaster
Old Road,
Claughton on Brock,
Preston PR3 0PZ
Tel: 01995 643 200
Fax: 01995 643 220

Carrs Billington Agriculture (Sales), Carlisle
Montgomery Way, Rosehill Estate,
Carlisle CA1 2UY
Tel: 01228 520 212
Fax: 01228 512 572

Carrs Billington Agriculture (Sales), Cockermouth
Unit 5, Lakeland Agricultural Centre,
Cockermouth CA13 0QQ
Tel: 01900 824 105
Fax: 01900 826 860

Carrs Billington Agriculture (Sales), Gisburn
Pendle Mill, Mill Lane, Gisburn,
Clitheroe, Lancashire BB7 4ES
Tel: 01200 445 491
Fax: 01200 445 305

Carrs Billington Agriculture (Sales), Hawes
Burtersett Road, Hawes,
North Yorkshire DL8 3NP
Tel: 01969 667 334
Fax: 01969 667 335

Carrs Billington Agriculture (Sales), Hexham
Tyne Mills Industrial Estate, Hexham,
Northumberland NE46 1XL
Tel: 01434 605 371
Fax: 01434 608 938

Carrs Billington Agriculture (Sales), Jedburgh
Mounthooly, Crailing,
Jedburgh, TD8 6TJ
Tel: 01835 850250
Fax: 01835 850748

Carrs Billington Agriculture (Sales), Leek
Macclesfield Road, Leek, Staffordshire
ST13 8NR
Tel: 01538 383 277
Fax: 01538 385 731

Carrs Billington Agriculture (Sales), Milnathort
Stirling Road, Milnathort,
Kinross KY13 9UZ
Tel: 01577 862 381
Fax: 01577 863 057

Carrs Billington Agriculture (Sales), Morpeth
20c Coopies Lane Industrial Estate,
Morpeth, Northumberland NE61 6JN
Tel: 01670 503 930
Fax: 01670 504 404

Carrs Billington Agriculture (Sales), Penrith
Haweswater Road,
Penrith Industrial Estate, Penrith
Cumbria CA11 9EH
Tel: 01768 862 160
Fax: 01768 899 345

Carrs Billington Agriculture (Sales), Perth
Highland House,
St Catherine's Road,
Perth PH1 5YA
Tel & Fax: 01738 643 022

Carrs Billington Agriculture (Sales), Selkirk
The Old Pump House,
Dunsdale Road, Selkirk,
Selkirkshire TD7 5EB
Tel: 01750 720 734
Fax: 01750 722 725

Carrs Billington Agriculture (Sales), Spennymoor
Southend Works, Byers Green,
Spennymoor, Co. Durham,
DL16 7NL
Tel: 01388 662266
Fax: 01388 603743

Carrs Billington Agriculture (Sales), Wooler
Bridge End, South Road, Wooler,
Northumberland, NE71 6QE
Tel: 01668 281567
Fax: 01668 283453

Wallace Oils, Carlisle
Stephenson Industrial Estate,
Willowholme, Carlisle,
Cumbria CA2 5RN
Tel: 01228 534 342
Fax: 01228 590 820

Johnstone Wallace Fuels, Dumfries
Heathhall, Dumfries,
Dumfriesshire DG1 3NX
Tel: 01387 250 525
Fax: 01387 250 656

Johnstone Wallace Fuels,
Dargavel Stores,
Lockerbie Road, Dumfries,
Dumfriesshire DG1 3PG
Tel & fax: 01387 750 747

Johnstone Wallace Fuels,
Abercromby Industrial Park,
Castle Douglas, Dumfriesshire
DG7 1BA

Johnstone Wallace Fuels,
Holmpark Industrial Estate,
Newton Stewart, Dumfriesshire
DG8 6AW
Tel: 01671 404 150

Johnstone Wallace Fuels, Stranraer
Droughduil, Dunragit,
Stranraer DG9 8QA
Tel & fax: 01581 400 356

Afgritech*
Old Croft
Stanwix, Carlisle
Tel: 01228 554 600
Fax: 01228 554 601

Bibby Agriculture*
Drive House, St. David's Park,
Job's Well Road, Carmarthen,
SA31 3HB
Tel: 01267 232 041
Fax: 01267 232 374

Bibby Agriculture*
1A Network House
Badgers Way
Oxon Business Park
Shrewsbury, Shropshire
SY3 5AB
Tel: 01743 237 890
Fax: 01743 351 552

Bendalls
Brunthill Road,
Kingstown Industrial Estate,
Carlisle CA3 0EH
Tel: 01228 526 246
Fax: 01228 525 634

R Hind
Kingstown Broadway,
Kingstown Industrial Estate, Carlisle
CA3 0HA
Tel: 01228 523 647
Fax: 01228 512 712

Carrs MSM
Unit 1 Spitfire Way,
Hunts Rise,
South Marston Park,
Swindon, Wiltshire SN3 4TX
Tel: 01793 824 891
Fax: 01793 824 894

Wälischmiller Engineering GmbH
Schießstattweg 16
88677 Markdorf
Germany
Tel: 0049 7544 95140
Fax: 0049 7544 951499

Carrs Flour
Solway Mills, Silloth, Wigton, Cumbria
CA7 4AJ
Tel: 016973 31661
Fax: 016973 32543

Greens Flour
Station Road, Maldon,
Essex CM9 4LQ
Tel: 01621 852 696
Fax: 01621 854 525

Hutchisons Flour
East Bridge, Kirkcaldy,
Fife KY1 2SR
Tel: 01592 267 191
Fax: 01592 641 805

John Stronach
Solway Mills, Silloth, Wigton, Cumbria
CA7 4AJ
Tel: 016973 31456
Fax: 016973 32808

Silloth Storage Company*
Station Road, Silloth,
Wigton, Cumbria
CA7 4JQ

* joint venture company

Notes

Designed and produced by corporate**prm**, Edinburgh and London. www.corporateprm.co.uk

Carr's Milling Industries PLC
Old Croft, Stanwix
Carlisle CA3 9BA

www.carrs-milling.com