Carr's Milling Industries PLC

Annual Report & Accounts 2011

Extending our reach

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

The Group's agriculture business comprises 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
£373.3m
2010: £298.1m

Profit before tax
£10.0m
2010: £7.4m

Earnings per share
77.0p
2010: 51.9p

Dividend per share
26.0p
2010: 24.0p

Commercial Highlights

- Acquisition of agricultural businesses to extend geographical cover
- Megalix branded feed launched throughout UK
- Expansion of fuel oil distribution business
- Wheat quality secured as Kirkcaldy port opens
- Strong order book in Engineering

Chairman's Statement

Richard Inglewood
Chairman

Carr's delivered a strong trading performance for the 53 weeks ended 3 September 2011.

Overall, agricultural prices were favourable and our continued focus on service, particularly in the UK during the severe winter months, significantly benefited the results for the year. Strong demand from the nuclear industry and the completion of significant projects during the second half of the period resulted in a very satisfactory contribution from the engineering business whose order book continues to grow and is now quoting for 2014 and beyond. The food business remains focused on cost control to mitigate the negative impact on sales growth and margins from the continued excess capacity in the flour milling industry.

In July 2011, we completed the disposal of Carrs Fertilisers to Origin Enterprises (UK) Limited for a cash consideration of £19.0 million before expenses. In addition, and in accordance with the agreement, Origin discharged the net debt in Carrs Fertilisers which was £3.9 million. The disposal will reduce the Group's exposure to fluctuating commodity prices, should reduce the volatility of the Group's operating profit and significantly reduce levels of seasonal working capital. We have always recognised the cyclical nature of the fertiliser business and are therefore particularly pleased to have been able to dispose of it at a significant book profit.

The continuing agriculture and engineering businesses are well placed to deliver sustainable, profitable growth over the next few years. Our strategy is to expand in the UK and internationally, both organically and through selected acquisitions in growing niche markets, which build on our core strengths.

In addition, we are expanding our animal feedblock business in Europe and New Zealand. We also believe that Wälischmiller Engineering has an opportunity to build a leading position in nuclear manipulator markets worldwide.

Financial Review

Revenue for the period for continuing operations increased by 25.2 per cent to £373.3 million (2010: £298.1 million). Profit before taxation, excluding a £16.6 million profit from discontinued operations, was up 34.8 per cent to £10.0 million (2010: £7.4 million). The growth achieved by our core businesses, in a relatively stable business environment, is a result of the investment made by the Group in selected niche markets both in the UK and overseas.

Excluding discontinued operations, basic earnings per share for the year were up by 48.4 per cent to 77.0 pence (2010: 51.9 pence) with fully diluted earnings per share of 76.3 pence (2010: 51.9 pence) and adjusted earnings per share of 88.4 pence (2010: 53.5 pence).

The net cash generated from operating activities in continuing operations was £11.4 million (2010: £8.3 million). At the end of the year, the Group had net cash of £4.6 million compared to net debt of £15.5 million at 28 August 2010. This reflected the disposal of Carrs Fertiliser for a net cash consideration of £22.1 million including the discharge of net debt. It also reflected total investment and capital expenditure during the year of £5.0 million, a reduction in working capital of £4.0 million, and an additional £2.0 million paid to the pension scheme.

As a result of a strong balance sheet, which is underpinned by a strong cash generation performance, the Group is well placed to fund its investment activities, including potential acquisitions in the UK and overseas.



Dividend

The Board is proposing an 8.3 per cent increase in the final dividend to 13.0 pence per ordinary share which, together with the two interim dividends of 6.5 pence per share each, paid in May and October 2011, makes a total of 26.0 pence per share for the year (2010: 24.0 pence per share). The final dividend, if approved by shareholders, will be paid on 20 January 2012 to shareholders on the register at the close of business on 23 December 2011 and the shares will go ex-dividend on 21 December 2011.

James Ross Crawford

It is with sadness that I report to Shareholders the death during the year of Ross Crawford. Ross was appointed to the board in 1972 and made an enormous contribution to the continuing success of the Company over the following 18 years. Douglas, one of Ross' sons, is employed in our agricultural feed milling company, and on behalf of all at Carr's we extend our sympathy to Ross' family.

Outlook

We anticipate that future financial performance will benefit from the investments we have made, in the UK and overseas, to expand in new and existing growth markets and to improve operational efficiency.

We also believe that the growth potential of the Group's core businesses will significantly mitigate the dilutive impact of the disposal of Carrs Fertilisers on earnings in the short term.

The current year has started well, benefiting from increased sales of low moisture feed blocks in the UK, USA, Europe and New Zealand.

We expect further growth in the US from the opening of two new plants in Watertown, New York State (producing AminoMax) and Shelbyville, Tennessee (producing high moisture feed blocks).

Group financial performance will also benefit from the restructured and recently launched new brands in our Scotmin business, a full year's trading of Safe at Work, utilisation of the new port facility at Kirkcaldy and the strong order book in Engineering.

In addition to the capital projects in progress, the Board is continuing to explore acquisitions and other investment opportunities and, with the Group's strong balance sheet and cash position, we believe that Carr's is well positioned for sustained profitable growth.

Richard Inglewood
Chairman
17 November 2011

Chief Executive's Review

Chris Holmes
Chief Executive

A year ago I stated that "the foundation has been laid for a period of sustained growth" and the results this year support this statement.

In 2011 we achieved a record profit from our businesses, surpassing the high level achieved during the period of exceptionally high raw materials prices in 2008.

We are well positioned to grow our business in the UK and overseas on the foundation that has been laid.

In the period, we invested a total of £5.0 million in our core activities and have earmarked projects for investment over the next two years. Major investment projects completed and proposed include:

- £0.8 million for a grain handling and storage facility at Kirkcaldy
- £1.0 million for an AminoMax plant in Watertown, New York State, scheduled to commence production in November 2011
- £2.5 million acquisition of agricultural related businesses
- £0.9 million for fuel oils depots at Hexham (opened in August 2011) and Cockermouth (scheduled to open spring 2012)
- £3.5 million to replace Wälischmiller Engineering factory scheduled for completion in 2013
- £0.6 million for a feedblock plant in Shelbyville, Tennessee, scheduled to commence production in November 2011
- £0.6m for a new robotic packaging facility at Silloth

Of the above £9.9 million investment programme, £5.0 million was incurred in the period to 3 September 2011 and £4.0 million is expected to be incurred in the current financial year.

Staff

This year's excellent results have been made possible by the experienced, focussed and dedicated staff throughout the company. We have many members of staff with over 20 years' service and it is this loyalty, coupled with their desire to see the company succeed, that makes them such an asset.

I welcome our members of staff joining this year through acquisitions. Following the sale of Carrs Fertilisers, I would like to record my appreciation to our colleagues in that business for their contribution over the years and wish them every success in the future.

My thanks, and that of the board, go to all colleagues in the UK, USA and Europe for their tremendous commitment to the continued development and growth of the company.

Profit before tax by sector

Agriculture

£6.4m

3% up from 2010

Food

£1.3m

17% down from 2010

Engineering

£1.7m

69% up from 2010


CARRS
CARRS

Agriculture

Revenue for the year grew by 26.7 per cent to £272.7 million (2010: £215.2 million) with profit before tax and non-recurring items increasing by 12.1 per cent to £7.0 million (2010: £6.2 million).

Profit before tax, including contribution from associate and joint ventures, increased by 16.9 per cent to £8.2 million (2010: £7.0 million).

Overall, farmgate prices during 2010/11 were favourable and UK milk prices, whilst remaining low during the year, have recently started to increase to more economically viable levels. UK feedblock sales benefited from the severe winter, although sales in the US were lower than expected in the first half before recovering well in the second half.

Caltech, the animal feedblock business, has continued to perform well with growing demand in existing markets and the successful entry into new markets being reflected in a significant increase in sales and profit.

Carrs Billington Agriculture have a wide range of fuel products and services for domestic, agricultural and commercial customers.

We are committed to providing professional customer services and we pride ourselves on reliable, efficient deliveries, while working hard for our customers, to make sure they get the most competitive prices from the market.

In the UK, the integration of Scotmin Nutrition, the feed supplements business acquired in June 2010, was completed to plan. This included a reorganisation and investment programme to reduce costs, improve production efficiency and support the future growth of the enlarged business. During the second half, strong demand for Crystalyx in New Zealand was reflected in a substantial increase in exports. The early success, in France and elsewhere in Europe, of our joint venture with Crystalyx Products in Germany has continued, resulting in increased sales and profit for the year.

The US animal feedblock business performed strongly in the second half following a disappointing first half when heavy snow prevented delivery in key areas. For the year overall, revenue increased and, whilst profit fell as the result of lower margins in the first half, current demand is encouraging.

The new AminoMax plant in Watertown, New York State, will start production in November 2011. This is later than originally anticipated because of an unexpected delay in the delivery of certain equipment, which has now been installed. In the meantime, demand in the US for AminoMax, the patented rumen bypass protein which improves the yield and profitability of dairy herds, has been encouraging and the new plant is expected to make a positive contribution for the current year.

In the UK the Group gained market share of compound and blended animal feeds against a background of rising and volatile wheat prices, which peaked 70.0 per cent higher than in 2009/10, for much of the year. The impact of forward buying a portion of our raw materials requirement, combined with efficiencies, extra volume and better margins, meant we were able to record a higher level of profitability. Bibby Agriculture, our joint venture, which sells animal feeds mainly in Wales, had a good year with volume and profit growing strongly.

Retail sales at Carrs Billington grew, reflecting a full year's contribution from Forsyths of (Wooler) Limited, acquired in September 2010, and market share gains from the enhanced range of products, from animal health products to silage wraps, sold through the enlarged network of 20 branches. In April 2011, the Group acquired Safe at Work Limited, the specialist supplier of protective clothing to the forestry and agricultural markets, which has been successfully integrated and made a positive contribution in the period. Overall margins increased as the result of improved terms agreed with suppliers and other benefits of scale.

Farm machinery sales increased by 18.0 per cent on last year with profitability being maintained. The sales of Massey Ferguson tractors and the enlarged machinery range, including the Kuhn franchise established in September 2010, continue to be encouraging.

Fuel oils increased sales by 37.0 per cent on the prior year, reflecting the expansion of the customer base, the steep rise in the oil price, the impact of the depot opened at Lancaster in September 2010 and strong organic growth. Total sales volume was up approximately 15.4 per cent on last year with margins improving. As a result of our strong focus on customer service and competitive pricing, particularly during the winter months, we increased our market share by gaining and retaining new customers. A new depot at Hexham was opened in August 2011 and we are planning further investment in this sector, including a depot at Cockermouth scheduled to open in the spring of 2012.

Carrs Fertilisers (sold in July 2011)
For the period to disposal, revenue from the fertiliser blending business was £78.4 million on which profit before tax was £3.1 million.

As a result of the disposal, the Group is no longer subject to the extreme price and working capital volatility associated with the fertiliser business over recent years. As part of the transaction we secured a supply agreement to supply fertiliser to our Carrs Billington customers over an initial period of five years.

Profit before tax

£6.4m

2010: £6.2m

Revenue

£272.7m

2010: £215.2m

Food

Revenue for the year from our three flour mills, Kirkcaldy Fife, Silloth Cumbria and Maldon Essex was up by 23.1 per cent to £82.6 million (2010: £67.1 million) with profit before tax falling by 16.6 per cent to £1.3 million (2010: £1.5 million).

Over-capacity in the UK milling industry continues to be an issue and this, combined with ongoing price volatility in the wheat market, resulted in a challenging environment for our food business. The significant increase in revenue primarily reflects higher wheat prices year on year which, as a result of not being able to pass on these increases in full, resulted in lower margins.

We continue to reduce costs. Labour and energy represent our highest costs after raw materials and we made significant savings in both areas.

Working closely with Forth Ports we re-opened the port of Kirkcaldy to grain ships. We invested £0.8m net of a freight facility grant from Transport Directorate of Scotland. The benefits of this project are three-fold, a financial benefit for our Kirkcaldy Mill, the benefit of consistently available quality wheat, and an environmental benefit of removing 250,000 truck miles and 4,000 lorry journeys off the road.

Grain from Canada and Germany, which was previously trucked from ports in Liverpool and Perth respectively, will now be shipped directly to Kirkcaldy, as will wheat from the south east of England, meaning the mill will not be so reliant on wheat grown in the north of England.

Profit before tax

£1.3m

2010: £1.5m

Revenue

£82.6m

2010: £67.1m

Peter Devlin of Devlin Photo Ltd

Kirkcaldy port opens

The port has been upgraded so that it is able to receive grain cargo ships in an initiative spearheaded by Carr's after the harbour fell into disrepair almost 20 years ago.

Carr's Flour Managing Director, Duncan Monroe, added, "It is very exciting to see ships berthing alongside our grain silo once more. As well as the obvious environmental benefits, sea freight helps ensure an uninterrupted supply of the best quality bread wheats. This means that in years such as this, when the wheat harvest in Scotland has been difficult, we can still supply our customer with the consistent quality products they are used to. Our business has been in Kirkcaldy for nearly 200 years and we believe that this project will bring great benefit not only to our business but also to our customers and the local people of Kirkcaldy."

Nik Scott-Gray, Business Development Manager of Forth Ports, said, "We are delighted to see Kirkcaldy a working harbour once again". This coastal shipping initiative will reduce the lorry journeys by around 4,000 per year, and deliver a greener transport alternative, with one recent wheat shipment from Tilbury to Kirkcaldy over 17 times more carbon efficient than using the road.

Engineering

As anticipated, a strong performance in the second half of the period and growing order book resulted in profit before tax for the year increasing by 68.7 per cent to £1.7 million (2010: £1.0 million) on revenue up by 13.8 per cent to £18.0 million (2010: £15.8 million) following a fall in the first half.

Profit before tax

£1.7m

2010: £1.0m

Revenue

£18.0m

2010: £15.8m

The profit before tax after adding back £203,000 for impairment of assets was £1.9 million, an increase of 89.4 per cent over last year.

Wälischmiller Engineering, the remote handling technology and robotics business, has experienced very strong demand, particularly in France, Germany, Japan, Korea and Russia. The strong level of demand is reflected in the order book which had grown to €38.0 million at 31 October 2011 (2010: €17.0 million) and Wälischmiller is now quoting for deliveries in 2014 and beyond. In Wälischmiller's core nuclear market, projects in China, Japan and Germany, with a total value of €4.5 million, were completed during the second half as planned, including the first of eight TELBOTS® specialist robots. In July 2011, Wälischmiller won a €6.5 million contract for a nuclear decommissioning project in Russia on which design work has now commenced and which is due for completion in early 2013. Outside the nuclear market, wins include a contract with LBO in Norway, a main contractor to Shell, for the design and supply of a TELBOT® system for cleaning tanks.

In support of future growth, we are investing approximately €4.0 million in a new factory at Markdorf, South West Germany, scheduled for completion in 2013 and which will largely replace the existing facility.

Bendalls Engineering, the specialist steel fabrication business, made substantial progress in the project to supply a major vessel for the Evaporator D project at Sellafield, which is the UK's largest nuclear project, with delivery expected in early 2012. Financial performance for the year also benefited from the project to supply pressure vessels to Bechtel in the US for the nuclear decommissioning plant at Hanford, Washington State.

At Carrs MSM, the Swindon-based supplier of remote handling equipment to the UK nuclear industry, demand increased in the second half of the period following the completion by its major customer of a major reorganisation and operations review.

Chris Holmes
Chief Executive Officer
17 November 2011

Wälischmiller – High Technology with Tradition.

Wälischmiller Engineering is specialist in remote handling, robotics and radiation protection for use in environments inaccessible to humans. The need to ensure the highest level of safety in these environments means that all our products are designed and manufactured to the highest levels of quality. Our focus on product quality and operational safety marks us out as unique in the market. Our company slogan influences us everyday and in everything we do.

"Quality for Safety"

Financial review

Ronald Wood
Finance Director

Performance against KPIs

	2011	2010
Organic sales growth*	**20.8%**	**-2.1%**
Gross return on revenue*	**11.0%**	**12.8%**
Net return on revenue*	**2.7%**	**2.5%**
Adjusted earnings per share*	**88.4p**	**53.5p**
Return on net assets*	**17.9%**	**19.4%**
Free cash flow*	**£11.4m**	**£8.3m**

*continuing operations

The Group's business

The Group's operations are organised into three business divisions, agriculture, food and engineering, and the performance of these three divisions in the year is discussed in the Chief Executive's Review on pages 4 to 11. The agriculture business operates predominately 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 three 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'):

- 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 before non-recurring items as a percentage of revenue
- Adjusted earnings per share – profit attributed to equity shareholders less non-recurring items and amortisation divided by the weighted average of shares in issue during the period
- Return on net assets – profit before tax and before non-recurring items and amortisation as a percentage of net assets
- Free cash flow – cash generated from operations less tax and interest paid

Business strategies
The Group's 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.

Overview
Group revenue from continuing activities during the period was £373.3 million (2010: £298.1 million).

Profit before taxation, excluding a £16.6 million profit from discontinued operations increased to £10.0 million (2010: £7.4 million).

Net finance costs were £0.9 million (2010: £0.8 million) and were covered 9.9 times (2010: 9.1 times) by Group operating profit.

Taxation
The Group's effective tax charge on profit from activities after net finance costs and excluding profits from associates and joint ventures was 24.0 per cent (2010: 25.1 per cent). A reconciliation of the actual total tax charge to the standard rate of corporation tax in the UK of 27.16 per cent is set out in note 9 to the financial statements.

The substantive enactment of the Finance Act 2011 reduces the corporation tax rate from 28 per cent, to 26 per cent in the period to 3 September 2011 with a further reduction to 25 per cent due from 1 April 2012.

Earnings per share (continuing operations)
The profit attributable to the equity holders of the Company amounted to £6.8 million (2010: £4.6 million), and basic earnings per share was 77.0p (2010: 51.9p), an increase of 48.4 per cent. Adjusted earnings per share of 88.4p (2010: 53.5p) is calculated by dividing the profit attributable to equity shareholders for the period, before non-recurring items and amortisation of intangible assets, by the weighted average number of shares in issue during the period.

Cash flow
The cash generated from continuing operations was up 25.4 per cent to £14.1 million (2010: £11.2 million) arising from higher Group profit and a decrease in working capital; a significant part of which was attributable to the receipt of payments on account by our engineering business. Total contributions of £4.8 million (2010: £2.8 million) were paid to the defined benefit pension scheme and reflects an additional £2.0 million, of the £3.0 million agreed between the Company and the Trustees following the disposal of Carrs Fertilisers.

The net cash inflow from the disposal of Carrs Fertilisers was £20.1 million including the £2.0 million pension contribution.

Cost of acquisitions acquired in the period was £1.8 million (2010: £5.3 million) and loans to joint venture companies for the construction of new production facilities was £1.3 million.

As a result of the strong cash flow, repayment of long term debt amounting to £3.4 million was made.

Dividends paid to shareholders was £2.2 million (2010: £2.0 million).

The overall result is a net increase in cash and cash equivalents of £19.2 million (2010: £4.1 million).

Net debt
At the end of the year, the Group had net cash of £4.6 million compared to net debt of £15.5 million at 28 August 2010. This results from strong operating cash flows and the net cash consideration from the disposal of Carrs Fertilisers amounting to £22.1 million.

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 78 active members, 95 deferred members and 191 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 at 3 September 2011 of £6.0 million (28 August 2010: £10.7 million). Actuarial gains of £0.7 million (2010: £2.3 million) have been reported in the Consolidated Statement of Comprehensive Income.

Following the disposal of Carrs Fertilisers and in agreement with the Scheme Trustees the Company injected £2.0 million into the defined benefit section in July 2011 and a further £1.0 million in September 2011.

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 at 3 September 2011 of £4.5 million (2010: £5.6 million). The details of both pension schemes are given on note 29 to the financial statements.

Group Revenue

£373.3m

2010: £298.1m

Profit before tax

£10.0m

2010: £7.4m

Net finance costs

£0.9m

2010: £0.8m

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 flour milling activities in advance of sales contracts.

The main elements of treasury activity are outlined below.

Foreign currency risk
Since the disposal of our fertiliser blending operations the purchasing of raw materials in foreign currencies has significantly reduced. The small foreign currency risk facing the Group is in the purchase of raw materials for the flour milling operation.

The currency involved is the euro. 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.

Interest rate risk
With low interest rates and reduced net borrowings the Board decided not to manage its cost of borrowing through interest rate hedging instruments. The Board will continue to review the appropriateness of the interest rate hedging should the level of net borrowing increase.

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 meetings. 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 more than half the Group's funding requirements is agreed for the three years to November 2014. 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 three divisions 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 2011. The main risks are set out on page 16 to 17.

On behalf of the Board

Ronald C Wood
Finance Director
17 November 2011

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
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Risk Management

The Group-wide risk management and reporting process helps management to identify, assess and mitigate risk.

The process involves the identification and prioritisation of key risks, together with associated controls and plans for mitigation. The Group could be affected by a number of risks, which might have a material adverse effect on our reputation, operations and financial performance.

The risks identified are collated and reported to the Finance Director. This culminates in the identification for the Board of the Group's key business, financial, operational and compliance risks with associated action plans and controls to mitigate them where possible. Further details of the risk management process are on page 14 and the key risks and uncertainties identified as part of this process, together with some of the mitigating actions that we are taking, are listed below.

The Group is exposed to a number of other risks, some of which may have a material impact on its results. It is not possible to identify or anticipate every risk that may affect the Group. Our overall success depends, in part, upon our ability to succeed in different economic, social and political environments and to manage and to mitigate these risks.

Key Risks

Risk	Impact and description	Examples of mitigating actions
Failure to act safely and to maintain the continued safe operation of our facilities and quality of our products	The safety of our employees, customers, contractors, suppliers, and the communities in which we operate is fundamentally important. We must operate within all laws, regulations and rules relating to health, safety and the environment. The operation of our sites involves many risks, including failure or sub-standard performance of equipment and improper installation or operation of equipment.	• Health and safety policies and procedures at all facilities • Designated staff at all locations to ensure policies are followed • Product safety and quality policies and procedures in place to prevent contamination • Regular review of safety/environmental performance at group divisional level • Monitoring of health and safety/environmental performance across the Group by means of an established site audit programme
Failure to attract, develop and retain key personnel	Performance, knowledge and skills of employees are central to success. We must attract, integrate and retain the talent required to fulfil our ambitions. Inability to retain key knowledge and adequately plan for succession could have a negative impact on the Group's performance.	• Remuneration policies designed to attract, retain and reward employees with ability and experience to execute Group strategy • Strategies to provide opportunities for employees to develop careers • Succession planning takes place at management and Board level

Risk	Impact and description	Examples of mitigating actions
Non-compliance with legislation and regulation	The Group operates in diverse markets and therefore is exposed to a range of legislation and regulation, which we must comply with and understand. Any breach could have a financial impact and damage our reputation.	• Legal advisers monitor changes in legislation and advise the Directors accordingly • Legal advisers maintain compliance policies in areas such as antitrust, money laundering and anti-corruption laws
Fluctuations in prices, offtake and availability of raw materials, energy, freight and other operating inputs	Margins may be affected by fluctuations in crop prices due to factors such as harvest and weather conditions, crop disease, crop yields, alternative crops and by-product values. In some cases, due to the basis for pricing in sales contracts, or due to competitive markets, we may not be able to pass on to customers the full amount of raw material price increases or higher energy, freight or other operating costs.	• Strategic relationships with suppliers • Multiple-source suppliers for key ingredient supplies • Raw material and energy purchasing policies to provide security of supply • Derivatives used where possible to hedge exposure to movements in future prices of commodities
Failure to protect intellectual property	Our commercial success depends, in part, on obtaining and maintaining trademark and patent protection on certain products and technology. We must successfully defend trademarks and patents against third-party challenges or infringements.	• The Group legal adviser, supported by expert intellectual property lawyers, monitors all intellectual property • Organised and secure process for identifying and recording innovations, trade secrets and potential patentable ideas
Failure to maintain high standards of customer service and identify important consumer trends	Not meeting the required service levels, especially where the business is heavily reliant on a particular customer, and/or falling behind on emerging trends could have a negative impact on performance and reputation.	• Management work closely with customers to identify emerging trends • Area account managers in place for major customers
Failure to maintain an effective system of internal financial controls	Without effective internal financial controls, we could be exposed to financial irregularities and losses from acts which could have a significant impact on the ability of the business to operate. We must safeguard business assets and ensure accuracy and reliability of records and financial reporting.	• Authorisation policies ensure that key tasks are segregated to safeguard assets • Detailed internal finance and capital expenditure manuals set out procedure • Group financial performance monitored with monthly Board reports and regular forecasting • Chief Executive and Finance Director undertake detailed business and financial reviews
Managing procurement costs	The flour division purchases a significant quantity of raw materials each year and incurs many other input costs such as utilities. The Group's cost base can be affected by fluctuating raw material and energy prices. An inability to pass on increases in costs quickly to the customer could adversely affect the results of the Group.	• Through the division's wheat director, we have strong relationships with suppliers, enabling optimal negotiated prices • Forward prices are agreed and locked in where appropriate and available • The Group seeks to pass on cost increases wherever possible to its customers through price rises, however, competitive constraints in achieving this can affect the Group's results

Corporate Responsibility

Safety

Safety is a high priority for the Group, it is believed that it is paramount to the running of a successful business. This means that we have to provide safe and healthy conditions for employees, contractors and visitors at all our locations. Our continuous improvement of our safety record is essential to our operation as a successful business.

Overview

Whilst our safety performance at several of our locations improved in 2011, and our Engineering division performance compares favourably against the industry standard, the Group's overall safety performance of minor accidents deteriorated in 2011. Part of the reason for this deterioration is that more accurate reporting of accidents has been encouraged. Additionally, the acquisition of new companies has adversely affected the accident rate, and action has been taken to ensure that these companies are integrated into the Group's health and safety protocols.

Several of the Group companies equalled or improved on their 2010 safety performance, including two companies that reported no recordable injuries. Overall, we were pleased with our results, however, there is still room for improvement and actions are being taken to reduce the accident rate through revised policies and guidance, improvement of the auditing programme, and continuous reviews of physical conditions at each site.

Environment

It is important that we all manage our impact on the environment, and that equally applies to companies as well as individuals. As a consequence we are committed to conducting our business in a manner that is sensitive to the environmental needs of the communities within which we operate. This aim will be achieved by upholding defined, key environmental standards in all of our operations.

Overview

Project 250 was established at the end of the last financial year with the target of reducing our energy usage by 2.5 per cent year on year, with 2011 being the first year. Project 250 is managed by a team of individuals representing the entire Group. The team has created an Energy Efficiency Policy for the Group and has engaged all personnel in the benefits, both business and environmental, of reducing energy usage. The team has introduced more detailed measurement and reporting systems, which enable us to provide preliminary results for this first year.

"At Carr's, the performance of the Group is not just determined by financial and operational achievements, it is influenced by social and environmental issues. All these factors are inter-linked and create the value of the business."

Chris Holmes *Chief Executive*

Managing our impact on the environment is good for the environment and also brings economic benefits to the Group, with a 2.5 per cent saving equating to approximately £250,000. We have reviewed and reduced our energy usage with a view to reducing our carbon footprint, an increasingly important global measure of overall environmental performance across the Group:

- Energy use per unit of production reduced by 2 per cent, due to energy efficiency projects and improvements in plant utilisation.
- Primary carbon footprint from manufacturing energy use reduced by 2.9 per cent per unit of production, resulting largely from these energy efficiency initiatives.

Carbon footprint
This is a measure of the impact that a person, organisation or product has on the environment in terms of the amount of carbon dioxide produced during a given period or product cycle. Calculating our total carbon footprint helps us to manage our overall environmental impact and benchmark our performance year on year.

Outlook
The Project 250 team is working to further improve environmental performance and to provide action plans that will build on our progress to date. These plans include:

- Reducing energy usage per unit of production, through a constant focus on efficient operation, supported where appropriate by capital investment;
- Continuing to evaluate our carbon footprint;
- Improving engagement with colleagues and external stakeholders on our environmental performance and other sustainability matters; and
- Investigating renewable energy source options.

Community
We want to play a positive role in the communities in which we operate. We chiefly do this through charitable donations and by supporting our employees' participation in community activities.

Overview
Each year we support a significant number of organisations, ranging from long-established charities to fledgling community organisations. Community support takes many forms, depending on the needs of the organisation. It includes funding, employee volunteering, consultancy, and providing mentoring and business skills.

On-going
This year we undertook a special relationship with the Lake District Calvert Trust, a charity which enables people of all ages with disabilities, together with their families and friends, to achieve their potential through the challenge of outdoor adventure in the countryside. We have pledged to annually donate 10 per cent of the total energy savings from Project 250 for three years, with a guaranteed amount of £25,000 this year. In addition, several of our employees have participated in volunteering to complete necessary works at the Trust. Such community involvement benefits our employees by enhancing the facilities at the Trust, and offers personal development opportunities.

In addition to the work we do with the Trust we also support a variety of charities and organisations such as:

- The Royal Agricultural Benevolent Institution which supports members of the farming community facing need, hardship or distress. Fundraising events held by the Group in the period raised £25,000 including a £3,146 contribution by the Group.
- Carlisle Youth Zone which serves the social, recreational and emotional needs of young people of the area. The Group donated £5,666 during the period.
- The Border Concert Band which is a 30 piece community band based in Carlisle, serving the musical needs of the local area.
- A variety of schools and nurseries and the local hospice.

We believe that the projects we sponsor target local needs and deliver the most positive impact, and ensures that our community work reflects our broader responsibilities as a Company.

The Directors submit their report and the audited accounts of the Company and the Group for the period ended 3 September 2011. The Company registered number is 98221.

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, Food and Engineering. A review of the business and future development of the Group is presented in the Chief Executive's Review on pages 4 to 11 and in the Financial Review on pages 12 to 14.

Results and dividends
The Group profit from continuing activities before taxation, was £10.0 million (2010: £7.4 million). After taxation charge of £2.0 million (2010: £1.7 million), the profit for the year is £8.0 million (2010: £5.8 million). The profit from discontinued activities after taxation was £16.6 million (2010: £1.1 million). An interim dividend of 6.5p (2010: 6.0p) per ordinary share was paid on 26 April 2011. A second interim dividend of 6.5p per ordinary share was paid on 7 October 2011. The Directors recommend the payment of a final dividend for the period, which is not reflected in these accounts, of 13.0p (2010: 12.0p) per ordinary share which, together with the interim dividends, represents 26.0p per ordinary share, totalling £2.3 million (2010: 24.0p per ordinary share, totalling £2.1 million).

Subject to approval at the Annual General Meeting, the final dividend will be paid on 20 January 2012 to members on the register at the close of business on 23 December 2011. Shares will be ex-dividend on 21 December 2011.

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

Principal risk identification and management
The Group's principal risks and uncertainties have been reviewed by the Board, and are shown in the Risk management review section on pages 16 to 17. The Risk management review also provides information on the how the Board envisages the Group managing those risks.

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. Immediately following the sale of the Group's fertiliser business on 13 July 2011, £2.0 million of the sale proceeds was used to reduce the Group's pension fund deficit, and a further £1.0 million was paid into the fund on 5 September 2011. The total of £3.0 million is approximately £1.0 million in excess of the statutory payment requirement.

In the last quarter of the financial period, the equity markets have fallen due to global issues, this together with the reduced bond yields, increased the deficit which was partially offset by the cash funding from the Company. In the period the deficit reduced by £4.8 million to £6.0 million. 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 29 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. C N C Holmes retires in accordance with the Articles of Association and A R Heygate retires in accordance with best practice under the UK Corporate Governance Code 2010, and both directors being eligible, offer themselves for re-election.

In accordance with the UK Corporate Governance Code 2010, the Board confirm that it believes that C N C Holmes should be re-elected. As a direct result of C N C Holmes' leadership and vision the Company has gone from strength to strength, and obviously it is in the best interests of the Company and the shareholders that this continues. A R Heygate is an asset to the Board as a result of his great depth of knowledge and expertise in the agriculture and the UK flour milling industry, which the Board view as invaluable.

Biographical details of the directors are shown below:

Non-executive directors
Lord Inglewood was appointed as Chairman to the Board in 2005. He was a Conservative member of the European Parliament for ten years until his retirement in 2004, and a Government Minister from 1995 to 1997 and has been a member of the House of Lords since 1989. He is currently the Chair of the House of Lords Select Committee on Communications. He is also Chairman of CN Group Limited, the Carlisle based regional media company. Age 60.

Mr A R Heygate was appointed to the Board in 1991. He is the joint Managing Director of Heygate & Sons Limited, the UK's largest independent flour milling company. He is the longest standing non-executive Director and is Chairman of the Audit Committee. He is also a member of the executive of Camden BRI association and sits as Chairman on its Audit Committee. For almost 30 years he has been a member of the executive of the National Association of British & Irish Millers. Age 66.

Mr A G M Wannop was appointed to the Board in September 2005. He is the Senior Independent Director of the Board and the Chairman of the Remuneration Committee. He has been the Chairman of both the County NFU and the MAFF northern regional advisory panel. He has served as a director of The English Farming and Food Partnership, Rural Regeneration Cumbria, and Cumbria Vision. He is a fellow of the Royal Agricultural Society of England. Age 49.

Lord Inglewood, Mr A R Heygate and Mr A G Wannop have one year fixed term contracts which expire on 31 August 2012.

Executive directors
Mr C N C Holmes was appointed to the Board in January 1992, and as Chief Executive in September 1994. Previously he held senior management positions in the agricultural division of J Bibby & Sons. Age 60.

Mr R C Wood 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 the Company Secretary. Age 64.

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

The Directors are entitled to be indemnified by the Company to the extent permitted by law and in the Company's Articles of Association, in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The Company has executed deeds of indemnity for the benefit of each Director in respect of liabilities which may attach to them in their capacity as Directors of the Company. The Company purchased and maintained Directors' and Officers' liability insurance throughout 2010/11, which has been renewed for 2011/12. Neither the indemnities nor the insurance provide cover in the event the Director is proved to have acted fraudulently.

Employment policies and employees

The Group takes its responsibilities for its employees seriously. It also recognises that the commitment of the employees is vital to all areas of the business. The Group values diversity and is fully committed to treating its employees and customers with dignity and respect. The Group is committed to:

- Ensuring there is equality of opportunity for all existing and potential employees;
- The fair treatment of people with disabilities regarding applications, training, promotion and career development. An employee who becomes disabled would, where appropriate, be offered retraining;
- Providing employees with clear and fair terms of employment and competitive remuneration packages; and
- Enabling employees to have access to information allowing them to be able to contribute and participate fully in the Group's objectives and achievements.

Across the Group women accounted for 21% of the total number of employees employed during the period.

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

Acquisitions

On 14 September 2010 Carrs Billington Agriculture (Sales) Limited acquired the entire issued share capital of Forsyths of (Wooler) Limited, an agricultural merchant. The cash consideration paid was £722,000. The Forsyths business extends our existing agriculture branch network in Northumberland.

On 28 April 2011 Carrs Billington Agriculture (Sales) Limited acquired the entire issued share capital of Safe at Work Limited, a specialist supplier of protective clothing to the forestry and agricultural markets. The cash consideration paid was £1,760,000. The acquired business extends the product range sold through our existing branch network.

Disposal

On 13 July 2011 the Group successfully completed the sale of the Group's fertiliser business to Origin Enterprises (UK) Limited ("Origin"). The disposal was for a cash consideration of £19.0 million and realised an attractive valuation for this business.

The sale removes the Group's large exposure to commodity price fluctuations, and in turn will help to reduce volatility in the Group's profits and significantly reduces the level of seasonal working capital. The disposal has strengthened the Group's balance sheet and produced low gearing levels leaving the Group in a strong position for the forthcoming financial year, ready to make further investment within the Group and capitalise on any potential acquisitions. Our subsidiary agricultural trading company, Carrs Billington Agriculture (Sales) Limited ("CBAS") entered into a supply agreement with Origin, under which Origin agree to supply CBAS with fertiliser for an initial period of 5 years.

Political and charitable donations

During the period ended 3 September 2011 the Group contributed £38,088 (2010: £9,927) in the UK for charitable purposes. Further details have been included within the Corporate Responsibility statement on page 19. There were no political donations during the year (2010: Nil).

Investment properties

The market value of the Group's investment properties at 3 September 2011 exceeded their net book amount by approximately £406,000.

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 371 day period, is 38 days (2010: 42 days). The Company has no outstanding trade payables at the end of the financial period (2010: £nil).

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 30 to the financial statements.

At the last Annual General Meeting the Directors received authority from the shareholders to:

Allot Shares – this gives Directors the authority to allot authorised but unissued shares and maintains the flexibility in respect of the Company's financing arrangements. The nominal value of ordinary shares which the Directors may allot in the period up to the next Annual General Meeting to be held on 10 January 2012, is limited to £725,281 which was equal to 33% of the nominal value of the issued share capital on 17 November 2010. The directors do not have any present intention of exercising this authority other than in connection with the issue of ordinary shares in respect of the Company's share option plans. This authority will expire at the end of the Annual General Meeting to be held on 10 January 2012.

Disapplication of rights of pre-emption – this disapplies rights of pre-emption on the allotment of shares by the Company and the sale by the Company of treasury shares. The authority will allow the Directors to allot equity securities for cash pursuant to the authority to allot shares mentioned above, and to sell treasury shares for cash, on a pro rata basis to existing shareholders (but subject to any exclusion or arrangements as the Directors consider necessary or expedient in relation to fractional entitlements, any legal, regulatory or practical problems or costs under the laws or regulations of any overseas territory or the requirements of any regulatory body or stock exchange) and otherwise on a pro rata basis up to an aggregate nominal amount of £219,782, representing 10% of the Company's issued share capital as at 17 November 2010. This authority will expire at the end of the Annual General Meeting to be held on 10 January 2012.

To buy own shares – this authority allows the Company to buy its own shares in the market, as permitted under the Articles of Association of the Company, up to a limit of 10% of the Company's issued share capital. The price to be paid for any share must not be less than 25p, being the nominal value of a share, and must not exceed 105% of the average middle market quotations for the ordinary shares of the Company as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the ordinary shares are purchased. The Directors have no immediate plans to exercise the powers of the Company to purchase its own shares and undertake that the authority would only be exercised if the Directors were satisfied that a purchase would result in an increase in expected earnings per share and was in the best interests of the Company at the time. This authority will expire at the end of the Annual General Meeting to be held on 10 January 2012. The Directors would consider holding any of its own shares that it purchases pursuant to this authority as treasury shares.

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 27 to 30), are as follows:

	on 3 September 2011 Ordinary Shares	on 28 August 2010 Ordinary Shares
C N C Holmes	127,500	114,915
R C Wood	98,230	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 3 September 2011 to 10 November 2011.

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 there 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 10 January 2012 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 10 November 2011 in the 8,863,459 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	14.3%
T W G Charlton	575,000	6.5%
Rathbone Nominees Limited	470,600	5.3%
Europe Nominees Limited	378,779	4.3%
HSBC Global Custody Nominee (UK) Limited	350,000	3.9%
Barclayshare Nominees Limited	292,934	3.3%

* 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.

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

The Notice convening the Annual General Meeting appears on page 94 and includes the following items of Special Business:

(i) *Resolution 7 : Directors power to allot securities*
Under section 551 of the 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 £731,235, 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 £221,586, 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 245,973 which, if exercised, would represent 2.8% 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 3.1% of the issued share capital of the Company following completion of the purchase of the Company's own shares.

(iv) *Resolution 10: Notice period for general meetings other than annual general meetings*
A general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

Directors' responsibilities

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

Responsibility for preparing financial statements

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 the Group and enable them to ensure that the financial statements and 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 website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Responsibility statement

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;
- 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 Risk management review provides a description of the principal risks and uncertainties that the Group faces.

By Order of the Board
Ronald C Wood
Company Secretary
17 November 2011

Statement by the Directors on compliance with the provisions of the UK Corporate Governance Code 2010

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 27 to 30, describes how the Board applies the principles of good governance and best practice as set out in the UK Corporate Governance Code 2010 (the "New Code 2010"). A statement of compliance can be found at the end of this report.

The Board

The Board is responsible for providing entrepreneurial leadership, whilst working within a prudent and effective framework of control, which balances and manages risk. The Board establishes the Company's values and standards and ensures that its obligations to shareholders and stakeholders are met. It sets the Company's objectives and ensures that the Company has the necessary personnel and finances available to meet those objectives.

The Board meets ten times throughout the year. To enable the Directors of the Board to carry out their responsibilities all the Directors have full and timely access to all relevant information. The Board has a schedule of matters for discussion. The schedule is reviewed periodically and includes, but is not limited, to the following:

- 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.

A schedule of matters is available on the Company's website. The Board has delegated authority to the Audit and Remuneration Committees to carry out certain tasks as defined in their written terms of reference approved by the Board; these are also available on the Company website.

Members

The Board consists of a non-executive Chairman, two executive Directors and two other non-executive Directors. 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 New Code 2010 questions his independence due to his long association with the Company and the fact that he represents a significant shareholder. The Board believes that he acts in the best interests of the Company and that his knowledge and experience are an asset to the Company. In addition, it is felt that his holding of shares in the Company aligns his interests with those of the shareholders. A G M Wannop is the Senior Independent non-executive Director. The New Code 2010 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 New Code 2010.

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 New Code 2010. All new directors are subject to election by shareholders at the first opportunity following their appointment. As a result of A R Heygate's long association with the Company the Board have decided that it would be prudent to require him to retire annually to ensure that the shareholders are able to review his continued membership of the Board.

Directors' biographies are shown on page 20. 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.

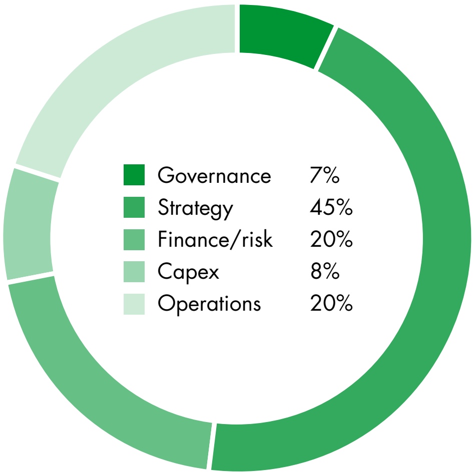
Attendance and agenda

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.

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
Number 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

The chart below shows the approximate time the Board has spent discussing agenda items during the year, separated into broad categories.



In addition to the regular scheduled meetings throughout the year, unscheduled supplementary meetings may also take place as and when necessary, although during this financial year there had been no reason to hold an unscheduled meeting. The Board meetings are structured to allow open discussion and all directors participate in discussing strategy, financial performance and risk management.

Directors who are unable to attend a particular meeting receive relevant briefing papers and are given the opportunity to discuss any issues with the Chairman, the Chief Executive or the Group Finance Director.

Support

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.

Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separated and their responsibilities are clearly established, set out in writing and agreed by the Board. The Chairman is responsible for the leadership and workings of the Board and ensuring its effectiveness, while the Chief Executive is responsible for running the business and implementing strategy and policy.

Directors' conflicts of interest

As permitted under the Companies Act 2006, the Company's Articles of Association permit directors to authorise conflicts of interest and the Board has a policy and procedures for managing and, where appropriate, authorising actual or potential conflicts of interest. Under those procedures, directors are required to declare all directorships or other appointments to organisations that are not part of the Group and which could result in actual or potential conflicts of interest, as well as other situations which could result in a potential conflict of interest.

The Board is required to review the Directors' actual or potential conflicts of interest at least annually. Directors are required to disclose proposed new appointments to the Chairman before taking them on, to ensure that any potential conflicts of interest can be identified and addressed appropriately. Any potential conflicts of interest in relation to proposed directors are considered by the Board prior to their appointment. In this financial year there have been no declared conflicts of interest.

Board Committees

Audit Committee

The Committee currently comprises the three non-executive Directors, A R Heygate (Chairman), W R Inglewood and A G M Wannop. The Board considers that the Company meets the main requirements of the New Code 2010 for a company of Carr's size.

The Board is 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 meets at least two times a year and such meetings involve a review of the Group's interim and full year financial statements.

Under its terms of reference, the Committee is required, amongst other things to:

- monitor the integrity of the financial statements of the Company;
- review, understand and evaluate the Company's internal financial risk, and other internal controls and their associated systems;
- oversee the relationship with the external auditors, making recommendations to the Board in relation to their appointment, remuneration and terms of engagement; and
- monitor and review the external auditor's independence, objectivity and effectiveness and to approve the policy on the engagement of the external auditor to supply non-audit services.

During the year and up to the date of this Annual Report the Committee has:

- reviewed the Committee's terms of reference and its effectiveness. New terms of reference were drafted and adopted in the period bringing the terms of reference up to date;
- agreed the terms of engagement, the fees, areas of responsibility and scope of the audit work to be undertaken by the external auditors;
- reviewed the annual and interim financial statements. In doing so the Committee reviewed significant accounting policies, financial reporting issues and judgements, together with the reports received from the external auditors on their audits;
- reviewed and approved the scope of non-audit services provided by the auditors to ensure that there was no impairment of independence and objectivity, and subsequently monitored the non-audit work performed to ensure it was within policy guidelines; and
- reviewed the policy and processes enabling employees within the Group to make disclosures about suspected financial and operational improprieties.

The Committee has recommended to the Board that PricewaterhouseCoopers LLP be re-appointed as the Company's auditor.

As a result of its work during the year, the Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditors.

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

Remuneration Committee

The Committee currently comprises A G M Wannop (Chairman), W R Inglewood and A R Heygate. It is a requirement of the New Code 2010 that the Committee should, in the case of smaller companies, consist of at least two members who are considered by the New Code 2010 to be independent. The Company has complied with this. 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 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 27 to 30.

The Chairman of the 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 New Code 2010, 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 and for reviewing its effectiveness, including: financial, operational and compliance controls and risk management, which safeguards the shareholders' investment and the Group's assets. 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.

The Board of Directors is not aware of any significant losses caused by breaches of internal control in the period.

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 and up to the date of the Annual Report being approved. These include: a process to identify and evaluate business risks; 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.

Compliance with the New Code 2010

The Directors consider that the Company has, during the period ended 3 September 2011, complied with the requirements of the New Code 2010 other than as set out below.

- the non-executive Director, A R Heygate, is deemed to be independent notwithstanding his long association with the Company and the fact that he represents a significant shareholder (B.1.1);
- the members of the Audit Committee are deemed not to have recent and relevant financial experience in accordance with the New Code 2010 (C.3.1). However, the Board believes their business knowledge and experience is sufficient to satisfy the Committee's obligations;
- 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 (B.6.). 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;
- The non-executive Directors do not meet without the Chairman to evaluate his performance, (A.4.2) as his performance is reviewed by the Chief Executive and Group Finance Director;
- there is no separate Nominations Committee (B.2.1) 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;
- The Chairman does not discuss governance or strategy with major shareholders (E.1.1); and
- The Senior Independent Director (A G M Wannop) does not meet with major shareholders to discuss their issues/concerns, other than at the Annual General Meeting (E.1.1). The Chief Executive and the Group Finance Director have contact with major shareholders and are able to answer any of their concerns and present any issues to the Board for it to consider.

By order of the Board

Ronald C Wood
Company Secretary
Carlisle
CA3 9BA
17 November 2011

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. The Committee may invite the Chief Executive to participate in some of its discussions when necessary. The Committee's terms of reference are available from the Company's website. The Committee's main responsibility is 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 the grant of share options.

The remuneration of the non-executive Directors is determined by the Chairman and the executive Directors and reflects the time, commitment and responsibility of their roles. No Director attends any part of a meeting at which his own remuneration is discussed.

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. In setting remuneration levels for the executive Directors, the Committee takes account of the remuneration policy and practice applicable to other Group employees.

Details of remuneration

The remuneration of Directors is set out in detail on page 28. 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 permanent contract with a one year notice period. The most recent executed contracts for the executive Directors were dated 10 June 2002 and amended on 8 September 2011. In the event of termination C N C Holmes would be entitled to loss of salary and benefits 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 provide for one year's additional pay for severance as a result of a change of control. The contracts of non-executive Directors of the Company are fixed for one year and the most recent executed contracts for W R Inglewood, A R Heygate and A G M Wannop were 8 September 2011.

The Company's policy 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.

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 personal and Company performance and relies on information from comparable companies. Basic salaries were last reviewed in September 2011, with increases taking effect from 1 September 2011. The next review will take place in August 2012. 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 UK Corporate Governance Code 2010.

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. C N C Holmes has attained the age of 60 and has postponed the receipt of a 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.

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 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 per cent or the increase in the Retail Price Index (RPI) if less.

Share options. Basic 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. There are no unexercised executive share options held by the executive Directors at the period end.

Deferred bonus scheme

In February 2006, the Group established an HMRC Approved Deferred Bonus Scheme. In the period ended 3 September 2011, the Remuneration Committee declined to offer the two executive Directors deferred bonus shares (2010: 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.

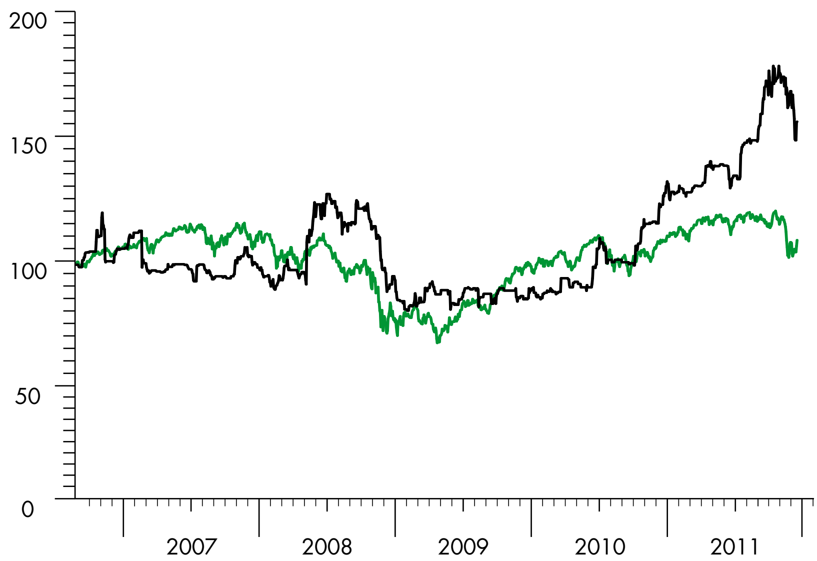
Performance Graph

The following graph illustrates the Company's total shareholder return performance since 31 August 2006 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 PLC

FTSE All-Share Price Index

Source: Thomson Datastream



Information subject to audit
Directors' Remuneration

	Fees and Basic Salary £'000	Annual Bonus £'000	Benefits £'000	2011 Total Emoluments £'000	2010 Total Emoluments £'000	2011 Pension Contributions £'000	2010 Pension Contributions £'000	2011 Gain on Exercise of Share Options £'000	2010 Gain on Exercise of Share Options £'000
Executive Directors									
C N C Holmes	511	270	18	799	700	30	30	16	—
R C Wood	238	238	8	484	399	—	—	16	—
Non-executive Directors									
W R Inglewood	58	—	—	58	51	—	—	—	—
A R Heygate	33	—	—	33	25	—	—	—	—
A G M Wannop	33	—	—	33	25	—	—	—	—
	873	508	26	1,407	1,200	30	30	32	—

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. This additional sum represents compensation for the reduction in pension entitlement.

Before the annual bonus award, C N C Holmes and R C Wood each sacrificed part of their cash bonus entitlement. Pension contributions equal to the amounts sacrificed are paid for the benefit of their dependents. The amount shown in the Annual Bonus column reflects the full bonus earned.

Executive Directors' Pension Information

	C N C Holmes
Age at 3 September 2011	59
	£'000
Directors' contributions during the period	—
Increase in accrued pension entitlement for the period	
At 3 September 2011	
excluding inflation	3
including inflation	4
Total accrued pension entitlement	
At 3 September 2011	86
At 28 August 2010	82
Transfer value of pension	
At 3 September 2011	1,988
At 28 August 2010	1,619
Increase/(decrease) in transfer value less contributions made by Directors	
At 3 September 2011	92
At 28 August 2010	(8)
Transfer value of the increase in accrued benefits less contributions made by Directors	
At 3 September 2011	369

The accrued pension entitlement and transfer value of pension at 3 September 2011 for C N C Holmes have been determined using the maximum of the earnings cap applicable for 2010/11.

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

The increase 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 RPI by 2 per cent 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 3 September 2011 are:

	At 28 August 2010	Exercised during period	Granted during period	At 3 September 2011
C N C Holmes	6,000	6,000	—	—
R C Wood	6,000	6,000	—	—

The market price when the two executive Directors exercised their share options was 775p.

The middle market closing price of the shares at 3 September 2011 was 745.5p (28 August 2010: 570.0p) and the range throughout the year was 562.5p to 875.0p.

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 ending 31 August 2010 must equal or exceed the growth in the 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. The two executive Directors qualified for the Maximum Award Multiple and the matching shares were allotted in November 2010.

	Number of Bonus award shares	Base number of shares	Number of matching shares awarded
C N C Holmes	2,131	3,612	3,612
R C Wood	1,860	3,153	3,153

The market price when the two executive Directors received their matching shares was 629p.

On behalf of the Board

A. G. M. Wannop

A G M Wannop
Chairman of the Remuneration Committee
17 November 2011

Independent Auditors' Report to the Members of Carr's Milling Industries PLC

We have audited the financial statements of Carr's Milling Industries PLC for the period ended 3 September 2011 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 statement of cash flows, the 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 23, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 3 September 2011 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 Report of the Directors' 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 24 to 26 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 26, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Mark Webster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
17 November 2011

Consolidated Income Statement
for the period ended 3 September 2011

	Notes	53 week period 2011 £'000	52 week period 2010 £'000
Continuing operations			
Revenue	2,3	373,318	298,110
Cost of sales	3	(332,202)	(259,871)
Gross profit	3	41,116	38,239
Net operating expenses	3	(31,960)	(30,794)
Group operating profit	3,4	9,156	7,445
Finance income	8	410	404
Finance costs	8	(1,332)	(1,224)
Share of post-tax profit in associate and joint ventures	5	1,776	799
Profit before taxation	2	10,010	7,424
Taxation	9	(1,973)	(1,663)
Profit for the period from continuing operations		8,037	5,761
Discontinued operations			
Profit for the period from discontinued operations	10	16,598	1,074
Profit for the period		24,635	6,835
Profit attributable to:			
Equity shareholders		23,381	5,632
Minority interests		1,254	1,203
		24,635	6,835
Basic earnings per ordinary share (pence)			
Profit from continuing operations		77.0	51.9
Profit from discontinued operations		188.4	12.2
	12	265.4	64.1
Diluted earnings per ordinary share (pence)			
Profit from continuing operations		76.3	51.9
Profit from discontinued operations		186.6	12.2
	12	262.9	64.1

Consolidated and Company Statements of Comprehensive Income
for the period ended 3 September 2011

		Group		Company	
	Notes	53 week period 2011 £'000	52 week period 2010 £'000	53 week period 2011 £'000	52 week period 2010 £'000
Profit for the period		24,635	6,835	21,149	1,271
Other comprehensive income					
Foreign exchange translation gains/(losses) arising on translation of overseas subsidiaries		57	(82)	171	(148)
Actuarial gains/(losses) on retirement benefit obligation:					
- Group	29	726	2,294	726	2,294
- Share of associate	29	(27)	(512)	—	—
Taxation (charge)/credit on actuarial movement on retirement benefit obligation:					
- Group	20	(182)	(642)	(182)	(642)
- Share of associate		7	143	—	—
Other comprehensive income for the period, net of tax		581	1,201	715	1,504
Total comprehensive income for the period		25,216	8,036	21,864	2,775
Total comprehensive income attributable to:					
Equity shareholders		23,964	6,830	21,864	2,775
Minority interests		1,252	1,206	—	—
		25,216	8,036	21,864	2,775

Consolidated and Company Balance Sheets
As at 3 September 2011

	Notes	Group 53 week period 2011 £'000	Group 52 week period 2010 £'000	Company 53 week period 2011 £'000	Company 52 week period 2010 £'000
Assets					
Non-current assets					
Goodwill	13	4,558	4,336	—	—
Other intangible assets	13	1,029	1,362	—	—
Property, plant and equipment	14	31,519	32,588	—	—
Investment property	15	764	699	—	—
Investment in subsidiary undertakings	16,19	—	—	12,945	13,000
Investment in associate	16,17	4,246	2,811	1,470	1,470
Interest in joint ventures	16,18	2,519	2,138	320	320
Other investments	16	67	69	—	—
Financial assets					
- Non-current receivables	22	2	5	1,275	1,775
Deferred tax assets	20	2,519	3,924	1,492	2,903
		47,223	47,932	17,502	19,468
Current assets					
Inventories	21	22,793	27,015	—	—
Trade and other receivables	22	56,988	48,810	17,274	18,386
Current tax assets	23	9	303	2,016	1,619
Financial assets					
- Cash and cash equivalents	24	33,282	13,695	28,284	9,559
		113,072	89,823	47,574	29,564
Total assets		160,295	137,755	65,076	49,032
Liabilities					
Current liabilities					
Financial liabilities					
- Borrowings	27	(26,436)	(11,478)	(18,520)	(4,958)
- Derivative financial instruments	28	—	(127)	—	—
Trade and other payables	25	(53,469)	(49,468)	(2,155)	(932)
Current tax liabilities	26	(1,688)	(1,129)	—	—
		(81,593)	(62,202)	(20,675)	(5,890)
Non-current liabilities					
Financial liabilities					
- Borrowings	27	(2,274)	(17,732)	—	(13,955)
Retirement benefit obligation	29	(5,960)	(10,745)	(5,960)	(10,745)
Deferred tax liabilities	20	(4,007)	(4,960)	—	—
Other non-current liabilities	25	(3,617)	(2,797)	—	—
		(15,858)	(36,234)	(5,960)	(24,700)
Total liabilities		(97,451)	(98,436)	(26,635)	(30,590)
Net assets		62,844	39,319	38,441	18,442
Shareholders' equity					
Called-up share capital	30	2,216	2,196	2,216	2,196
Share premium		8,059	7,738	8,059	7,738
Treasury share reserve		—	(101)	—	—
Equity compensation reserve		84	170	107	205
Foreign exchange reserve		360	301	23	(148)
Other reserve		913	1,477	—	—
Retained earnings		45,343	22,925	28,036	8,451
Total shareholders' equity		56,975	34,706	38,441	18,442
Minority interests in equity		5,869	4,613	—	—
Total equity		62,844	39,319	38,441	18,442

The financial statements set out on pages 32 to 91 were approved by the Board on 17 November 2011 and signed on its behalf by:

Christopher N C Holmes   Ronald C Wood

Consolidated Statement of Changes in Equity

For the period ended 3 September 2011

	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 Equity £'000
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
At 29 August 2010	2,196	7,738	(101)	170	301	1,477	22,925	34,706	4,613	39,319
Profit for the period	—	—	—	—	—	—	23,381	23,381	1,254	24,635
Other comprehensive income	—	—	—	—	59	—	524	583	(2)	581
Total comprehensive income	—	—	—	—	59	—	23,905	23,964	1,252	25,216
Dividends paid	—	—	—	—	—	—	(2,155)	(2,155)	—	(2,155)
Equity settled share-based payment transactions, net of tax	—	—	—	(86)	—	—	104	18	4	22
Allotment of shares	20	321	—	—	—	—	—	341	—	341
Utilisation of shares	—	—	101	—	—	—	—	101	—	101
Transfer	—	—	—	—	—	(564)	564	—	—	—
At 3 September 2011	2,216	8,059	—	84	360	913	45,343	56,975	5,869	62,844

The treasury share reserve included the purchase of own shares in the Company, which were held in trust. These shares were acquired by the trust in the open market place and were held to meet the Group's obligations under the share based award schemes. At the balance sheet date the shares were utilised against options exercised under the Share Save Scheme 2006 (5 year plan).

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. During the period £104,000 (2010: £nil) was transferred from the equity compensation reserve to retained earnings in respect of the cumulative spreading on options exercised in the period.

The amount recognised in the Statement of Comprehensive Income in respect of foreign exchange translation gains/(losses) arising on translation of overseas subsidiaries includes losses of £2,000 (2010: gains of £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. The increased transfer from other reserves to retained earnings reflects the accelerated transfer of previous revaluations of property owned by the fertiliser blending business which was disposed of during the period.

Company Statement of Changes in Equity
For the period ended 3 September 2011

	Called-up Share Capital £'000	Share Premium Account £'000	Equity Compensation Reserve £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total Equity £'000
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
At 29 August 2010	2,196	7,738	205	(148)	8,451	18,442
Profit for the period	—	—	—	—	21,149	21,149
Other comprehensive income	—	—	—	171	544	715
Total comprehensive income	—	—	—	171	21,693	21,864
Dividends paid	—	—	—	—	(2,155)	(2,155)
Equity settled share-based payment transactions, net of tax	—	—	(98)	—	47	(51)
Allotment of shares	20	321	—	—	—	341
At 3 September 2011	2,216	8,059	107	23	28,036	38,441

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 where it relates to employees of the Company and to investment in subsidiaries where it relates to employees of the subsidiaries. During the period £47,000 (2010: £nil) was transferred from the equity compensation reserve to retained earnings and £73,000 (2010: £nil) was transferred from the equity compensation reserve to investment in subsidiaries in respect of the cumulative spreading on options exercised in the period.

Consolidated and Company Statements of Cash Flows

For the period ended 3 September 2011

	Notes	Group 53 week period 2011 £'000	Group 52 week period 2010 £'000	Company 53 week period 2011 £'000	Company 52 week period 2010 £'000
Cash flows from operating activities					
Cash generated from/(used in) continuing operations	33	14,097	11,245	(3,632)	(3,302)
Interest received		403	389	514	475
Interest paid		(1,378)	(1,253)	(615)	(560)
Tax (paid)/recovered		(1,711)	(2,085)	741	372
Net cash generated from/(used in) operating activities in continuing operations		11,411	8,296	(2,992)	(3,015)
Net cash (used in)/generated from operating activities in discontinued operations		(3,202)	6,981	—	—
Net cash generated from/(used in) operating activities		8,209	15,277	(2,992)	(3,015)
Cash flows from investing activities					
Acquisition of subsidiaries (net of cash acquired)	32	(1,833)	(5,254)	—	—
Disposal of subsidiary (including overdraft disposed)		22,074	—	—	—
Disposal of trade		160	—	—	—
Dividends received from subsidiaries		—	—	22,377	2,984
Net receipt/(payment) of loans to subsidiaries		—	—	2,350	(4,875)
Loan to joint ventures		(1,286)	—	(911)	—
Loan repaid by share trust		83	—	83	—
Purchase of intangible assets		(45)	(260)	—	—
Proceeds from sale of property, plant and equipment		287	172	—	—
Purchase of property, plant and equipment		(5,025)	(2,854)	—	—
Purchase of investments		(1)	(17)	—	—
Disposal of investments		3	—	—	—
Receipt of non-current receivables		—	50	—	—
Net cash generated from/(used in) investing activities in continuing operations		14,417	(8,163)	23,899	(1,891)
Net cash used in investing activities in discontinued operations		(397)	(796)	—	—
Net cash generated from/(used in) investing activities		14,020	(8,959)	23,899	(1,891)
Cash flows from financing activities					
Proceeds from issue of ordinary share capital		341	—	341	—
Net proceeds from loans from subsidiaries		—	—	686	507
Costs from issue of new bank loans		—	(20)	—	(20)
Finance lease principal repayments		(868)	(848)	—	—
Repayment of borrowings		(3,355)	(634)	(1,000)	—
Increase in other borrowings		2,295	1,626	—	—
Dividends paid to shareholders	11	(2,155)	(2,020)	(2,155)	(2,020)
Receipt of grant income		830	—	—	—
Net cash used in financing activities in continuing operations		(2,912)	(1,896)	(2,128)	(1,533)
Net cash used in financing activities in discontinued operations		(207)	(217)	—	—
Net cash used in financing activities		(3,119)	(2,113)	(2,128)	(1,533)
Effects of exchange rate changes		71	(58)	(54)	(40)
Net increase/(decrease) in cash and cash equivalents		19,181	4,147	18,725	(6,479)
Cash and cash equivalents at beginning of the period	24	13,268	9,121	9,559	16,038
Cash and cash equivalents at end of the period	24	32,449	13,268	28,284	9,559

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 the 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 financial assets and financial liabilities (including derivative financial instruments) 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 information of the subsidiaries, associate and joint ventures is 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 or disposed of during the current financial period were included in the financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. 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.

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 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.

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. No profit is recognised until a contract is at least 30 per cent complete. 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.

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 are included in operating profit in the consolidated income statement.

A charge is made within net operating expenses 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 net operating expenses. 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, 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 and accumulated impairment losses. 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

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

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.

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 consolidated 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 liabilities 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 consolidated 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
IFRS 9: 'Financial instruments'	1 January 2015
IFRS 10: 'Consolidated financial statements'	1 January 2013
IFRS 11: 'Joint arrangements'	1 January 2013
IFRS 12: 'Disclosures of interests in other entities'	1 January 2013
IFRS 13: 'Fair value measurement'	1 January 2013
IAS 24 (revised): 'Related party disclosures'	1 January 2011
IAS 27 (revised 2011): 'Separate financial statements'	1 January 2013
IAS 28 (revised 2011): 'Associates and joint ventures'	1 January 2013
Amendment to IFRS 1: 'Hyperinflation and fixes dates'	1 July 2011
Amendment to IFRS 7: 'Financial instruments: Disclosures'	1 July 2011
Amendment to IAS 1: 'Presentation of financial statements' on OCI	1 July 2012
Amendment to IAS 12: 'Income taxes' on deferred tax	1 January 2012
Amendment to IAS 19: (revised 2011) 'Employee benefits'	1 January 2013
Amendment to IFRIC 14: 'Pre-payments of a Minimum Funding Requirement'	1 January 2011
Annual improvements to IFRSs 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 29 August 2010 the following interpretations became effective and were adopted by the Group:

IFRIC 18: 'Transfer of assets to customers'
IFRIC 19: 'Extinguishing financial liabilities with equity instruments'

The adoption of these interpretations has had no impact on the Group's profit for the year or equity.

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 29 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 consolidated income statement over the vesting period.

The valuation models require certain assumptions to be made as shown in the tables in note 31. 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.

Goodwill impairment in the period is shown in note 13.

Impairment of property, plant and equipment

The financial statements include an impairment of property, plant and equipment as shown in note 14. The calculation of the impairment requires an estimation of recoverable amount.

Revenue recognition on construction contracts

Under long term contracts, the Group recognises revenue and profits based on the percentage completion method. This requires management to make an assessment of the overall profitability of the entire contract in order to determine the level of revenue and profit to recognise.

Provision for impairment of trade receivables

The financial statements include a provision for impairment of trade receivables (note 22) 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 28) 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 £21,149,000 (2010: £1,271,000).

2 Segmental information

The chief operating decision maker ("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, Food and Engineering. After the disposal of Carrs Fertilisers, the remaining businesses in what was our Agriculture Manufacturing segment do not have the scale to be reported as a separate segment. We have therefore combined Agriculture Manufacturing and Agriculture Trading businesses into a single segment for reporting continuing operations. Operating segments have not been aggregated for the purpose of determining reportable segments.

Agriculture 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.

Food derives its revenues from the milling of wheat into flour. Customers range from the larger companies, bread and 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. The geographical analysis of revenue is presented by revenue origin.

The segmental information for the period ended 3 September 2011 is as follows:

	Agriculture £'000	Food £'000	Engineering £'000	Group £'000
Revenues from external customers	272,678	82,602	18,000	373,280
Other adjustments				38
				373,318
Revenues from other operating segments	108	5	72	185
Elimination of inter segment revenues				(185)
				—
Profit before taxation	6,429	1,258	1,657	9,344
Head office net expense				(394)
Retirement benefit charge				(742)
Other adjustments				26
Share of post-tax profit of associate				1,455
Share of post-tax profit of joint ventures				321
Profit before taxation from continuing operations				10,010

2 Segmental information continued

	Agriculture £'000	Food £'000	Engineering £'000	Group £'000
The following are included in segmental profit before taxation:				
Finance income	195	1	22	218
Adjustments				192
Discontinued operations				3
				413
Finance costs	(731)	(160)	(187)	(1,078)
Adjustments				(254)
Discontinued operations				(203)
				(1,535)
Depreciation of property, plant and equipment	(1,964)	(1,308)	(494)	(3,766)
Impairment of property, plant and equipment	(121)	—	(203)	(324)
Adjustments				(157)
Discontinued operations				(352)
				(4,599)
Depreciation of investment property	—	(4)	—	(4)
Adjustments				(16)
				(20)
Profit/(loss) on the disposal of property, plant and equipment	2	(2)	7	7
Adjustments				3
Discontinued operations				(4)
				6
Amortisation of intangible assets	(250)	(22)	(106)	(378)
Impairment of intangible assets	(325)	—	—	(325)
Adjustments				(102)
				(805)

Assets

	Agriculture £'000	Food £'000	Engineering £'000	Group £'000
Segment assets	44,402	18,578	7,690	70,670
Adjustments				(64)
Other current assets:				
Other receivables				9,175
Current tax assets				9
Cash and cash equivalents				33,282
Non-current assets				47,223
Total Assets				160,295

2 Segmental information continued

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

	Agriculture £'000	Food £'000	Engineering £'000	Group £'000
Revenues from external customers	215,165	67,087	15,820	298,072
Other adjustments				38
				298,110
Revenues from other operating segments	191	6	269	466
Elimination of inter segment revenues				(466)
				—
Profit before taxation	6,222	1,508	982	8,712
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 from continuing operations				7,424
The following are included in segmental profit before taxation:				
Finance income	129	27	8	164
Adjustments				240
Discontinued operations				6
				410
Finance costs	(498)	(193)	(224)	(915)
Adjustments				(309)
Discontinued operations				(168)
				(1,392)
Depreciation of property, plant and equipment	(1,385)	(1,395)	(400)	(3,180)
Adjustments				(139)
Discontinued operations				(379)
				(3,698)
Depreciation of investment property	—	(4)	—	(4)
Adjustments				(15)
				(19)
Profit/(loss) on the disposal of property, plant and equipment	31	(3)	1	29
Adjustments				(2)
Discontinued operations				(4)
				23
Amortisation of intangible assets	(12)	(24)	(104)	(140)
Adjustments				(57)
				(197)

2 Segmental information continued

Assets

	Agriculture £'000	Food £'000	Engineering £'000	Group £'000
Segment assets	49,638	14,060	9,409	73,107
Adjustments				(1,794)
Other current assets:				
Other receivables				4,512
Current tax assets				303
Cash and cash equivalents				13,695
Non-current assets				47,932
Total Assets				137,755

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:

Continuing operations	2011 £'000	2010 £'000
UK	350,350	280,549
Other	22,968	17,561
	373,318	298,110

Non-current assets excluding deferred tax assets:

2011	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	4,245	455	27,970	764	4,246	1,488	51	2
Other	313	574	3,549	—	—	1,031	16	—
	4,558	1,029	31,519	764	4,246	2,519	67	2

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

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

Continuing operations	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Revenue				
- from sale of goods	357,220		284,156	
- from contracts	16,098		13,954	
		373,318		298,110
Cost of sales		(332,202)		(259,871)
Gross profit		41,116		38,239
Net operating expenses:				
Distribution costs	(17,962)		(17,496)	
Administrative expenses	(13,998)		(13,298)	
		(31,960)		(30,794)
Group operating profit		9,156		7,445

The results from acquisitions during the period were not material and have not been presented separately.

4 Group operating profit

	2011 Continuing operations £'000	2011 Discontinued operations £'000	2010 Continuing operations £'000	2010 Discontinued operations £'000
Group operating profit is stated after (crediting)/charging:				
Amortisation of grants	(8)	—	(8)	—
Profit on disposal of property, plant and equipment	(10)	4	(27)	4
Depreciation of property, plant and equipment	3,923	352	3,319	379
Impairment of property, plant and equipment	324	—	—	—
Depreciation of owned investment property	20	—	19	—
Amortisation of intangible assets	480	—	197	—
Impairment of intangible assets	325	—	—	—
Profit on disposal of trade	190	—	—	—
Profit on disposal of investment	(2)	—	—	—
Foreign exchange (gains)/losses	(49)	(3)	86	(118)
Derivative financial instruments (gains)/losses	—	(211)	—	143
Operating lease charges	644	29	609	36
Auditors' remuneration:				
Audit services (Company £13,000; 2010: £12,000)	69	—	67	—
The auditing of accounts of subsidiaries of the Company pursuant to legislation				
(including that of countries and territories outside Great Britain)	129	10	140	10
Services relating to taxation	47	—	46	—
Other services	17	103	13	—
Included within Group operating profit is the following in respect of investment property leased to, and occupied by, external parties:				
Rental income	(44)	—	(43)	—
Operating expenses	60	—	52	—
	16	—	9	—

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

Continuing operations	2011 £'000	2010 £'000
Share of post-tax profit in associate	1,455	445
Share of post-tax profit in joint ventures	321	354
Total share of post-tax profit in associate and joint ventures	1,776	799

6 Non-recurring items

Continuing operations	2011 Amount £'000	2011 Tax credit/(charge) £'000	2010 Amount £'000	2010 Tax credit/(charge) £'000
Group operating profit:				
Impairment of goodwill	(325)	—	—	—
Impairment of property, plant and equipment	(324)	81	—	—
Reorganisation costs of acquired business	(292)	77	—	—
Profit on disposal of trade	190	(52)	—	—
Non-recurring items	(751)	106	—	—
Profit before taxation and non-recurring items	10,761		7,424	
Non-recurring items	(751)		—	
Profit before taxation	10,010		7,424	
Group operating profit before non-recurring items	9,907		7,445	
Non-recurring items	(751)		—	
Group operating profit	9,156		7,445	

7 Staff costs

Group	2011 Continuing operations £'000	2011 Discontinued operations £'000	2010 Continuing operations £'000	2010 Discontinued operations £'000
Wages and salaries	25,882	1,450	22,523	1,258
Social security costs	2,781	157	2,477	134
Other pension costs	2,067	92	2,391	99
Share based payments	20	2	2	4
	30,750	1,701	27,393	1,495

Included within other pension costs in continuing operations is £742,000 (2010: £1,187,000) in respect of the defined benefit pension scheme.

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

	2011 Continuing operations Number	2011 Discontinued operations Number	2010 Continuing operations Number	2010 Discontinued operations Number
Sales, office and management	482	20	442	24
Manufacture and distribution	364	19	354	19
	846	39	796	43

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 27 to 30.

8 Finance income and finance costs

Continuing operations	2011 £'000	2010 £'000
Finance income		
Bank interest	350	373
Other interest	60	31
Total finance income	410	404
Finance costs		
Interest payable on bank overdrafts	(157)	(190)
Interest payable on bank loans and other borrowings	(900)	(858)
Interest payable on finance leases	(101)	(113)
Interest payable to joint ventures	(15)	—
Other interest	(159)	(106)
Movement in fair value of interest related derivative instruments (note 28)	—	43
Total finance costs	(1,332)	(1,224)

9 Taxation

(a) Analysis of the charge in the period

Continuing operations	2011 £'000	2010 £'000
Current tax:		
UK corporation tax		
Current period	1,016	1,086
Prior period	(15)	(437)
Foreign tax		
Current period	782	481
Group current tax	1,783	1,130
Deferred tax:		
Origination and reversal of timing differences		
Current period	513	405
Prior period	(323)	128
Group deferred tax (note 20)	190	533
Tax on profit on ordinary activities	1,973	1,663

9 Taxation continued

(b) Factors affecting tax charge for the period
The tax assessed for the period is lower (2010: lower) than the rate of corporation tax in the UK of 27.16% (2010: 28%). The differences are explained below:

Continuing operations	2011 £'000	2010 £'000
Profit before taxation	10,010	7,424
Tax at 27.16% (2010: 28%)	2,719	2,079
Effects of:		
Tax effect of share of profit in associate and joint ventures	(482)	(224)
Tax effect of expenses that are not allowable in determining taxable profit	108	179
Non taxable income	(3)	—
Effects of different tax rates of foreign subsidiaries	68	61
Effects of changes in tax rates	(201)	(65)
Over provision in prior years	(338)	(309)
Utilisation of unrecognised tax losses	(1)	(67)
Unrecognised deferred tax on losses	97	—
Other	6	9
Total tax charge for the period	1,973	1,663

(c) Factors affecting future tax charges
The Finance Act 2011, which was substantively enacted on 5 July 2011, includes legislation reducing the main rate of corporation tax to 25% from 1 April 2012. As the Finance Act 2011 was substantively enacted at the balance sheet date, deferred tax balances at 3 September 2011 have been calculated using a tax rate of 25%.

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These proposed reductions in the main rate of corporation tax are expected to be enacted separately each year. The overall effect of the further changes from 25% to 23%, if these were applied to the deferred tax balance at 3 September 2011, would be to reduce the deferred tax liability by approximately £196,000 (being £98,000 recognised in 2012 and £98,000 in 2013).

10 Discontinued operations

On 20 June 2011 Carrs Agriculture Limited hived down its fertiliser trade, assets and liabilities (save for certain assets and liabilities) to Origin Fertilisers 2011 Limited (formerly CM Fertilisers Limited), a newly incorporated, wholly owned subsidiary of Carrs Agriculture Limited.

Subsequently, on 13 July 2011 Carrs Agriculture Limited disposed of its entire shareholding in Origin Fertilisers 2011 Limited for a cash consideration of £19m, less costs to sell.

An analysis of the result of discontinued operations, and the gain recognised on the re-measurement to fair value less costs to sell, is as follows:

	2011 £'000	2010 £'000
Revenue	78,416	59,251
Expenses	(75,355)	(57,709)
Profit before taxation of discontinued operations	3,061	1,542
Taxation	(1,363)	(468)
Profit after taxation of discontinued operations	1,698	1,074
Pre-taxation gain recognised on the measurement to fair value less costs to sell	14,900	—
Taxation	—	—
After taxation gain recognised on the measurement to fair value less costs to sell	14,900	—
Profit for the period from discontinued operations	16,598	1,074

11 Dividends

Equity	2011 £'000	2010 £'000
Second interim paid for the period ended 28 August 2010 of 6.0p per 25.0p share (2010: nil)	527	—
Final dividend for the period ended 28 August 2010 of 12.0p per 25.0p share (2009: 17.0p)	1,056	1,493
First interim paid for the period ended 3 September 2011 of 6.5p per 25.0p share (2010: 6.0p)	572	527
	2,155	2,020

Since the period end a second interim dividend of £576,099, being 6.5p per share, has been paid. The financial statements do not reflect this dividend payable.

The proposed dividend to be considered by shareholders at the Annual General Meeting is £1,152,250, being 13.0p per share, making a total for the period of 26.0p. The financial statements do not reflect this dividend payable.

12 Earnings per ordinary share

Earnings per share are calculated by reference to a weighted average of 8,808,156 shares (2010: 8,784,286) in issue during the period.

Non-recurring items and amortisation that are charged or credited to profit do not relate to the profitability of the Group on an ongoing basis. Therefore an adjusted earnings per share is presented as follows:

	2011		2010	
	Earnings £'000	Earnings per share pence	Earnings £'000	Earnings per share pence
Continuing operations				
Earnings per share - basic	6,783	77.0	4,558	51.9
Amortisation and non-recurring items:				
Amortisation of intangible assets	480	5.5	197	2.2
Taxation relief on amortisation	(124)	(1.4)	(55)	(0.6)
Impairment of goodwill	325	3.7	—	—
Impairment of property, plant and equipment	324	3.7	—	—
Taxation relief on impairment	(81)	(0.9)	—	—
Reorganisation costs of acquired business	292	3.3	—	—
Taxation relief on reorganisation costs	(77)	(0.9)	—	—
Profit on disposal of trade	(190)	(2.2)	—	—
Taxation on disposal of trade	52	0.6	—	—
Earnings per share - adjusted	7,784	88.4	4,700	53.5
Discontinued operations				
Earnings per share - basic and adjusted	16,598	188.4	1,074	12.2
	24,382	276.8	5,774	65.7

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 31.

12 Earnings per ordinary share continued

	2011 Earnings £'000	2011 Weighted average number of shares	2011 Earnings per share pence	2010 Earnings £'000	2010 Weighted average number of shares	2010 Earnings per share pence
Continuing operations						
Earnings per share	6,783	8,808,156	77.0	4,558	8,784,286	51.9
Effect of dilutive securities:						
Share option scheme	—	60,579	(0.5)	—	—	—
Share save scheme	—	23,973	(0.2)	—	—	—
Deferred bonus scheme	—	2,175	—	—	8,040	—
Diluted earnings per share	6,783	8,894,883	76.3	4,558	8,792,326	51.9
Discontinued operations						
Earnings per share	16,598	8,808,156	188.4	1,074	8,784,286	12.2
Effect of dilutive securities:						
Share option scheme	—	60,579	(1.3)	—	—	—
Share save scheme	—	23,973	(0.5)	—	—	—
Deferred bonus scheme	—	2,175	—	—	8,040	—
Diluted earnings per share	16,598	8,894,883	186.6	1,074	8,792,326	12.2
	23,381	8,894,883	262.9	5,632	8,792,326	64.1

13 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 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
Exchange differences	—	—	17	—	(6)	25	36
Subsidiaries acquired	937	68	—	—	—	—	1,005
Subsidiary disposed	(450)	—	—	—	—	—	(450)
Additions	—	—	—	—	13	32	45
At 3 September 2011	4,883	2,974	620	240	135	479	9,331
Accumulated amortisation							
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
Exchange differences	—	—	2	—	(2)	2	2
Subsidiary disposed	(60)	—	—	—	—	—	(60)
Charge for the period	—	339	39	16	13	73	480
Impairment in the period	325	—	—	—	—	—	325
At 3 September 2011	325	2,743	240	177	90	169	3,744
Net book amount							
At 29 August 2009	1,654	—	460	—	46	258	2,418
At 28 August 2010	4,336	502	404	79	49	328	5,698
At 3 September 2011	4,558	231	380	63	45	310	5,587

During the period goodwill of £937,000 arose on acquisitions (note 32).

During the prior period goodwill totalling £2,682,000 arose on the acquisition of the entire issued share capital of Scotmin Nutrition Limited and A C Burn Limited and the trade of Ag Chem (UK). Goodwill reflected 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 included the rationalisation of the procurement and administration functions and utilisation of the existing Group distribution network to distribute acquired product lines across the UK.

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.

13 Goodwill and other intangible assets continued

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

	3 September 2011 £'000	28 August 2010 £'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
Carrs Billington Agriculture (Sales) Limited - Borders profit centre	264	264
Carrs Billington Agriculture (Sales) Limited - Wooler profit centre	369	—
Carrs Billington Agriculture (Sales) Limited - Safe at Work profit centre	568	—
Carrs Agriculture Limited - Fertiliser Montrose profit centre	—	40
Carrs Agriculture Limited - Fertiliser Ag Chem profit centre	—	350
Scotmin Nutrition Limited	2,068	2,068
Wälischmiller Engineering GmbH	313	313
	4,558	4,336

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 the 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 2012, 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% (2010: 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.

With the exception of the Spennymoor profit centre, which has been impaired in full in the period, significant headroom exists in each of the cash generating units and, based on the sensitivity analysis performed, reasonable possible changes in the assumptions would not cause the carrying amount of the cash generating units to equal or to exceed their recoverable amount.

Amortisation and impairment charges are recognised within administrative expenses.

There is no goodwill or intangible assets in the Company (2010: nil).

14 Property, plant and equipment

Group	Land and buildings £'000	Plant and equipment £'000	Assets in course of construction £'000	Total £'000
Cost				
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
Exchange differences	60	(172)	—	(112)
Subsidiaries acquired	24	233	—	257
Additions	673	4,720	1,445	6,838
Subsidiary disposed	(2,437)	(3,319)	—	(5,756)
Disposals	—	(1,124)	—	(1,124)
Reclassifications	221	783	(917)	87
Transfer to investment property	(113)	—	—	(113)
Amounts written off	—	(485)	(28)	(513)
At 3 September 2011	20,398	49,586	1,445	71,429
Accumulated depreciation				
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
Exchange differences	(16)	(151)	—	(167)
Subsidiaries acquired	10	119	—	129
Charge for the period	782	3,493	—	4,275
Impairment in the period	77	247	—	324
Subsidiary disposed	(590)	(2,104)	—	(2,694)
Disposals	—	(808)	—	(808)
Reclassifications	(15)	102	—	87
Transfer to investment property	(28)	—	—	(28)
Amounts written off	—	(485)	—	(485)
At 3 September 2011	5,769	34,141	—	39,910
Net book amount				
At 29 August 2009	16,332	14,903	529	31,764
At 28 August 2010	16,421	15,222	945	32,588
At 3 September 2011	14,629	15,445	1,445	31,519

Freehold land amounting to £2,981,221 (2010: £3,123,065) has not been depreciated.

The net book amount of plant and equipment includes £2,519,246 (2010: £2,974,091) in respect of assets held under finance leases. This consists of cost of £4,956,821 (2010: £5,329,584) less accumulated depreciation of £2,437,575 (2010: £2,355,493).

Depreciation is recognised within the Income Statement as shown below:

	2011 £'000	2010 £'000
Cost of sales	2,913	2,556
Distribution costs	107	169
Administrative expenses	1,255	973
	4,275	3,698

The Company has no property, plant and equipment (2010: nil).

15 Investment property

Group	Total £'000
Cost	
At 29 August 2009 and 28 August 2010	871
Transfer from property, plant and equipment	113
At 3 September 2011	984
Accumulated depreciation	
At 29 August 2009	153
Charge for the period	19
At 28 August 2010	172
Charge for the period	20
Transfer from property, plant and equipment	28
At 3 September 2011	220
Net book amount	
At 29 August 2009	718
At 28 August 2010	699
At 3 September 2011	764

Included within investment property are properties occupied by life tenants. The net book amount of these properties at 3 September 2011 is £163,000 (2010: £218,000).

The fair value of these properties at 3 September 2011 is £1,170,000. Investment properties have been valued by independent professionally qualified valuers.

There is no investment property in the Company (2010: nil).

16 Investments

Group	Associate £'000	Joint ventures £'000	Other investments £'000	Total £'000
Cost				
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
Exchange difference	—	60	(2)	58
Additions	—	—	1	1
Disposals	—	—	(1)	(1)
Share of post-tax profit	1,455	321	—	1,776
Share of losses recognised directly in equity	(20)	—	—	(20)
At 3 September 2011	4,246	2,519	276	7,041
Accumulated provision for impairment				
At 29 August 2009, 28 August 2010, 3 September 2011	—	—	209	209
Net book amount				
At 29 August 2009	2,735	1,840	51	4,626
At 28 August 2010	2,811	2,138	69	5,018
At 3 September 2011	4,246	2,519	67	6,832

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 less accumulated impairment.

16 Investments continued

Company	Shares in subsidiaries £'000	Associate £'000	Joint ventures £'000	Other investments £'000	Total £'000
Cost					
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
Share based payment expense in respect of employees of subsidiary undertakings	(55)	—	—	—	(55)
At 3 September 2011	18,031	1,470	320	200	20,021
Accumulated provision for impairment					
At 29 August 2009, 28 August 2010 and 3 September 2011	5,086	—	—	200	5,286
Net book amount					
At 29 August 2009	13,002	1,470	320	—	14,792
At 28 August 2010	13,000	1,470	320	—	14,790
At 3 September 2011	12,945	1,470	320	—	14,735

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 less accumulated impairment.

17 Investment in associate

The associated undertaking at 3 September 2011 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:

	2011 £'000	2010 £'000
Total assets	26,237	22,156
Total liabilities	(20,071)	(18,919)
Revenues	98,758	85,290
Profit after tax	2,969	908

Included within the investment in associate is a loan for £1,225,000 (2010: £1,225,000) which is considered to form part of the net investment in associate.

18 Interest in joint ventures

The joint ventures at 3 September 2011 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
Afgritech LLC	—	—	USA	USA	Producers of ingredients of animal feed
Afgritech Properties LLC	—	—	USA	USA	Property holding
Gold-Bar Feed Supplements LLC	—	—	USA	USA	Manufacture of animal feed blocks
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. Animal Feed Supplement Inc. holds the interest in Gold-Bar Feed Supplements LLC. Afgritech Limited has 100% control of Afgritech LLC and Afgritech Properties LLC. 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.

Afgritech LLC, Afgritech Properties LLC and Gold-Bar Supplements LLC have no issued share capital.

Joint ventures are accounted for using the equity method.

At the period end Gold-Bar Supplements LLC had capital commitments of £259,000. No contingent liabilities exist within the joint ventures.

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

	2011 £'000	2010 £'000
Non-current assets	2,475	1,434
Current assets	4,206	2,831
Current liabilities	(5,028)	(2,884)
Non-current liabilities	(21)	(130)
Income	14,300	12,192
Expenses	(13,822)	(11,683)
Net finance costs	10	(9)

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 (2010: £870,000) which relates to the Group's interest in the preference share capital of Bibby Agriculture Limited.

19 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
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 exception: 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 Billington Agriculture (Sales) Limited acquired the entire issued share capital of Forsyths of (Wooler) Limited and Safe at Work Limited (note 32). By the period end the trade and net assets of both companies had been hived up into Carrs Billington Agriculture (Sales) Limited leaving dormant companies. As these companies are dormant by the period end they have not been included in the list above.

During the period the trade and net assets of Scotmin Nutrition Limited were hived up into Carrs Agriculture Limited leaving a dormant company. As this company is dormant by the period end it has not been included in the list above.

20 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Accelerated tax depreciation	—	—	(3,195)	(4,009)	(3,195)	(4,009)
Employee benefits	1,490	2,901	—	—	1,490	2,901
Other	1,029	1,023	(812)	(951)	217	72
Tax assets/(liabilities)	2,519	3,924	(4,007)	(4,960)	(1,488)	(1,036)

Movement in deferred tax during the period

	At 29 August 2010 £'000	Exchange differences £'000	In respect of acquisitions and disposals £'000	Recognised in income £'000	Recognised in equity £'000	At 3 September 2011 £'000
Assets:						
Employee benefits	2,901	—	—	(1,229)	(182)	1,490
Other	1,023	(45)	—	51	—	1,029
	3,924	(45)	—	(1,178)	(182)	2,519
Liabilities:						
Accelerated tax depreciation	(4,009)	5	299	510	—	(3,195)
Other	(951)	—	(18)	157	—	(812)
	(4,960)	5	281	667	—	(4,007)
Net liabilities	(1,036)	(40)	281	(511)	(182)	(1,488)

Other deferred tax assets and liabilities includes deferred tax on short term timing differences, rolled over capital gains, capital losses, business combinations and overseas deferred tax.

Movements in deferred tax recognised in income during the period includes £321,000 in respect of discontinued operations.

20 Deferred tax assets and liabilities continued

Movement in deferred tax during the prior period

	At 30 August 2009 £'000	Exchange differences £'000	In respect of acquisitions and disposals £'000	Recognised in income £'000	Recognised in equity £'000	At 28 August 2010 £'000
Assets:						
Employee benefits	4,108	—	—	(565)	(642)	2,901
Other	876	59	—	88	—	1,023
	4,984	59	—	(477)	(642)	3,924
Liabilities:						
Accelerated tax depreciation	(3,972)	(6)	16	(47)	—	(4,009)
Other	(837)	(1)	(104)	(9)	—	(951)
	(4,809)	(7)	(88)	(56)	—	(4,960)
Net assets/(liabilities)	175	52	(88)	(533)	(642)	(1,036)

	Assets	
Company	2011 £'000	2010 £'000
Accelerated tax depreciation	2	2
Employee benefits	1,490	2,901
Tax assets	1,492	2,903

Movement in deferred tax assets during the period

	At 29 August 2010 £'000	Recognised in income £'000	Recognised in equity £'000	At 3 September 2011 £'000
Accelerated tax depreciation	2	—	—	2
Employee benefits	2,901	(1,229)	(182)	1,490
	2,903	(1,229)	(182)	1,492

Movement in deferred tax assets during the prior 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

Tax of £191,000 (2010: £207,000) in respect of tax losses has not been recognised as a deferred tax asset in the Group balance sheet.

Tax of £59,000 (2010: £63,000) in respect of tax losses has not been recognised as a deferred tax asset in the Company balance sheet.

21 Inventories

Group	2011 £'000	2010 £'000
Raw materials and consumables	8,478	10,865
Work in progress	904	3,756
Finished goods and goods for resale	13,411	12,394
	22,793	27,015
Inventories are stated after a provision for impairment of £255,000 (2010: £597,000).		
Cost of sales consists of the following:		
Material cost	307,432	241,782
Processing cost	10,356	7,088
Other	14,414	11,001
	332,202	259,871

The Company has no inventories (2010: nil).

22 Trade and other receivables

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Current:				
Trade receivables	51,762	47,521	—	—
Less: provision for impairment of trade receivables	(3,949)	(3,223)	—	—
Trade receivables - net	47,813	44,298	—	—
Amounts recoverable on contracts	3,856	1,467	—	—
Amounts owed by Group undertakings (note 38)	—	—	15,706	17,619
Amounts owed by other related parties (note 38)	1,945	623	1,353	422
Other receivables	1,943	1,091	135	132
Prepayments and accrued income	1,431	1,331	80	213
	56,988	48,810	17,274	18,386
Non-current:				
Amounts owed by Group undertakings (note 38)	—	—	1,275	1,775
Other receivables	2	5	—	—
	2	5	1,275	1,775

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 consolidated 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 £1,187,000 (2010: £631,000) has been recognised within administrative expenses in the consolidated 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.

22 Trade and other receivables continued

	2011 Gross £'000	2011 Impairment £'000	2011 Past due but not impaired £'000	2010 Gross £'000	2010 Impairment £'000	2010 Past due but not impaired £'000
The ageing of trade receivables is as follows:						
Not past due	34,519	(489)	N/A	33,414	(418)	N/A
Past due 0 - 30 days	8,011	(427)	7,584	7,104	(238)	6,866
Past due 31 - 60 days	3,582	(479)	3,103	2,548	(317)	2,231
Past due 61 - 90 days	1,903	(486)	1,417	1,455	(401)	1,054
Past due 91 - 120 days	1,001	(371)	630	1,169	(400)	769
Past 121 days	2,746	(1,697)	1,049	1,831	(1,449)	382
	51,762	(3,949)	13,783	47,521	(3,223)	11,302

The Company has no trade receivables (2010: 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 (2010: £nil).

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
The carrying value of trade receivables are denominated in the following currencies:				
Sterling	45,079	43,511	—	—
US Dollar	602	73	—	—
Euro	2,132	714	—	—
	47,813	44,298	—	—

23 Current tax assets

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Corporation tax recoverable	9	303	873	780
Group taxation relief	—	—	1,143	839
	9	303	2,016	1,619

24 Cash and cash equivalents and bank overdrafts

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Cash and cash equivalents per the balance sheet	33,282	13,695	28,284	9,559
Bank overdrafts (note 27)	(833)	(427)	—	—
Cash and cash equivalents per the statement of cash flows	32,449	13,268	28,284	9,559

25 Trade and other payables

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Current:				
Trade payables	23,249	29,254	—	—
Payments on account	10,816	5,129	—	—
Amounts owed to Group undertakings (note 38)	—	—	379	36
Amounts owed to other related parties (note 38)	10,790	7,401	16	—
Other taxes and social security payable	1,095	1,444	418	188
Other payables	2,476	1,639	136	116
Accruals and deferred income	5,043	4,601	1,206	592
	53,469	49,468	2,155	932
Non-current:				
Other payables	2,687	2,689	—	—
Accruals and deferred income	930	108	—	—
	3,617	2,797	—	—

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 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
At the beginning of the period	108	116	—	—
Received in the period	830	—	—	—
Amortisation in the period	(8)	(8)	—	—
At the end of the period	930	108	—	—

26 Current tax liabilities

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Current tax	1,688	1,129	—	—

27 Borrowings

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Current:				
Bank overdrafts	833	427	—	—
Bank loans and other borrowings	24,931	10,180	14,000	953
Loans from Group undertakings (note 38)	—	—	4,520	4,005
Finance leases	672	871	—	—
	26,436	11,478	18,520	4,958
Non-current:				
Bank loans	—	15,577	—	13,955
Other loans (note 38)	1,225	1,262	—	—
Finance leases	1,049	893	—	—
	2,274	17,732	—	13,955
Borrowings are repayable as follows:				
On demand or within one year	26,436	11,478	18,520	4,958
In the second year	538	16,138	—	13,955
In the third to fifth years inclusive	1,736	1,594	—	—
	28,710	29,210	18,520	18,913

Group and Company borrowings are shown in the balance sheet net of arrangement fees of £nil of which £nil is deducted from current liabilities (2010: £91,645 of which £46,797 is deducted from current liabilities).

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
The net borrowings are:				
Borrowings as above	28,710	29,210	18,520	18,913
Cash and cash equivalents	(33,282)	(13,695)	(28,284)	(9,559)
Net (cash)/borrowings	(4,572)	15,515	(9,764)	9,354

Bank loans and other borrowings includes an amount of £10,931,000 (2010: £8,636,000) 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.

Current bank loans (2010: non-current bank loans) includes a revolving credit facility of £10 million which is subject to renewal in August 2012.

28 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 22.

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. 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.

Afgritech LLC, Afgritech Properties LLC and Gold-Bar Feed Supplements LLC, joint ventures of the Group, operate in the US and their 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.

Since the disposal of our fertiliser blending operations the purchasing of raw materials in foreign currencies has significantly reduced. The small foreign currency risk facing the Group is in the purchase of raw materials for the flour milling operation. The currency involved is the Euro. The policy of the Group is to hedge using forward foreign exchange contracts with the 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.

28 Derivatives and other financial instruments continued

Financial Instruments by currency

Group	2011 Sterling £'000	2011 US Dollar £'000	2011 Euro £'000	2011 Total £'000	2010 Sterling £'000	2010 US Dollar £'000	2010 Euro £'000	2010 Total £'000
Assets								
Other investments	51	16	—	67	52	17	—	69
Non-current receivables	2	—	—	2	5	—	—	5
Current trade and other receivables	52,539	2,105	2,344	56,988	47,820	243	747	48,810
Cash and cash equivalents	28,910	114	4,258	33,282	12,574	(1,425)	2,546	13,695
	81,502	2,235	6,602	90,339	60,451	(1,165)	3,293	62,579
Liabilities								
Current borrowings	25,178	200	1,058	26,436	10,972	287	219	11,478
Current derivatives	—	—	—	—	—	59	68	127
Current trade and other payables	43,271	1,110	9,088	53,469	37,551	1,954	9,963	49,468
Non-current borrowings	2,274	—	—	2,274	16,073	—	1,659	17,732
Other non-current liabilities	929	2,688	—	3,617	108	2,689	—	2,797
	71,652	3,998	10,146	85,796	64,704	4,989	11,909	81,602

Company	2011 Sterling £'000	2011 US Dollar £'000	2011 Euro £'000	2011 Total £'000	2010 Sterling £'000	2010 US Dollar £'000	2010 Euro £'000	2010 Total £'000
Assets								
Non-current receivables	1,275	—	—	1,275	1,775	—	—	1,775
Current trade and other receivables	16,325	949	—	17,274	18,386	—	—	18,386
Cash and cash equivalents	28,124	111	49	28,284	8,883	492	184	9,559
	45,724	1,060	49	46,833	29,044	492	184	29,720
Liabilities								
Current borrowings	14,179	4,341	—	18,520	1,066	3,892	—	4,958
Current trade and other payables	2,155	—	—	2,155	932	—	—	932
Non-current borrowings	—	—	—	—	13,955	—	—	13,955
	16,334	4,341	—	20,675	15,953	3,892	—	19,845

The Group and Company have 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 is shown in the table below. The Directors consider that a 5% weakening or strengthening in Sterling represents reasonable possible changes.

	2011 5% weakening £'000	2011 5% strengthening £'000	2010 5% weakening £'000	2010 5% strengthening £'000
Impact on profit after taxation	185	(168)	(119)	107
Impact on total equity	224	(202)	(29)	26

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.

28 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. With low interest rates and reducing net borrowings the Directors decided not to manage the Group's cost of borrowing through interest rate hedging instruments. The Directors will continue to review the appropriateness of the Group's interest rate and hedging policy should the level of net borrowing increase during the financial year. At the period end £1.7 million (2010: £1.8 million) of the Group's borrowings were at a fixed rate of interest.

Group	Weighted average effective interest rate %	2011 £'000	Weighted average effective interest rate %	2010 £'000
Bank overdrafts	3.00	833	3.00	427
Bank loans and other borrowings	2.95	24,931	2.96	25,757
Other loans	—	1,225	—	1,262
Finance lease liabilities	6.46	1,721	6.02	1,764
		28,710		29,210
Fixed rate		1,721		1,764
Floating rate		25,764		26,184
Non-interest bearing		1,225		1,262
		28,710		29,210

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

Bank overdrafts	Base rate + 2.5%; Currency lending rate + 2.5%; US prime rate + 1% margin
Bank loans and other borrowings	Libor + 2.5%; Base rate + 1.9% margin

Company	Weighted average effective interest rate %	2011 £'000	Weighted average effective interest rate %	2010 £'000
Bank loans	3.38	14,000	3.23	14,908
Loans from Group undertakings	1.50	4,520	1.50	4,005
		18,520		18,913
Floating rate		18,520		18,913

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

Bank loans	Libor + 2.5%

28 Derivatives and other financial instruments continued

Sensitivity analysis

The impact of a decrease or increase in interest rates during the period is shown in the table below. The Directors consider that a 1% movement in interest rates represents reasonable possible changes.

	2011		2010	
	1% decrease £'000	1% increase £'000	1% decrease £'000	1% increase £'000
Impact on profit after taxation	365	(362)	337	(330)
Impact on total equity	365	(362)	337	(330)

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.

	2011				2010			
Group	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000
Bank overdrafts	833	833	—	—	427	427	—	—
Bank loans and other borrowings	24,931	24,931	—	—	26,873	10,762	16,111	—
Other loans	1,225	—	—	1,225	1,262	—	37	1,225
Finance lease liabilities	1,884	757	585	542	1,935	967	572	396
Derivatives	—	—	—	—	127	127	—	—
Trade and other payables	53,469	53,469	—	—	49,468	49,468	—	—
Other non-current liabilities	3,617	—	—	3,617	2,797	—	—	2,797
	85,959	79,990	585	5,384	82,889	61,751	16,720	4,418

	2011				2010			
Company	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000
Bank loans	14,000	14,000	—	—	15,920	1,468	14,452	—
Loans from Group undertakings	4,520	4,520	—	—	4,005	4,005	—	—
Trade and other payables	2,155	2,155	—	—	932	932	—	—
	20,675	20,675	—	—	20,857	6,405	14,452	—

Future minimum lease payments of finance leases

			Repayment profile	
Group	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amount payable:				
Within one year	757	967	672	871
In the second year	585	572	538	523
In the third to fifth years inclusive	542	396	511	370
	1,884	1,935	1,721	1,764
Less: future finance charges	(163)	(172)		
Present value of lease obligations	1,721	1,763		

The Company has no finance lease obligations (2010: nil).

28 Derivatives and other financial instruments continued

Borrowing facilities

The Group has various undrawn committed facilities. The undrawn facilities available at 3 September 2011, in respect of which all conditions precedent had been met, were as follows:

	2011 Floating rate £'000	2010 Floating rate £'000
Expiring in one year or less	17,842	19,120

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.

At 3 September 2011 the Group had net cash of £4.6m compared to net debt of £15.5m at the prior period end.

Fair values of financial assets and liabilities

	Group				Company			
	2011		2010		2011		2010	
	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	67	67	69	69	—	—	—	—
Non-current receivables	2	2	5	5	1,275	1,275	1,775	1,775
Current trade and other receivables	56,988	56,988	48,810	48,810	17,274	17,274	18,386	18,386
Cash and cash equivalents	33,282	33,282	13,695	13,695	28,284	28,284	9,559	9,559
	90,339	90,339	62,579	62,579	46,833	46,833	29,720	29,720
Liabilities								
Current borrowings	26,436	26,436	11,478	11,478	18,520	18,520	4,958	4,958
Current derivatives	—	—	127	127	—	—	—	—
Current trade and other payables	53,469	53,469	49,468	49,468	2,155	2,155	932	932
Non-current borrowings	2,274	2,207	17,732	17,648	—	—	13,955	14,051
Other non-current liabilities	3,617	3,617	2,797	2,797	—	—	—	—
	85,796	85,729	81,602	81,518	20,675	20,675	19,845	19,941

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.

28 Derivatives and other financial instruments continued

Derivative financial instruments

Hedge of net investment in foreign subsidiaries

The Company has US dollar denominated borrowings totalling $7,000,000 (2010: $6,000,000) which act as a partial hedge against the investment in its US subsidiary. The fair value of the US dollar borrowings at 3 September 2011 was £4,341,000 (2010: £3,892,000) and a foreign exchange pre-tax gain of £171,000 (2010: pre-tax loss of £205,000) 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 €2,008,000 (2010: €548,000) which act as a partial hedge against the investment in its European subsidiary. The fair value of the Euro net loans payable at 3 September 2011 was £1,760,000 (2010: £450,000) and a foreign exchange pre-tax loss of £84,000 (2010: pre-tax gain of £37,000) 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:

	2011		2010	
Group	Fair value £'000	Contractual or notional amount £'000	Fair value £'000	Contractual or notional amount £'000
At beginning of period	(127)	6,299	16	819
Gains/(losses) during the period	211	7,743	(143)	5,480
Disposal of subsidiary	(84)	(14,042)	—	—
At end of period	—	—	(127)	6,299
Included within:				
Current liabilities	—	—	(127)	6,299
	—	—	(127)	6,299

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.

The Company has no forward foreign currency contracts (2010: £nil).

28 Derivatives and other financial instruments continued

Interest rate derivatives

The Group and Company have used 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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
At beginning of period	—	(43)	—	(43)
Gains during the period	—	43	—	43
At end of period	—	—	—	—

Fair value has been determined by reference to the value of equivalent instruments at 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 prior period. No interest related derivatives are held at the balance sheet date.

29 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 £409,000 (2010: £398,000). Contributions totalling £21,000 (2010: £19,000) were payable to the fund at the period end and are included in other payables.

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 £4,801,000 (2010: £2,821,000).

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 £298,000 (2010: £309,000).

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 3 September 2011.

29 Retirement benefit obligation continued

Major assumptions:

	2011 %	2010 %
Inflation (2011: CPI; 2010: RPI)	2.3	2.8
Salary increases	4.0	3.8
Rate of discount	5.4	5.1
Pension in payment increases:		
Pre 1 September 2001	3.3	3.1
Post 1 September 2001	3.0	2.8
Revaluation rate for deferred pensioners for pensions revaluing at 5.0% per annum or CPI (2010: RPI) if less	2.3	2.8

The UK Government announced on 8 July 2010 that statutory pension increases or revaluations would be based on the Consumer Prices Index measure of price inflation from 2011, rather than the Retail Prices Index measure of price inflation. The Trustees have received legal advice which states that pension increases in the Scheme will continue to be linked to RPI and deferred increases will in the future be based on the statutory CPI increases.

The mortality tables used in the valuation are 130% of PNxA00 (Year of Birth) with an allowance for mortality improvements in line with Long Cohort improvement factors with a 1% underpin. The mortality assumptions adopted imply the following life expectancies at age 65:

	At 3 September 2011	At 28 August 2010
Males currently age 45	23.7 years	23.6 years
Females currently age 45	26.1 years	26.0 years
Males currently age 65	21.8 years	21.7 years
Females currently age 65	24.3 years	24.2 years

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

	2011 £'000	2010 £'000
Current service cost	644	588
Interest on pension scheme liabilities	2,496	2,592
Expected return on pension scheme assets	(2,398)	(1,993)
	742	1,187

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

	2011 £'000	2010 £'000
Cost of sales	299	108
Administrative expenses	443	1,079
	742	1,187

Actuarial gains of £726,000 (2010: £2,294,000) 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 £5,574,000 (2010: £6,300,000).

29 Retirement benefit obligation continued

Amounts included in the Balance Sheet:

	2011 £'000	2010 £'000
Present value of defined benefit obligations	(48,918)	(48,551)
Fair value of scheme assets	42,958	37,806
Deficit in scheme	(5,960)	(10,745)

Movements in the present value of defined benefit obligations:

	2011 £'000	2010 £'000
At the beginning of the period	48,551	46,763
Current service cost	644	588
Interest cost	2,496	2,592
Changes in assumptions underlying the defined benefit obligation	(1,296)	6
Benefits paid	(1,477)	(1,398)
At the end of the period	48,918	48,551

Movements in the fair value of scheme assets:

	2011 £'000	2010 £'000
At the beginning of the period	37,806	32,090
Expected return on scheme assets	2,398	1,993
Actual return less expected return on scheme assets	(570)	2,300
Contributions by employer	4,801	2,821
Benefits paid	(1,477)	(1,398)
At the end of the period	42,958	37,806

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

	Expected return		Fair value of assets	
	2011 %	2010 %	2011 £'000	2010 £'000
Equity instruments	6.65	6.96	21,975	18,643
Debt instruments	5.1	4.2	16,841	15,688
Property	6.45	6.76	3,758	3,321
Other assets	5.1	4.2	384	154
	6.01	5.79	42,958	37,806
Actual return on scheme assets			1,828	4,293

The expected long term return on other assets is based on the rate of return on bonds. The expected return on bonds is determined by reference to 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.

29 Retirement benefit obligation continued

History of scheme:

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Present value of the defined benefit obligation	(48,918)	(48,551)	(46,763)	(48,016)	(43,721)
Fair value of scheme assets	42,958	37,806	32,090	31,458	33,914
Deficit	(5,960)	(10,745)	(14,673)	(16,558)	(9,807)
Difference between expected and actual returns on scheme assets:					
Amount £'000	(570)	2,300	(2,090)	(3,742)	206
Percentage of scheme assets	1.3%	6.1%	6.5%	11.9%	0.6%
Experience gains and losses on scheme liabilities:					
Amount £'000	1,296	(6)	3,041	(7,323)	4,364
Percentage of scheme liabilities	2.6%	0%	6.5%	15.3%	10.0%

The Group expects to contribute approximately £3,881,000 to the defined benefit scheme in the next financial period. The Company expects to contribute approximately £3,304,000 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 (2010: £nil).

The actuarial valuation as at 31 December 2009 shows that the market value of assets relating to the scheme was £21,000,000 and the actuarial value of those assets represented 76% 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 6.1% per annum and post-retirement 4.9% per annum. At 31 December 2009, the scheme showed a deficit of £6,700,000.

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 £388,000 (2010: £342,000).

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 £14,000 (2010: £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 2009 and updated on an approximate basis to 3 September 2011.

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.

29 Retirement benefit obligation continued

Major assumptions:

	2011 %	2010 %
Inflation (RPI)	3.2	2.8
Inflation (CPI)	2.5	N/A
Salary increases	N/A	N/A
Rate of discount	5.4	5.1
Pension in payment increases:		
LPI max 5%	3.1	2.8
LPI max 3%	2.7	2.5
LPI max 2.5%	2.25	2.25
Revaluation rate for deferred pensioners for pensions revaluing at 5.0% per annum or CPI (2010: RPI) if less	2.5	2.8

The UK Government announced on 8 July 2010 that statutory pension increases or revaluations would be based on the Consumer Prices Index measure of inflation from 2011, rather than the Retail Prices Index measure of price inflation. The Trustees have received legal advice which states that pension increases in the Scheme will continue to be linked to RPI and deferred increases will in the future based be on the statutory CPI increases.

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 3 September 2011	At 28 August 2010
Males currently age 45	24.7 years	24.5 years
Females currently age 45	27.7 years	27.5 years
Males currently age 65	21.8 years	21.6 years
Females currently age 65	24.7 years	24.6 years

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

	2011 £'000	2010 £'000
Interest on pension scheme liabilities	1,256	1,252
Expected return on pension scheme assets	(1,161)	(1,097)
	95	155

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 £55,000 (2010: £1,044,000) have been reported in the Statement of Comprehensive Income.

The Group's share of the cumulative amount of actuarial losses of £7,653,000 (2010: £7,598,000) have been recognised in the Statement of Comprehensive Income.

Amounts included in the Balance Sheet of the associate:

	2011 £'000	2010 £'000
Present value of defined benefit obligations	(24,570)	(25,143)
Fair value of scheme assets	20,091	19,564
Deficit in scheme	(4,479)	(5,579)

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

29 Retirement benefit obligation continued

Movements in the present value of defined benefit obligations:

	2011 £'000	2010 £'000
At the beginning of the period	25,143	22,858
Interest cost	1,256	1,252
Changes in assumptions underlying the defined benefit obligation	(796)	2,042
Benefits paid	(1,033)	(1,009)
At the end of the period	24,570	25,143

Movements in the fair value of scheme assets:

	2011 £'000	2010 £'000
At the beginning of the period	19,564	17,903
Expected return on scheme assets	1,161	1,097
Actual return less expected return on scheme assets	(851)	998
Contributions by employer	1,250	575
Benefits paid	(1,033)	(1,009)
At the end of the period	20,091	19,564

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

	Expected return		Fair value of assets	
	2011 %	2010 %	2011 £'000	2010 £'000
Equity instruments	7.0	7.2	10,046	9,978
Debt instruments	4.8	4.6	10,045	9,586
	5.9	5.9	20,091	19,564
Actual return on scheme assets			310	2,095

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 3 September 2011.

29 Retirement benefit obligation continued

History of scheme:

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Present value of the defined benefit obligation	(24,570)	(25,143)	(22,858)	(21,896)	(22,322)
Fair value of scheme assets	20,091	19,564	17,903	19,254	20,661
Deficit	(4,479)	(5,579)	(4,955)	(2,642)	(1,661)
Difference between expected and actual returns on scheme assets:					
Amount £'000	(851)	998	(2,060)	(3,005)	192
Percentage of scheme assets	4.2%	5.1%	11.5%	15.6%	1.0%
Experience gains and losses on scheme liabilities:					
Amount £'000	796	(2,042)	(768)	570	2,740
Percentage of scheme liabilities	3.2%	8.1%	3.4%	2.6%	12.3%

It is expected that contributions of approximately £800,000 will be paid to the defined benefit scheme in the next financial period.

30 Called-up share capital

Group and Company	2011 Shares	2011 £'000	2010 Shares	2010 £'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	8,784,286	2,196
Allotment of shares	78,770	20	—	—
At end of period	8,863,056	2,216	8,784,286	2,196

The consideration received on the allotment of shares during the period was £340,646.

For details of share option, share save and deferred bonus schemes see note 31.

Since the period end there was a further allotment of 403 shares with a nominal value of £101 due to the exercise of share options.

31 Share-based payments

Group

The Group operates three active share based payment schemes at 3 September 2011.

In 2011 the Group entered into a new 3-year and 5-year plan under the existing 2006 approved discretionary employee Share Save Scheme.

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:

	Share Save Scheme 2011 (3-Year Plan)	Share Save Scheme 2011 (5-Year Plan)	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)	10/5/11	10/5/11	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)	£7.20	£7.20	£5.44	£6.43	£4.78	£4.64	£4.64
Exercise price (weighted average)	£5.72	£5.72	£0.25	£0.25	£4.78	£4.79	£4.79
Number of employees	91	85	—	—	21	—	4
Shares under option (approved)	55,564	90,134	—	—	99,000	—	1,678
Shares under option (unapproved)	—	—	—	—	—	—	—
Vesting period (years)	3	5	2.83	2.67	3	3	5
Model used for valuation	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Binomial	Black Scholes	Black Scholes
Expected volatility	25.00%	24.00%	22.00%	21.00%	22.44%	20.18%	21.37%
Option life (years)	3.5	5.5	2.92	2.75	10	3.5	5.5
Expected life (years)	3.25	5.25	2.83	2.67	6.5	3.25	5.25
Risk-free rate	1.620%	2.450%	4.420%	5.451%	4.224%	4.683%	4.623%
Expected dividends expressed as a dividend yield	3.90%	3.90%	3.30%	3.20%	3.36%	3.56%	3.56%
Expectations of vesting	95%	95%	100%	0%	100%	0%	100%
Expectations of meeting performance criteria	N/A	N/A	100%	0%	100%	N/A	N/A
Fair value per option	£1.49	£1.56	£4.74	£5.69	£0.99	£0.60	£0.78

The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of each option. The expected life is the midpoint of the exercise period. 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.

31 Share-based payments continued

Share Save Scheme 2011 - 3 Year Plan

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Granted during the period	5.72	56	—	—
Outstanding at the end of the period	5.72	56	—	—
Exercisable at the end of the period	—	—	—	—

At the period end the weighted average remaining contractual life of the options is 3.25 years with a weighted average remaining expected life of 3 years.

Share Save Scheme 2011 - 5 Year Plan

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Granted during the period	5.72	90	—	—
Outstanding at the end of the period	5.72	90	—	—
Exercisable at the end of the period	—	—	—	—

At the period end the weighted average remaining contractual life of the options is 5.25 years with a weighted average remaining expected life of 5 years.

Deferred Bonus Scheme 2007

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Outstanding at the beginning of the period	0.25	8	0.25	8
Exercised during the period	0.25	(8)	—	—
Outstanding at the end of the period	—	—	0.25	8
Exercisable at the end of the period	—	—	—	—

As the performance criterion under this Scheme was met, matching shares were awarded in the period.

31 Share-based payments continued

Deferred Bonus Scheme 2006

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Outstanding at the beginning of the period	—	—	0.25	24
Forfeited during the period	—	—	0.25	(24)
Outstanding at the end of the period	—	—	—	—
Exercisable at the end of the period	—	—	—	—

As the performance criterion under the scheme was not met, matching shares were not awarded.

Approved and Unapproved Executive Share Option Scheme 2006

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Outstanding at the beginning of the period	4.78	141	4.78	141
Exercised during the period	4.78	(42)	—	—
Outstanding at the end of the period	4.78	99	4.78	141
Exercisable at the end of the period	4.78	99	4.78	141

At the period end the weighted average remaining contractual life of the options is 4.5 years (2010: 5.5 years) with a weighted average remaining expected life of 1 year (2010: 2 years).

Share Save Scheme 2006 - 3 Year Plan

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Outstanding at the beginning of the period	—	—	4.79	2
Forfeited during the period	—	—	4.79	(2)
Outstanding at the end of the period	—	—	—	—
Exercisable at the end of the period	—	—	—	—

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

31 Share-based payments continued

Share Save Scheme 2006 - 5 Year Plan

The number and weighted average exercise prices are as follows:

	2011		2010	
	Weighted average exercise price £	Number of options ('000)	Weighted average exercise price £	Number of options ('000)
Outstanding at the beginning of the period	4.79	50	4.79	55
Exercised during the period	4.79	(48)	—	—
Forfeited during the period	4.79	—	4.79	(5)
Outstanding at the end of the period	4.79	2	4.79	50
Exercisable at the end of the period	4.79	2	—	—

At the period end the weighted average remaining contractual life of the options is 0.25 years (2010: 1.25 years) with a weighted average remaining expected life of nil years (2010: 1 year).

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

	2011 £'000	2010 £'000
Share Save Scheme 2011 - 3 Year Plan	7	—
Share Save Scheme 2011 - 5 Year Plan	7	—
Share Save Scheme 2006 - 3 Year Plan	—	(13)
Share Save Scheme 2006 - 5 Year Plan	7	5
Deferred Bonus Scheme 2007	1	14
	22	6

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

31 Share-based payments continued

Company

In 2011 the Company entered into a new 3-year and 5-year plan under the existing 2006 approved discretionary employee Share Save Scheme.

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:

	Share Save Scheme 2011 (3-Year Plan)	Share Save Scheme 2011 (5-Year Plan)	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	10/5/11	10/5/11	6/12/07	7/2/07	20/2/06	1/6/06	1/6/06
Share price at grant date	£7.20	£7.20	£5.44	£6.43	£5.02	£4.64	£4.64
Exercise price	£5.72	£5.72	£0.25	£0.25	£5.02	£4.79	£4.79
Number of employees	9	4	—	—	—	—	—
Shares under option	10,724	4,313	—	—	—	—	—
Vesting period (years)	3	5	2.83	2.67	3	3	5
Model used for valuation	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Binomial	Black Scholes	Black Scholes
Expected volatility	25.00%	24.00%	22.00%	21.00%	22.44%	20.18%	21.37%
Option life (years)	3.5	5.5	2.92	2.75	10	3.5	5.5
Expected life (years)	3.25	5.25	2.83	2.67	6.5	3.25	5.25
Risk-free rate	1.620%	2.450%	4.420%	5.451%	4.224%	4.683%	4.623%
Expected dividends expressed as a dividend yield	3.90%	3.90%	3.30%	3.20%	3.36%	3.56%	3.56%
Expectations of vesting	95%	95%	100%	0%	100%	0%	100%
Expectations of meeting performance criteria	N/A	N/A	100%	0%	100%	N/A	N/A
Fair value per option	£1.49	£1.56	£4.74	£5.69	£0.99	£0.60	£0.78

The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of each option. The expected life is the midpoint of the exercise period. 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.

31 Share-based payments continued

Share Save Scheme 2011 - 3 Year Plan

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Granted during the period	5.72	11	—	—
Outstanding at the end of the period	5.72	11	—	—
Exercisable at the end of the period	—	—	—	—

At the period end the weighted average remaining contractual life of the options is 3.25 years with a weighted average remaining expected life of 3 years.

Share Save Scheme 2011 - 5 Year Plan

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Granted during the period	5.72	4	—	—
Outstanding at the end of the period	5.72	4	—	—
Exercisable at the end of the period	—	—	—	—

At the period end the weighted average remaining contractual life of the options is 5.25 years with a weighted average remaining expected life of 5 years.

Deferred Bonus Scheme 2007

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Outstanding at the beginning of the period	0.25	7	0.25	7
Exercised during the period	0.25	(7)	—	—
Outstanding at the end of the period	—	—	0.25	7
Exercisable at the end of the period	—	—	—	—

As the performance criterion under this Scheme was met, matching shares were awarded in the period.

31 Share-based payments continued

Deferred Bonus Scheme 2006

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Outstanding at the beginning of the period	—	—	0.25	15
Forfeited during the period	—	—	0.25	(15)
Outstanding at the end of the period	—	—	—	—
Exercisable at the end of the period	—	—	—	—

As the performance criterion under the scheme was not met, matching shares were not awarded.

Unapproved Executive Share Option Scheme 2006

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Outstanding at the beginning of the period	5.02	12	5.02	12
Exercised during the period	5.02	(12)	—	—
Outstanding at the end of the period	—	—	5.02	12
Exercisable at the end of the period	—	—	5.02	12

Share Save Scheme 2006 - 3 Year Plan

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Outstanding at the beginning of the period	—	—	4.79	1
Forfeited during the period	—	—	4.79	(1)
Outstanding at the end of the period	—	—	—	—
Exercisable at the end of the period	—	—	—	—

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

31 Share-based payments continued

Share Save Scheme 2006 - 5 Year Plan

The number and weighted average exercise prices are as follows:

	2011 Weighted average exercise price £	2011 Number of options ('000)	2010 Weighted average exercise price £	2010 Number of options ('000)
Outstanding at the beginning of the period	4.79	1	4.79	1
Exercised during the period	4.79	(1)	—	—
Outstanding at the end of the period	—	—	4.79	1
Exercisable at the end of the period	—	—	—	—

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

	2011 £'000	2010 £'000
Share Save Scheme 2011 - 3 Year Plan	1	—
Share Save Scheme 2011 - 5 Year Plan	1	—
Share Save Scheme 2006 - 3 Year Plan	—	(4)
Share Save Scheme 2006 - 5 Year Plan	—	1
Deferred Bonus Scheme 2007	1	11
	3	8

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

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

	2011 £'000	2010 £'000
Approved Executive Share Option Scheme 2006	92	122
Share Save Scheme 2011 - 3 Year Plan	6	—
Share Save Scheme 2011 - 5 Year Plan	7	—
Share Save Scheme 2006 - 5 Year Plan	1	31
Deferred Bonus Scheme 2007	—	8
Total carrying amount of investments	106	161

32 Acquisitions

Safe at Work Limited

On 28 April 2011 Carrs Billington Agriculture (Sales) Limited acquired the entire issued share capital of Safe at Work Limited for cash consideration of £1,760,000.

The principal activity of Safe at Work Limited is that of importer and wholesale supplier of protective clothing, footware and tools.

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 sold through our existing branch network.

Forsyths of (Wooler) Limited

On 14 September 2010 Carrs Billington Agriculture (Sales) Limited acquired the entire issued share capital of Forsyths of (Wooler) Limited for cash consideration of £722,000.

The principal activity of Forsyths of (Wooler) 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 business into Northumberland. Synergies are expected following the rationalisation of the procurement and administration functions.

Aggregate disclosures

The total goodwill arising from acquisitions in the period amounts to £937,000. 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.

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

	£'000
Revenue	4,320
Profit before taxation	421

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

Related costs of the above acquisitions amounted to £49,000, which have been recognised within administrative expenses in the consolidated income statement.

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

	Fair value £'000
Intangible assets	68
Property, plant and equipment	128
Inventories	563
Receivables	615
Cash and cash equivalents	747
Bank overdraft	(98)
Payables	(276)
Taxation	
- Current	(162)
- Deferred	(40)
Net assets acquired	1,545
Goodwill	937
Satisfied by cash	2,482

The aggregate gross contractual amounts receivable were £593,000.

32 Acquisitions continued

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 29 August 2010.

The pro forma amounts include the results of the acquisitions 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.

Continuing operations	£'000
Revenue	374,754
Profit before taxation	10,251

33 Cash generated from/(used in) continuing operations

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Profit for the period from continuing operations	8,037	5,761	21,149	1,271
Adjustments for:				
Tax	1,973	1,663	92	(409)
Dividends received from subsidiaries	—	—	(22,377)	(2,984)
Depreciation of property, plant and equipment	3,923	3,319	—	—
Impairment of property, plant and equipment	324	—	—	—
Amounts written off property, plant and equipment	28	—	—	—
Profit on disposal of property, plant and equipment	(10)	(27)	—	—
Depreciation of investment property	20	19	—	—
Intangible asset amortisation	480	197	—	—
Intangible asset impairment	325	—	—	—
Profit on disposal of investment	(2)	—	—	—
Profit on disposal of trade	(190)	—	—	—
Loan forgiven in the period (note 38)	(40)	—	—	—
Net fair value loss on share based payments	20	2	3	8
Net foreign exchange differences	18	(22)	35	40
Finance costs:				
Interest income	(410)	(404)	(516)	(478)
Interest expense and borrowing costs	1,424	1,273	674	604
Share of profit from associate and joint ventures	(1,776)	(799)	—	—
IAS19 income statement credit in respect of employer contributions (note 29)	(4,801)	(2,821)	(4,801)	(2,821)
IAS19 income statement charge (note 29)	742	1,187	742	1,187
Changes in working capital (excluding the effects of acquisitions and disposal):				
Increase in inventories	(205)	(2,160)	—	—
(Increase)/decrease in receivables	(14,591)	(540)	110	204
Increase in payables	18,808	4,597	1,257	76
Cash generated from/(used in) continuing operations	14,097	11,245	3,632	(3,302)

34 Analysis of net debt

Group	At 29 August 2010 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	At 3 September 2011 £'000
Cash and cash equivalents	13,695	19,587	—	—	33,282
Bank overdrafts	(427)	(477)	—	71	(833)
	13,268	19,110	—	71	32,449
Loans and other borrowings:					
- current	(10,180)	(683)	(14,047)	(21)	(24,931)
- non-current	(16,839)	1,743	13,995	(124)	(1,225)
Finance leases:					
- current	(871)	1,075	(876)	—	(672)
- non-current	(893)	—	(156)	—	(1,049)
	(15,515)	21,245	(1,084)	(74)	4,572

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

Company	At 29 August 2010 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	At 3 September 2011 £'000
Cash and cash equivalents	9,559	18,779	—	(54)	28,284
Loans and other borrowings:					
- current	(4,958)	314	(14,047)	171	(18,520)
- non-current	(13,955)	—	13,955	—	—
	(9,354)	19,093	(92)	117	9,764

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

35 Capital Commitments

Group	2011 £'000	2010 £'000
Capital expenditure on property, plant and equipment that has been contracted for but has not been provided for in the accounts	—	291

The Company has no capital commitments (2010: nil).

36 Other Financial Commitments

Group

At 3 September 2011 the Group had commitments, other than land and buildings, under non-cancellable operating leases as follows:

	2011 £'000	2010 £'000
Within one year	409	475
Within two and five years inclusive	753	828
After five years	1	6
	1,163	1,309

Company

At 3 September 2011 the Company had commitments, other than land and buildings, under non-cancellable operating leases as follows:

	2011 £'000	2010 £'000
Within one year	—	1
Within two and five years inclusive	—	2
	—	3

37 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 3 September 2011 amounted to £3,996,000 (2010: £390,000).

The Company, together with certain subsidiary undertakings, has a €125,000 (2010: €375,000) 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 3 September 2011 amounted to £641,000 (2010: £259,000).

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 3 September 2011 amounted to £nil (2010: £2,093,000). The loan facility was repaid in the period.

Certain subsidiary undertakings utilise guarantee facilities with financial institutions which include their own bankers. These financial institutions in the normal course of business enter into certain specific guarantees with some of the subsidiaries' customers. All these guarantees allow the financial institutions to have recourse to the subsidiaries if a guarantee is enforced. The total outstanding of such guarantees at 3 September 2011 was £6,563,000 (2010: £2,929,000).

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 3 September 2011 the contracts under guarantee that have still to be completed have a total contract value of £1,814,000 (2010: £1,814,000).

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 (2010: £1,500,000).

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

38 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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Balances reported in the Balance Sheet				
Amounts owed by key management personnel (in a trading capacity):				
Trade receivables	137	126	—	—
Transactions reported in the Income Statement				
Revenue	772	546	—	—
Purchases	(8)	(7)	—	—

Transactions with subsidiaries

	Company	
	2011 £'000	2010 £'000
Balances reported in the Balance Sheet		
Amounts owed by subsidiary undertakings:		
Loans	16,943	19,293
Other receivables	38	101
	16,981	19,394
Amounts owed to subsidiary undertakings:		
Loans	(4,520)	(4,005)
Other payables	(379)	(36)
	(4,899)	(4,041)
Transactions reported in the Income Statement		
Management charges receivable	2,669	1,641
Dividends received	22,377	2,984
Interest receivable	295	197
Interest payable	(68)	(59)

38 Related parties continued

Transactions with associate

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Balances reported in the Balance Sheet				
Amounts owed by associate:				
Trade and other receivables	43	56	—	—
Amounts owed to associate:				
Trade and other payables	(10,777)	(7,401)	(3)	—
Transactions reported in the Income Statement				
Revenue	461	402	—	—
Rental income	18	18	—	—
Management charges receivable	57	56	15	14
Management charges payable	(64)	(58)	—	—
Purchases	(85,789)	(73,805)	—	—

Transactions with joint ventures

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Balances reported in the Balance Sheet				
Amounts owed by joint ventures:				
Trade and other receivables	1,765	441	1,353	422
Amounts owed to joint ventures:				
Trade and other payables	(13)	—	(13)	—

Included within Group trade and other receivables is £1,725,000 (2010: £420,000) in respect of loans owed by joint ventures.

Included within Company trade and other receivables is £1,350,000 (2010: £420,000) in respect of loans owed by joint ventures.

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Transactions reported in the Income Statement				
Revenue	91	87	—	—
Management charges receivable	58	107	—	50

Transactions with other related parties

Other loans of £1,225,000 (2010: £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.

In the prior period other loans, within non-current borrowings, included loans from the minority shareholders in Quinphos (Ireland) Limited, which is a dormant subsidiary of the Group. These loans were denominated in Euros and were forgiven during the current period. The sterling equivalent of the loans forgiven in the period was £39,515 and at 3 September 2011 was £nil (2010: £37,044).

Five Year Statement

Continuing operations Revenue and Results	2007 £'000	2008 £'000	2009 £'000	2010 £'000	2011 £'000
Revenue	252,753	372,307	350,023	298,110	373,318
Group operating profit	5,785	12,875	7,295	7,445	9,156
Analysed as:					
Operating profit before non-recurring items	6,192	12,814	7,295	7,445	9,907
Non-recurring items	(407)	61	—	—	(751)
Group operating profit	5,785	12,875	7,295	7,445	9,156
Finance income	487	454	211	404	410
Finance costs	(1,484)	(2,061)	(1,522)	(1,224)	(1,332)
Share of post-tax profit in associate and joint ventures	738	1,590	1,051	799	1,776
Profit before taxation	5,526	12,858	7,035	7,424	10,010
Taxation	(1,225)	(4,605)	(1,829)	(1,663)	(1,973)
Profit for the period from continuing operations	4,301	8,253	5,206	5,761	8,037
Profit for the period from discontinued operations	—	—	—	1,074	16,598
Profit for the period	4,301	8,253	5,206	6,835	24,635
Ratios (continuing operations)					
Operating margin (excluding non-recurring items)	2.4%	3.4%	2.1%	2.5%	2.7%
Return on net assets (excluding non-recurring items)	21.0%	46.4%	21.1%	18.9%	17.1%
Earnings per share - basic	50.7p	92.7p	50.4p	51.9p	77.0p
- adjusted	56.0p	108.6p	51.0p	53.5p	88.4p
Dividends per ordinary share	19.0p	23.0p	23.0p	24.0p	26.0p

Revenue and results for years ended 2007, 2008 and 2009 include the revenue and results from the fertiliser blending operations which were disposed of in the current period.

Net assets employed	2007 £'000	2008 £'000	2009 £'000	2010 £'000	2011 £'000
Non-current assets					
Goodwill	1,016	1,381	1,654	4,336	4,558
Other intangible assets	444	294	764	1,362	1,029
Property, plant and equipment	28,481	28,596	31,764	32,588	31,519
Investment property	756	737	718	699	764
Investments	3,642	4,530	4,626	5,018	6,832
Financial assets					
- Derivative financial instruments	132	—	—	—	—
- Non-current receivables	100	50	53	5	2
Deferred tax assets	3,228	5,318	5,015	3,924	2,519
	37,799	40,906	44,594	47,932	47,223
Current assets					
Inventories	14,853	31,014	23,860	27,015	22,793
Trade and other receivables	35,481	50,754	43,059	48,810	56,988
Current tax assets	82	65	119	303	9
Financial assets					
- Derivative financial instruments	—	927	16	—	—
- Cash and cash equivalents	1,315	3,896	10,304	13,695	33,282
	51,731	86,656	77,358	89,823	113,072
Total assets	89,530	127,562	121,952	137,755	160,295
Current liabilities					
Financial liabilities					
- Borrowings	(10,717)	(15,004)	(10,226)	(11,478)	(26,436)
- Derivative financial instruments	(10)	(22)	(43)	(127)	—
Trade and other payables	(28,478)	(52,977)	(35,928)	(49,468)	(53,469)
Current tax liabilities	(570)	(2,054)	(708)	(1,129)	(1,688)
	(39,775)	(70,057)	(46,905)	(62,202)	(81,593)
Non-current liabilities					
Financial liabilities					
- Borrowings	(5,971)	(6,325)	(19,403)	(17,732)	(2,274)
- Derivative financial instruments	—	(14)	—	—	—
Retirement benefit obligation	(9,807)	(16,558)	(14,673)	(10,745)	(5,960)
Deferred tax liabilities	(3,418)	(4,775)	(4,840)	(4,960)	(4,007)
Other non-current liabilities	(1,705)	(2,237)	(2,834)	(2,797)	(3,617)
	(20,901)	(29,909)	(41,750)	(36,234)	(15,858)
Total liabilities	(60,676)	(99,966)	(88,655)	(98,436)	(97,451)
Net assets	28,854	27,596	33,297	39,319	62,844

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

Notice is hereby given that the one hundred and third annual general meeting of the Company will be held at the Crown Hotel, Wetheral, Carlisle on Tuesday 10 January, 2012 at 11.30 a.m. for the following purposes:

Ordinary Business

1. To receive the Company's annual accounts for the financial year ended 3 September 2011 together with the Directors' Report and the Auditor's Report on those accounts.
2. To declare a final dividend of 13.0p per share for the year ended 3 September 2011.
3. To re-elect C N C Holmes who retires by rotation pursuant to the Articles of Association of the Company.
4. To re-elect A R Heygate who retires in accordance with best practice under the UK Corporate Governance Code 2010.
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 3 September 2011.

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 £731,235 ; 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 section 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 £221,586 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 886,346 (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 2013 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."

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

    "**THAT**, a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice."

By order of the board

Ronald Wood
Company Secretary
17 November 2011

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

Gold-Bar Feed Supplements LLC*
783 Eagle Boulevard, Shelbyville,
TN 37160, USA
Tel: 00 1 877 618 6455
Fax: 00 1 877 618 6489

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

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), Stirling
Stirling Agricultural Centre,
Stirling FK9 4RN
Tel: 01786 474826
Fax: 01786 472933

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

Safe at Work Limited
Unit 21, Petteril Side,
Harraby Green Business Park,
Carlisle CA1 2SQ
Tel: 01228 591091
Fax: 01228 590026

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

Afgritech LLC*
200 Willow Street, Watertown,
New York 13601, USA
Tel: 00 1 315 785 3625
Fax: 00 1 315 785 3627

Afgritech Properties LLC*
200 Willow Street, Watertown,
New York 13601, USA
Tel: 00 1 315 785 3625
Fax: 00 1 315 785 3627

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