CARR'S MILLING
INDUSTRIES PLC

INTERIM RESULTS
2007/2008

CARR'S MILLING INDUSTRIES PLC
CHAIRMAN'S INTERIM STATEMENT

I am pleased to report the unaudited results for the Group for the 26 weeks to 1 March 2008 which are both substantially ahead of the comparable period of the 26 weeks to 3 March 2007 and appreciably ahead of budget.

Our positioning in speciality products, particularly in the Agricultural market, is driving increases in both margins and sales whilst food price inflation is enabling us to recapture much of the lost margin in our Food business experienced in the period ended 1 September 2007.

These factors combine to give us a high degree of confidence in the outlook for the full 52 weeks ending 30 August 2008.

FINANCE HIGHLIGHTS

- **Revenue up 45.9% to £161.87m (2007: £110.97m)**
- **Pre-tax profit up 45.0% to £5.17m (2007: £3.57m)***
- **Adjusted operating profit up 41.3% to £6.43m (2007: £4.55m)****
- **Earnings per share up 45.8% at 44.6p (2007: 30.6p)**
- **Adjusted earnings per share up 35.7% to 44.1p (2007: 32.5p)****

* including a £0.98m (2007: £0.67m) share of post-tax profit in associate and joint ventures

** adjusted figures exclude non-recurring items and the amortisation of intangible assets of £0.07m credit (2007: charge £0.20m).

Shareholders' equity at the period end totalled £28.6m as against £26.8m at 1 September 2007 and £21.8m at 3 March 2007. Net debt was £26.7m as against £15.4m and £18.1m, respectively, with gearing of 93% as against 57% and 83%, respectively. The increase in indebtedness is a consequence of the Group's increased revenue and higher associated working capital requirements arising from substantial rises in the cost of raw materials which have in turn led to higher levels of inventory, receivables and payables. Net finance costs of £0.76m (2007: £0.44m) were covered a substantial 6.5 times (2007: 7.6 times) by Group operating profit.

INTERIM DIVIDEND

The Board has declared an interim dividend per share of 6.0p (2007: 5.5p), up 9.1%, to be paid on 9 May 2008 to shareholders on the register at close of business on 18 April 2008, with an ex-dividend date of 16 April 2008.

OPERATIONS

Agriculture

- **Revenue up 45.1% at £118.82m (2007: £81.89m)**
- **Operating profit up 56.9% at £4.02m (2007: £2.57m)***
- **Post-tax profit in associate and joint ventures up 46.5% at £0.98m (2007: £0.67m)**

* before retirement benefit charge

The Group's Agriculture business comprises, in the UK (primarily in the North West of England and South West of Scotland), four related activities – animal feed manufacture, fertiliser blending, agricultural retailing, and oil distribution – and, in the USA and Germany, animal feed manufacture.

Market backdrop
The higher animal feed and energy costs incurred by UK farmers were reflected in the 50% increase in the milk price evident in contracts towards the latter months of 2007. Our US and German low moisture feed block businesses were faced with a higher cost of molasses, a main ingredient, but we were able to pass on most of this cost.

Animal feed
In our compound and blended feed business, we gained market share in what remains a competitive market place, due to consistently high quality of product as well as the successful take up of our niche product, *AminoMax*, a by-pass protein feed ingredient launched in the previous financial period by Afgritech, the Group's joint venture.

Although raw material prices continue to rise, we benefited from our decision to buy early and have recently put through a price rise to compensate for further raw material cost increases, which will take effect in May 2008.

Sales of our low moisture feed blocks continue to rise (+18%), driven by both product substitution trends and our unique niche products, now including *Organyx Plus*, a new product in the *Crystalyx* range for organic farming systems.

In the US, volumes continue to rise due to both the quality of our *Smartlic* and *Feed in a Drum* low-moisture animal feed blocks and our excellent levels of service. Revenue was up 14% but margins were slightly lower due to higher raw material costs – the full impact of these cost pressures were not passed on.

In Germany, *Crystalyx Product*s, the joint venture with the substantial German agriculture group Agravis, increased revenue by the introduction of new markets, including Russia.

Fertiliser

Revenue was up 114% on volumes up 60% on the comparable period. We benefited from farmers buying early to secure supply and to offset further price increases. In addition, our leading market position in Scotland and North West England and the success of our niche, slow release environmentally-friendly *New Choice* fertiliser further boosted profitability. Volumes of this high margin product increased by around 50% year on year and *New Choice* now represents one-sixth of our total fertiliser volumes.

Retail

With farmers' income improving, sales at our 14 retail branches experienced spend up by more than 10% overall, with an acceleration in the second quarter.

Fuels

Our fuels business continued to gain market share and there is cross-selling across the Agricultural group. Revenue from fuel sales increased by 70%, which also reflects the acquisition of Johnstone Fuels & Lubricants in January 2007.

Food

- **Revenue up 57.9% at £39.68m (2007: £25.14m)**
- **Operating profit up 21.0% at £1.11m (2007: £0.92m)***

* before retirement benefit charge

The dramatic rise in revenue reflected the two price increases put through in September 2007 and November 2007, which are also helping to offset the margin erosion we saw in the previous financial period. The benefits of our cost reduction programme are now increasingly visible and with the prospect of further price increases, the recovery in profit should be sustained. We have tried to protect our position by buying forward raw materials where possible, and are hopeful of a more stable environment in the second half of the period. The underlying trends in profitability are encouraging.

Engineering

- **Revenue down 14.7% at £3.30m (2007: £3.87m)**
- **Operating profit down 16.0% at £0.49m (2007: £0.59m)***

* before retirement benefit charge

Underlying trends across both nuclear and non-nuclear remain healthy and we are confident of a satisfactory outcome for the full period. The decline in sales and profitability reflected the part completion of one particularly difficult contract for the supply of vessels. This contract will be completed in the next quarter.

OUTLOOK

Improved farm incomes are benefiting our business. We are selling more product at better margins in the UK and seeing encouraging trends in our overseas Agricultural markets. The Agriculture division will continue to drive the performance of the Group. A more stable market backdrop in Food should enhance profitability further. The trends are positive for the second half of this period and beyond.

Richard Inglewood
Chairman
7 April 2008

UNAUDITED CONSOLIDATED INCOME STATEMENT

for the 26 weeks ended 1 March 2008

	Notes	**26 weeks ended 1 March 2008 £'000 (unaudited)**	26 weeks ended 3 March 2007 £'000 (unaudited)	52 weeks ended 1 September 2007 £'000 (audited)
Continuing operations				
Revenue	3	**161,866**	110,970	252,753
Cost of sales		**(141,540)**	(99,616)	(218,603)
Gross profit		**20,326**	11,354	34,150
Net operating expenses		**(15,382)**	(8,016)	(28,365)
Group operating profit		**4,944**	3,338	5,785
Analysed as:				
Operating profit before non-recurring items and amortisation		**4,872**	3,540	6,192
Non-recurring items and amortisation	6	**72**	(202)	(407)
Group operating profit		**4,944**	3,338	5,785
Interest income		**291**	215	392
Other finance income		**-**	59	95
Interest expense		**(971)**	(716)	(1,484)
Other finance costs		**(75)**	-	-
Share of post-tax profit in associate and joint ventures		**980**	669	738
Profit before taxation	3	**5,169**	3,565	5,526
Taxation	3,5	**(1,278)**	(902)	(1,225)
Profit for the period	3	**3,891**	2,663	4,301
Profit attributable to minority interest		**204**	140	120
Profit attributable to equity shareholders		**3,687**	2,523	4,181
		3,891	2,663	4,301
Dividend per share (pence)				
Paid	8	**13.5**	12.5	18.0
Proposed	8	**6.0**	5.5	13.5
Earnings per share (pence)				
Basic	7	**44.6**	30.6	50.7
Diluted	7	**44.0**	30.1	49.9

UNAUDITED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

for the 26 weeks ended 1 March 2008

	Notes	**26 weeks ended 1 March 2008 £'000 (unaudited)**	26 weeks ended 3 March 2007 £'000 (unaudited)	52 weeks ended 1 September 2007 £'000 (audited)
Foreign exchange translation differences arising on translation of overseas subsidiaries		**107**	(38)	(253)
Actuarial (losses)/gains on retirement benefit obligation:				
- Group	4	**(1,338)**	-	4,570
- Share of associate		**-**	-	1,437
Taxation credit/(charge) on actuarial movement on retirement benefit obligation:				
- Group		**375**	-	(1,595)
- Share of associate		**-**	-	(459)
Net (expense)/income recognised directly in equity		**(856)**	(38)	3,700
Profit for the period		**3,891**	2,663	4,301
Total recognised income and expense for the period	9	**3,035**	2,625	8,001
Attributable to minority interest	9	**199**	140	120
Attributable to equity shareholders	9	**2,836**	2,485	7,881
		3,035	2,625	8,001

UNAUDITED CONSOLIDATED BALANCE SHEET

as at 1 March 2008

	Notes	As at 1 March 2008 £'000 (unaudited)	As at 3 March 2007 £'000 (unaudited)	As at 1 September 2007 £'000 (audited)
Assets				
Non-current assets				
Goodwill		**1,016**	845	1,016
Other intangible assets	12	**369**	835	444
Property, plant and equipment	12	**28,075**	29,145	28,481
Investment property	12	**746**	766	756
Investment in associate		**3,276**	1,487	2,456
Interest in joint ventures		**1,427**	869	935
Other investments		**251**	254	251
Financial assets				
- Derivative financial instruments		**-**	96	132
- Non-current receivables		**50**	101	100
Deferred tax assets		**3,222**	5,061	3,228
		38,432	39,459	37,799
Current assets				
Inventories		**24,758**	18,551	14,853
Trade and other receivables		**56,723**	38,729	35,481
Current tax assets		**-**	4	82
Financial assets				
- Derivative financial instruments		**1**	-	-
Cash at bank and in hand		**467**	716	1,315
		81,949	58,000	51,731
Total assets		**120,381**	97,459	89,530
Liabilities				
Current liabilities				
Financial liabilities				
- Borrowings		**(20,509)**	(12,408)	(10,717)
- Derivative financial instruments		**(65)**	(1)	(10)
Trade and other payables		**(46,571)**	(32,677)	(28,478)
Current tax liabilities		**(882)**	(1,564)	(570)
		(68,027)	(46,650)	(39,775)
Non-current liabilities				
Financial liabilities				
- Borrowings		**(6,687)**	(6,361)	(5,971)
- Derivative financial instruments		**(55)**	-	-
Retirement benefit obligation	4	**(9,306)**	(15,137)	(9,807)
Deferred tax liabilities	5	**(3,401)**	(3,647)	(3,418)
Other non-current liabilities		**(2,049)**	(1,787)	(1,705)
		(21,498)	(26,932)	(20,901)
Total liabilities		**(89,525)**	(73,582)	(60,676)
Net assets		**30,856**	23,877	28,854
Shareholders' equity				
Ordinary shares	9	**2,065**	2,064	2,064
Share premium	9	**5,099**	5,073	5,073
Treasury share reserve	9	**(101)**	(101)	(101)
Equity compensation reserve	9	**144**	46	95
Foreign exchange reserve	9	**(371)**	(268)	(483)
Other reserve	9	**1,555**	1,586	1,570
Retained earnings	9	**20,198**	13,401	18,574
Total shareholders' equity	9	**28,589**	21,801	26,792
Minority interests in equity	9	**2,267**	2,076	2,062
Total equity	9	**30,856**	23,877	28,854

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

for the 26 weeks ended 1 March 2008

	Notes	26 weeks ended 1 March 2008 £'000 (unaudited)	26 weeks ended 3 March 2007 £'000 (unaudited)	52 weeks ended 1 September 2007 £'000 (audited)
Cash flows from operating activities				
Cash (used by)/generated from operations	10	**(7,886)**	585	6,906
Interest received		**282**	204	389
Interest paid		**(930)**	(574)	(1,407)
Tax paid		**(509)**	(724)	(2,053)
Net cash (used by)/generated from operating activities		**(9,043)**	(509)	3,835
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired)		**-**	(1,049)	(1,141)
Investment in joint ventures		**(294)**	-	-
Net payment of loans to joint ventures		**-**	(90)	(90)
Purchase of intangible assets		**(3)**	(5)	(11)
Proceeds from sale of property, plant and equipment		**63**	139	121
Purchase of property, plant and equipment		**(877)**	(1,275)	(1,896)
Proceeds from sale of investment property		**-**	-	96
Proceeds from sale of investments		**-**	-	1
Receipt of non-current receivables		**50**	100	100
Purchase of own shares held in trust		**-**	(101)	(101)
Net cash used by investing activities		**(1,061)**	(2,281)	(2,921)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		**27**	75	75
Net proceeds from issue of new bank loans and other borrowings		**3,295**	1,500	-
Finance lease principal repayments		**(454)**	(486)	(1,005)
Repayment of borrowings		**(144)**	(2,069)	(83)
Disposal of interest rate swap		**111**	-	-
Dividends paid to shareholders		**(1,115)**	(1,032)	(1,486)
Net cash generated from/(used by) financing activities		**1,720**	(2,012)	(2,499)
Effects of exchange rate changes		**78**	3	(97)
Net decrease in cash and cash equivalents		**(8,306)**	(4,799)	(1,682)
Cash and cash equivalents at beginning of the period		**(598)**	1,084	1,084
Cash and cash equivalents at end of the period		**(8,904)**	(3,715)	(598)
Cash and cash equivalents consists of:				
Cash and cash equivalents per the balance sheet	11	**467**	716	1,315
Bank overdrafts included in borrowings	11	**(9,371)**	(4,431)	(1,913)
		(8,904)	(3,715)	(598)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that to the best of their knowledge this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of Carr's Milling Industries PLC are listed in the Carr's Milling Industries PLC Annual Report and Accounts 2007. There have been no changes to the Board of Directors in the financial period.

On behalf of the Board

Chris Holmes	Ron Wood
Chief Executive	Finance Director
7 April 2008	7 April 2008

NOTES TO THE UNAUDITED INTERIM FINANCIAL RESULTS

1. Basis of preparation

The financial information for the 26 weeks to 1 March 2008 does not constitute statutory accounts for the purposes of section 240 of the Companies Act 1985 and has been neither audited nor reviewed. No statutory accounts for the period have been delivered to the Registrar of Companies.

The financial information in respect of the 52 weeks ended 1 September 2007 has been produced using extracts from the statutory accounts for this period. Consequently, this does not constitute the statutory information for the 52 weeks ended 1 September 2007, which was audited. The statutory accounts for this period have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under sections 237(2) or (3) of the Companies Act 1985.

The next annual financial statements of the Group, for the 52 weeks to 30 August 2008, will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU ("IFRS"). This Interim Report has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The directors approved the Interim Report on 7 April 2008.

The interim financial information has been prepared on the historical cost basis, except for certain assets, which are held at deemed cost, and derivative financial instruments and share-based payments, which are included at fair value.

2. Accounting policies

The accounting policies used in the preparation of the financial information for the 26 weeks to 1 March 2008 have been consistently applied to all the periods presented and are set out in full in the Group's financial statements for the 52 weeks ended 1 September 2007. A copy of these financial statements is available from the Company's registered office at Old Croft, Stanwix, Carlisle, CA3 9BA.

The following new standards, interpretations and amendments to published standards are effective for the Group for the financial period ending 30 August 2008:

- IFRS 7 'Financial Instruments: Disclosure'
- IFRIC 10 'Interim Financial Reporting and Impairment'
- IFRIC 11 'IFRS 2 – Group and Treasury Share Transactions'

The above new standards, interpretations and amendments to published standards have had no material impact on the results or the financial position of the Group for the 26 weeks to 1 March 2008.

The following new standards, interpretations and amendments to published standards have been issued, but are not effective for the financial period ending 30 August 2008 and have not been early adopted:

- IAS 1 (Revised) 'Presentation of Financial Statements'
- IFRS 8 'Operating Segments'
- IFRIC 12 'Service Concession Arrangements'
- IFRIC 13 'Customer Loyalty Programmes'
- IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'
- IAS 23 'Revised – Borrowing Costs'
- Amendment to IAS 32 'Financial Instruments: Presentation' and IAS 1 'Presentation of Financial Statements'
- Amendment to IFRS 2 'Share Based Payments'
- IFRS 3 (Revised) 'Business Combinations'
- IAS 27 (Revised) 'Consolidated and Separate Financial Statements'

3. Segmental information

The segment results for the 26 weeks to 1 March 2008 are as follows:

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
Total gross segment revenue	118,949	39,680	3,326	70	162,025
Inter-segment revenue	(133)	(2)	(24)	-	(159)
Revenue	118,816	39,678	3,302	70	161,866
Operating profit/(loss) before retirement benefit charge	4,024	1,112	492	(182)	5,446
Analysed as:					
Before non-recurring items and amortisation	4,045	1,150	492	(313)	5,374
Non-recurring items and amortisation	(21)	(38)	-	131	72
	4,024	1,112	492	(182)	5,446
Retirement benefit charge					(502)
Interest income					291
Other finance costs					(75)
Interest expense					(971)
Share of post-tax profit of associate (Agriculture)					820
Share of post-tax profit of joint ventures (Agriculture)					160
Profit before taxation					5,169
Taxation					(1,278)
Profit for the period					3,891

The segment results for the 26 weeks to 3 March 2007 are as follows:

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
Total gross segment revenue	82,044	25,142	3,924	79	111,189
Inter-segment revenue	(157)	(7)	(55)	-	(219)
Revenue	81,887	25,135	3,869	79	110,970
Operating profit/(loss) before retirement benefit charge	2,565	919	586	(112)	3,958
Analysed as:					
Before non-recurring items and amortisation	2,608	1,078	586	(112)	4,160
Non-recurring items and amortisation	(43)	(159)	-	-	(202)
	2,565	919	586	(112)	3,958
Retirement benefit charge					(620)
Interest income					215
Other finance income					59
Interest expense					(716)
Share of post-tax profit of associate (Agriculture)					506
Share of post-tax profit of joint ventures (Agriculture)					163
Profit before taxation					3,565
Taxation					(902)
Profit for the period					2,663

The segment results for the 52 weeks to 1 September 2007 are as follows:

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
Total gross segment revenue	186,249	57,038	9,790	214	253,291
Inter-segment revenue	(319)	(3)	(216)	-	(538)
Revenue	185,930	57,035	9,574	214	252,753
Operating profit/(loss) before retirement benefit charge	5,145	1,102	1,018	(313)	6,952
Analysed as:					
Before non-recurring items and amortisation	5,235	1,419	1,018	(313)	7,359
Non-recurring items and amortisation	(90)	(317)	-	-	(407)
	5,145	1,102	1,018	(313)	6,952
Retirement benefit charge					(1,167)
Interest income					392
Other finance income					95
Interest expense					(1,484)
Share of post-tax profit of associate (Agriculture)					496
Share of post-tax profit of joint ventures (Agriculture)					242
Profit before taxation					5,526
Taxation					(1,225)
Profit for the period					4,301

Sales of agricultural products are subject to seasonal fluctuation with higher demand for animal feed in the first six months of the period whereas fertilisers sales demand is high in the second six months of the period, particularly in the months of March and April.

4. Retirement benefit obligation

	£'000
Deficit in scheme at 2 September 2007	9,807
Actuarial loss	1,338
Contributions by employer	(1,267)
Retirement benefit charge	502
Reduction in liability due to transfer values paid	(1,074)
Deficit in scheme at 1 March 2008	9,306

In the period, the Company and the Trustees of the Carr's Milling Industries Pension Scheme 1993 ("Scheme") offered to deferred members, with more than five years to normal retirement age, enhanced transfer values. The cost to the Company was £943,000 and the actuarial provisions held by the Company were reduced by £1,074,000. The net gain of £131,000 (2007: £nil) has been credited to the income statement.

Actuarial losses of £1,338,000 (2007: £nil) have been reported in the Statement of Recognised Income and Expense. The reduction in liabilities due to the rise in bond yields was more than offset by negative returns on investments, and the adoption of a revised mortality table.

During the period the Group's associate closed its defined benefit pension scheme to future service accrual. The valuation for this Scheme has not been updated as any actuarial movements are not considered to be material.

5. Taxation

The tax charges for the 26 weeks ended 1 March 2008 and 3 March 2007 are based on the estimated tax charge for the applicable year.

In the 2007 budget, the Government announced its intention to propose that Parliament abolish Industrial Buildings Allowances ("IBAs"). As of 1 March 2008, this change was not substantively enacted. Had the change been substantively enacted as of the balance sheet date, the estimated impact on the income statement and balance sheet would be an increase in the deferred tax charge and liability of £1,267,000.

6. Adjusted operating and pre-tax profit

	26 weeks ended	
	1 March 2008	3 March 2007
	£'000	£'000
Reported group operating profit	4,944	3,338
Non-recurring items and amortisation	(72)	202
Operating profit before non-recurring items and amortisation	4,872	3,540
Share of operating profit in associate and joint ventures	1,557	1,009
Adjusted operating profit	6,429	4,549
Net finance costs – group	(755)	(442)
Net finance costs – associate and joint ventures	(116)	(101)
Adjusted pre-tax profit	5,558	4,006

7. Earnings per share

The calculation of earnings per ordinary share is based on earnings attributable to shareholders and the weighted average number of ordinary shares in issue during the period.

The adjusted earnings per share figures have been calculated in addition to the earnings per share required by IAS 33 – 'Earnings per Share' and is based on earnings excluding the effect of non-recurring items and amortisation of intangible assets. It has been calculated to allow the shareholders to gain an understanding of the underlying performance of the Group. Details of the adjusted earnings per share are set out below:

	26 weeks ended		52 weeks ended
	1 March 2008 £'000	3 March 2007 £'000	1 September 2007 £'000
Earnings	3,687	2,523	4,181
Non-recurring items and intangible asset amortisation:			
Amortisation of intangible assets	59	202	407
Net gain on transfer of deferred pensioners from Group scheme	(131)	-	-
Impairment of goodwill and property, plant and equipment recognised in associate, net of tax	-	-	119
Amortisation of intangible asset and impairment of goodwill recognised in joint ventures, net of tax	4	13	19
Taxation charge/(credit) on non-recurring items and amortisation	20	(61)	(114)
Adjusted earnings	3,639	2,677	4,612
Weighted average number of ordinary shares in issue	8,258,994	8,244,122	8,240,848
Potentially dilutive share options	128,677	150,206	144,127
	8,387,671	8,394,328	8,384,975
Basic earnings per share	44.6p	30.6p	50.7p
Diluted earnings per share	44.0p	30.1p	49.9p
Adjusted earnings per share	44.1p	32.5p	56.0p

8. Dividends

	26 weeks ended		52 weeks ended
	1 March 2008 £'000	3 March 2007 £'000	1 September 2007 £'000
Ordinary: Final dividend for the period ended 1 September 2007 of 13.5p per share (2006: 12.5p)	1,115	1,032	1,032
Ordinary: Interim dividend of 5.5p per share	-	-	454
	1,115	1,032	1,486

The directors have approved an interim dividend of 6.0p per share (2007: 5.5p per share), which, in line with the requirements of IAS 10 – 'Events after the Balance Sheet Date', has not been recognised within these results. This results in an interim dividend of £495,697 (2007: £454,113), which will be paid on 9 May 2008 to shareholders whose names are on the Register of Members at the close of business on 18 April 2008. The ordinary shares will be quoted ex-dividend on 16 April 2008.

9. Changes in shareholders' equity and minority interest

	Attributable to Equity Holders of the Company									
	Share Capital £'000	Share Premium Account £'000	Treasury Share Reserve £'000	Equity Compensation Reserve £'000	Foreign Exchange Reserve £'000	Other Reserves £'000	Retained Earnings £'000	Total Shareholders' Equity £'000	Minority Interest £'000	Total £'000
At 2 September 2007	2,064	5,073	(101)	95	(483)	1,570	18,574	26,792	2,062	28,854
Total recognised income and expense for the period	-	-	-	-	112	-	2,724	2,836	199	3,035
Dividends	-	-	-	-	-	-	(1,115)	(1,115)	-	(1,115)
Equity-settled share-based payment transactions, net of tax	-	-	-	49	-	-	-	49	6	55
Allotment of shares	1	26	-	-	-	-	-	27	-	27
Transfer	-	-	-	-	-	(15)	15	-	-	-
At 1 March 2008	2,065	5,099	(101)	144	(371)	1,555	20,198	28,589	2,267	30,856

10. Cash flow (used by)/generated from operating activities

	26 weeks ended		52 weeks ended
	1 March 2008 £'000	3 March 2007 £'000	1 September 2007 £'000
Net profit	3,891	2,663	4,301
Adjustments for:			
Tax	1,278	902	1,225
Depreciation on property, plant and equipment	1,662	1,798	3,507
(Profit)/loss on disposal of property, plant and equipment	(9)	10	18
Depreciation on investment property	10	9	19
Profit on disposal of investment property	-	(77)	(77)
Loss on disposal of investments	-	-	3
Intangible asset amortisation	78	221	446
Net fair value losses/(gains) on derivative financial instruments in operating profit	56	(26)	(17)
Net fair value loss on share-based payments	55	29	84
Net foreign exchange differences	(49)	(16)	3
Interest income	(291)	(215)	(392)
Interest expense and borrowing costs	974	719	1,491
Net fair value losses/(gains) on derivative financial instruments in interest	75	(59)	(95)
Share of post-tax profits from associate and joint ventures	(980)	(669)	(738)
IAS 19 income statement credit in respect of employer contributions	(1,267)	(1,279)	(2,586)
IAS 19 income statement charge	502	620	1,167
Transfer values paid to deferred pension scheme members	(1,074)	-	-
Changes in working capital (excluding the effects of acquisitions):			
Increase in inventories	(9,905)	(6,436)	(2,738)
Increase in receivables	(21,230)	(3,564)	(321)
Increase in payables	18,338	5,955	1,606
Cash (used by)/ generated from continuing operations	(7,886)	585	6,906

11. Analysis of net debt

	At		At
	1 March 2008 £'000	3 March 2007 £'000	1 September 2007 £'000
Cash and cash equivalents	467	716	1,315
Bank overdrafts	(9,371)	(4,431)	(1,913)
Loans and other borrowings: current	(10,455)	(7,315)	(8,051)
Loans and other borrowings: non-current	(5,901)	(5,394)	(5,147)
Finance leases: current	(683)	(662)	(753)
Finance leases: non-current	(786)	(967)	(824)
	(26,729)	(18,053)	(15,373)

12. Capital expenditure and capital commitments

During the period the Group incurred capital expenditure on property, plant and equipment of £1,276,000 (2007: £1,843,000) and on intangible assets of £3,000 (2007: £255,000).

During the period the Group disposed of property, plant and equipment with a net book value of £53,000 (2007: £53,000) and investment property with a net book value of £nil (2007: £19,000).

Capital commitments contracted, but not provided for, by the Group amounted to £380,000 (2007: £51,000).

13. Related party transactions

The Group's significant related parties are its associate and joint ventures as disclosed in the Annual Report and Accounts 2007. There were no material changes to the level of related party transactions during the financial period.

14. Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group were described on pages 10 and 11 of the Annual Report and Accounts 2007, a copy of which is available from the Company's registered office: Old Croft, Stanwix, Carlisle, CA3 9BA, or on the Group's website **www.carrs-milling.com**

The primary risks and uncertainties affecting the Group for the remainder of the financial period comprise:

Competition

It is fundamental that the Group remains competitive within its sectors and to mitigate risk in this area the Group ensures it invests in innovative new processes and products to retain its competitive advantage and to provide customers with quality products and service.

Capital investment in production facilities is essential to maintaining the Group's competitive edge.

Market forces

Increasing raw material costs will continue to place pressure on margins and profitability. To secure the best possible price the Group has bought forward those materials required and will continue to negotiate with suppliers to secure the best possible terms in an increasingly difficult market place. In addition, through food price inflation the Group has been able to pass on cost increases thereby reducing the impact on margins. The prospect of further price increases throughout the Group will help sustain recovery of profit.

Foreign currency

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

Translation of the foreign subsidiary from US dollar to sterling is subject to exchange rate movements during the period and on translation of the balance sheet at the period end. The Group does not hedge against the translation of the foreign subsidiary as the translation has no impact on cash flow. Gains or losses on translation of the balance sheet are recorded in reserves.

Employee retention

To ensure the retention of its staff the Group invests in its employees through attractive remuneration packages including membership in its contributory occupational pension scheme and share option plans. Employees are offered support and training opportunities to ensure skills are kept to a level required to undertake their responsibilities.

15. This Interim Report will be sent by post to all registered shareholders. Copies are also available to the public from the Company's registered office: Old Croft, Stanwix, Carlisle, CA3 9BA, or at **www.carrs-milling.com**