CARR'S MILLING
INDUSTRIES PLC

INTERIM RESULTS
2005/2006

CHAIRMAN'S INTERIM STATEMENT

In the 53 weeks to 3 September 2005, the Group more than doubled the size of its flour business, nearly doubled its compound and blended animal feed volumes, and achieved a seventh successive annual increase in adjusted earnings per share.

In the 26 weeks to 4 March 2006, a further substantial advance was made in adjusted earnings per share, benefiting from the effect of a full period of trading for the Pye acquisition by Agriculture in July 2005 and the Meneba acquisition by Food in November 2004. Despite continuing challenging conditions in the Group's principal market, UK agriculture, prospects remain good.

FINANCIAL REVIEW

The figures have, for the first time, been prepared under International Financial Reporting Standards ("IFRS") and those for 2005 have been restated on a comparable basis.

Revenue increased by 40.8% to £110.39m (2005: £78.42m), with all three Divisions - Agriculture, Food and Engineering - reporting substantial growth. This growth reflected the acquisition of Pye by our associate agricultural company in July 2005 and the Meneba acquisition by Food in November 2004.

Adjusted operating profit was up 22.3% at £5.27m (2005: £4.31m), an operating margin of 4.8% (2005: 5.5%). Adjusted figures exclude exceptional items, the write-back of goodwill and the amortisation of intangle assets (the value of customer relationships and brands) in connection with the Meneba acquisition (as set out in Note 3) but include share of operating profit in associate and joint venture. Adjusted pre-tax profit advanced by 18.2% to £4.57m (2005: £3.87m) and adjusted earnings per share improved by 21.7% to 38.7p (2005: 31.8p), benefiting from a lower effective tax rate. Adjusted pre-tax profit totalled £3.97m (2005: £8.67m) and earnings per share were 34.7p (2005: 85.8p).

Taking into account net retirement benefit obligations, as required under IFRS, of £9.03m (2005: £8.07m), period end shareholders' equity increased by 6.4% to £22.08m (2005: £20.76m), representing net assets per share of 268.1p (2005: 255.9p). With net debt marginally down at £21.68m (2005: £21.80m), gearing decreased to 98.2% (2005: 105.0%), at a seasonal high point. Net interest payable of £0.70m (2005: £0.44m) was covered 6.9 times (2005: 11.7 times) by operating profit.

8 Analysis of net debt (unaudited)

The adjusted earnings per share figures have been calculated in addition to the earnings per share required by IAS33 – 'Earnings per Share' and is based on earnings excluding the effect of intangible asset amortisation and exceptional items. 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		53 weeks ended
	4 March 2006 £'000	26 February 2005 £'000	3 September 2005 £'000
Earnings	2,849	6,947	7,718
Intangible asset amortisation and exceptional items:			
Cost of reorganising Food Division	-	350	350
Cost of reorganising Associate	-	-	885
Profit on disposal of property	-	(4,040)	(4,110)
Release of negative goodwill	-	(1,532)	(1,526)
Amortisation of intangible asset	474	332	996
Taxation	(142)	514	57

9 This interim report is being 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**

6 Changes in shareholders' equity (unaudited)

The adjusted earnings per share figures have been calculated in addition to the earnings per share required by IAS33 – 'Earnings per Share' and is based on earnings excluding the effect of intangible asset amortisation and exceptional items. 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:

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Cost of reorganising Food Division	-	350	350

7 Cash flow from operating activities (unaudited)

Amortisation of intangible asset	474	332	[illegible]
Taxation	(142)	514	57
Adjusted earnings	3,181	2,571	4,370
Weighted average number of ordinary shares in issue	8,221,079	8,094,371	8,127,328
Potentially dilutive share options	96,172	21,617	158,591
	8,317,251	8,115,988	8,285,919
Basic earnings per share	34.7p	85.8p	95.0p
Diluted earnings per share	34.3p	85.6p	93.1p
Adjusted earnings per share	38.7p	31.8p	53.8p

3 Adjusted operating profit

	26 weeks ended	
	4 March 2006	26 February 2005
	£'000	£'000
Reported operating profit	4,245	8,878
Amortisation of intangible asset	474	332
Cost of reorganisation of Food Division	-	350
Profit on disposal of property	-	(4,040)
Goodwill adjustment	-	(1,532)
Share of operating profit in associate and joint venture	548	317
Adjusted operating profit	5,267	4,305

4 Earnings per share

INTERIM DIVIDEND

Reflecting the Group's progressive dividend policy, the Board has declared an increased interim dividend per share of 5.5p, up 10.0% from 2005's 5.0p, to be paid on 31 May 2006 to shareholders on the register at close of business on 5 May 2006, with an ex-dividend date of 3 May 2006.

BUSINESS REVIEW

Overall, Carr's businesses achieved a further increase in profit, supported by the enlarged flour business, despite a difficult agricultural market where steps have been taken to remedy the situation.

Agriculture

Agriculture's profit decreased, but it still remained by some way the largest divisional contributor, albeit with the lowest margin. This reflected a further deterioration in the UK market for agriculture, including in the Group's principal trading area of North West England and South West Scotland, as a result of delays in farmers' receiving subsidies (in the form of the initial Single Farm Payment), the low price of milk and animals feeding outside in the mild winter weather. In addition, margins were squeezed due to higher energy costs.

Feed

The Group's animal feed business comprises:

Operation	**Product**	**Location**
Caltech Animal Feed Supplement	Low moisture feed block	Silloth (Cumbria) Belle Fourche (South Dakota, USA) Poteau (Oklahoma, USA)
Crystalyx Products (in association with Agravis Raiffeisen)	Low moisture feed block	Oldenburg (Germany)

Operation	**Product**	**Location**
Carrs Billington Agriculture (in association with Edward Billington & Sons Ltd)	Compound feed	Carlisle (Cumbria) Lancaster (Lancashire) Langwathby (Cumbria) Stone (Staffordshire)
	Blended feed	Askrigg (North Yorkshire) Kirkbride (Cumbria) Lancaster (Lancashire)

Feed block revenue increased in both the USA and the UK, ahead of budget. In 2005, new products were launched to the equine markets, *Horslyx* in the USA and *Minilick* in the UK , and both are proving successful. The new low moisture feed block plant to manufacture *Crystalyx* in Oldenburg, Germany, in joint venture with one of Germany's largest agricultural companies, was commissioned in January on time and within the capital cost budget. The initial production programme generated a product of excellent quality.

The compound and blended feed businesses had to contend with a market place that is experiencing a noticeable reduction in demand, impacting volumes and margins. To address these conditions and serious industry over-production, during the period compound feed mills at Blackburn (Lancashire), Penrith (Cumbria) and Shrewsbury (Shropshire) were closed. The integration of the remaining Pye businesses, whilst not without its problems, has gone well. The sale of the Penrith and Shrewsbury properties, for an aggregate cash consideration of £2.3m, was completed in March 2006, subsequent to the period end.

Bibby Agriculture, the joint venture company formed in September 2005 in which Carrs Billington Agriculture is a 50% shareholder, has made a good start marketing animal feed, fertiliser and other farm requirements in Wales and it is expected that this will make a positive contribution to the Group's results in the current year.

Fertiliser

Carr's Fertilisers has three manufacturing and blending sites, at Invergordon (Easter Ross), Montrose (Angus) and Silloth (Cumbria), producing a wide range of fertilisers.

Fertiliser revenue was down and margins were squeezed, reflecting primarily economic factors, notably the uncertainty of the timing of the initial Single Farm Payment, farmers reluctance to pay energy-related higher prices and a strong comparative period in 2005.

Retail and Machinery

Carr's Retail comprises 14 branches (of which 9 owned by the Group and 5 by Carrs Billington Agriculture) from Perth in the North to Leek (Staffordshire) in the South, selling farm supplies. Carr's Machinery distributes new and used agricultural and ground care machinery from six of these branches, in the North of England and South West of Scotland.

Retail and Machinery revenue was ahead of budget.

4 Earnings per share (continued)

	26 weeks ended		53 weeks ended
	4 March 2006 £'000	26 February 2005 £'000	3 September 2005 £'000
Earnings	2,849	6,947	7,718
Intangible asset amortisation and exceptional items:			
Cost of reorganising Food Division	-	350	350
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Taxation	(142)	514	57
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Weighted average number of ordinary shares in issue	8,221,079	8,094,371	8,127,328
Potentially dilutive share options	96,172	21,617	158,591
	8,317,251	8,115,988	8,285,919
Basic earnings per share	34.7p	85.8p	95.0p
Diluted earnings per share	34.3p	85.6p	93.1p
Adjusted earnings per share	38.7p	31.8p	53.8p

5 Dividends

	£'000	£'000
Reported operating profit	4,245	8,878
Amortisation of intangible asset	474	332
Cost of reorganisation of Food Division	-	350
Profit on disposal of property	-	(4,040)
Goodwill adjustment	-	(1,532)
Share of operating profit in associate		

The directors have approved an interim dividend of 5.5p per share (2005:5.0p per share) which, in line with the requirements of IAS10 – 'Events after the Balance Sheet Date', has not been recognised within these results. This results in an interim dividend of £453,000 (2005:£410,000) which will be paid on 31 May 2006 to shareholders whose names are on the Register of Members at the close of business on 5 May 2006. The ordinary shares will be quoted ex-dividend on 3 May 2006.

2 Taxation

The tax charges for the 26 weeks ended 4 March 2006 and 26 February 2005 are based on the estimated tax charge for the applicable year.

3 Adjusted operating profit

	26 weeks ended	
	4 March 2006	26 February 2005
	£'000	£'000
Reported operating profit	4,245	8,878
Amortisation of intangible asset	474	332
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Share of operating profit in associate and joint venture	548	317
Adjusted operating profit	5,267	4,305

4 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 IAS33 – 'Earnings per Share' and is based on earnings excluding the effect of intangible asset amortisation and exceptional items.

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 on the next page:

Food

Carr's principal food companies are Carr's Flour Mills, with a flour mill at Silloth (Cumbria), Hutchisons at Kirkcaldy (Fife) and Greens at Maldon (Essex).

The Division substantially increased its profit, making an important contribution to the Group total, ahead of budget, and benefited from the full impact of the cost reductions following the integration of the two newly acquired mills.

All three mills operated at close to capacity as volumes to selected industrial customers continue to grow, as do sales of the Carrs Breadmaker retail products. The Silloth mill benefited from normal volumes to the United Biscuits factory in Carlisle, badly affected by the previous year by the January 2005 floods. A flour price increase was implemented in September 2005, offsetting sharp increases in the cost of electricity and distribution.

Engineering

Engineering comprises Bendalls and R Hind, both of which are based in Carlisle, and Carrs MSM, which is based in Swindon. Bendalls, whose specialism is precision welding, designs and manufactures process plant and equipment; R Hind provides vehicle bodybuilding and accident repairs for cars and commercial vehicles; and Carrs MSM designs and manufactures master slave manipulators, which are key components for many industries but notably the nuclear industry.

In the period under review, Engineering further improved its result, making a useful contribution to profit. This reflected July's smooth move by Bendalls to a new purpose-built 55,000 sq ft factory in Carlisle which has aided operational efficiencies and enabled a steady flow of work.

BOARD

As was reported in the preliminary announcement of 21 November 2005, in September 2005 I was appointed Chairman and Alistair Wannop a non-executive Director, bringing non-executive Directors to three and independent non-executive Directors to two.

OUTLOOK

Agriculture

Since the period end, the market for compound and blended feed continues to be challenging. The recent announcement that farmers are to receive interim payments from the government because their full subsidies have been delayed is too late to have an impact on current trading. Sales and margins of fertiliser in its peak months of March and April have remained disappointing. Whilst feed blocks continue to trade successfully in both the USA and the UK, a reduced contribution from Agriculture in the current year is expected.

Food

Flour continues to trade strongly in a satisfactory market. In the current year, flour will benefit from last year's successful integration of the Carr's Flour and Meneba operations and from the effect of a full year's ownership of the latter. Accordingly, a further substantial increase in Food's contribution to Group profit is confidently expected.

Engineering

Engineering will continue to benefit from Bendalls' more efficient premises. The level of enquiries to Bendalls and Carrs MSM from BNFL at Sellafield in West Cumbria, in respect of nuclear decommissioning work, augurs well for the future. The next generation tidal energy device, SeaGen, for which Bendalls will manufacture parts of the structure, is to be installed later this year in Strangford Lough, outside Belfast.

Overall

Carrs continues to experience adverse conditions in its principal market, UK agriculture. This is nothing new for a company which has had to contend with BSE in 1996, food and mouth disease in 2001 and a prolonged period of decline in UK agriculture. In the last decade, Carrs' management has successfully adapted the Group to changed circumstances and has taken advantage of opportunities to increase profits both in and outside UK agriculture. As a result, further good progress in the business is expected in the current year.

Richard Inglewood
Chairman

26 April 2006

NOTES TO THE INTERIM STATEMENT

1 General information and basis of preparation

These interim consolidated financial statements of Carr's Milling Industries PLC are for the 26 weeks ended 4 March 2006. The basis of preparation of the consolidated financial statements is subject to ongoing review and endorsement by the European Commission (EC), or possible amendment by the International Accounting Standards Board (IASB). Accordingly, the information presented and the format of presentation may be subject to change. Further standards or interpretation may also be issued that could be applicable. These potential changes could result in the need to change the basis of accounting or presentation of certain financial information presented in this document.

Carr's Milling Industries PLC consolidated financial statements were prepared in accordance with UK GAAP until 3 September 2005, UK GAAP differs in several areas from IFRS. In preparing Carr's Milling Industries PLC consolidated interim financial statements, management has amended certain accounting and valuation methods applied in the UK GAAP financial statements to comply with IFRS. The comparative figures in respect of 2004/05 were restated to reflect these adjustments. Reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on the Group's equity and its net income together with the significant accounting policies were prepared and issued to members in April 2006. The significant accounting policies have been applied consistently throughout the period and from 28 August 2004, the transition date to IFRS.

The results for the 26 weeks to 4 March 2006 have not been audited and were approved by the Board of Directors on 21 April 2006. The summary of results for the 53 weeks ended 3 September 2005 does not constitute the full financial statements within the meaning of s240 of the Companies Act 1985. The full financial statements for that period, prepared under UK GAAP, have been reported on by the Group's auditors and delivered to the Registrar of Companies. The audit report was unqualified and did not contain a statement under s237(2) or s237(3) of the Companies Act 1985.

The income statement, the cash flow statement and the statement of recognised income and expense for the comparative period to 26 February 2005 and the 53 weeks ended 3 September 2005, as well as the balance sheets at 26 February 2005 and 3 September 2005, and the related notes contained within this report have neither been reviewed nor audited by the Group's auditors.

Carr's Milling Industries PLC

Consolidated cash flow statement for the 26 weeks ended 4 March 2006

	26 weeks ended 4 March 2006 £'000	26 weeks ended 26 February 2005 £'000	53 weeks ended 3 September 2005 £'000
Cash flows from operating activities			
Cash generated from operations	**(1,579)**	(4,376)	6,644
Interest received	**233**	36	95
Interest paid	**(888)**	(346)	(1,195)
Tax paid	**(1,011)**	(865)	(1,855)
Net cash (outflow)/inflow from operating activities	**(3,245)**	(5,551)	3,689
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)	**-**	(9,151)	(10,256)
Investment in joint venture	**(685)**	-	(172)
Proceeds from sale of property, plant and equipment	**111**	1,297	3,114
Purchase of property, plant and equipment	**(1,488)**	(1,389)	(3,396)
Purchase of investments	**-**	(2)	(2)
Net cash outflow from investing activities	**(2,062)**	(9,245)	(10,712)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	**32**	83	260
Net proceeds from issue of new bank loans and other borrowings	**1,532**	8,500	13,668
Finance lease principal repayments	**(529)**	(353)	(804)
Repayment of borrowings	**(650)**	(400)	(1,375)
Dividends paid to shareholders	**(904)**	(730)	(1,137)
Net cash (outflow)/inflow from financing activities	**(519)**	7,100	10,612
Effects of exchange rate changes	**35**	(24)	(8)
Net (decrease)/increase in cash and cash equivalents	**(5,791)**	(7,720)	3,581
Cash and cash equivalents at beginning of the period	**2,503**	(1,078)	(1,078)
Cash and cash equivalents at end of the period	**(3,288)**	(8,798)	2,503

Cash and cash equivalents consists of:			
Cash at bank and in hand	**94**	728	3,149
Bank overdrafts included in borrowings	**(3,382)**	(9,526)	(646)
	(3,288)	(8,798)	2,503

Carr's Milling Industries PLC

Consolidated income statement for the 26 weeks ended 4 March 2006

	26 weeks ended 4 March 2006 £'000	26 weeks ended 26 February 2005 £'000	53 weeks ended 3 September 2005 £'000
Continuing operations			
Revenue	**110,388**	78,420	192,124
Net operating expenses	**(106,143)**	(69,542)	(179,860)
Operating profit	**4,245**	8,878	12,264
Analysed as:			
Operating profit before exceptional items	**4,245**	4,838	8,154
Profit on disposal of property, plant and equipment	**-**	4,040	4,110
Operating profit	**4,245**	8,878	12,264
Net finance costs	**(579)**	(414)	(1,198)
Share of post-tax profit/(loss) in associate and joint venture	**299**	203	(462)
Profit before taxation	**3,965**	8,667	10,604
Income tax expense	**(1,130)**	(1,640)	(2,557)
Profit for the period from continuing operations	**2,835**	7,027	8,047
(Loss)/profit attributable to minority interest	**(14)**	80	329
Profit attributable to equity shareholders	**2,849**	6,947	7,718
	2,835	7,027	8,047

Earnings per share (pence)			
Basic	**34.7**	85.8	95.0
Diluted	**34.3**	85.6	93.1

Carr's Milling Industries PLC

Consolidated statement of recognised income and expense for the 26 weeks ended 4 March 2006

	26 weeks ended 4 March 2006 £'000	26 weeks ended 26 February 2005 £'000	53 weeks ended 3 September 2005 £'000
Currency translation differences	**153**	(201)	(80)
Actuarial losses on retirement benefit obligation:			
- Group	**(972)**	(772)	(1,543)
- Share of associate	**-**	(471)	(944)
Taxation on items taken directly to equity:			
- Group	**292**	232	463
- Share of associate	**-**	141	283
Net expense recognised directly in equity	**(527)**	(1,071)	(1,821)
Profit for the period	**2,835**	7,027	8,047
Total recognised income for the period	**2,308**	5,956	6,226
Attributable to minority interest	**(14)**	80	329
Attributable to equity shareholders	**2,322**	5,876	5,897
	2,308	5,956	6,226

Carr's Milling Industries PLC

Consolidated balance sheet as at 4 March 2006

	As at 4 March 2006 £'000	As at 26 February 2005 £'000	As at 3 September 2005 £'000
Assets			
Non-current assets			
Goodwill	**155**	40	400
Intangible assets	**1,249**	2,248	1,738
Property, plant and equipment	**30,106**	25,911	29,660
Investment in associate	**1,092**	1,796	800
Interest in joint venture	**863**	-	172
Other investments	**255**	255	255
Financial assets			
- Derivative financial instruments	**7**	37	-
Deferred tax assets	**4,286**	3,754	3,962
	38,013	34,041	36,987
Current assets			
Inventories	**19,365**	18,826	12,947
Trade and other receivables	**40,004**	37,485	35,506
Cash and cash equivalents	**94**	728	3,149
	59,463	57,039	51,602
Total assets	**97,476**	91,080	88,589
Liabilities			
Current liabilities			
Financial liabilities			
- Borrowings	**(15,131)**	(12,940)	(10,666)
Trade and other payables	**(31,959)**	(28,481)	(29,318)
Current tax liabilities	**(1,773)**	(1,301)	(1,581)
	(48,863)	(42,722)	(41,565)
Non-current liabilities			
Financial liabilities			
- Borrowings	**(6,641)**	(9,585)	(7,399)
- Derivative financial instruments	**(33)**	-	(106)
Retirement benefit obligation	**(12,905)**	(11,522)	(12,119)
Deferred tax liabilities	**(3,712)**	(3,834)	(3,854)
Other non-current liabilities	**(1,550)**	(1,306)	(1,287)
	(24,841)	(26,247)	(24,765)
Total liabilities	**(73,704)**	(68,969)	(66,330)
Net assets	**23,772**	22,111	22,259
Shareholders' equity			
Ordinary shares	**2,058**	2,028	2,053
Share premium	**5,004**	4,826	4,977
Foreign exchange reserve	**73**	(201)	(80)
Other reserve	**1,616**	1,648	1,632
Retained earnings	**13,325**	12,458	11,967
Total shareholders' equity	**22,076**	20,759	20,549
Minority interests in equity	**1,696**	1,352	1,710
Total equity	**23,772**	22,111	22,259