INTERIM MANAGEMENT REPORT

Carr's unaudited result for the 26 weeks to 27 February 2010 was ahead of the Board's expectations and the Group remains on-track for an improved result in the current year to 28 August 2010 compared to last year. The interim results principally reflect a stronger performance in our Agriculture Manufacturing segment, as anticipated in the preliminary announcement of 9 November 2009.

Carr's has continued to demonstrate its resilient qualities and strong management by delivering these results in markets which remain competitive across the business and in a poor economic and financial environment.

FINANCIAL REVIEW

Revenues from external customers reduced by 8% to £161.3 million (2009: £174.5 million). On a like-for-like basis, excluding Wälischmiller Engineering, which was acquired in March 2009, the reduction was 9% to £158.9 million.

Profit before taxation was unchanged at £5.3 million. Profit after taxation increased to £4.0 million (2009: £3.9 million), with basic earnings per share increasing as a result by 3% to 38.4p (2009: 37.4p).

Total shareholders' equity at £32.7 million was 9% higher than the £29.9 million at 29 August 2009 after recognition, through the statement of comprehensive income, of net actuarial gains on retirement benefit obligations of £0.8 million.

February is historically the peak of the Group's borrowing requirements. The net debt at the period end was £19.5 million, as against £27.3 million at 28 February 2009 and £19.3 million at 29 August 2009, reflecting cash inflow from operating activities of £4.7 million (2009: outflow £6.1 million). This successful focus on cash management across the Group resulted in gearing of 60%, as against 86% and 65%, respectively.

DIVIDENDS

Commencing in 2010 Carr's proposes to pay three dividends per annum, rather than two, as has been Carr's norm. The first interim dividend will be announced with Carr's interim results and paid in mid May; the second interim dividend will be announced in the second half Interim Management Statement and paid in early October; and the final dividend will be announced with Carr's preliminary results and paid in mid January. The proposed split between the three dividends, at least initially, in the absence of a material change in circumstances, is approximately in the ratio 1:1:2. The objective of the proposal is to benefit the cash flow of shareholders and to reduce the virtual 1:3 weighting in favour of the final dividend, which is unusual, especially in a company whose trading tends to be seasonally biased towards the first half. This does not constitute a dividend forecast for the current year or any future years; rather, it is a statement of the Board's intention.

The Board has declared a first interim dividend of 6.0p per share (2009 interim 6.0p), payable on 14 May 2010 to shareholders on the register at 23 April 2010.

BUSINESS REVIEW

In accordance with IFRS 8, Operating Segments, which applies to financial years starting subsequent to 1 January 2009, Carr's is reporting for the first time under four segments: Agriculture Trading, Agriculture Manufacturing, Food and Engineering, rather than three as previously reported: Agriculture, Food and Engineering.

Agriculture Trading

Revenue reduced by 6% to £97.8 million (2009: £103.7 million). This principally reflected falling animal feed raw material prices and a 5% volume decrease as demand from our farming customers reduced as a result of good autumn grazing conditions partly offset by the severe winter conditions in December to February. Lower raw material prices allowed farmers to substitute straights for compounds in the period. Our low moisture feed block business in the UK, Caltech, benefited from the severe winter conditions as farmers purchased more of our products to feed sheep out in the snow covered terrain. Additional feed block was supplied by our German joint venture company to meet the increased demand.

Revenue from our fifteen retail branches operating in northern England and Scotland was marginally lower than last year as was the sales of machinery and spares. Revenue from our fuels business was significantly higher, up 11%, due to increased demand from our rural customers in the severe winter conditions.

Profit before taxation of £3.2 million (2009: £3.5 million) was down 9% as a result of competition from other feed producers supplying reduced livestock numbers, although feed blocks and fuel both increased their profit as both benefited from the severe winter weather.

In addition, the Group's share of post-tax profit in associate and joint ventures, all engaged in agriculture, was down 16% at £0.6 million (2009: £0.8 million).

Agriculture Manufacturing

Agriculture Manufacturing operates in two principal areas: animal feed in the USA and fertiliser in north west England and Scotland. Revenue decreased by 14% to £22.7 million (2009: £26.4 million) due to the lower raw material prices, reflected in a reduction in selling prices of fertiliser from the exceptional peak in the comparable period last year.

Sales of fertiliser in the early months of the period were slow, then reacted to a rising market for its principal raw materials, in particular nitrogen and phosphate. Price increases are not at the same level as experienced in 2008. Our speciality fertiliser product, *New Choice*, with its slow release properties, enjoyed further sales growth as did our new product, *Avail*, the unique phosphate fertiliser enhancer, which was successfully launched in July 2009.

The agricultural market in the US is suffering from the economic conditions and lower cattle numbers, resulting in a decrease in sales of feed blocks on the comparable period last year.

Profit before taxation was £1.1 million (2009: £0.5 million). This principally reflected an increase in sales of fertiliser and the absence of the inventory losses experienced last year from the significant and sharp reduction in raw material prices. While demand in the US for feed blocks was lower, our two plants in Oklahoma and South Dakota maintained margins driven by operational efficiency improvements. The translation of profit into sterling using the average rate was unfavourable at $1.60:£1 (2009: $1.52:£1).

Food

Revenue reduced by 17% to £33.8 million (2009: £40.5 million), reflecting the lower cost of milling wheat and a reduction in volumes due to increased competition. The average cost price of milling wheat was £176 per tonne compared to £211 per tonne in the comparable period of the prior year, a reduction of 17%.

Profit before taxation was £0.9 million (2009: £1.5 million), down 37% as margins were adversely affected by the increased over-capacity in flour milling and lower income from feed wheat, a by-product of flour production.

Engineering

Revenue increased to £6.8 million (2009: £3.8 million). On a like-for-like basis, excluding Wälischmiller Engineering, our engineering company based in Germany, revenue would have been £4.4 million, an increase of 18%.

Bendalls was affected by the shortage of funding available to customers in early 2009, which resulted in gaps in the production programme and a number of contracts being undertaken at low margins.

Profit before taxation was £0.4 million (2009: £0.3 million) and Wälischmiller Engineering made a good contribution with significant contracts completed for Japan and Belgium. The Bendalls' result was lower in comparison to the strong first half of 2009. The second half, with some larger contracts for decommissioning projects, should be stronger. MSM generated reduced revenue and profit as its principal customer delayed the placing of orders.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board identified vulnerabilities specific to the Group's activities, whose converse gives rise to potential upside. The principal risks and uncertainties, which are set out in detail on page 14 of the Report & Accounts for the year ended 29 August 2009, are the prosperity of the farming industry in the UK and USA, pricing of fertiliser raw materials, competition and funding of large engineering projects. No other significant risks and uncertainties have been identified subsequently.

OUTLOOK

The Group has continued to progress despite the turbulent raw material markets which have affected the feed and fertiliser market, in particular, over the past two years. Group trading in March was good, particularly sales of fertiliser and feed blocks, and overall Agriculture continues to trade satisfactorily.

The Food Division is expected to continue to suffer from market turbulence in the face of over-capacity and from the impact of the uncertain economic climate on consumers of bread and biscuits in particular.

In Engineering, Bendalls has a stronger order book and the performance in the second half of the year will improve on the first half result. Wälischmiller won a significant contract to supply equipment to a toxic waste reprocessing plant in Germany and this, together with contracts to supply China and Japan with remote handling equipment, will maintain a high level of manufacturing activity.

Unlike last year, second half trading in the Agriculture Manufacturing segment will not be significantly affected by the sale of fertiliser inventories at below historic cost as a result of a sharp fall in fertiliser prices following a period of rapid increases in prices. The Board therefore expects second half Group pre-tax profit to be appreciably higher than last year's second half result.

Further out, there are opportunities to grow through new products and markets. In this context, we are encouraged by the early sales of our *Crystalyx* feed blocks to New Zealand and by the prospects for the *Avail* range of environmentally-friendly fertilisers.

Chris Holmes — 12 April 2010
Chief Executive Officer

UNAUDITED CONSOLIDATED INCOME STATEMENT
for the 26 weeks ended 27 February 2010

	Notes	**26 weeks ended 27 February 2010 £'000 (unaudited)**	26 weeks ended 28 February 2009 £'000 (unaudited)	52 weeks ended 29 August 2009 £'000 (audited)
Continuing operations				
Revenue	3	**161,252**	174,522	350,023
Cost of sales		**(138,191)**	(153,719)	(309,016)
Gross profit		**23,061**	20,803	41,007
Net operating expenses		**(17,860)**	(15,431)	(33,712)
Group operating profit		**5,201**	5,372	7,295
Analysed as:				
Operating profit before non-recurring items and amortisation		**5,201**	5,385	7,295
Non-recurring items and amortisation	7	**-**	(13)	-
Group operating profit		**5,201**	5,372	7,295
Finance income		**258**	143	211
Finance costs		**(780)**	(1,022)	(1,522)
Share of post-tax profit in associate and joint ventures		**635**	757	1,051
Profit before taxation	3	**5,314**	5,250	7,035
Taxation	6	**(1,362)**	(1,385)	(1,829)
Profit for the period		**3,952**	3,865	5,206
Profit attributable to:				
Equity shareholders		**3,374**	3,273	4,421
Minority interests		**578**	592	785
		3,952	3,865	5,206
Dividend per share (pence)				
Paid	9	**17.0**	17.0	23.0
Proposed	9	**6.0**	6.0	17.0
Earnings per share (pence)				
Basic	8	**38.4**	37.4	50.4
Diluted	8	**38.4**	37.2	50.3

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 26 weeks ended 27 February 2010

	Notes	**26 weeks ended 27 February 2010 £'000 (unaudited)**	26 weeks ended 28 February 2009 £'000 (unaudited)	52 weeks ended 29 August 2009 £'000 (audited)
Profit for the period		**3,952**	3,865	5,206
Other comprehensive income				
Foreign exchange translation differences arising on translation of overseas subsidiaries		**168**	430	276
Actuarial gains/(losses) on retirement benefit obligation:				
- Group	4	**1,099**	2,892	951
- Share of associate		**-**	-	(1,386)
Taxation (charge)/credit on actuarial movement on retirement benefit obligation:				
- Group		**(308)**	(810)	(266)
- Share of associate		**-**	-	388
Other comprehensive income/(expense) for the period, net of tax		**959**	2,512	(37)
Total comprehensive income for the period		**4,911**	6,377	5,169
Total comprehensive income attributable to:				
Equity shareholders		**4,334**	5,788	4,387
Minority interests		**577**	589	782
		4,911	6,377	5,169

UNAUDITED CONSOLIDATED BALANCE SHEET
as at 27 February 2010

	Notes	**As at 27 February 2010 £'000 (unaudited)**	As at 28 February 2009 £'000 (unaudited)	As at 29 August 2009 £'000 (audited)
Assets				
Non-current assets				
Goodwill		**1,654**	1,381	1,654
Other intangible assets	12	**716**	275	764
Property, plant and equipment	12	**31,561**	29,409	31,764
Investment property		**709**	728	718
Investment in associate		**3,167**	3,488	2,735
Interest in joint ventures		**2,062**	1,798	1,840
Other investments		**51**	51	51
Financial assets				
- Non-current receivables		**53**	50	53
Deferred tax assets		**4,668**	4,721	5,015
		44,641	41,901	44,594
Current assets				
Inventories		**28,996**	35,007	23,860
Trade and other receivables		**55,091**	53,002	43,059
Current tax assets		**-**	-	119
Financial assets				
- Derivative financial instruments		**2**	219	16
- Cash at bank and in hand		**12,558**	3,158	10,304
		96,647	91,386	77,358
Total assets		**141,288**	133,287	121,952
Liabilities				
Current liabilities				
Financial liabilities				
- Borrowings		**(13,025)**	(28,992)	(10,226)
- Derivative financial instruments		**-**	(201)	(43)
Trade and other payables		**(50,533)**	(44,582)	(35,928)
Current tax liabilities		**(1,145)**	(1,594)	(708)
		(64,703)	(75,369)	(46,905)
Non-current liabilities				
Financial liabilities				
- Borrowings		**(19,043)**	(1,455)	(19,403)
- Derivative financial instruments		**-**	(27)	-
Retirement benefit obligation	4	**(12,764)**	(13,322)	(14,673)
Deferred tax liabilities		**(4,836)**	(4,771)	(4,840)
Other non-current liabilities		**(3,215)**	(3,214)	(2,834)
		(39,858)	(22,789)	(41,750)
Total liabilities		**(104,561)**	(98,158)	(88,655)
Net assets		**36,727**	35,129	33,297
Shareholders' equity				
Ordinary shares		**2,196**	2,196	2,196
Share premium		**7,738**	7,738	7,738
Treasury share reserve		**(101)**	(101)	(101)
Equity compensation reserve		**175**	261	164
Foreign exchange reserve		**555**	540	386
Other reserve		**1,493**	1,524	1,508
Retained earnings		**20,686**	19,757	17,999
Total shareholders' equity		**32,742**	31,915	29,890
Minority interests in equity		**3,985**	3,214	3,407
Total equity		**36,727**	35,129	33,297

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 26 weeks ended 27 February 2010

	Share Capital £'000	Share Premium Account £'00	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	-	-	-	-	-	-	3,374	3,374	578	3,952
Other comprehensive income	-	-	-	-	169	-	791	960	(1)	959
Total comprehensive income	-	-	-	-	169	-	4,165	4,334	577	4,911
Dividends paid	-	-	-	-	-	-	(1,493)	(1,493)	-	(1,493)
Equity-settled share-based payment transactions, net of tax	-	-	-	11	-	-	-	11	1	12
Transfer	-	-	-	-	-	(15)	15	-	-	-
At 27 February 2010	**2,196**	**7,738**	**(101)**	**175**	**555**	**1,493**	**20,686**	**32,742**	**3,985**	**36,727**
At 31 August 2008	2,094	5,252	(101)	206	107	1,539	15,880	24,977	2,619	27,596
Profit for the period	-	-	-	-	-	-	3,273	3,273	592	3,865
Other comprehensive income	-	-	-	-	433	-	2,082	2,515	(3)	2,512
Total comprehensive income	-	-	-	-	433	-	5,355	5,788	589	6,377
Dividends paid	-	-	-	-	-	-	(1,493)	(1,493)	-	(1,493)
Equity-settled share-based payment transactions, net of tax	-	-	-	55	-	-	-	55	6	61
Allotment of shares	102	2,486	-	-	-	-	-	2,588	-	2,588
Transfer	-	-	-	-	-	(15)	15	-	-	-
At 28 February 2009	2,196	7,738	(101)	261	540	1,524	19,757	31,915	3,214	35,129
At 31 August 2008	2,094	5,252	(101)	206	107	1,539	15,880	24,977	2,619	27,596
Profit for the period	-	-	-	-	-	-	4,421	4,421	785	5,206
Other comprehensive income	-	-	-	-	279	-	(313)	(34)	(3)	(37)
Total comprehensive income	-	-	-	-	279	-	4,108	4,387	782	5,169
Dividends paid	-	-	-	-	-	-	(2,020)	(2,020)	-	(2,020)
Equity-settled share-based payment transactions, net of tax	-	-	-	(42)	-	-	-	(42)	6	(36)
Allotment of shares	102	2,486	-	-	-	-	-	2,588	-	2,588
Transfer	-	-	-	-	-	(31)	31	-	-	-
At 29 August 2009	2,196	7,738	(101)	164	386	1,508	17,999	29,890	3,407	33,297

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
for the 26 weeks ended 27 February 2010

	Notes	**26 weeks ended 27 February 2010 £'000 (unaudited)**	26 weeks ended 28 February 2009 £'000 (unaudited)	52 weeks ended 29 August 2009 £'000 (audited)
Cash flows from operating activities				
Cash generated from/(used in) operations	10	**4,748**	(6,132)	9,817
Interest received		**244**	153	204
Interest paid		**(878)**	(880)	(1,456)
Tax paid		**(618)**	(1,679)	(2,985)
Net cash generated from/(used in) operating activities		**3,496**	(8,538)	5,580
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired)		**-**	-	(4,258)
Purchase of intangible assets		**(22)**	(4)	(25)
Proceeds from sale of property, plant and equipment		**73**	140	282
Purchase of property, plant and equipment		**(1,618)**	(1,776)	(2,612)
Net cash used in investing activities		**(1,567)**	(1,640)	(6,613)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		**-**	2,588	2,588
Net proceeds from issue of new bank loans		**-**	1,800	18,029
Finance lease principal repayments		**(515)**	(442)	(1,025)
Repayment of borrowings		**(343)**	(500)	(6,450)
Increase/(decrease) in other borrowings		**2,671**	2,474	(1,195)
Dividends paid to shareholders		**(1,493)**	(1,493)	(2,020)
Net cash generated from financing activities		**320**	4,427	9,927
Effects of exchange rate changes		**(200)**	(302)	161
Net increase/(decrease) in cash and cash equivalents		**2,049**	(6,053)	9,055
Cash and cash equivalents at beginning of the period		**9,121**	66	66
Cash and cash equivalents at end of the period		**11,170**	(5,987)	9,121

Cash and cash equivalents consists of:

	Notes	**26 weeks ended 27 February 2010 £'000**	26 weeks ended 28 February 2009 £'000	52 weeks ended 29 August 2009 £'000
Cash at bank and in hand per the balance sheet	11	**12,558**	3,158	10,304
Bank overdrafts included in borrowings	11	**(1,388)**	(9,145)	(1,183)
		11,170	(5,987)	9,121

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 'Interim Financial Reporting' 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 (an indication of important events during the first six months and a description of the principal risks and uncertainties for the remaining six months of the year) and DTR 4.2.8 (a disclosure of related party transactions and charges therein) of the Disclosure and Transparency Rules.

The Directors of Carr's Milling Industries PLC are listed in the Carr's Milling Industries PLC Annual Report and Accounts 2009. 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
12 April 2010	12 April 2010

NOTES TO THE UNAUDITED INTERIM FINANCIAL RESULTS

1. Basis of preparation

This interim report was approved by the Directors on 12 April 2010 and has been prepared in accordance with the Disclosure and Transparency Rules of the UK's Financial Services Authority and the requirements of IAS 34 'Interim Financial Reporting' as adopted by the European Union. The information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 and has been neither audited nor reviewed. No statutory accounts for the period have been delivered to the Registrar of Companies.

The interim financial information has been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The statutory accounts for the year ended 29 August 2009 prepared under IFRS as adopted by the European Union have been filed with the Registrar of Companies. The report of the auditors was not qualified and did not contain a statement under Section 498 of the Companies Act 2006.

2. Accounting policies

The accounting policies used in the preparation of the financial information for the 26 weeks to 27 February 2010 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 29 August 2009. A copy of these financial statements is available from the Company's Registered Office at Old Croft, Stanwix, Carlisle, CA3 9BA.

The following accounting standards and interpretations to published standards are effective for the Group for the financial period ending 28 August 2010:

- IAS 1 Revised 'Presentation of Financial Statements'
- IFRS 8 'Operating Segments'

- IAS 23 Revised ‘Borrowing Costs’
- Amendment to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of financial statements, puttable financial instruments and obligations arising on liquidation
- IAS 27 (Revised) Consolidated and separate financial statements
- Amendment to IAS 39 – Eligible hedged items
- Amendment to IFRS 1 ‘First time adoption of IFRS’ and IAS 27 ‘Consolidated and separate financial statements’
- IFRS 2, Share-based payment Amendment Vesting conditions and cancellations
- IFRS 3 (Revised) Business combinations
- IFRIC 12 ‘Service Concession Arrangements’
- IFRIC 13 ‘Customer Loyalty Programmes’
- IFRIC 14 ‘IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction’
- IFRIC 15 ‘Agreements for construction of real estates’
- IFRIC 16 ‘Hedges of a net investment in a foreign operation’
- IFRIC 17 ‘Distributions of non-cash assets to owners’
- IFRIC 18 ‘Transfer of assets from customers’

The application of IAS 1 Revised ‘Presentation of Financial Statements’ has resulted in the Group presenting both a Group statement of comprehensive income (which replaces the Group statement of recognised income and expense) and a Group statement of changes in equity as primary statements. The Group statement of changes in equity presents all changes in equity, and the Group statement of comprehensive income presents all changes in financial position other than through transactions with owners. This presentation has been applied in this interim report for the period ended 27 February 2010.

IFRS 8 ‘Operating Segments’ requires the disclosure of segment information on the same basis as the management information provided to the chief operating decision maker. The adoption of IFRS 8 has resulted in an additional reportable segment being identified.

The application of the remaining standards and interpretations has not had a material effect on the net assets, results and disclosures of the Group.

3. Segmental information

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

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

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.

The segment results for the 26 weeks to 27 February 2010 are as follows:

	Agriculture Trading £'000	Agriculture Manufacturing £'000	Food £'000	Engineering £'000	Group £'000
Revenues from external customers	97,826	22,716	33,844	6,847	161,233
Other adjustments					19
					161,252
Revenues from other operating segments	82	3,507	4	33	3,626
Elimination of inter segment revenues					(3,626)
					-
Profit before taxation	3,186	1,074	916	423	5,599
Head office net expense					(289)
Retirement benefit charge					(589)
Other adjustments					(42)
Share of post-tax profit of associate					432
Share of post-tax profit of joint ventures					203
Profit before taxation per consolidated income statement					5,314

The segment results for the 26 weeks to 28 February 2009 are as follows:

	Agriculture Trading £'000	Agriculture Manufacturing £'000	Food £'000	Engineering £'000	Group £'000
Revenues from external customers	103,745	26,420	40,545	3,757	174,467
Other adjustments					55
					174,522
Revenues from other operating segments	62	4,638	3	182	4,885
Elimination of inter segment revenues					(4,885)
					-
Profit before taxation	3,506	502	1,458	284	5,750
Head office net expense					(179)
Retirement benefit charge					(907)
Other adjustments					(171)
Share of post-tax profit of associate					618
Share of post-tax profit of joint ventures					139
Profit before taxation per consolidated income statement					5,250

The segment results for the 52 weeks to 29 August 2009 are as follows:

	Agriculture Trading £'000	Agriculture Manufacturing £'000	Food £'000	Engineering £'000	Group £'000
Revenues from external customers	197,402	57,591	78,953	15,921	349,867
Other adjustments					156
					350,023
Revenues from other operating segments	152	13,261	3	71	13,487
Elimination of inter segment revenues					(13,487)
					-
Profit/(loss) before taxation	5,178	(104)	2,056	1,136	8,266
Head office net expense					(591)
Retirement benefit charge					(1,605)
Other adjustments					(86)
Share of post-tax profit of associate					863
Share of post-tax profit of joint ventures					188
Profit before taxation per consolidated income statement					7,035

Sales of agricultural products are subject to seasonal fluctuations, with higher demand for animal feed in the first six months of the period, whereas demand for fertilisers is historically higher 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 29 August 2009	14,673
Actuarial gain	(1,099)
Contributions by employer	(1,399)
Retirement benefit charge	589
Deficit in scheme at 27 February 2010	12,764

Actuarial gains of £1,099,000 (2009: gains £2,892,000) have been reported in the Statement of Comprehensive Income.

The Group's associate's defined pension scheme is closed to future service accrual and the valuation for this Scheme has not been updated for the half year as any actuarial movements are not considered to be material.

5. Finance costs

Finance costs includes a credit of £43,000 (2009: charge £148,000) in respect of the movement in the fair value of interest rate derivative instruments.

6. Taxation

The tax charges for the 26 weeks ended 27 February 2010 and 28 February 2009 are based on the estimated tax charge for the applicable year.

7. Adjusted operating and pre-tax profit

	26 weeks ended 27 February 2010 £'000	26 weeks ended 28 February 2009 £'000	52 weeks ended 29 August 2009 £'000
Reported group operating profit	5,201	5,372	7,295
Non-recurring items and amortisation	-	13	-
Operating profit before non-recurring items and amortisation	5,201	5,385	7,295
Share of operating profit in associate and joint ventures	936	1,130	1,638
Adjusted operating profit	6,137	6,515	8,933
Net finance costs – group	(522)	(879)	(1,311)
Net finance costs – associate and joint ventures	(43)	(70)	(172)
Adjusted pre-tax profit	5,572	5,566	7,450

8. 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 non-recurring items and the 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 27 February 2010 £'000	26 weeks ended 28 February 2009 £'000	52 weeks ended 29 August 2009 £'000
Earnings	3,374	3,273	4,421
Non-recurring items and intangible asset amortisation:			
Amortisation of intangible assets	-	13	-
Taxation arising on the above non-recurring items and amortisation	-	(4)	-
Adjusted earnings	3,374	3,282	4,421
Weighted average number of ordinary shares in issue	8,784,286	8,761,759	8,773,022
Potentially dilutive share options	8,011	38,496	8,038
	8,792,297	8,800,255	8,781,060
Basic earnings per share	38.4p	37.4p	50.4p
Diluted earnings per share	38.4p	37.2p	50.3p
Adjusted earnings per share	38.4p	37.5p	50.4p

9. Dividends

		26 weeks ended 27 February 2010 £'000	26 weeks ended 28 February 2009 £'000	52 weeks ended 29 August 2009 £'000
Ordinary:	Final dividend for the period ended 29 August 2009 of 17.0p per share (2008: 17.0p)	1,493	1,493	1,493
Ordinary:	Interim dividend of 6.0p per share	-	-	527
		1,493	1,493	2,020

The Directors have approved an interim dividend of 6.0p per share (2009: 6.0p 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 £527,057 (2009: £527,057), which will be paid on 14 May 2010 to shareholders whose names are on the Register of Members at the close of business on 23 April 2010. The ordinary shares will be quoted ex-dividend on 21 April 2010.

10. Cash flow generated from/(used in) operations

	26 weeks ended 27 February 2010 £'000	26 weeks ended 28 February 2009 £'000	52 weeks ended 29 August 2009 £'000
Net profit	3,952	3,865	5,206
Adjustments for:			
Tax	1,362	1,385	1,829
Depreciation on property, plant and equipment	1,850	1,730	3,411
(Profit)/loss on disposal of property, plant and equipment	(13)	6	-
Depreciation on investment property	9	9	19
Intangible asset amortisation	87	35	77
Net fair value losses on derivative financial instruments in operating profit	14	752	889
Net fair value loss/(gain) on share-based payments	12	61	(36)
Net foreign exchange differences	31	(1)	(721)
Interest income	(258)	(143)	(211)
Interest expense and borrowing costs	805	1,027	1,536
Share of post-tax profits from associate and joint ventures	(635)	(757)	(1,051)
IAS19 income statement credit in respect of employer contributions	(1,399)	(1,251)	(2,539)
IAS19 income statement charge	589	907	1,605
Changes in working capital (excluding the effects of acquisitions):			
(Increase)/decrease in inventories	(5,136)	(3,993)	10,529
(Increase)/decrease in receivables	(12,010)	(2,243)	7,809
Increase/(decrease) in payables	15,488	(7,521)	(18,535)
Cash generated from/(used in) continuing operations	4,748	(6,132)	9,817

11. Analysis of net debt

	At 27 February 2010 £'000	At 28 February 2009 £'000	At 29 August 2009 £'000
Cash and cash equivalents	12,558	3,158	10,304
Bank overdrafts	(1,388)	(9,145)	(1,183)
Loans and other borrowings: current	(10,781)	(19,072)	(8,096)
Loans and other borrowings: non-current	(17,797)	(539)	(18,041)
Finance leases: current	(856)	(775)	(947)
Finance leases: non-current	(1,246)	(916)	(1,362)
	(19,510)	(27,289)	(19,325)

12. Capital expenditure and capital commitments

During the period, the Group incurred capital expenditure on property, plant and equipment of £1,523,000 (2009: £2,233,000) and on intangible assets of £22,000 (2009: £4,000).

During the period, the Group disposed of property, plant and equipment with a net book value of £60,000 (2009: £146,000).

Capital commitments contracted, but not provided for, by the Group at the period end amounts to £84,000 (2009: £43,000)

13. Related party transactions

The Group's significant related parties are its associate and joint ventures, as disclosed in the Annual Report and Accounts 2009. There were no material changes to the level of related party transactions during the financial period.

14. Post balance sheet event

On 31 March 2010, after the period end, the Group completed the acquisition of the trade and assets of Ag Chem (UK) (the "business"), a wholesaler of fertiliser. The consideration paid was £350,000 in cash. Assets acquired comprise the goodwill of the business. The business complements Agriculture Manufacturing.

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