CARR'S MILLING
INDUSTRIES PLC

INTERIM RESULTS
2010/2011

CARR'S MILLING INDUSTRIES PLC
INTERIM MANAGEMENT REPORT

FINANCIAL REVIEW

The strong financial performance of Carr's Milling Industries PLC ("Carr's") for the 26 weeks ended 26 February 2011 reflects a positive business environment, with demand from farmers increasing as prices for beef, lamb and cereals have remained firm. We also benefited from the severe winter weather during the period and the development of our fuel oil activities. Profitability from our engineering business has improved in line with a growing order book. However, continuing challenges in the UK flour industry resulted in reduced profit from our food activities.

Overall, revenue increased by 27.0 per cent to £204.7 million (2010: £161.3 million) on which profit before taxation was up 48.9 per cent to £7.9 million (2010: £5.3 million).

Earnings per share for the period increased by 52.6 per cent to 58.6 pence (2010: 38.4 pence).

As a result of revenue growth and recent acquisitions, net debt was up substantially to £28.2 million at 26 February 2011 (28 August 2010: £15.5 million; 27 February 2010: £19.5 million) representing gearing of 70 per cent as against 45 per cent and 60 per cent respectively. Historically, the peak borrowing requirements of the Group are in February and we expect net debt to fall by the year-end in line with inventory sold.

DIVIDEND

In accordance with the company's policy of paying three dividends a year, the Board has declared a first interim dividend of 6.5 pence per share (2010: 6.0 pence per share) payable on 17 May 2011 to shareholders on the register at 26 April 2011.

BUSINESS REVIEW

Agriculture Trading

Revenue for the period increased by 26.8 per cent to £124.0 million (2010: £97.8 million) with profit before taxation up by 24.9 per cent to £4.0 million (2010: £3.2 million). Like-for-like revenue was up 18.3 per cent.

Farmgate prices, except milk which continues to be unsustainably low, have remained favourable overall. From mid November 2010, severe winter conditions combined with our ability to deliver an excellent service boosted the performance of our UK activities for the period.

Caltech, our UK animal feed block business, increased penetration of a static market, achieving 8 per cent volume growth whilst maintaining margins. In addition to strong underlying demand, the trading performance for the period benefited from the integration of Scotmin Nutrition, the feed supplements business acquired in June 2010, as well as the launch of the Crystalyx brand in New Zealand in 2010. The success of Caltech's German joint venture in penetrating new European markets, notably France, also had a positive impact. The expansion of Caltech is consistent with our strategy of developing niche products with profitable growth potential, in both the UK and overseas. Accordingly, we believe there is scope for Caltech to achieve significant and sustainable further growth in the future.

Overall, compound feed volumes were slightly ahead of last year with margins maintained as the result of selling price increases offsetting higher input costs at a time of significant volatility in raw materials prices. Wheat prices increased by nearly 70 per cent compared with last year, a trend seen across many commodities. Price increases have been lower than the rises in spot raw materials as Carr's, in line with the market, purchases forward a portion of its raw materials requirement, which has helped to contain the impact on our farming customers.

Our associate company, producing compound and blended animal feed, benefited from operational efficiencies and higher volumes. The Group's share of profit after tax increased by £0.3 million.

The results for the period benefited from the acquisitions of Scotmin Nutrition Limited and A C Burn Limited in June 2010 and of Forsyths of (Wooler) Limited in September 2010, all of which have successfully been integrated into the Group.

In aggregate, acquisitions contributed revenue of approximately £8.3 million and profit before taxation of approximately £0.4 million to the result of Agriculture Trading for the period.

Our fuel oil business continued to grow following the opening of depots at Lancaster and Langwathby in Cumbria. Fuel oil volumes and margins both increased during the period. Over the past year, our total number of fuel customers has grown by 22 per cent and we plan to increase market share further. Our financial performance also benefited from the severe winter conditions when our focus on excellent customer service, particularly in the rural community, was rewarded.

Our farm machinery activities performed well and the early performance of the Kuhn distribution agency for agricultural machinery, won in September 2010, has been encouraging.

Agriculture Manufacturing

Price increases and advance fertiliser sales were a major factor in revenues increasing by 61.9 per cent to £36.8 million (2010: £22.7 million) with profit before taxation more than doubling to £2.6 million (2010: £1.1 million).

Strong demand for fertiliser during the period was the result of high cereal prices and anticipation of higher fertiliser raw materials prices causing early buying from a larger number of farmers. Raw material prices continued to rise during the period. We are seeing the benefits of our strategy of reducing our reliance on commodity products and of investment in value added products such as AVAIL, our unique phosphorous fertiliser enhancer, used in environmentally oriented products.

March and April are critical months for fertiliser sales and, whilst a significant proportion of sales that would normally fall into this period were made in the first half, current indications are that overall fertiliser volumes and margins for the full year will be significantly up on last year. Inventory acquired in advance of expected demand will unwind during the second half.

In the USA, animal feed sales volumes and margins are expected to be higher this year as compared with 2010 when the beef sector was impacted by the generally poor agricultural market conditions. Following a period of improvement in feed block sales and profitability during the first half, there was a significant slow down in January 2011 when heavy snow in key areas prevented delivery. It is unlikely that the shortfall during the period against budget will be recovered in the second half. Our new plant in upstate New York is on track to start production of Aminomax, the patented rumen bypass protein formulated to improve milk yields and profitability of dairy farmers, in August 2011.

Food

Revenue for the period increased by 13.2 per cent to £38.3 million (2010: £33.8 million) with profit before taxation lower at £0.7 million (2010: £0.9 million) after allowing for reorganisation costs.

This creditable performance reflects stable sales volumes achieved despite milling wheat prices more than doubling since June 2010. Our continuing focus on capital expenditure to reduce costs will result in significant annual savings to offset continuing pressure on margins.

The UK flour market continues to be challenged by industry over-capacity, with management responding to pressure on selling prices by developing speciality products which are now being sold through supermarkets.

Engineering

The 18.1 per cent fall in revenue for the period to £5.6 million (2010: £6.8 million) is due to the high material content and lower margins from completed contracts in the comparable period in 2010. Profit before taxation for the period was £0.6 million (2010: £0.4 million).

Profit at Wälischmiller Engineering was similar to last year. Expected contract completions during the second half include three projects for China, Japan and Germany, with a total value of approximately €4.5 million. The order book is strong through to late 2013, with significant contracts won from businesses engaged in nuclear activities in many countries, particularly Russia, Germany and France. To meet this demand and maintain its high reputation for engineering quality and safety, Wälischmiller has recruited additional skilled engineering personnel.

The performance of Carrs MSM was broadly in line with last year with activity expected to increase in the second half following the completion of an inventory reduction programme by its major customer and demand for additional manipulators for de-commissioning.

Bendalls Engineering is heavily engaged in 2 major contracts with a combined contract value of over £4 million, scheduled to be completed in late 2011, supplying a major vessel for the multi-million pound Evaporator D project at Sellafield and vessels for a nuclear plant in the USA.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has 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 28 August 2010, 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

We have made encouraging strategic progress in our markets during 2010 and into 2011. Our decision to expand the geographical cover of our agricultural branch network in the Borders and North of England, the expansion of our fuel business and our feed supplements business, and the development of the New Zealand market for our animal feed block Crystalyx, leave Carr's well placed to take advantage of the improving agricultural markets.

Focus is beginning to return to the long-term positive fundamentals for agricultural markets and increasing demand for food, driven by global and UK population growth. This is creating more demand for protein which, in turn, creates the need for improved farmer productivity.

The continuing over-capacity in the UK flour market will present management with challenges and we anticipate that the Food division will, at best, sustain its first half performance in the second half.

Our engineering businesses have excellent skills, with good order books, and are well positioned to take advantage of the increasing demand in the nuclear, oil and gas sectors.

With a business environment that remains challenging it is pleasing to report growth in profitability and announce a rise in the first interim dividend.

We are confident that Carr's will continue to trade in line with management's expectations for the full year.

Chris Holmes
Chief Executive
11 April 2011

UNAUDITED CONSOLIDATED INCOME STATEMENT
for the 26 weeks ended 26 February 2011

	Notes	26 weeks ended 26 February 2011 £'000 (unaudited)	26 weeks ended 27 February 2010 £'000 (unaudited)	52 weeks ended 28 August 2010 £'000 (audited)
Continuing operations				
Revenue	3	**204,734**	161,252	344,953
Cost of sales		**(178,369)**	(138,191)	(299,898)
Gross profit		**26,365**	23,061	45,055
Net operating expenses		**(18,877)**	(17,860)	(35,906)
Group operating profit		**7,488**	5,201	9,149
Finance income		**165**	258	410
Finance costs	5	**(691)**	(780)	(1,392)
Share of post-tax profit in associate and joint ventures		**948**	635	799
Profit before taxation	3	**7,910**	5,314	8,966
Taxation	6	**(1,907)**	(1,362)	(2,131)
Profit for the period		**6,003**	3,952	6,835
Profit attributable to:				
Equity shareholders		**5,154**	3,374	5,632
Minority interests		**849**	578	1,203
		6,003	3,952	6,835
Dividend per share (pence)				
Paid	8	**18.0**	17.0	23.0
Proposed	8	**6.5**	6.0	12.0
Earnings per share (pence)				
Basic	7	**58.6**	38.4	64.1
Diluted	7	**58.3**	38.4	64.1

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 26 weeks ended 26 February 2011

	Notes	**26 weeks ended 26 February 2011 £'000 (unaudited)**	26 weeks ended 27 February 2010 £'000 (unaudited)	52 weeks ended 28 August 2010 £'000 (audited)
Profit for the period		**6,003**	3,952	6,835
Other comprehensive income				
Foreign exchange translation (losses)/gains arising on translation of overseas subsidiaries		**(6)**	168	(82)
Actuarial gains/(losses) on retirement benefit obligation:				
- Group	4	**2,979**	1,099	2,294
- Share of associate		**-**	-	(512)
Taxation (charge)/credit on actuarial movement on retirement benefit obligation:				
- Group		**(775)**	(308)	(642)
- Share of associate		**-**	-	143
Other comprehensive income for the period, net of tax		**2,198**	959	1,201
Total comprehensive income for the period		**8,201**	4,911	8,036
Total comprehensive income attributable to:				
Equity shareholders		**7,353**	4,334	6,830
Minority interests		**848**	577	1,206
		8,201	4,911	8,036

UNAUDITED CONSOLIDATED BALANCE SHEET
as at 26 February 2011

	Notes	As at 26 February 2011 £'000 (unaudited)	As at 27 February 2010 £'000 (unaudited)	As at 28 August 2010 £'000 (audited)
Assets				
Non-current assets				
Goodwill	10	**4,679**	1,654	4,336
Other intangible assets	12	**1,207**	716	1,362
Property, plant and equipment	12	**32,494**	31,561	32,588
Investment property		**775**	709	699
Investment in associate		**3,518**	3,167	2,811
Interest in joint ventures		**2,414**	2,062	2,138
Other investments		**69**	51	69
Financial assets				
- Non-current receivables		**5**	53	5
Deferred tax assets		**2,798**	4,668	3,924
		47,959	44,641	47,932
Current assets				
Inventories		**47,841**	28,996	27,015
Trade and other receivables		**68,800**	55,091	48,810
Current tax assets		**-**	-	303
Financial assets				
- Derivative financial instruments		**139**	2	-
- Cash at bank and in hand		**11,599**	12,558	13,695
		128,379	96,647	89,823
Total assets		**176,338**	141,288	137,755
Liabilities				
Current liabilities				
Financial liabilities				
- Borrowings		**(22,313)**	(13,025)	(11,478)
- Derivative financial instruments		**-**	-	(127)
Trade and other payables		**(74,348)**	(50,533)	(49,468)
Current tax liabilities		**(2,031)**	(1,145)	(1,129)
		(98,692)	(64,703)	(62,202)
Non-current liabilities				
Financial liabilities				
- Borrowings		**(17,478)**	(19,043)	(17,732)
Retirement benefit obligation	4	**(6,701)**	(12,764)	(10,745)
Deferred tax liabilities		**(4,749)**	(4,836)	(4,960)
Other non-current liabilities		**(2,743)**	(3,215)	(2,797)
		(31,671)	(39,858)	(36,234)
Total liabilities		**(130,363)**	(104,561)	(98,436)
Net assets		**45,975**	36,727	39,319
Shareholders' equity				
Called-up share capital		**2,200**	2,196	2,196
Share premium		**7,769**	7,738	7,738
Treasury share reserve		**(101)**	(101)	(101)
Equity compensation reserve		**173**	175	170
Foreign exchange reserve		**296**	555	301
Other reserve		**1,462**	1,493	1,477
Retained earnings		**28,715**	20,686	22,925
Total shareholders' equity		**40,514**	32,742	34,706
Minority interests in equity		**5,461**	3,985	4,613
Total equity		**45,975**	36,727	39,319

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 26 weeks ended 26 February 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 29 August 2010	2,196	7,738	(101)	170	301	1,477	22,925	34,706	4,613	39,319
Profit for the period	-	-	-	-	-	-	5,154	5,154	849	6,003
Other comprehensive income	-	-	-	-	(5)	-	2,204	2,199	(1)	2,198
Total comprehensive income	-	-	-	-	(5)	-	7,358	7,353	848	8,201
Dividends paid	-	-	-	-	-	-	(1,583)	(1,583)	-	(1,583)
Equity-settled share-based payment transactions, net of tax	-	-	-	3	-	-	-	3	-	3
Allotment of shares	4	31	-	-	-	-	-	35	-	35
Transfer	-	-	-	-	-	(15)	15	-	-	-
At 26 February 2011	**2,200**	**7,769**	**(101)**	**173**	**296**	**1,462**	**28,715**	**40,514**	**5,461**	**45,975**
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 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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
for the 26 weeks ended 26 February 2011

	Notes	26 weeks ended 26 February 2011 £'000 (unaudited)	26 weeks ended 27 February 2010 £'000 (unaudited)	52 weeks ended 28 August 2010 £'000 (audited)
Cash flows from operating activities				
Cash (used in)/generated from operations	9	**(7,086)**	4,748	18,002
Interest received		**182**	244	395
Interest paid		**(727)**	(878)	(1,422)
Tax paid		**(711)**	(618)	(1,698)
Net cash (used in)/generated from operating activities		**(8,342)**	3,496	15,277
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired)		**(723)**	-	(5,604)
Proceeds from disposal of trade		**160**	-	-
Purchase of intangible assets		**(28)**	(22)	(260)
Proceeds from sale of property, plant and equipment		**319**	73	187
Purchase of property, plant and equipment		**(2,188)**	(1,618)	(3,315)
Purchase of investments		**-**	-	(17)
Receipt of non-current receivables		**-**	-	50
Net cash used in investing activities		**(2,460)**	(1,567)	(8,959)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		**35**	-	-
Net costs from issue of new bank loans		**-**	-	(20)
Finance lease principal repayments		**(505)**	(515)	(1,065)
Repayment of borrowings		**(801)**	(343)	(634)
Increase in other borrowings		**4,702**	2,671	1,626
Dividends paid to shareholders		**(1,583)**	(1,493)	(2,020)
Net cash generated from/(used in) financing activities		**1,848**	320	(2,113)
Effects of exchange rate changes		**30**	(200)	(58)
Net (decrease)/increase in cash and cash equivalents		**(8,924)**	2,049	4,147
Cash and cash equivalents at beginning of the period		**13,268**	9,121	9,121
Cash and cash equivalents at end of the period		**4,344**	11,170	13,268
Cash and cash equivalents consists of:				
Cash at bank and in hand per the balance sheet	11	**11,599**	12,558	13,695
Bank overdrafts included in borrowings	11	**(7,255)**	(1,388)	(427)
		4,344	11,170	13,268

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 2010. 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
11 April 2011	11 April 2011

NOTES TO THE UNAUDITED INTERIM FINANCIAL RESULTS

1. Basis of preparation

This interim report was approved by the Directors on 11 April 2011 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 derivative financial instruments and share based payments at fair value through profit or loss.

The statutory accounts for the year ended 28 August 2010 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 26 February 2011 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 28 August 2010. 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, amendments and interpretations are not yet effective and have not been adopted early by the Group:

International Financial Reporting Standards ("IFRS")
IFRS 9: 'Financial instruments' 1 January 2013
IAS 24 (revised), 'Related party disclosures' 1 January 2011

Amendments to existing standards
Amendment to IFRS 1, Hyperinflation and fixes dates 1 July 2011
Amendment to IFRS 7: 'Financial instruments: disclosures' 1 July 2011
Amendment to IAS 12: 'Income taxes' on deferred tax 1 January 2012
Amendment to IFRIC 14: 'Pre-payments of a Minimum Funding Requirement' 1 January 2011
Annual improvements to IFRSs 2010 1 January 2011

From 29 August 2010 the following standards, amendments and interpretations became effective and were adopted by the Group:

International Financial Reporting Interpretations Committee ("IFRIC") interpretations
IFRIC 19: 'Extinguishing financial liabilities with equity instruments'

Amendments to existing standards
Amendment to IFRS 1 for additional exemptions
Amendment to IFRS 2: 'Share based payments – Group cash-settled share-based payment transactions'
Amendment to IAS 32 Financial instruments: 'Presentation on classification of rights issues'
Annual improvements to IFRSs 2009
Amendment to IFRS 1: 'First time adoption'

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

3. Segmental information

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.

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

The segment results for the 26 weeks to 26 February 2011 are as follows:

	Agriculture Trading £'000	Agriculture Manufacturing £'000	Food £'000	Engineering £'000	Group £'000
Revenues from external customers	124,011	36,788	38,312	5,605	204,716
Other adjustments					18
					204,734
Revenues from other operating segments	238	6,284	3	30	6,555
Elimination of inter segment revenues					(6,555)
					-
Profit before taxation	3,980	2,594	662	573	7,809
Head office net expense					(419)
Retirement benefit charge					(344)
Other adjustments					(84)
Share of post-tax profit of associate					707
Share of post-tax profit of joint ventures					241
Profit before taxation					7,910

Assets

	Agriculture Trading £'000	Agriculture Manufacturing £'000	Food £'000	Engineering £'000	Group £'000
Segment assets	**53,071**	**32,488**	**17,546**	**12,707**	**115,812**
Adjustments					**(5,620)**
Other current assets:					
Other receivables					**6,449**
Derivative financial instruments					**139**
Cash at bank and in hand					**11,599**
Non-current assets					**47,959**
Total assets					**176,338**

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					5,314

Assets

	Agriculture Trading £'000	Agriculture Manufacturing £'000	Food £'000	Engineering £'000	Group £'000
Segment assets	40,380	19,203	14,296	9,423	83,302
Adjustments					(3,682)
Other current assets:					
Other receivables					4,467
Derivative financial instruments					2
Cash at bank and in hand					12,558
Non-current assets					44,641
Total assets					141,288

The segment results for the 52 weeks to 28 August 2010 are as follows:

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

Assets

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

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 28 August 2010	10,745
Actuarial gain	(2,979)
Contributions by employer	(1,409)
Retirement benefit charge	344
Deficit in scheme at 26 February 2011	**6,701**

Actuarial gains of £2,979,000 (2010: £1,099,000) 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 £Nil (2010: £43,000) in respect of the movement in the fair value of interest rate derivative instruments.

6. Taxation

The tax charges for the 26 weeks ended 26 February 2011 and 27 February 2010 are based on the estimated tax charge for the applicable year.

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 IAS33 – 'Earnings per Share' and is based on earnings excluding the effect of the amortisation of intangible assets and the related tax adjustment. 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 26 February 2011 £'000	26 weeks ended 27 February 2010 £'000	52 weeks ended 28 August 2010 £'000
Earnings	**5,154**	3,374	5,632
Intangible asset amortisation:			
Amortisation of intangible assets	**271**	-	197
Taxation relief on amortisation	**(76)**	-	(55)
Adjusted earnings	**5,349**	3,374	5,774
Weighted average number of ordinary shares in issue	**8,793,763**	8,784,286	8,784,286
Potentially dilutive share options	**47,197**	8,011	8,040
	8,840,960	8,792,297	8,792,326
Basic earnings per share	**58.6p**	38.4p	64.1p
Diluted earnings per share	**58.3p**	38.4p	64.1p
Adjusted earnings per share	**60.8p**	38.4p	65.7p

8. Dividends

		26 weeks ended 26 February 2011 £'000	26 weeks ended 27 February 2010 £'000	52 weeks ended 28 August 2010 £'000
Ordinary:	Final dividend for the period ended 28 August 2010 of 12.0p per share (2009: 17.0p)	**1,056**	1,493	1,493
Ordinary:	Interim dividend of 6.0p per share	**527**	-	527
		1,583	1,493	2,020

The Directors have approved an interim dividend of 6.5p per share (2010: 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 £571,986 (2010: £527,057), which will be paid on 17 May 2011 to shareholders whose names are on the Register of Members at the close of business on 26 April 2011. The ordinary shares will be quoted ex-dividend on 20 April 2011.

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

	26 weeks ended 26 February 2011 £'000	26 weeks ended 27 February 2010 £'000	52 weeks ended 28 August 2010 £'000
Net profit	**6,003**	3,952	6,835
Adjustments for:			
Tax	**1,907**	1,362	2,131
Depreciation on property, plant and equipment	**2,101**	1,850	3,698
Profit on disposal of property, plant and equipment	**(197)**	(13)	(23)
Depreciation on investment property	**9**	9	19
Intangible asset amortisation	**271**	87	197
Profit on disposal of trade	**(190)**	-	-
Net fair value (gains)/losses on derivative financial instruments in operating profit	**(266)**	14	143
Net fair value loss on share-based payments	**3**	12	6
Net foreign exchange differences	**98**	31	(141)
Interest income	**(165)**	(258)	(410)
Interest expense and borrowing costs	**714**	805	1,441
Share of post-tax profits from associate and joint ventures	**(948)**	(635)	(799)
IAS19 income statement credit in respect of employer contributions	**(1,409)**	(1,399)	(2,821)
IAS19 income statement charge	**344**	589	1,187
Changes in working capital (excluding the effects of acquisitions):			
Increase in inventories	**(20,673)**	(5,136)	(2,020)
Increase in receivables	**(19,640)**	(12,010)	(3,854)
Increase in payables	**24,952**	15,488	12,413
Cash (used in)/generated from continuing operations	**(7,086)**	4,748	18,002

10. Acquisition and disposal

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 Trading business into Northumberland. Synergies are expected following the rationalisation of the procurement and administration functions.

The total goodwill arising from the acquisition amounts to £343,000. 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 benefit arising from the acquisitions. Synergy benefits include the rationalisation of the procurement and administration functions.

The Directors consider the acquisition to be immaterial to the Group and therefore no further disclosure is shown.

On 5 November 2010 Carrs Billington Agriculture (Sales) Limited sold its calor gas trade for £190,000. The Directors consider the disposal to be immaterial to the Group.

11. Analysis of net debt

	At 26 February 2011 £'000	At 27 February 2010 £'000	At 28 August 2010 £'000
Cash and cash equivalents	**11,599**	12,558	13,695
Bank overdrafts	**(7,255)**	(1,388)	(427)
Loans and other borrowings: current	**(14,406)**	(10,781)	(10,180)
Loans and other borrowings: non-current	**(16,623)**	(17,797)	(16,839)
Finance leases: current	**(652)**	(856)	(871)
Finance leases: non-current	**(855)**	(1,246)	(893)
	(28,192)	(19,510)	(15,515)

12. Capital expenditure and capital commitments

During the period, the Group incurred capital expenditure on property, plant and equipment of £2,114,000 (2010: £1,523,000) and on intangible assets of £28,000 (2010: £22,000).

During the period, the Group disposed of property, plant and equipment with a net book value of £122,000 (2010: £60,000).

Capital commitments contracted, but not provided for, by the Group at the period end amounts to £94,000 (2010: £84,000)

13. Related party transactions

The Group's significant related parties are its associate and joint ventures, as disclosed in the Annual Report and Accounts 2010.

Transactions and balances with the associate and joint ventures were all undertaken on an arm's length basis in the normal course of business and are as follows:

For the period to 26 February 2011

	Sales to £'000	Purchases from £'000	Rent receivable from £'000	Management charges from £'000	Amounts owed from £'000	Amounts owed to £'000
Associate	**283**	**(44,959)**	**9**	**7**	**94**	**(17,092)**
Joint ventures	**14**	**-**	**-**	**29**	**423**	**-**

For the period to 27 February 2010

	Sales to £'000	Purchases from £'000	Rent receivable from £'000	Management charges from £'000	Amounts owed from £'000	Amounts owed to £'000
Associate	235	(39,160)	9	7	147	(9,544)
Joint ventures	27	-	-	28	381	-

Transactions and balances with subsidiaries have been eliminated on consolidation and are not disclosed in this note.

14. 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

NOTES

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