CARR'S MILLING
INDUSTRIES PLC

Interim Results 2012/2013

NEW BOARD APPOINTMENTS

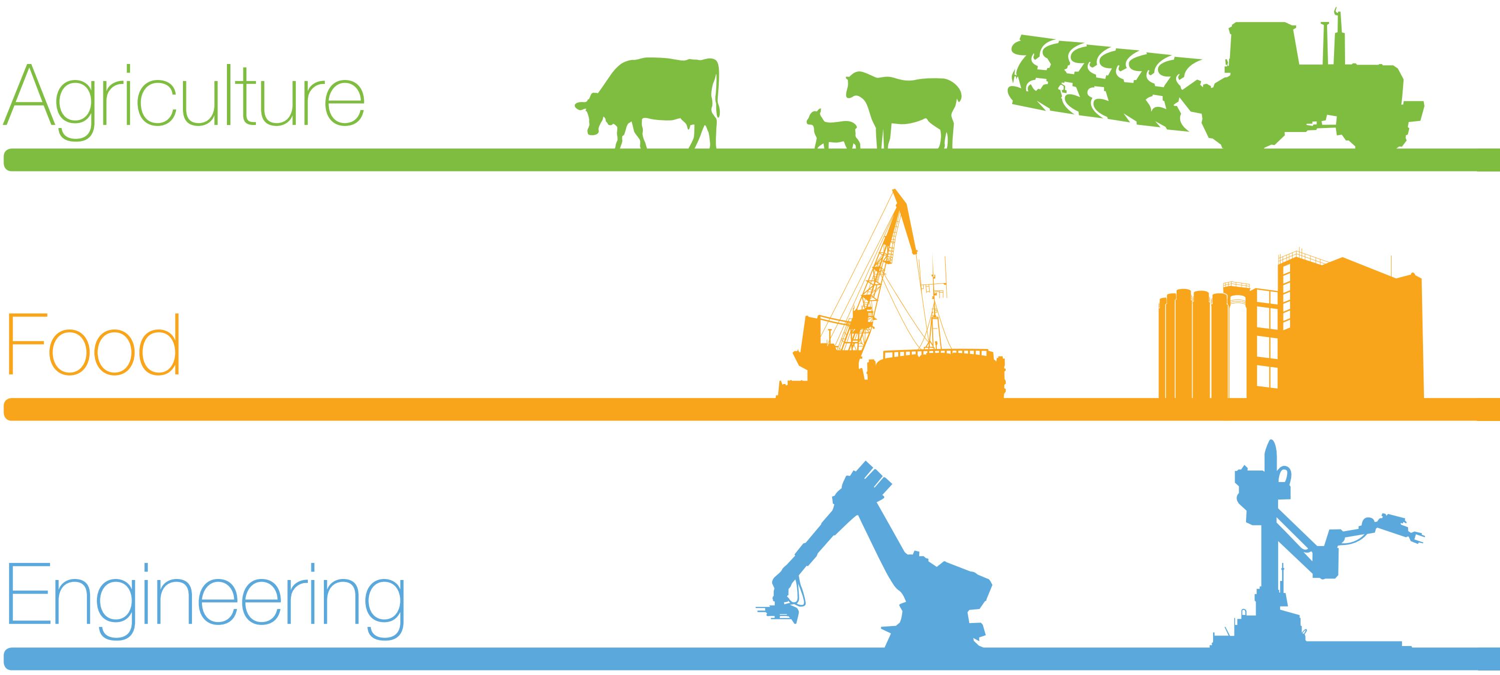
Tim Davies

Tim was appointed CEO of Carr's Milling Industries PLC in March 2013. Tim graduated from Newcastle University with a BSc in Agriculture, and subsequently worked in various commercial roles within the ICI Agriculture Division. In 1990, he moved to US owned BDR Agriculture Ltd, a regional grain, seed and fertiliser business based in the East of England. A succession of acquisitions saw BDR become part of Grainfarmers PLC, a national grain marketing business. Tim became Sales Director in 1999 and was subsequently appointed Group Managing Director in 2005 and later led the successful merger of Grainfarmers PLC and Centaur Grain Limited in 2008 forming Openfield, the largest farmer-owned grain marketing business in the UK.

Tim has been a Board Director of Agricultural Industries Confederation since 2003.

Neil Austin

Neil joined Carr's Milling Industries PLC in January 2013, and will take over from Ron Wood as Group Finance Director on 1 May 2013. He joined the Group from PricewaterhouseCoopers, where he worked for over 15 years, becoming a Director of their Newcastle office in 2007. During his time with PwC he advised a range of clients spanning consumer and industrial products, the public sector, and financial services, both in the UK and overseas. He holds a degree in Economics and Management Studies from Cambridge University, and is a Fellow of the ICAEW.



INTERIM MANAGEMENT REPORT

Interim results

The Group has delivered a strong performance achieving record interim profit with all three divisions contributing towards that success.

In Agriculture, adverse weather conditions over the winter greatly helped the growth of our proprietary brands in the UK, Europe and the USA. Excellent progress was also made in both our Food and Engineering Divisions where strategic major capital investments will benefit future profitability.

Following the excellent start to the year the Board continues to be encouraged and views the remainder of the year favourably.

Business review

During the 26 weeks ended 2 March 2013, the Group delivered a strong set of results in which revenue increased by 18.1% and profit before tax increased by 36.2% to £10.1 million (2012: £7.4 million), reflecting increased levels of activity across all of our businesses.

The combination of increasing revenue and a continuing focus on cost control has resulted in an improvement in Group operating margin to 3.8% (2012: 3.4%), and Group operating profit increasing by 31.0% to £8.8 million (2012: £6.7 million). The Group's share of profit after tax from associate and joint venture companies increased to £1.7 million (2012: £0.8 million).

Agriculture

The division, which is well diversified both in terms of product range and geography, has enjoyed a very encouraging trading performance in the six month period to 2 March 2013. As compared to the same period in the previous year, revenue has increased by 17.8% and profit before tax is up by 21.4%, with the impact of the adverse global weather contributing approximately £1.1 million to this profit increase in the first half of the current financial year.

The inclement global weather patterns have had a significant positive effect on demand for Carr's feed and feed block products. In the UK, the wet summer and autumn had an adverse impact on the quality of forage available and the duration and intensity of the 2012/13 winter has stimulated demand for compound feeds, in particular. With extremely wintry conditions persisting into the Easter period, a high level of demand for our feed and feed blocks has continued into the second half of the financial year.

In the USA, the summer droughts of 2012 covered two thirds of the land area and 80% of the nation's farm land resulting in low quality forage. In a similar position to the UK, the subsequent harsh winter conditions have not been favourable for farmers.

Against that background, the positive momentum in feed block sales seen in the prior year has continued in the first half of the current year, in both the UK and the USA, reflecting not only weather-related demand but also the benefits of increased marketing and the recognised integrity of our products. In compound feeds, which operate in a more competitive market, the recovery in sales volumes, from the declines seen in 2012, owed much to weather-stimulated demand and also reflected Carr's product and service levels. The increase in compound feed revenue was largely volume-related; although selling price increases were made to offset raw material input increases, margins remained under pressure during the period. The manufacture of the feed by our associate company benefited from weather related volume increase and profit after tax increased by 72.5% compared to the same period last year.

The AminoMax feed supplement plant in Watertown, New York State, our 50% joint venture, is operating successfully, with the patented rumen bypass protein, which improves yield and profitability of dairy herds, being well received by USA farmers. Due to the success of AminoMax, a new plant is being built in the UK at Lancaster and will be commissioned in June 2013. The new plant is a wholly owned UK operation and has state-of-the-art technology, bringing production efficiencies and increasing the accessibility of the product to UK dairy farmers.

The expanded agricultural branch network in Scotland and Northern England has traded strongly in the period with a 33.1% increase in sales of farm inputs compared to the same period last year. This strong performance is primarily the result of increased retail space as well as an enlarged product range, of which sales of animal health products were particularly encouraging. By contrast, however, sales of new machinery were weak, after an extended period of high volume sales following the introduction of new franchises.

A new retail branch opened at the new Kendal auction mart in April, and expansion of the Carlisle branch was completed this month on schedule. Development of a new branch at Annan is continuing well, with completion likely in early 2014. The Laycocks business, acquired in July last year, has been fully integrated and is making a positive contribution.

The fuel distribution network is performing strongly, reflecting the demand created by the prolonged winter weather. The new branch in Cockermouth, opened in February 2012, made a positive contribution in the period.

Food

The exceptionally poor UK harvest of 2012 led to a significantly greater dependence on overseas wheat, which combined with higher transport and storage costs as well as lower than normal flour extraction rates, made for a difficult trading environment in the UK milling industry. Against this backdrop, Carr's Flour Mills has operated exceptionally well. Given the continuing overcapacity in the industry, margins remain low but in the period revenue increased by 8.0% and profit before tax rose by 10.9%.

The quantity and quality of the UK wheat harvest was the poorest on record, with only 2% of all milling grade samples passing the normal specification parameters. Wheat prices were volatile driven by declining supplies from Eastern Europe and concerns over the impact of the drought in the American Midwest. The outlook for the UK is for another small harvest from this coming season, as farmers were simply unable to plant the normal acreage due to persistently wet conditions.

Accordingly, the reliance on imported wheat is likely to continue in the short to medium term. Consequently, our two mills, Kirkcaldy and Silloth, located at ports enable Carr's Flour Mills to leverage cost-effective access to both UK and European wheat. With the closure of a competitor mill, Rank Hovis in Glasgow, at the end of March 2013, some over-capacity has been removed from the Scottish market, which will further benefit the mill at Kirkcaldy. The on-going rationalisation, coupled with the poor harvest, marks a change in the UK milling market. Carr's Flour Mills is poised to capitalise on this with its port-located mills and the commissioning of the new mill at Kirkcaldy.

The construction of the new state-of-the-art mill at Kirkcaldy at a cost of £17 million is progressing well and is on target to start production in September 2013. The efficiencies of the new mill are expected to further improve operating margins in the next financial year.

Engineering

The high demand for remote handling equipment and specialist fabrications for nuclear, petrochemical and other industries in this half year has ensured that our engineering businesses continued to operate at near capacity. Revenue and profit before tax are up 81.9% and 39.0% respectively compared to the first half of 2012. This result is particularly pleasing given that there had been a step change in 2012 in this division, with this positive momentum being maintained.

Bendalls, the specialist fabricators, has a multi-million pound contract with Hyundai to supply pressure vessels for BP Quad 204 areas, west of the Shetland Islands, which has been delayed due to contract variations with delivery now due in the early summer of 2013. The previously reported post-delivery issues relating to pressure vessels supplied to Bechtel for the river protection project water treatment plant in Hanford, Washington State have now been resolved which has impacted the period's results by £0.47 million. Clive Walton Engineering, a precision machinery business acquired in May 2012, made a positive contribution for the period having been successfully integrated into Bendalls.

Carrs MSM has experienced continuing sales growth, ahead of our expectations, as a result of the increased demand from Sellafield under the "life of plant" contract, with forecast orders being placed for supply through 2013 and 2014.

Wälischmiller, the remote handling technology and robotics business, continues to operate at full capacity with orders through 2013 and 2014. The supply to Japan of the specialist robotic manipulator, Telbot®, with telescope and joyarm, and a large order of standard master slave manipulators to South Korea, were completed and delivered on schedule. Furthermore, some significant new contracts were won in the period in Germany and Russia. There is continuing development of the Telbot® and special purpose manipulators to operate in nuclear plants and new energy-related markets in oil and gas.

Phase 2 (production capacity) of the new factory at Markdorf, Germany is complete and the final phase is expected to be completed in November 2013. The construction of the final phase and the moving of machinery and specialised equipment have been well planned, and therefore production disruption is expected to be minimal.

Finance

Net debt at 2 March 2013 totalled £19.0 million, compared to £2.5 million at 1 September 2012. A large proportion of this movement is explained by capital expenditure to provide increased capacity across all three divisions, particularly: the new mill at Kirkcaldy (£5.5 million), the new engineering facilities in Germany (£0.9 million) and new and expanded agricultural retail branches (£1.2 million). This investment combined with higher sales volumes, and associated increased working capital requirements across the Group, resulted in the increased level of net debt, which was nonetheless lower than budgeted.

During the period, the Group secured an additional £5.0 million revolving credit facility from Clydesdale Bank to fund the increased level of capital investment. An additional term loan and further working capital facilities, totalling £6.3 million, were also put in place with RBS to fund the opening of additional branches and to provide working capital for the increased volume of trade in the Agriculture division.

With the exception of the bank overdraft facilities totalling £7.4 million, which are reviewed annually, other facilities are committed through to November 2014. Undrawn committed facilities at the end of the period were £19.4 million compared to £19.1 million at 1 September 2012.

Board changes

I would like to place on record my thanks to Lord Inglewood, who retired from the Board on 28 February, for his contribution to the success of the Group during his period as Chairman.

I am also very happy to report that Tim Davies joined the Board on 1 March as Chief Executive. Neil Austin joined the Group on 1 January, and will join the Board on 1 May following Ron Wood's retirement as Finance Director on 30 April.

Ron Wood's contribution, dedication and professional approach over 25 years has played a major role in the development of Carr's, making the Group the size and success it is today. I would like, on behalf of the Board and myself, to thank Ron and wish him every success in his retirement.

I will move to the position of Non-Executive Chairman during the second half of this year.

Shareholders' equity

Shareholders' equity at 2 March 2013 increased by £6.4 million to £67.0 million (1 September 2012: £60.6 million) due mainly to the profit retained by the Group in the period and a further reduction in the Group's defined benefit pension obligation.

Dividends

An interim dividend of 7.75 pence per share (2012: 7.25 pence per share), an increase of 6.9%, will be paid on 17 May 2013 to shareholders on the register on 26 April 2013. The ex-dividend date will be 24 April 2013.

Principal risks and uncertainties

The Group has a process in place to identify and assess the impact of risks on its business, and an exercise to update this is undertaken at least annually. The principal risks and uncertainties for the remaining six months of the financial year are not expected to change materially from those included on pages 16 and 17 of the Annual Report and Accounts 2012.

A summary of the principal risks and uncertainties is given below:

- Failure to act safely and to maintain the continued safe operation of our facilities and quality of our products;
- Failure to attract, develop and retain key personnel;
- Non-compliance with legislation and regulation;
- Fluctuations in prices, off take and availability of raw materials, energy, freight and other operating inputs;
- Failure to protect intellectual property;
- Failure to maintain high standards of customer service and identify important consumer trends;
- Failure to maintain an effective system of internal financial controls; and
- Managing procurement costs.

Outlook

The performance of the Group in the first half has been strong, significantly helped by the trading conditions created by global weather patterns. We anticipate that the benefits to the Group of the adverse weather will continue in quarter three.

The farming communities will, in both the UK and USA, continue to suffer as a result of the volatile weather conditions seen in 2012 and so far in 2013. Carr's is committed to continue the investment in feed manufacturing technology and animal nutrition research projects to explore ways of improving farmers' profitability.

Carr's is well placed to benefit from the changes taking place in the UK flour market and the new mill at Kirkcaldy will significantly increase operational efficiencies as well as maintain the high quality of flour products offered to customers. An improvement in profitability from the Food division should begin to come through in the next financial year.

Engineering has major contracts due to complete in the second half of the current year and during the next financial year, and the order books in the division continue to build. The maintenance of activity and profitability at the high level achieved in 2012 provides a good platform for growth.

The Board will maintain its strategy to consider suitable acquisition opportunities across all operations as well as build organic growth.

The Board views the remainder of the year favourably, with the expectation that the result for the financial year ending 31 August 2013 will be ahead of our previous expectations.

C N C Holmes
Chairman
16 April 2013

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the 26 weeks ended 2 March 2013

	Notes	**26 weeks ended 2 March 2013 £'000**	26 weeks ended 3 March 2012 £'000	52 weeks ended 1 September 2012 £'000
Continuing operations				
Revenue	6	**231,628**	196,049	404,058
Cost of sales		**(205,207)**	(173,672)	(360,124)
Gross profit		**26,421**	22,377	43,934
Net operating expenses		**(17,626)**	(15,662)	(31,863)
Group operating profit		**8,795**	6,715	12,071
Profit on disposal of properties and investment		**–**	321	282
Finance income		**320**	308	673
Finance costs		**(692)**	(668)	(1,348)
Share of post-tax profit in associate and joint ventures		**1,713**	768	1,381
Profit before taxation	6	**10,136**	7,444	13,059
Taxation		**(2,277)**	(1,857)	(2,954)
Profit for the period from continuing operations		**7,859**	5,587	10,105
Discontinued operations				
Loss for the period from discontinued operations		**–**	(202)	(202)
Profit for the period		**7,859**	5,385	9,903
Profit attributable to:				
Equity shareholders		**7,171**	4,584	8,510
Minority interests		**688**	801	1,393
		7,859	5,385	9,903
Basic earnings per share (pence)				
Profit from continuing operations	7	**80.8**	54.0	98.2
Loss from discontinued operations	7	**–**	(2.3)	(2.3)
		80.8	51.7	95.9
Diluted earnings per share (pence)				
Profit from continuing operations	7	**79.9**	52.2	97.5
Loss from discontinued operations	7	**–**	(2.2)	(2.3)
		79.9	50.0	95.2
Dividend per share (pence)				
Paid		**21.75**	19.5	26.75
Proposed	8	**7.75**	7.25	14.5

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 26 weeks ended 2 March 2013

	Notes	**26 weeks ended 2 March 2013 £'000**	26 weeks ended 3 March 2012 £'000	52 weeks ended 1 September 2012 £'000
Profit for the period		**7,859**	5,385	9,903
Other comprehensive income				
Foreign exchange translation gains/(losses) arising on translation of overseas subsidiaries		**409**	(82)	(235)
Actuarial gains/(losses) on retirement benefit obligation:				
– Group	11	**1,004**	(1,621)	(2,686)
– Share of associate		**—**	—	(419)
Taxation (charge)/credit on actuarial movement on retirement benefit obligation:				
– Group		**(231)**	405	618
– Share of associate		**—**	—	96
Other comprehensive income/(expense) for the period, net of tax		**1,182**	(1,298)	(2,626)
Total comprehensive income for the period		**9,041**	4,087	7,277
Total comprehensive income attributable to:				
Equity shareholders		**8,353**	3,286	5,884
Minority interests		**688**	801	1,393
		9,041	4,087	7,277

UNAUDITED CONSOLIDATED BALANCE SHEET

As at 2 March 2013

	Notes	As at 2 March 2013 £'000	As at 3 March 2012 £'000	As at 1 September 2012 £'000
Non-current assets				
Goodwill	9	**5,199**	4,558	5,199
Other intangible assets	9	**709**	890	728
Property, plant and equipment	9	**44,599**	32,192	37,158
Investment property	9	**995**	705	1,005
Investment in associate		**6,226**	4,897	5,103
Interest in joint ventures		**3,188**	2,578	2,907
Other investments		**71**	71	71
Financial assets				
– Non-current receivables		**2**	2	2
Deferred tax assets		**2,232**	2,583	2,480
		63,221	48,476	54,653
Current assets				
Inventories		**33,765**	30,400	27,128
Trade and other receivables		**79,464**	59,282	59,651
Financial assets				
– Derivative financial instruments		**—**	2	—
– Cash and cash equivalents		**19,773**	28,236	23,294
		133,002	117,920	110,073
Total assets		**196,223**	166,396	164,726
Current liabilities				
Financial liabilities				
– Borrowings	10	**(22,134)**	(14,877)	(14,176)
– Derivative financial instruments		**(139)**	(47)	(309)
Trade and other payables		**(67,689)**	(59,153)	(56,108)
Current tax liabilities		**(3,033)**	(1,754)	(1,552)
		(92,995)	(75,831)	(72,145)
Non-current liabilities				
Financial liabilities				
– Borrowings	10	**(16,645)**	(11,731)	(11,573)
Retirement benefit obligation	11	**(3,037)**	(5,499)	(5,351)
Deferred tax liabilities		**(3,717)**	(3,990)	(3,733)
Other non-current liabilities		**(4,829)**	(4,083)	(4,064)
		(28,228)	(25,303)	(24,721)
Total liabilities		**(121,223)**	(101,134)	(96,866)
Net assets		**75,000**	65,262	67,860
Shareholders' equity				
Called-up share capital	12	**2,219**	2,218	2,219
Share premium	12	**8,124**	8,090	8,118
Equity compensation reserve		**131**	98	113
Foreign exchange reserve		**569**	278	160
Other reserve		**895**	907	901
Retained earnings		**55,094**	46,994	49,075
Total shareholders' equity		**67,032**	58,585	60,586
Minority interests in equity		**7,968**	6,677	7,274
Total equity		**75,000**	65,262	67,860

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 26 weeks ended 2 March 2013

	Called-up Share Capital £'000	Share Premium £'000	Equity Compensation Reserve £'000	Foreign Exchange Reserve £'000	Other Reserve £'000	Retained Earnings £'000	Total Shareholders' Equity £'000	Minority Interests £'000	Total Equity £'000
At 2 September 2012	**2,219**	**8,118**	**113**	**160**	**901**	**49,075**	**60,586**	**7,274**	**67,860**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**7,171**	**7,171**	**688**	**7,859**
Other comprehensive income	**—**	**—**	**—**	**409**	**—**	**773**	**1,182**	**—**	**1,182**
Total comprehensive income	**—**	**—**	**—**	**409**	**—**	**7,944**	**8,353**	**688**	**9,041**
Dividends paid	**—**	**—**	**—**	**—**	**—**	**(1,931)**	**(1,931)**	**—**	**(1,931)**
Equity-settled share based payment transactions, net of tax	**—**	**—**	**18**	**—**	**—**	**—**	**18**	**6**	**24**
Allotment of shares	**—**	**6**	**—**	**—**	**—**	**—**	**6**	**—**	**6**
Transfer	**—**	**—**	**—**	**—**	**(6)**	**6**	**—**	**—**	**—**
At 2 March 2013	**2,219**	**8,124**	**131**	**569**	**895**	**55,094**	**67,032**	**7,968**	**75,000**
At 4 September 2011	2,216	8,059	84	360	913	45,343	56,975	5,869	62,844
Profit for the period	—	—	—	—	—	4,584	4,584	801	5,385
Other comprehensive expense	—	—	—	(82)	—	(1,216)	(1,298)	—	(1,298)
Total comprehensive (expense)/income	—	—	—	(82)	—	3,368	3,286	801	4,087
Dividends paid	—	—	—	—	—	(1,729)	(1,729)	—	(1,729)
Equity-settled share based payment transactions, net of tax	—	—	14	—	—	6	20	7	27
Allotment of shares	2	31	—	—	—	—	33	—	33
Transfer	—	—	—	—	(6)	6	—	—	—
At 3 March 2012	2,218	8,090	98	278	907	46,994	58,585	6,677	65,262
At 4 September 2011	2,216	8,059	84	360	913	45,343	56,975	5,869	62,844
Profit for the period	—	—	—	—	—	8,510	8,510	1,393	9,903
Other comprehensive expense	—	—	—	(235)	—	(2,391)	(2,626)	—	(2,626)
Total comprehensive (expense)/income	—	—	—	(235)	—	6,119	5,884	1,393	7,277
Dividends paid	—	—	—	—	—	(2,372)	(2,372)	—	(2,372)
Equity-settled share based payment transactions, net of tax	—	—	29	—	—	8	37	12	49
Allotment of shares	3	59	—	—	—	—	62	—	62
Transfer	—	—	—	35	(12)	(23)	—	—	—
At 1 September 2012	2,219	8,118	113	160	901	49,075	60,586	7,274	67,860

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 26 weeks ended 2 March 2013

	Notes	**26 weeks ended 2 March 2013 £'000**	26 weeks ended 3 March 2012 £'000	52 weeks ended 1 September 2012 £'000
Cash flows from operating activities				
Cash (used in)/generated from continuing operations	13	**(3,145)**	4,569	11,974
Interest received		**557**	237	434
Interest paid		**(686)**	(737)	(1,385)
Tax paid		**(882)**	(1,409)	(2,710)
Net cash (used in)/generated from operating activities		**(4,156)**	2,660	8,313
Cash flows from investing activities				
Acquisition of subsidiaries (net of overdraft acquired)		**–**	–	(2,063)
Disposal of subsidiary		**–**	(350)	(350)
Loan to joint ventures		**(836)**	(684)	(881)
Purchase of intangible assets		**(79)**	(26)	(54)
Proceeds from sale of property, plant and equipment		**111**	450	643
Purchase of property, plant and equipment		**(9,498)**	(2,434)	(8,855)
Proceeds from sale of investment property		**–**	94	94
Purchase of investment property		**–**	–	(300)
Purchase of investments		**–**	(4)	(4)
Disposal of investment		**–**	107	107
Redemption of preference shares in joint venture		**–**	–	100
Net cash used in investing activities		**(10,302)**	(2,847)	(11,563)
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		**6**	33	62
Net proceeds from issue of new bank loans		**6,436**	2,381	2,381
Finance lease principal repayments		**(559)**	(469)	(940)
Repayment of borrowings		**(1,083)**	(5,661)	(5,911)
Increase in other borrowings		**8,200**	1,439	628
Dividends paid to shareholders		**(1,931)**	(1,729)	(2,372)
Net cash generated from/(used in) financing activities		**11,069**	(4,006)	(6,152)
Effects of exchange rate changes		**81**	(42)	(171)
Net decrease in cash and cash equivalents		**(3,308)**	(4,235)	(9,573)
Cash and cash equivalents at beginning of the period		**22,876**	32,449	32,449
Cash and cash equivalents at end of the period		**19,568**	28,214	22,876
Cash and cash equivalents consist of:				
Cash and cash equivalents per the balance sheet		**19,773**	28,236	23,294
Bank overdrafts included in borrowings		**(205)**	(22)	(418)
		19,568	28,214	22,876

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Carr's Milling Industries PLC are listed in the Carr's Milling Industries PLC Annual Report and Accounts 2012, with the exception of the following changes in the period: Lord Inglewood retired on 28 February 2013, and Tim Davies was appointed on 1 March 2013. A list of current Directors is maintained on the Carr's Milling Industries PLC website: www.carrs-milling.com

On behalf of the Board

Tim Davies
Chief Executive
16 April 2013

Ron Wood
Finance Director
16 April 2013

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

1. General information
Carr's Milling Industries PLC ('the Company') and its subsidiaries (together, 'the Group') operates across three divisions of Agriculture, Food, and Engineering. The Company is a public limited company, which is listed on the London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is Old Croft, Stanwix, Carlisle, Cumbria, CA3 9BA.

These condensed interim financial statements were approved for issue on 16 April 2013.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the 52 weeks ended 1 September 2012 were approved by the Board of Directors on 16 November 2012 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

2. Basis of preparation
These condensed interim financial statements for the 26 weeks ended 2 March 2013 have 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 condensed interim financial statements should be read in conjunction with the annual financial statements for the 52 weeks ended 1 September 2012, which have been prepared in accordance with IFRSs as adopted by the European Union.

The Directors have made suitable enquiries, and based on financial performance to date and available banking facilities they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed interim financial statements.

3. Accounting policies
The accounting policies adopted are consistent with those of the previous financial year.

Taxes on income in the interim periods are accrued based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

4. Estimates
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 52 weeks ended 1 September 2012, with the exception of changes in estimates that are required in determining the provision for income taxes.

5. Financial risk management
The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 1 September 2012. There have been no changes in risk management practices since the year end.

6. Operating segment information

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance.

The Board of Directors considers the business from a product/services perspective. Operating segments have been identified as Agriculture, Food and Engineering. Performance is assessed using profit before taxation, which is measured in a manner consistent with the financial statements. Sales between segments are carried out at arm's length.

Segment assets included within other comprise all non-current assets together with current assets which are not reported on a segment basis to the chief operating decision-maker.

The following tables present revenue and profit information regarding the Group's operating segments for the 26 weeks ended 2 March 2013 and the comparative periods.

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
26 weeks ended 2 March 2013					
Total segment revenue	**173,447**	**44,682**	**13,556**	**24**	**231,709**
Inter segment revenue	**(49)**	**(3)**	**(29)**	**—**	**(81)**
Revenue from external customers	**173,398**	**44,679**	**13,527**	**24**	**231,628**
Profit before taxation	**6,273**	**448**	**2,190**	**—**	**8,911**
Head office net expense					**(446)**
Retirement benefit charge					**(132)**
Adjustments related to derivative financial instruments					**236**
Other adjustments					**(146)**
Share of post-tax profit of associate					**1,123**
Share of post-tax profit of joint ventures					**590**
Reported profit before taxation					**10,136**
Segment assets	**70,352**	**19,938**	**10,595**	**95,338**	**196,223**
26 weeks ended 3 March 2012					
Total segment revenue	147,230	41,384	7,468	24	196,106
Inter segment revenue	(25)	(2)	(30)	—	(57)
Revenue from external customers	147,205	41,382	7,438	24	196,049
Profit before taxation	5,166	404	1,575	—	7,145
Head office net expense					(428)
Retirement benefit charge					(298)
Other adjustments					(64)
Profit on disposal of properties and investment					321
Share of post-tax profit of associate					651
Share of post-tax profit of joint ventures					117
Reported profit before taxation					7,444
Segment assets	55,569	16,901	7,390	86,536	166,396

6. Operating segment information (continued)

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
52 weeks ended 1 September 2012					
Total segment revenue	293,838	80,477	29,797	47	404,159
Inter segment revenue	(42)	(5)	(54)	—	(101)
Revenue from external customers	293,796	80,472	29,743	47	404,058
Profit before taxation	8,108	442	4,702	—	13,252
Head office net expense					(1,034)
Retirement benefit charge					(477)
Adjustments related to derivative financial instruments					(236)
Adjustments related to intangible assets					(122)
Other adjustments					13
Profit on disposal of properties and investment					282
Share of post-tax profit of associate					1,180
Share of post-tax profit of joint ventures					201
Reported profit before taxation					13,059
Segment assets	52,829	16,241	9,950	85,706	164,726

7. Earnings per share

	26 weeks ended 2 March 2013 £'000	26 weeks ended 3 March 2012 £'000	52 weeks ended 1 September 2012 £'000
Continuing operations			
Earnings	**7,171**	4,786	8,712
Amortisation and non-recurring items:			
Amortisation of intangible assets	**138**	142	492
Tax relief on amortisation	**(35)**	(37)	(120)
Derivative financial instrument (gain)/loss	**(236)**	—	236
Tax/(tax relief) on derivative financial instrument (gain)/loss	**54**	—	(54)
Profit on disposal of properties and investment	**—**	(321)	(282)
Tax on disposal of properties and investment	**—**	42	21
Earnings – adjusted	**7,092**	4,612	9,005
Discontinued operations			
Earnings – basic and adjusted	**—**	(202)	(202)
	7,092	4,410	8,803

7. Earnings per share (continued)

	26 weeks ended 2 March 2013 Number	26 weeks ended 3 March 2012 Number	52 weeks ended 1 September 2012 Number
Weighted average number of ordinary shares in issue	**8,876,414**	8,867,226	8,869,438
Potentially dilutive share options	**94,415**	305,262	66,258
	8,970,829	9,172,488	8,935,696
Continuing operations			
Basic earnings per share	**80.8p**	54.0p	98.2p
Diluted earnings per share	**79.9p**	52.2p	97.5p
Adjusted earnings per share	**79.9p**	52.0p	101.5p
Discontinued operations			
Basic earnings per share	**—**	(2.3)p	(2.3)p
Diluted earnings per share	**—**	(2.2)p	(2.3)p
Adjusted earnings per share	**—**	(2.3)p	(2.3)p

8. Dividends

An interim dividend of £643,523 that relates to the period to 1 September 2012 was paid on 5 October 2012, and a final dividend of £1,287,072 was paid on 18 January 2013.

In addition, an interim dividend of 7.75p per share (2012: 7.25p per share) has been approved by the Directors. It is payable to shareholders on the register at 26 April 2013. This interim dividend, amounting to £688,528 (2012: £643,078), has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the 52 weeks to 31 August 2013.

9. Intangible assets, property, plant and equipment and investment property

	Goodwill £'000	Other intangible assets £'000	Property, plant and equipment £'000	Investment property £'000
26 weeks ended 2 March 2013				
Opening net book amount at 2 September 2012	**5,199**	**728**	**37,158**	**1,005**
Exchange differences	**—**	**40**	**407**	**—**
Additions	**—**	**79**	**9,590**	**—**
Disposals	**—**	**—**	**(96)**	**—**
Depreciation and amortisation	**—**	**(138)**	**(2,460)**	**(10)**
Closing net book amount at 2 March 2013	**5,199**	**709**	**44,599**	**995**
26 weeks ended 3 March 2012				
Opening net book amount at 4 September 2011	4,558	1,029	31,519	764
Exchange differences	—	(23)	(59)	—
Additions	—	26	3,091	—
Disposals	—	—	(248)	(49)
Depreciation and amortisation	—	(142)	(2,111)	(10)
Closing net book amount as at 3 March 2012	4,558	890	32,192	705

Capital commitments contracted, but not provided for, by the Group at the period end amounts to £9,239,000 (2012: £2,086,000).

10. Borrowings and loans

	As at 2 March 2013 £'000	As at 3 March 2012 £'000	As at 1 September 2012 £'000
Current	**22,134**	14,877	14,176
Non-current	**16,645**	11,731	11,573
Total borrowings and loans	**38,779**	26,608	25,749
Cash and cash equivalents	**(19,773)**	(28,236)	(23,294)
Net debt/(net cash)	**19,006**	(1,628)	2,455
Undrawn committed facilities	**19,437**	20,667	19,144

Movements in borrowings are analysed as follows:	£'000
26 weeks ended 2 March 2013	
Opening amount as at 2 September 2012	**25,749**
New bank loans and finance leases	**6,671**
Finance lease principal repayments	**(559)**
Repayments of borrowings	**(1,083)**
Increase in other borrowings	**8,200**
Release of deferred borrowing costs	**14**
Net reduction to bank overdraft	**(213)**
Closing amount as at 2 March 2013	**38,779**
26 weeks ended 3 March 2012	
Opening amount as at 4 September 2011	28,710
New bank loans and finance leases	3,359
Finance lease principal repayments	(469)
Repayments of borrowings	(5,661)
Increase in other borrowings	1,439
Release of deferred borrowing costs	41
Net reduction to bank overdraft	(811)
Closing amount as at 3 March 2012	26,608

11. Retirement benefit obligation

The amounts recognised within the Income Statement were as follows:

	26 weeks ended 2 March 2013 £'000	26 weeks ended 3 March 2012 £'000	52 weeks ended 1 September 2012 £'000
Current service cost	**261**	282	510
Interest on pension scheme liabilities	**1,215**	1,290	2,591
Expected return on pension scheme assets	**(1,344)**	(1,274)	(2,624)
	132	298	477

11. Retirement benefit obligation (continued)

The amounts recognised in the Balance Sheet were as follows:

	As at 2 March 2013 £'000	As at 3 March 2012 £'000	As at 1 September 2012 £'000
Present value of defined benefit obligations	**(58,475)**	(53,740)	(55,472)
Fair value of scheme assets	**55,438**	48,241	50,121
Deficit in the balance sheet	**(3,037)**	(5,499)	(5,351)

Actuarial gains of £1,004,000 (2012: losses of £1,621,000) have been reported in the Statement of Comprehensive Income. This gain is due to the return on assets being greater than expected, but offset partly by the change in market conditions which resulted in higher liabilities.

The Group's associate's defined benefit 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.

12. Called-up share capital

Allotted and fully paid ordinary shares of 25p each	**Number of shares**	**Called-up share capital £'000**	**Share premium £'000**	**Total £'000**
Opening balance as at 2 September 2012	**8,876,182**	**2,219**	**8,118**	**10,337**
Proceeds from shares issued:				
– share save scheme	**1,048**	**—**	**6**	**6**
At 2 March 2013	**8,877,230**	**2,219**	**8,124**	**10,343**
Opening balance at 4 September 2011	8,863,056	2,216	8,059	10,275
Proceeds from shares issued:				
– share option scheme	6,000	2	27	29
– share save scheme	987	—	4	4
At 3 March 2012	8,870,043	2,218	8,090	10,308

Employee share schemes: options exercised during the period to 2 March 2013 resulted in 1,048 shares being issued (2012: 6,987 shares), with exercise proceeds of £5,995 (2012: £33,394). The related weighted average price of the shares exercised was £5.72 (2012: £4.78) per share.

Since the period end there was a further allotment of 7,000 shares with a nominal value of £1,750 due to the exercise of share options.

13. Cash (used in)/generated from continuing operations

	26 weeks ended 2 March 2013 £'000	26 weeks ended 3 March 2012 £'000	52 weeks ended 1 September 2012 £'000
Profit for the period from continuing operations	**7,859**	5,587	10,105
Adjustments for:			
Tax	**2,277**	1,857	2,954
Depreciation of property, plant and equipment	**2,460**	2,111	4,165
Amounts written off property, plant and equipment	**—**	—	1
Profit on disposal of property, plant and equipment	**(15)**	(202)	(153)
Depreciation of investment property	**10**	10	20
Profit on disposal of investment property	**—**	(45)	(45)
Intangible asset amortisation	**138**	142	492
Profit on disposal of investment	**—**	(107)	(107)
Amortisation of grants	**(25)**	(25)	(50)
Net fair value loss on share based payments	**24**	26	49
Net foreign exchange differences	**(322)**	23	138
Net fair value (gains)/losses on derivative financial instruments in operating profit	**(170)**	45	309
Finance costs:			
Interest income	**(320)**	(308)	(673)
Interest expense and borrowing costs	**706**	709	1,403
Share of profit from associate and joint ventures	**(1,713)**	(768)	(1,381)
IAS19 income statement credit in respect of employer contributions	**(1,442)**	(2,380)	(3,772)
IAS19 income statement charge	**132**	298	477
Changes in working capital (excluding the effects of acquisitions):			
Increase in inventories	**(6,637)**	(7,607)	(3,868)
Increase in receivables	**(18,616)**	(1,511)	(896)
Increase in payables	**12,509**	6,714	2,806
Cash (used in)/generated from continuing operations	**(3,145)**	4,569	11,974

14. Related party transactions

The Group's significant related parties are its associate and joint ventures, as disclosed in the Annual Report and Accounts 2012.

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:

	Sales to £'000	Purchases from £'000	Rent receivable from £'000	Management charges from £'000	Amounts owed from £'000	Amounts owed to £'000
26 weeks to 2 March 2013						
Associate	**429**	**(61,651)**	**10**	**20**	**515**	**(19,301)**
Joint ventures	**25**	**—**	**—**	**28**	**3,811**	**(2)**
26 weeks to 3 March 2012						
Associate	202	(45,894)	10	8	107	(13,186)
Joint ventures	22	—	—	30	2,529	(1)

NOTES

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