CARR'S MILLING
INDUSTRIES PLC

CARR'S MILLING INDUSTRIES PLC
INTERIM RESULTS

2013/2014

CARR'S MILLING INDUSTRIES PLC IS FOCUSSED ON THE PRINCIPAL ACTIVITIES OF AGRICULTURE, FOOD AND ENGINEERING.

The Group's agriculture business comprises retailing of farm machinery/supplies and animal feed manufacture in the UK, USA and Germany.

Carr's principal food business is flour milling based in three UK locations.

Engineering comprises Carrs MSM, Bendalls, Chirton Engineering and R Hind in the UK and Wälischmiller in Southern Germany.

Interim results

The Group has made a positive start to the year, delivering a solid performance across all three divisions, reflecting focused investment in our people, our assets and in our technology.

The period has clearly demonstrated the strength of the Group with its geographic diversity and operational balance delivering performance in line with our expectations. Throughout, our focus has been to invest for growth across each of our three divisions to deliver our strategic objectives.

The strategic investment, in the world's most technologically advanced flour mill, at Kirkcaldy was commissioned on time and within budget. This is delivering a step change in the financial performance of the Food division. In Agriculture, our increased brand recognition coupled with the severe winter conditions in the USA have driven the sales of blocks to record levels; however, this has been offset by mild weather conditions in the UK which resulted in a reduction in sales of some products. In Engineering, the business is positioned so that it can benefit from the uplift in delayed nuclear contracts from Sellafield, which we believe will materialise in the short to medium term. Wälischmiller in Germany is performing well and is benefitting from the significant investment in new operational facilities and equipment, with the factory move now completed.

The second half of the year has started well and the Board expects to deliver a full year performance in line with its current expectations.

Business review

During the 26 weeks ended 1 March 2014 the Group delivered a solid set of results. Profit before tax increased by 2.0% to £10.1 million (2013 restated: £9.9 million) on revenues of £214.7 million (2013: £231.6 million).

Group operating margin increased to 4.3% (2013 restated: 3.7%), with Group operating profit of £9.3 million (2013 restated: £8.6 million). The Group's share of profit after tax from associate and joint venture companies was £1.5 million (2013 restated: £1.7 million).

Agriculture

Our Agriculture division performed well in the first six months with our geographical diversity insulating Carr's against the varying weather patterns across our key territories.

International

In the USA the severe weather, in particular in the Mid-Atlantic States, has resulted in record sale levels of feed blocks. The drought in the Southern States of the previous year has, to a large extent, been alleviated enabling farmers to start the long process of restocking, which is important for future sales in the USA. The increased recognition of our brands, our research-based products and our outstanding service levels continue to drive sales growth.

Our joint venture, ACC Feed Supplement LLC, set up last year to establish a new low-moisture feed block in Sioux City is progressing well and production remains on track to commence in summer this year, with the financial benefits expected to come through in the next financial year. In addition, we have invested £1.6m together with our joint venture partner to increase capacity at our Watertown site in New York State to meet the expected demand for AminoMax, the patented rumen bypass protein product. The plant commenced operations in December and is delivering increased volume to satisfy growing customer demand.

We have also achieved market share gains during the period helped by increasing recognition and sales of our branded products AminoMax®, Crystalyx®, Horslyx®, Smartlic®, Flaxlic® and Feed in a Drum®.

A new distribution network has been established in New Zealand, which has led to an increase in feed block sales. We continue to investigate a possible production facility to be located in New Zealand to satisfy the increasing demand.

UK

The recent UK winter has been markedly different to that experienced a year ago. The excellent weather throughout the 2013 summer and autumn provided farmers with the opportunity to feed good quality forage this winter and to rebuild and restock for the future. However, the mild winter has had an adverse impact on the sale of fuel and heating oil, feed and feed blocks, compared to last year's uncharacteristically high volumes.

The investment in our retail branch network in the UK has continued with new sites opened at Skipton in Yorkshire, Berwick in the Borders, and Bakewell in Derbyshire. Construction has commenced on the delayed site at Annan in Dumfriesshire, which we expect to be open for business in late summer 2014. We have also completed the purchase of land adjacent to our Brock branch in Lancashire, which will enable further expansion of this key retail site.

Machinery sales, workshops and aftersales service departments have experienced improved levels of activity relative to last year's challenging environment.

The new AminoMax® plant at Lancaster, commissioned in July 2013, is operating at near capacity following a positive reception from large dairy customers, and sales of AminoMax® are supporting our ambition of becoming the leader in dairy nutrition in the UK.

Food

There was a significant improvement in the quality of the UK wheat harvest in 2013. The Carr's Flour business, with port side mills located at Kirkcaldy in Fife and Silloth in Cumbria, has the flexibility to obtain wheat from both the continent and the UK and with this year's improved UK wheat harvest a significant amount of wheat, transported by sea, has been sourced from the UK. Despite the wet winter, the establishment of crops in autumn 2013 was excellent and we are expecting a larger harvest in 2014.

The new flour mill at Kirkcaldy, which commenced production in September 2013, consolidated our position as the leading miller in Scotland. It is the world's most technologically advanced mill, designed jointly by our own project team and the Swiss engineers, Bühler, who are recognised globally as the premier partner for the supply of plant, equipment and services in flour production. This important and complex project is already delivering both operational and commercial benefits. These benefits will continue to grow during the remainder of the financial year and the division is expected to meet its planned level of financial performance.

The Flour business continues to focus on producing quality flour to meet the ever-increasing technical and food safety standards of our customers. We continue to invest in flour technology to ensure operational efficiencies and service our customer requirements.

Engineering

The first half of the year has been defined by the level of investment in research, technology and facilities we have undertaken, which has resulted in contracts being won for delivery through to the end of 2015.

Wälischmiller Engineering, based in Markdorf, Germany, successfully completed a major contract for remote handling equipment for a German customer, which will be installed in a Chinese nuclear facility later this year. In the second half year, a complex engineering contract for handling radioactive materials for a research centre in Russia is scheduled to be completed and shipped.

The development of our robotic equipment is ongoing, with our bespoke and fully remote handling vehicle, V1000, exhibited in November at IROS, the International Robotic Exhibition in Japan, attracting significant interest.

The development contract with Shell and Statoil in Norway, for the adaptation of Telbot® for use in gas tank inspection, is progressing well. It is anticipated that following the success of the prototype in 2012, further development of Telbot® will remove the need for human involvement and its associated risk, while also performing the task in a shorter timeframe providing significant cost savings for our customers.

The £4.5m new production and office facility, at Markdorf, Germany, is now operational and we are pleased to report that the disruption to the business of moving into the new facilities was minimised by excellent planning and execution.

Carrs MSM, our UK based manipulator business, experienced strong sales growth, ahead of our expectations, with demand emanating from our Sellafield "life of plant" contract signed in 2012. Under the terms of the contract, MSM supplies master slave manipulator parts that are critical for the major operating plants at Sellafield. MSM is actively involved in the tender process for the supply of equipment following the decommissioning of other plants. MSM has also had on-going demand for upgrading manipulators for the power plants at Heysham II, Hinckley, and Hartlepool.

As reported in January 2014, Bendalls, our specialist fabricators based in Carlisle, was awarded a first stage contract for the production and supply of 27 pressure vessels for the BP Shah Deniz gas pipeline in Azerbaijan. Since then Bendalls has been awarded a subsequent contract, taking the total value of these contracts to over £7.0 m. These contracts were subject to some delays which will impact the performance of Bendalls in the current financial year; however we expect to see the full benefit from these contracts in the year to 29 August 2015. Furthermore, future prospects should be significantly improved as we believe that, following completion of these contracts, the delayed nuclear contracts for Sellafield will start to be awarded.

Finance

Net debt at 1 March 2014 was £25.3m, compared to £22.1m at 31 August 2013. The increase is due to seasonal working capital variations, combined with ongoing capital expenditure, principally in relation to the completion of our flour mill at Kirkcaldy, our new premises at Wälischmiller and ongoing branch developments in our Agriculture division.

During the period our working capital facilities in our Agriculture division were extended by £6.0m to cater for increased working capital requirements associated with that division's growth. During the second half of this financial year, we will undertake the renewal of our banking facilities as the majority of our facilities are due for renewal by November 2014. Undrawn facilities at 1 March 2014 were £21.6m.

The retirement benefit obligation further reduced in the period and now stands at £2.4m (£3.3m as at 31 August 2013) before the related deferred tax asset. The Group has adopted IAS19 Revised in this accounting period, which has led to a significantly higher pension cost compared to the previously reported comparative period. The cost recognised in the Income Statement of £444,000 compares to £132,000 as previously reported for the 26 week period ended 2 March 2013. Comparative figures have been restated to implement this adoption.

Shareholders' equity

Shareholders' equity at 1 March 2014 increased by £4.3m to £73.7m (31 August 2013: £69.4m), due mainly to the profit retained by the Group in the period.

Dividends

A first interim dividend of 8.5 pence per share (2013: 7.75 pence per share), an increase of 9.7%, will be paid on 16 May 2014 to shareholders on the register on 25 April 2014. The ex-dividend date will be 23 April 2014.

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 2013.

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 regulation and legislation;
- Failure to protect intellectual property;
- Failure to maintain high standards of customer service and identifying emerging consumer trends;
- Failure to maintain an effective system of internal financial controls; and
- Fluctuations in prices, offtake and availability of raw materials

Outlook

The first half of the year has clearly demonstrated the value of being a geographically diverse international business which has invested wisely in assets and technology.

Looking forward, we will continue to pursue the delivery of our strategic plans with vigour, exploiting the unique opportunities in front of us. We have made significant progress in our feed block business, AminoMax® feed technology, remote robotic handling systems and commissioning the most advanced flour mill in the world today.

As a result of our well invested asset base, ongoing investment in research and technology, and our outstanding people, we will not only look to meet but exceed our customers' expectations. This, combined with current trading at the start of the second half of the year, gives us confidence in meeting the Board's unchanged expectations for the full year.

Tim Davies
Chief Executive
14 April 2014

UNAUDITED CONSOLIDATED INCOME STATEMENT For the 26 weeks ended 1 March 2014

	Notes	26 weeks ended 1 March 2014 £'000	(Restated) 26 weeks ended 2 March 2013 £'000	(Restated) 52 weeks ended 31 August 2013 £'000
Continuing operations				
Revenue	6	**214,719**	231,628	468,083
Cost of sales		**(186,096)**	(205,207)	(419,270)
Gross profit		**28,623**	26,421	48,813
Net operating expenses		**(19,333)**	(17,861)	(35,476)
Group operating profit		**9,290**	8,560	13,337
Finance income		**152**	320	513
Finance costs		**(862)**	(692)	(1,318)
Share of post-tax profit in associate and joint ventures		**1,492**	1,689	2,819
Profit before taxation	6	**10,072**	9,877	15,351
Taxation		**(2,348)**	(2,223)	(3,036)
Profit for the period		**7,724**	7,654	12,315
Profit attributable to:				
Equity shareholders		**6,888**	6,966	11,001
Minority interests		**836**	688	1,314
		7,724	7,654	12,315
Basic earnings per share (pence)	7	**77.5**	78.5	123.9
Diluted earnings per share (pence)	7	**75.5**	77.7	121.7
Dividend per share (pence)				
Paid		**24.25**	21.75	29.5
Proposed	8	**8.5**	7.75	16.5

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the 26 weeks ended 1 March 2014

	Notes	26 weeks ended 1 March 2014 £'000	(Restated) 26 weeks ended 2 March 2013 £'000	(Restated) 52 weeks ended 31 August 2013 £'000
Profit for the period		**7,724**	7,654	12,315
Other comprehensive (expense)/income				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange translation (losses)/gains arising on translation of overseas subsidiaries		**(632)**	409	231
Items that will not be reclassified subsequently to profit or loss:				
Actuarial (losses)/gains on retirement benefit obligation:				
- Group	11	**(138)**	1,239	(96)
- Share of associate		**57**	31	22
Taxation credit/(charge) on actuarial movement on retirement benefit obligation:				
- Group		**28**	(285)	19
- Share of associate		**(11)**	(7)	(4)
Other comprehensive (expense)/income for the period, net of tax		**(696)**	1,387	172
Total comprehensive income for the period		**7,028**	9,041	12,487
Total comprehensive income attributable to:				
Equity shareholders		**6,192**	8,353	11,173
Minority interests		**836**	688	1,314
		7,028	9,041	12,487

UNAUDITED CONSOLIDATED BALANCE SHEET As at 1 March 2014

	Notes	As at 1 March 2014 £'000	As at 2 March 2013 £'000	As at 31 August 2013 £'000
Non-current assets				
Goodwill	9	**5,214**	5,199	5,215
Other intangible assets	9	**535**	709	615
Property, plant and equipment	9	**54,321**	44,599	53,068
Investment property	9	**665**	995	675
Investment in associate		**6,787**	6,226	7,024
Interest in joint ventures		**4,425**	3,188	3,299
Other investments		**70**	71	72
Financial assets				
- Non-current receivables		**1,002**	2	1
Deferred tax assets		**1,986**	2,232	2,044
		75,005	63,221	72,013
Current assets				
Inventories		**38,381**	33,765	33,445
Trade and other receivables		**68,613**	79,464	66,434
Current tax assets		**—**	—	178
Financial assets				
- Derivative financial instruments		**15**	—	2
- Cash and cash equivalents	10	**16,362**	19,773	22,884
		123,371	133,002	122,943
Total assets		**198,376**	196,223	194,956
Current liabilities				
Financial liabilities				
- Borrowings	10	**(29,707)**	(22,134)	(15,545)
- Derivative financial instruments		**(59)**	(139)	(8)
Trade and other payables		**(58,768)**	(67,689)	(58,282)
Current tax liabilities		**(2,772)**	(3,033)	(1,639)
		(91,306)	(92,995)	(75,474)
Non-current liabilities				
Financial liabilities				
- Borrowings	10	**(11,906)**	(16,645)	(29,448)
Retirement benefit obligation	11	**(2,434)**	(3,037)	(3,272)
Deferred tax liabilities		**(3,966)**	(3,717)	(3,765)
Other non-current liabilities		**(5,585)**	(4,829)	(4,956)
		(23,891)	(28,228)	(41,441)
Total liabilities		**(115,197)**	(121,223)	(116,915)
Net assets		**83,179**	75,000	78,041
Shareholders' equity				
Share capital	12	**2,224**	2,219	2,223
Share premium	12	**8,197**	8,124	8,183
Equity compensation reserve		**561**	131	326
Foreign exchange reserve		**(217)**	569	415
Other reserve		**882**	895	888
Retained earnings		**62,070**	55,094	57,396
Total shareholders' equity		**73,717**	67,032	69,431
Minority interests in equity		**9,462**	7,968	8,610
Total equity		**83,179**	75,000	78,041

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the 26 weeks ended 1 March 2014

	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 1 September 2013	**2,223**	**8,183**	**326**	**415**	**888**	**57,396**	**69,431**	**8,610**	**78,041**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**6,888**	**6,888**	**836**	**7,724**
Other comprehensive expense	**—**	**—**	**—**	**(632)**	**—**	**(64)**	**(696)**	**—**	**(696)**
Total comprehensive (expense)/income	**—**	**—**	**—**	**(632)**	**—**	**6,824**	**6,192**	**836**	**7,028**
Dividends paid	**—**	**—**	**—**	**—**	**—**	**(2,156)**	**(2,156)**	**—**	**(2,156)**
Equity-settled share based payment transactions, net of tax	**—**	**—**	**235**	**—**	**—**	**—**	**235**	**16**	**251**
Allotment of shares	**1**	**14**	**—**	**—**	**—**	**—**	**15**	**—**	**15**
Transfer	**—**	**—**	**—**	**—**	**(6)**	**6**	**—**	**—**	**—**
At 1 March 2014	**2,224**	**8,197**	**561**	**(217)**	**882**	**62,070**	**73,717**	**9,462**	**83,179**
At 2 September 2012	2,219	8,118	113	160	901	49,075	60,586	7,274	67,860
Profit for the period	—	—	—	—	—	6,966	6,966	688	7,654
Other comprehensive income	—	—	—	409	—	978	1,387	—	1,387
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 (restated)	2,219	8,124	131	569	895	55,094	67,032	7,968	75,000
At 2 September 2012	2,219	8,118	113	160	901	49,075	60,586	7,274	67,860
Profit for the period	—	—	—	—	—	11,001	11,001	1,314	12,315
Other comprehensive income/(expense)	—	—	—	231	—	(59)	172	—	172
Total comprehensive income	—	—	—	231	—	10,942	11,173	1,314	12,487
Dividends paid	—	—	—	—	—	(2,619)	(2,619)	—	(2,619)
Equity-settled share based payment transactions, net of tax	—	—	213	—	—	9	222	22	244
Allotment of shares	4	65	—	—	—	—	69	—	69
Transfer	—	—	—	24	(13)	(11)	—	—	—
At 31 August 2013 (restated)	2,223	8,183	326	415	888	57,396	69,431	8,610	78,041

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS For the 26 weeks ended 1 March 2014

	Notes	26 weeks ended 1 March 2014 £'000	26 weeks ended 2 March 2013 £'000	52 weeks ended 31 August 2013 £'000
Cash flows from operating activities				
Cash generated from/(used in) operations	13	**5,138**	(3,145)	7,233
Interest received		**157**	557	746
Interest paid		**(858)**	(686)	(1,280)
Tax paid		**(746)**	(882)	(2,707)
Net cash generated from/(used in) operating activities		**3,691**	(4,156)	3,992
Cash flows from investing activities				
Acquisition of subsidiaries (net of overdraft acquired)		**—**	—	(810)
Investment in joint ventures		**(718)**	—	—
Loan to joint ventures		**(194)**	(836)	(807)
Other loans		**(269)**	—	—
Purchase of intangible assets		**(6)**	(79)	(108)
Proceeds from sale of property, plant and equipment		**170**	111	221
Purchase of property, plant and equipment		**(3,479)**	(9,498)	(9,937)
Proceeds from sale of investment property		**—**	—	268
Purchase of investments		**—**	—	(26)
Disposal of investment		**29**	—	10
Redemption of preference shares in joint venture		**—**	—	150
Net cash used in investing activities		**(4,467)**	(10,302)	(11,039)
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		**15**	6	68
Net proceeds from issue of new bank loans		**—**	6,436	11,581
Finance lease principal repayments		**(1,164)**	(559)	(1,118)
Repayment of borrowings		**(6,460)**	(1,083)	(1,333)
Increase in other borrowings		**3,502**	8,200	(193)
Dividends paid to shareholders		**(2,156)**	(1,931)	(2,619)
Receipt of grant income		**350**	—	350
Net cash (used in)/generated from financing activities		**(5,913)**	11,069	6,736
Effects of exchange rate changes		**20**	81	110
Net decrease in cash and cash equivalents		**(6,669)**	(3,308)	(201)
Cash and cash equivalents at beginning of the period		**22,675**	22,876	22,876
Cash and cash equivalents at end of the period		**16,006**	19,568	22,675
Cash and cash equivalents consist of:				
Cash and cash equivalents per the balance sheet		**16,362**	19,773	22,884
Bank overdrafts included in borrowings		**(356)**	(205)	(209)
		16,006	19,568	22,675

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 2013. There have been no changes to the Board of Directors in the financial period. 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
14 April 2014

Neil Austin
Group Finance Director
14 April 2014

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 14 April 2014.

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 31 August 2013 were approved by the Board of Directors on 15 November 2013 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 1 March 2014 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 31 August 2013, 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 with the following exception.

The Group has adopted 'Amendment to IAS19: (revised 2011) Employee benefits' with effect from 1 September 2013. This has resulted in a change of accounting policy and the restatement of the prior period financial statements. The change to the accounting policy has been to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability at the beginning of the period. The net interest amount also takes into account changes to the net liability during the period. The effect of this is to remove the previous concept of recognising an expected return on plan assets. See note 16 for the impact on the financial statements.

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 31 August 2013, 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 31 August 2013. 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, profit and asset information regarding the Group's operating segments for the 26 weeks ended 1 March 2014 and the comparative periods.

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
26 weeks ended 1 March 2014					
Total segment revenue	**159,987**	**44,756**	**10,027**	**24**	**214,794**
Inter segment revenue	**(51)**	**—**	**(24)**	**—**	**(75)**
Revenue from external customers	**159,936**	**44,756**	**10,003**	**24**	**214,719**
Profit before taxation	**6,786**	**1,034**	**1,802**	**—**	**9,622**
Head office net expense					**(742)**
Retirement benefit charge					**(444)**
Other adjustments					**144**
Share of post-tax profit of associate					**942**
Share of post-tax profit of joint ventures					**550**
Reported profit before taxation					**10,072**
Segment assets	**65,416**	**18,635**	**12,055**	**102,270**	**198,376**
26 weeks ended 2 March 2013 (restated)					
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					(367)
Adjustments related to derivative financial instruments					236
Other adjustments					(146)
Share of post-tax profit of associate					1,099
Share of post-tax profit of joint ventures					590
Reported profit before taxation					9,877
Segment assets	70,352	19,938	10,595	95,338	196,223

6. Operating segment information (continued)

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
52 weeks ended 31 August 2013 (restated)					
Total segment revenue	340,505	94,176	33,484	47	468,212
Inter segment revenue	(64)	(4)	(61)	—	(129)
Revenue from external customers	340,441	94,172	33,423	47	468,083
Profit before taxation	8,751	559	4,203	—	13,513
Head office net expense					(457)
Retirement benefit charge					(692)
Adjustments related to derivative financial instruments					236
Other adjustments					(68)
Share of post-tax profit of associate					1,903
Share of post-tax profit of joint ventures					916
Reported profit before taxation					15,351
Segment assets	58,701	20,504	12,032	103,719	194,956

7. Earnings per share

Non-recurring items and amortisation that are charged or credited to profit do not relate to the profitability of the Group on an ongoing basis. Therefore an adjusted earnings per share is presented as follows:

	26 weeks ended 1 March 2014 £'000	(Restated) 26 weeks ended 2 March 2013 £'000	(Restated) 52 weeks ended 31 August 2013 £'000
Earnings	**6,888**	6,966	11,001
Amortisation and non-recurring items:			
Amortisation of intangible assets	**71**	138	252
Tax relief on amortisation	**(19)**	(35)	(64)
Derivative financial instrument gain in respect of property, plant and equipment	**—**	(236)	(236)
Tax on derivative financial instrument gain	**—**	54	54
Earnings - adjusted	**6,940**	6,887	11,007
	Number	Number	Number
Weighted average number of ordinary shares in issue	**8,891,109**	8,876,414	8,880,841
Potentially dilutive share options	**231,790**	94,415	156,393
	9,122,899	8,970,829	9,037,234
Basic earnings per share	**77.5p**	78.5p	123.9p
Diluted earnings per share	**75.5p**	77.7p	121.7p
Adjusted earnings per share	**78.1p**	77.6p	123.9p

8. Dividends

An interim dividend of £688,993 that relates to the period to 31 August 2013 was paid on 11 October 2013, and a final dividend of £1,466,888 was paid on 17 January 2014.

In addition, an interim dividend of 8.5p per share (2013: 7.75p per share) has been approved by the Directors. It is payable to shareholders on the register at 25 April 2014. This interim dividend, amounting to £755,892 (2013: £688,993), has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the 52 weeks to 30 August 2014.

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 1 March 2014				
Opening net book amount at 1 September 2013	**5,215**	**615**	**53,068**	**675**
Exchange differences	**(1)**	**(15)**	**(343)**	**—**
Additions	**—**	**6**	**4,072**	**—**
Disposals	**—**	**—**	**(79)**	**—**
Depreciation and amortisation	**—**	**(71)**	**(2,397)**	**(10)**
Closing net book amount at 1 March 2014	**5,214**	**535**	**54,321**	**665**
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 as at 2 March 2013	5,199	709	44,599	995

Capital commitments contracted, but not provided for, by the Group at the period end amounts to £1,894,000 (2013: £9,239,000).

10. Borrowings and loans

	As at 1 March 2014 £'000	As at 2 March 2013 £'000	As at 31 August 2013 £'000
Current	**29,707**	22,134	15,545
Non-current	**11,906**	16,645	29,448
Total borrowings and loans	**41,613**	38,779	44,993
Cash and cash equivalents	**(16,362)**	(19,773)	(22,884)
Net debt	**25,251**	19,006	22,109
Undrawn committed facilities	**21,630**	19,437	17,853

Movements in borrowings are analysed as follows:	**£'000**
26 weeks ended 1 March 2014	
Opening amount as at 1 September 2013	**44,993**
New bank loans and finance leases	**573**
Finance lease principal repayments	**(1,164)**
Repayments of borrowings	**(6,460)**
Increase in other borrowings	**3,502**
Release of deferred borrowing costs	**22**
Net increase to bank overdraft	**147**
Closing amount as at 1 March 2014	**41,613**
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

11. Retirement benefit obligation

The amounts recognised within the Income Statement were as follows:

	26 weeks ended 1 March 2014 £'000	(Restated) 26 weeks ended 2 March 2013 £'000	(Restated) 52 weeks ended 31 August 2013 £'000
Service cost	**384**	261	507
Net interest on the net defined benefit liability	**60**	106	185
	444	367	692

11. Retirement benefit obligation (continued)

The amounts recognised in the Balance Sheet were as follows:

	As at 1 March 2014 £'000	As at 2 March 2013 £'000	As at 31 August 2013 £'000
Present value of defined benefit obligations	(61,288)	(58,475)	(59,509)
Fair value of scheme assets	58,854	55,438	56,237
Deficit in the balance sheet	**(2,434)**	(3,037)	(3,272)

Actuarial losses of £138,000 (2013: gains of £1,239,000) have been reported in the Statement of Comprehensive Income. Although investments performed better than expected this gain was offset by the change in market conditions over the period which resulted in higher liabilities and net actuarial losses.

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. Share capital

Allotted and fully paid ordinary shares of 25p each	Number of shares	Share capital £'000	Share premium £'000	Total £'000
Opening balance as at 1 September 2013	8,890,230	2,223	8,183	10,406
Proceeds from shares issued:				
- share save scheme	2,622	1	14	15
At 1 March 2014	**8,892,852**	**2,224**	**8,197**	**10,421**
Opening balance 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

Employee share schemes: options exercised during the period to 1 March 2014 resulted in 2,622 shares being issued (2013: 1,048 shares), with exercise proceeds of £14,998 (2013: £5,995). The related weighted average price of the shares exercised was £5.72 (2013: £5.72) per share.

13. Cash generated from/(used in) operations

	26 weeks ended 1 March 2014 £'000	(Restated) 26 weeks ended 2 March 2013 £'000	(Restated) 52 weeks ended 31 August 2013 £'000
Profit for the period from operations	**7,724**	7,654	12,315
Adjustments for:			
Tax	**2,348**	2,223	3,036
Depreciation of property, plant and equipment	**2,397**	2,460	5,165
Depreciation of investment property	**10**	10	62
Intangible asset amortisation	**71**	138	252
Profit on disposal of property, plant and equipment	**(91)**	(15)	(108)
Profit on disposal of investment	**—**	—	(14)
Amounts written off property, plant and equipment	**—**	—	7
Amortisation of grants	**(25)**	(25)	(50)
Net fair value loss on share based payments	**251**	24	244
Net foreign exchange differences	**69**	(322)	(220)
Net fair value losses/(gains) on derivative financial instruments in operating profit	**38**	(170)	(303)
Finance costs:			
Interest income	**(152)**	(320)	(513)
Interest expense and borrowing costs	**884**	706	1,354
Share of profit from associate and joint ventures	**(1,492)**	(1,689)	(2,819)
IAS19 income statement credit in respect of employer contributions	**(1,420)**	(1,442)	(2,867)
IAS19 income statement charge	**444**	367	692
Changes in working capital (excluding the effects of acquisitions):			
Increase in inventories	**(4,936)**	(6,637)	(6,088)
Increase in receivables	**(1,749)**	(18,616)	(5,699)
Increase in payables	**767**	12,509	2,787
Cash generated from/(used in) operations	**5,138**	(3,145)	7,233

14. Related party transactions

The Group's significant related parties are its associate and joint ventures, as disclosed in the Annual Report and Accounts 2013.

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 1 March 2014						
Associate	**636**	**(52,771)**	**9**	**22**	**1,379**	**(16,862)**
Joint ventures	**27**	**(235)**	**—**	**55**	**3,607**	**(1)**
26 weeks to 2 March 2013						
Associate	429	(61,651)	10	20	515	(19,301)
Joint ventures	25	—	—	28	3,811	(2)

15. Post balance sheet event

On 8 April 2014, after the period end, the Group completed the acquisition of the entire issued share capital of Chirton Engineering Limited, a precision engineering specialist. The initial cash consideration paid was £2,750,000. Subject to certain growth criteria being met subsequent to the acquisition there is contingent additional cash consideration payable up to a maximum of £2,550,000. The business complements the Group's existing engineering businesses.

16. Restatement of prior period financial statements

The Group has adopted 'Amendment to IAS19: (revised 2011) Employee benefits' with effect from 1 September 2013. The effect on the financial statements for the two prior period ends is as follows.

	26 weeks ended 2 March 2013 £'000	52 weeks ended 31 August 2013 £'000
Consolidated income statement		
Net operating expenses	(235)	(470)
Group operating profit	(235)	(470)
Share of post-tax profit in associate and joint ventures	(24)	(50)
Profit before taxation	(259)	(520)
Taxation	54	94
Profit for the period	(205)	(426)
Consolidated statement of comprehensive income		
Profit for the period	(205)	(426)
Actuarial (losses)/gains on retirement benefit obligation – Group	235	470
Actuarial (losses)/gains on retirement benefit obligation – Share of associate	31	62
Taxation credit/(charge) on actuarial movement on retirement benefit obligation – Group	(54)	(94)
Taxation credit/(charge) on actuarial movement on retirement benefit obligation – Share of associate	(7)	(12)
Other comprehensive (expense)/income for the period, net of tax	205	426

The change in accounting policy has not impacted the consolidated balance sheet or consolidated statement of cash flows.

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