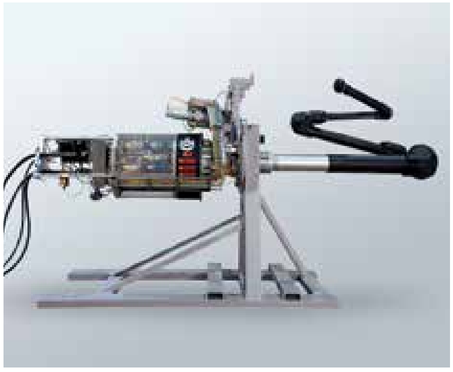
DIVERSITY DRIVES RESILIENT PERFORMANCE

HALF YEAR REPORT 2015/16

CARR'S GROUP PLC IS FOCUSED ON THE PRINCIPAL ACTIVITIES OF AGRICULTURE, FOOD AND ENGINEERING.

Carr's Group plc is an international business operating across Agriculture, Food and Engineering, supplying over 35 countries around the world.



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The Agriculture division comprises an international feed block supplement business with manufacturing locations in the USA, UK and Europe. In the UK the division also sells animal feed, fertiliser, animal health products, oil, farm machinery and rural supplies from its 30 Country Stores.

The Food division produces flour from three strategically located mills in the UK to the bread, biscuit and retail markets.

The Engineering division designs, manufactures and supplies specialist precision parts, equipment, robotics and remote handling products from three sites in the UK and one site in Germany. These highly specialised products and services are supplied predominately into the nuclear and oil and gas markets.

The Group is listed on the London Stock Exchange.

Interim Management Report

INTRODUCTION

Carr's has delivered results in line with expectations despite operating in tough market conditions across all three divisions. This result demonstrates the resilience of the Group driven by its operational and geographic diversity.

During December, the floods in the North of England affected a number of our sites and had a significant operational impact on the Lancaster feed mill and a major customer of our Cumbrian flour mill. Carr's has suffered no adverse financial impact as a result of the floods due to appropriate and comprehensive insurance cover, and because of the outstanding efforts of our employees the Group's affected sites returned to operation faster than expected.

The depressed farm gate milk price, challenging broader agricultural market and the mild weather conditions in the UK have resulted in the tough market conditions of H1 continuing into H2. The impact of this has been mitigated by the strong performance of our agriculture businesses in the USA. The Board remains confident that the Group will meet its expectations for the full year, however significant challenges are anticipated in the next financial year.

BUSINESS REVIEW

During the 26 weeks ended 27 February 2016 the Group delivered a resilient performance and a satisfactory set of results. Group revenues were £189.1m, down 9.4% from the prior year (2015: £208.6m) primarily due to commodity price movements. Profit before tax decreased by 0.9% to £10.5m (2015: £10.6m).

Group operating margins increased to 5.1% (2015: 4.6%), with Group operating profit of £9.6m (2015: £9.6m). The Group's share of profit after tax from associate and joint venture companies was £1.4m (2015: £1.6m).

Basic earnings per share increased by 4.7% from 8.5p to 8.9p as a result of reductions to the UK rate of tax used to calculate deferred tax.

AGRICULTURE

The Agriculture division has reported profit in line with expectations for the half year. This is a resilient performance, which demonstrates the value of our geographic and business diversity, with a strong USA performance offsetting lower profit delivery in the UK and Europe.

International

An outstanding performance from branded feed blocks, Smartlic® and Feed in a Drum® in the USA, resulted in sales volume growth of 11.7% (excluding joint ventures) year on year. This has been driven by favourable weather conditions, the ongoing increase in the size of the beef herds and continuing investment in operations. The new plant at Silver Springs, Nevada, is now fully commissioned and operational. It is assisting with meeting the increased demand on volume at the plant in Belle Fourche, South Dakota, whilst sales continue to build organically. The full benefit will be realised in the next financial year.

Sales of our feed block, Crystalyx®, into mainland Europe have fallen due to the continuing low farm gate milk price, with sales volumes down 5.4% year on year, and this is set to continue through H2.

Following the launch of the new innovative product, Piglyx®, which reduces stress levels in pigs, international export opportunities are being pursued, particularly into the Asian market.

UK

Against a challenging backdrop of continuing mild winter weather and low farm gate milk and livestock prices, sales volumes of feed blocks are down 2.8% year on year. Manufactured animal feed has seen a very slight decline of 0.3% on last year, outperforming the sector which has seen a national decline of circa 4.3% on average. This outperformance has been driven by our ability to support farmers with technical advice, at a time when key strategic nutrition decisions have to be taken. Animal feed margins continue to be under pressure, due to the on-going competitive landscape.

Declining farm incomes has resulted in considerable weakness in the machinery market, with sales down 11.7% year on year. This is expected to continue through the rest of this year and into the next financial year.

Retail has performed well with the Country Store network across Northern England and Southern Scotland seeing an increase in like for like sales of 2% year on year. The business of Reid & Robertson based in Balloch, Ayr and Oban, acquired in June 2015, has been fully integrated and is making a positive contribution. During the period Green (Agriculture) Co, an agriculture merchant business based at Morpeth, was acquired, which strengthens the retail network and offering in Northumberland.

Despite the mild autumn and winter, the fuel distribution business has performed well, with sales volumes up 6.2% year on year due to the increase in the size of the fleet operating out of two depots, Langwathby, Cumbria, and Hexham, Northumberland.

The challenging UK farming environment is expected to have a continued impact on the Agriculture division during H2 and into the next financial year as farm incomes continue to be under pressure and farmers look to reduce input costs and delay replacing machinery. However, the diversification of the Agriculture division's product offering and geographic spread is expected to partially mitigate the impact, with the strength of the USA operations and the anticipated ongoing expansion of the beef herds through 2016 and into 2017 expected to continue to benefit the division.

FOOD

The floods in Cumbria directly affected one of our major customers, which had a consequential impact on our sales volumes in the period, however underlying sales volumes[1] have increased 0.4%. We do not anticipate any notable financial impact due to our business interruption insurance cover.

The underlying sales growth during H1 is in spite of the on-going changes in the consumer market, notably the decline in consumption of the traditional sliced loaf and the concurrent increase in bake-off products. The division's performance has also been assisted by the efficient and technologically advanced mill at Kirkcaldy and excellent long term relationships with customers.

The 2015 UK wheat harvest was in excess of 16 million tonnes, although the quality was variable. The wheat price volatility in the market has continued, with significant price falls experienced in early 2016. The strategic port-side mill locations and the strength of our customer relationships mean that the division is well placed to respond to the changing market conditions.

[1] After adjusting for volumes attributable to the affected customer, which are covered by insurance.

ENGINEERING

As previously reported, the Engineering division had a slow start to the year, partly due to the phasing of contracts and as the refocusing of the UK manufacturing business on nuclear started to gain traction. As a result H1 operating profit is down 58.2% year on year, but the full year expectations remain unchanged. Overall, revenues generated by the UK manufacturing businesses from the nuclear sector represented 55.4% of the total in the period against 20.5% in the corresponding period last year.

The UK manufacturing businesses have been awarded several new contracts from Sellafield, with the new design business assisting in driving these opportunities. While H1 has been slower than forecast, work has now commenced on some of the newly won contracts and this is set to accelerate through H2. The challenge for the rest of the year is to minimise any contract delays, ensuring that the anticipated level of completion is achieved by the year end. The manufacturing businesses are benefiting from a strong contract pipeline, with orders through 2017.

The remote handling businesses have performed well and in line with expectations, and this is set to continue in H2. Completion of the contract for two highly specialised A1000 robotic arms for the nuclear facility at Dounreay in Scotland was completed in the period. The final step of the three year long R&D project, Demo 2000, was successfully completed in December 2015. This project developed a robotic system for vessel inspection and cleaning, the first in the world to be certified for use in the most highly explosive environments. It has successfully undergone a live test in Statoil´s own test facility in Norway under explosive conditions. The customer will now undertake a live test in-situ at one of their operational facilities.

A product development programme has commenced, to ensure our remote handling technology remains at the forefront of the industry.

FINANCE

Net debt has risen by 10.7% from £24.4m at 29 August 2015 to £27.0m, driven predominantly by working capital movements, both seasonal within Agriculture and also within the Engineering division.

The Group's defined benefit pension scheme remains in surplus and this increased from £1.8m at 29 August 2015 to £3.9m. On 31 December 2015, the scheme was closed to future accrual. Deficit reduction contributions, which were ongoing for a number of years at £2.3m per annum, have now ceased as the scheme was fully funded at the last full actuarial valuation.

SHAREHOLDERS' EQUITY

Shareholders' equity at 27 February 2016 increased by 9.8% to £95.6m (29 August 2015: £87.1m), primarily due to the profit retained by the Group in the period.

DIVIDEND

A first interim dividend of 0.95 pence per ordinary share (2015: 0.925 pence per ordinary share), an increase of 2.7%, will be paid on 13 May 2016 to shareholders on the register on 22 April 2016. The ex-dividend date will be 21 April 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has a process in place to identify and assess the impact of risks on its business, which is reviewed and updated quarterly. The principal risks and uncertainties for the remainder of the financial year are not expected to change materially from those included on pages 15 to 17 of the Annual Report and Accounts 2015.

The principal risks and uncertainties are as follows:

- Health and safety
- People
- Business continuity
- Commodity costs
- Product innovation
- Strategic partners
- Treasury
- Non-compliance with legislation and regulation
- Acquisitions
- Customer demand
- Reliance on key customers
- Political instability
- Reliance on key ingredients
- Defined benefit pension scheme

BOARD CHANGES

On 1 October 2015 Ian Wood was appointed to the Board as a Non-Executive Director. He was previously the Commercial Director, International Business Development in Centrica (formerly British Gas) and has held a number of positions within Centrica covering engineering, customer services, industrial and commercial marketing, and energy trading within Europe and North America.

OUTLOOK

The Group is operating in difficult and challenging markets, which show no signs of abating in the short term. However, the Group's geographic and operational diversity offers resilience, which combined with the continued investment in our assets ensures that the Group is well placed to respond to these challenges. Carr's remains on track to meet the full year expectations of the Board. The Board recognises that the difficult agriculture market will continue through 2017, which it anticipates will impact the Group's performance in the next financial year.

The Group is focused on generating organic growth and is committed to driving innovation through research and development to ensure it remains at the forefront of all the markets in which it operates. In conjunction with this, Carr's continues to review acquisition opportunities which will support future growth.

TIM DAVIES
Chief Executive
11 April 2016

Unaudited Consolidated Income Statement for the 26 weeks ended 27 February 2016

	Notes	26 weeks ended 27 February 2016 £'000	(Restated) 26 weeks ended 28 February 2015 £'000	(Restated) 52 weeks ended 29 August 2015 £'000
Continuing operations				
Revenue	6	**189,073**	208,638	411,565
Cost of sales		**(161,228)**	(179,535)	(356,708)
Gross profit		**27,845**	29,103	54,857
Net operating expenses		**(18,206)**	(19,515)	(38,623)
Group operating profit	6	**9,639**	9,588	16,234
Finance income		**119**	154	338
Finance costs		**(662)**	(717)	(1,412)
Share of post-tax profit in associate and joint ventures		**1,423**	1,586	2,307
Profit before taxation	6	**10,519**	10,611	17,467
Taxation		**(1,778)**	(2,208)	(3,774)
Profit for the period		**8,741**	8,403	13,693
Profit attributable to:				
Equity shareholders		**7,990**	7,626	11,989
Non-controlling interests		**751**	777	1,704
		8,741	8,403	13,693
Earnings per share (pence)				
Basic	7	**8.9**	8.5	13.4
Diluted	7	**8.6**	8.2	12.9
Adjusted	7	**9.0**	8.7	13.6
Diluted adjusted	7	**8.6**	8.3	13.2

Unaudited Consolidated Statement of Comprehensive Income for the 26 weeks ended 27 February 2016

	Notes	**26 weeks ended 27 February 2016 £'000**	26 weeks ended 28 February 2015 £'000	52 weeks ended 29 August 2015 £'000
Profit for the period		**8,741**	8,403	13,693
Other comprehensive income/(expense)				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange translation gains/(losses) arising on translation of overseas subsidiaries		**2,019**	(157)	20
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gains/(losses) on retirement benefit asset:				
– Group	12	**879**	(1,959)	(2,848)
– Share of associate		**—**	—	70
Taxation (charge)/credit on actuarial movement on retirement benefit asset:				
– Group		**(158)**	392	570
– Share of associate		**—**	—	(14)
Other comprehensive income/(expense) for the period, net of tax		**2,740**	(1,724)	(2,202)
Total comprehensive income for the period		**11,481**	6,679	11,491
Total comprehensive income attributable to:				
Equity shareholders		**10,730**	5,902	9,787
Non-controlling interests		**751**	777	1,704
		11,481	6,679	11,491

Unaudited Consolidated Balance Sheet as at 27 February 2016

	Notes	As at 27 February 2016 £'000	As at 28 February 2015 £'000	As at 29 August 2015 £'000
Non-current assets				
Goodwill	9	**10,931**	10,040	10,849
Other intangible assets	9	**413**	454	448
Property, plant and equipment	9	**60,391**	56,629	58,385
Investment property	9	**626**	646	636
Investment in associate		**9,196**	7,788	8,439
Interest in joint ventures		**6,082**	5,493	5,012
Other investments		**72**	88	79
Financial assets				
– Non-current receivables		**150**	501	50
Retirement benefit asset	12	**3,927**	1,198	1,767
Deferred tax assets		**29**	1,085	861
		91,817	83,922	86,526
Current assets				
Inventories		**39,113**	36,872	35,031
Trade and other receivables		**70,736**	68,482	64,454
Current tax assets		**401**	330	839
Financial assets				
– Derivative financial instruments		**2**	108	50
– Cash and cash equivalents	10	**8,719**	17,943	16,488
		118,971	123,735	116,862
Total assets		**210,788**	207,657	203,388
Current liabilities				
Financial liabilities				
– Borrowings	10	**(10,286)**	(16,079)	(15,157)
– Derivative financial instruments		**(132)**	(73)	(72)
Trade and other payables		**(57,302)**	(56,958)	(54,496)
Current tax liabilities		**(980)**	(1,132)	(472)
		(68,700)	(74,242)	(70,197)
Non-current liabilities				
Financial liabilities				
– Borrowings	10	**(25,447)**	(27,876)	(25,744)
Deferred tax liabilities		**(4,173)**	(4,123)	(4,184)
Other non-current liabilities		**(4,226)**	(6,848)	(4,300)
		(33,846)	(38,847)	(34,228)
Total liabilities		**(102,546)**	(113,089)	(104,425)
Net assets		**108,242**	94,568	98,963
Shareholders' equity				
Share capital	13	**2,246**	2,237	2,244
Share premium	13	**8,657**	8,498	8,615
Equity compensation reserve		**1,351**	904	1,138
Foreign exchange reserve		**1,504**	(692)	(515)
Other reserve		**856**	869	862
Retained earnings		**80,946**	71,789	74,706
Total shareholders' equity		**95,560**	83,605	87,050
Non-controlling interests		**12,682**	10,963	11,913
Total equity		**108,242**	94,568	98,963

Unaudited Consolidated Statement of Changes in Equity for the 26 weeks ended 27 February 2016

	Share Capital £'000	Share Premium £'000	Equity Compensation Reserve £'000	Foreign Exchange Reserve £'000	Other Reserve £'000	Retained Earnings £'000	Total Shareholders' Equity £'000	Non-Controlling Interests £'000	Total Equity £'000
At 30 August 2015	**2,244**	**8,615**	**1,138**	**(515)**	**862**	**74,706**	**87,050**	**11,913**	**98,963**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**7,990**	**7,990**	**751**	**8,741**
Other comprehensive income	**—**	**—**	**—**	**2,019**	**—**	**721**	**2,740**	**—**	**2,740**
Total comprehensive income	**—**	**—**	**—**	**2,019**	**—**	**8,711**	**10,730**	**751**	**11,481**
Dividends paid	**—**	**—**	**—**	**—**	**—**	**(2,492)**	**(2,492)**	**—**	**(2,492)**
Equity-settled share based payment transactions, net of tax	**—**	**—**	**213**	**—**	**—**	**15**	**228**	**18**	**246**
Allotment of shares	**2**	**42**	**—**	**—**	**—**	**—**	**44**	**—**	**44**
Transfer	**—**	**—**	**—**	**—**	**(6)**	**6**	**—**	**—**	**—**
At 27 February 2016	**2,246**	**8,657**	**1,351**	**1,504**	**856**	**80,946**	**95,560**	**12,682**	**108,242**
At 31 August 2014	2,235	8,453	640	(535)	875	67,996	79,664	10,163	89,827
Profit for the period	—	—	—	—	—	7,626	7,626	777	8,403
Other comprehensive expense	—	—	—	(157)	—	(1,567)	(1,724)	—	(1,724)
Total comprehensive (expense)/income	—	—	—	(157)	—	6,059	5,902	777	6,679
Dividends paid	—	—	—	—	—	(2,280)	(2,280)	—	(2,280)
Equity-settled share based payment transactions, net of tax	—	—	264	—	—	8	272	23	295
Allotment of shares	2	45	—	—	—	—	47	—	47
Transfer	—	—	—	—	(6)	6	—	—	—
At 28 February 2015	2,237	8,498	904	(692)	869	71,789	83,605	10,963	94,568
At 31 August 2014	2,235	8,453	640	(535)	875	67,996	79,664	10,163	89,827
Profit for the period	—	—	—	—	—	11,989	11,989	1,704	13,693
Other comprehensive income/(expense)	—	—	—	20	—	(2,222)	(2,202)	—	(2,202)
Total comprehensive income	—	—	—	20	—	9,767	9,787	1,704	11,491
Dividends paid	—	—	—	—	—	(3,110)	(3,110)	—	(3,110)
Equity-settled share based payment transactions, net of tax	—	—	498	—	—	40	538	46	584
Allotment of shares	9	162	—	—	—	—	171	—	171
Transfer	—	—	—	—	(13)	13	—	—	—
At 29 August 2015	2,244	8,615	1,138	(515)	862	74,706	87,050	11,913	98,963

Unaudited Consolidated Statement of Cash Flows for the 26 weeks ended 27 February 2016

	Notes	26 weeks ended 27 February 2016 £'000	26 weeks ended 28 February 2015 £'000	52 weeks ended 29 August 2015 £'000
Cash flows from operating activities				
Cash generated from operations	15	**1,956**	6,368	15,127
Interest received		**77**	96	194
Interest paid		**(642)**	(687)	(1,380)
Tax paid		**(117)**	(1,571)	(3,965)
Net cash generated from operating activities		**1,274**	4,206	9,976
Cash flows from investing activities				
Acquisition of subsidiaries/businesses (net of cash acquired)		**(265)**	(1,246)	(1,749)
Return of investment in joint venture		**—**	—	488
Loan repaid by joint ventures		**2,055**	76	129
Loan repaid by associate		**—**	—	500
Other loans		**(70)**	270	220
Purchase of intangible assets		**(37)**	(3)	(15)
Proceeds from sale of property, plant and equipment		**178**	313	462
Purchase of property, plant and equipment		**(3,348)**	(2,517)	(5,970)
Purchase of investments		**—**	(10)	—
Redemption of preference shares in joint venture		**—**	—	150
Net cash used in investing activities		**(1,487)**	(3,117)	(5,785)
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		**44**	48	171
Net proceeds from issue of new bank loans		**143**	8,104	9,061
Finance lease principal repayments		**(1,160)**	(1,171)	(2,395)
Repayment of loan from related party		**—**	—	(500)
Repayment of borrowings		**(544)**	(4,198)	(4,880)
Decrease in other borrowings		**(4,438)**	(1,171)	(3,638)
Dividends paid to shareholders		**(2,492)**	(2,280)	(3,110)
Receipt of grant income		**—**	300	500
Net cash used in financing activities		**(8,447)**	(368)	(4,791)
Effects of exchange rate changes		**720**	(107)	(150)
Net (decrease)/increase in cash and cash equivalents		**(7,940)**	614	(750)
Cash and cash equivalents at beginning of the period		**16,275**	17,025	17,025
Cash and cash equivalents at end of the period		**8,335**	17,639	16,275
Cash and cash equivalents consist of:				
Cash and cash equivalents per the balance sheet		**8,719**	17,943	16,488
Bank overdrafts included in borrowings		**(384)**	(304)	(213)
		8,335	17,639	16,275

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 are listed in the Annual Report and Accounts 2015, including Ian Wood who was appointed to the Board on 1 October 2015. A list of current Directors is maintained on the website: www.carrsgroup.com

On behalf of the Board

TIM DAVIES
Chief Executive
11 April 2016

NEIL AUSTIN
Group Finance Director
11 April 2016

Unaudited Notes to Condensed Interim Financial Information

1. GENERAL INFORMATION

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 11 April 2016.

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 29 August 2015 were approved by the Board of Directors on 11 November 2015 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 27 February 2016 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct 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 29 August 2015, 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 exception that the net interest on the net defined benefit retirement asset has been reclassified from operating profit to interest income in the consolidated income statement. This has had no impact on the profit before tax reported for each period presented.

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 29 August 2015, 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 29 August 2015. There have been no changes in risk management practices since the year end.

6. OPERATING SEGMENT INFORMATION

The Group's chief operating decision-maker ("CODM") has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

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

The following tables present revenue, profit and asset information regarding the Group's operating segments for the 26 weeks ended 27 February 2016 and the comparative periods.

	Agriculture £'000	Food £'000	Engineering £'000	Group £'000
26 weeks ended 27 February 2016				
Total segment revenue	139,329	35,717	14,080	189,126
Inter segment revenue	(17)	—	(36)	(53)
Revenue from external customers	139,312	35,717	14,044	189,073
EBITDA[1]	8,621	2,588	1,098	12,307
Depreciation of property, plant and equipment	(1,218)	(930)	(500)	(2,648)
Depreciation of investment property	(3)	(7)	—	(10)
Profit on the disposal of property, plant and equipment	80	—	—	80
Amortisation of intangible assets	(50)	(7)	(33)	(90)
Operating profit	7,430	1,644	565	9,639
Finance income				119
Finance costs				(662)
				9,096
Share of post-tax profit of associate				757
Share of post-tax profit of joint ventures				666
Profit before taxation				10,519
Segment gross assets	107,760	47,277	42,240	197,277
Other and consolidation adjustments				13,511
Total gross assets				210,788

[1] Earnings before interest, tax, depreciation and amortisation (and before profit/(loss) on the disposal of property, plant and equipment)

6. OPERATING SEGMENT INFORMATION (CONTINUED)

	Agriculture £'000	Food £'000	Engineering £'000	Group £'000
26 weeks ended 28 February 2015 (restated)[2]				
Total segment revenue	149,793	41,698	17,216	208,707
Inter segment revenue	(43)	—	(26)	(69)
Revenue from external customers	149,750	41,698	17,190	208,638
EBITDA[1]	7,892	2,476	1,828	12,196
Depreciation of property, plant and equipment	(1,134)	(952)	(440)	(2,526)
Depreciation of investment property	(3)	(7)	—	(10)
Profit on the disposal of property, plant and equipment	19	—	16	35
Amortisation of intangible assets	(47)	(8)	(52)	(107)
Operating profit	6,727	1,509	1,352	9,588
Finance income				154
Finance costs				(717)
				9,025
Share of post-tax profit of associate				904
Share of post-tax profit of joint ventures				682
Profit before taxation				10,611
Segment gross assets	114,462	48,703	33,829	196,994
Other and consolidation adjustments				10,663
Total gross assets				207,657

[2] Net interest on the net defined benefit retirement asset previously included within the IAS19 income statement (credit)/charge in operating profit has been reclassified to interest income.

	Agriculture £'000	Food £'000	Engineering £'000	Group £'000
52 weeks ended 29 August 2015 (restated)[2]				
Total segment revenue	297,858	80,280	33,588	411,726
Inter segment revenue	(115)	—	(46)	(161)
Revenue from external customers	297,743	80,280	33,542	411,565
EBITDA[1]	12,907	4,713	3,875	21,495
Depreciation of property, plant and equipment	(2,384)	(1,860)	(815)	(5,059)
Depreciation of investment property	(6)	(14)	—	(20)
Profit/(loss) on the disposal of property, plant and equipment	38	12	(24)	26
Amortisation of intangible assets	(100)	(15)	(93)	(208)
Operating profit	10,455	2,836	2,943	16,234
Finance income				338
Finance costs				(1,412)
				15,160
Share of post-tax profit of associate				1,500
Share of post-tax profit of joint ventures				807
Profit before taxation				17,467
Segment gross assets	112,038	48,412	33,991	194,441
Other and consolidation adjustments				8,947
Total gross assets				203,388

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 27 February 2016 £'000	26 weeks ended 28 February 2015 £'000	52 weeks ended 29 August 2015 £'000
Earnings	**7,990**	7,626	11,989
Amortisation and non-recurring items:			
Amortisation of intangible assets	**90**	107	208
Tax relief on amortisation	**(21)**	(26)	(52)
Acquisition related costs[1]	**—**	35	58
Earnings – adjusted	**8,059**	7,742	12,203

[1] Disallowable for tax purposes

	Number	Number	Number
Weighted average number of ordinary shares in issue	**89,819,777**	89,433,051	89,574,461
Potentially dilutive share options	**3,468,339**	3,306,934	3,098,077
	93,288,116	92,739,985	92,672,538
Earnings per share (pence)			
Basic	**8.9p**	8.5p	13.4p
Diluted	**8.6p**	8.2p	12.9p
Adjusted	**9.0p**	8.7p	13.6p
Diluted adjusted	**8.6p**	8.3p	13.2p

8. DIVIDENDS

An interim dividend of £830,281 that relates to the period to 29 August 2015 was paid on 9 October 2015, and a final dividend of £1,662,111 was paid on 15 January 2016.

In addition, an interim dividend of 0.95p per share (2015: 0.925p per share) has been approved by the Directors. It is payable to shareholders on the register at 22 April 2016. This interim dividend, amounting to £854,968 (2015: £829,726), has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the 53 weeks to 3 September 2016.

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 27 February 2016				
Opening net book amount at 30 August 2015	**10,849**	**448**	**58,385**	**636**
Exchange differences	**2**	**18**	**862**	**—**
Business acquired	**80**	**—**	**23**	**—**
Additions	**—**	**37**	**3,867**	**—**
Disposals	**—**	**—**	**(98)**	**—**
Depreciation and amortisation	**—**	**(90)**	**(2,648)**	**(10)**
Closing net book amount at 27 February 2016	**10,931**	**413**	**60,391**	**626**
26 weeks ended 28 February 2015				
Opening net book amount at 31 August 2014	9,798	499	56,626	656
Exchange differences	2	(22)	(322)	—
Subsidiaries acquired	240	81	139	—
Additions	—	3	2,941	—
Disposals	—	—	(229)	—
Depreciation and amortisation	—	(107)	(2,526)	(10)
Closing net book amount as at 28 February 2015	10,040	454	56,629	646

Capital commitments contracted, but not provided for, by the Group at the period end amounts to £758,000 (2015: £1,412,000).

10. BORROWINGS AND LOANS

	As at 27 February 2016 £'000	As at 28 February 2015 £'000	As at 29 August 2015 £'000
Current	**10,286**	16,079	15,157
Non-current	**25,447**	27,876	25,744
Total borrowings and loans	**35,733**	43,955	40,901
Cash and cash equivalents	**(8,719)**	(17,943)	(16,488)
Net debt	**27,014**	26,012	24,413
Undrawn facilities	**26,805**	19,386	19,007

10. BORROWINGS AND LOANS (CONTINUED)

Movements in borrowings are analysed as follows:

	£'000
26 weeks ended 27 February 2016	
Opening amount as at 30 August 2015	**40,901**
Exchange differences	**67**
New bank loans and finance leases	**718**
Finance lease principal repayments	**(1,160)**
Repayments of borrowings	**(544)**
Decrease in other borrowings	**(4,438)**
Release of deferred borrowing costs	**18**
Net increase to bank overdraft	**171**
Closing amount as at 27 February 2016	**35,733**
26 weeks ended 28 February 2015	
Opening amount as at 31 August 2014	41,877
New bank loans and finance leases	8,541
Finance lease principal repayments	(1,171)
Repayments of borrowings	(4,198)
Decrease in other borrowings	(1,171)
Release of deferred borrowing costs	16
Net increase to bank overdraft	61
Closing amount as at 28 February 2015	43,955

11. FINANCIAL INSTRUMENTS

IFRS13 requires financial instruments that are measured at fair value to be classified according to the valuation technique used:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – inputs, other than Level 1 inputs, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3 – unobservable inputs

All derivative financial instruments are measured at fair value using Level 2 inputs. The Group's bankers provide the valuations for the derivative financial instruments at each reporting period end based on mark to market valuation techniques.

The Group holds shares in several private limited companies. These have been classified as unquoted investments for which fair value cannot be reliably measured and are held at cost less accumulated impairment. Had fair value been applied this financial asset would have been Level 3.

Transfers between levels are deemed to have occurred at the end of the reporting period. There were no transfers between levels in the above hierarchy in the period.

With the exception of those detailed above, the Group's financial instruments are measured at amortised cost.

12. RETIREMENT BENEFIT ASSET

The amounts recognised within the Income Statement were as follows:

	26 weeks ended 27 February 2016 £'000	26 weeks ended 28 February 2015 £'000	52 weeks ended 29 August 2015 £'000
Service cost – including current service costs, past service costs and settlements	**(427)**	149	31
Service cost – administrative cost	**80**	153	230
Net interest on the net defined benefit asset	**(46)**	(54)	(141)
	(393)	248	120

As a result of the closure to future accrual on 31 December 2015 a negative past service cost, net of associated costs, of approximately £350,000 has been recognised in the income statement.

Net interest on the defined benefit retirement asset is recognised within interest income.

The amounts recognised in the Balance Sheet were as follows:

	As at 27 February 2016 £'000	As at 28 February 2015 £'000	As at 29 August 2015 £'000
Present value of funded defined benefit obligations	**(59,040)**	(66,136)	(60,352)
Fair value of scheme assets	**62,967**	67,334	62,119
Surplus in the balance sheet	**3,927**	1,198	1,767

Actuarial gains of £879,000 (2015: losses of £1,959,000) have been reported in the Statement of Comprehensive Income. The surplus has increased over the period since 29 August 2015. The main reasons for this include the contributions paid by the employer to meet the funding deficit and the cessation to future accrual from 31 December 2015.

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.

13. SHARE CAPITAL

Allotted and fully paid ordinary shares of 2.5p each	**Number of shares**	**Share capital £'000**	**Share premium £'000**	**Total £'000**
Opening balance as at 30 August 2015	**89,760,090**	**2,244**	**8,615**	**10,859**
Proceeds from shares issued:				
– share option scheme	**60,000**	**1**	**27**	**28**
– share save scheme	**26,584**	**1**	**15**	**16**
At 27 February 2016	**89,846,674**	**2,246**	**8,657**	**10,903**
Opening balance at 31 August 2014	89,401,900	2,235	8,453	10,688
Proceeds from shares issued:				
– share option scheme	90,000	2	41	43
– share save scheme	8,190	—	4	4
At 28 February 2015	89,500,090	2,237	8,498	10,735

13. SHARE CAPITAL (CONTINUED)

Employee share schemes: options exercised during the period to 27 February 2016 resulted in 26,584 shares being issued (2015: 8,190 shares), with exercise proceeds of £15,765 (2015: £4,685) under the share save scheme and 60,000 shares being issued (2015: 90,000 shares), with exercise proceeds of £28,560 (2015: £42,840) under the approved share option scheme. The related weighted average price of the shares exercised was £0.593 (2015: £0.572) per share and £0.476 (2015: £0.476) respectively.

Since the period end there was a further allotment of 150,000 shares with a nominal value of £3,750 due to the exercise of share options.

14. ACQUISITION

On 4 September 2015 Carrs Billington Agriculture (Sales) Limited acquired the business and certain assets of Green (Agriculture) Co, an agricultural merchant, for net cash consideration of £0.3m.

The primary reason for the business combination was the expansion of the existing Agriculture business.

Goodwill represented the excess of the consideration paid over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Following a review of the acquisition for separately identifiable intangible assets where fair value can be reliably measured the Directors do not consider there to be any material intangible assets requiring recognition.

Revenue of £428,000 and profit before taxation of £4,000 has been generated since the date of acquisition.

There were no external acquisition related costs to be recognised in the consolidated income statement.

The assets recognised in the acquisition accounting are set out below:

	Fair value £'000
Property, plant and equipment	23
Inventories	112
Receivables	50
Assets acquired	185
Goodwill	80
	265
Satisfied by:	
Cash consideration	265

Had the acquisition of Green (Agriculture) Co occurred at the beginning of the accounting period the Group's revenue and profit before taxation for the period would not be materially different to the amounts actually recognised in the consolidated income statement.

15. CASH GENERATED FROM OPERATIONS

	26 weeks ended 27 February 2016 £'000	(Restated)[1] 26 weeks ended 28 February 2015 £'000	(Restated)[1] 52 weeks ended 29 August 2015 £'000
Profit for the period from operations	**8,741**	8,403	13,693
Adjustments for:			
Tax	**1,778**	2,208	3,774
Tax credit in respect of R&D	**(96)**	(489)	(623)
Depreciation of property, plant and equipment	**2,648**	2,526	5,059
Depreciation of investment property	**10**	10	20
Intangible asset amortisation	**90**	107	208
Profit on disposal of property, plant and equipment	**(80)**	(35)	(26)
Loss on disposal of investment	**10**	—	—
Amortisation of grants	**(74)**	(130)	(120)
Net fair value loss on share based payments	**247**	295	584
Net foreign exchange differences	**(180)**	(54)	53
Net fair value losses/(gains) on derivative financial instruments in operating profit	**108**	(50)	7
Finance costs:			
Interest income	**(119)**	(154)	(338)
Interest expense and borrowing costs	**680**	733	1,445
Share of profit from associate and joint ventures	**(1,423)**	(1,586)	(2,307)
Pension contributions – deficit reduction	**(780)**	(1,170)	(2,340)
– ongoing	**(108)**	(179)	(339)
IAS19 income statement (credit)/charge (excluding interest)	**(347)**	302	261
Changes in working capital (excluding the effects of acquisitions):			
Increase in inventories	**(3,970)**	(3,418)	(967)
(Increase)/decrease in receivables	**(8,015)**	(4,168)	320
Increase/(decrease) in payables	**2,836**	3,217	(3,237)
Cash generated from operations	**1,956**	6,368	15,127

[1] Net interest on the net defined benefit retirement asset previously included within the IAS19 income statement (credit)/charge has been reclassified to interest income.

16. RELATED PARTY TRANSACTIONS

The Group's significant related parties are its associate and joint ventures, as disclosed in the Annual Report and Accounts 2015.

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	Net management charges (to)/from £'000	Amounts owed from £'000	Amounts owed to £'000
26 weeks to 27 February 2016						
Associate	**327**	**(44,977)**	**9**	**(57)**	**616**	**(21,050)**
Joint ventures	**186**	**(661)**	**—**	**84**	**1,952**	**(48)**
26 weeks to 28 February 2015						
Associate	550	(48,279)	9	(14)	1,221	(17,369)
Joint ventures	72	(592)	—	63	3,668	(39)

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