Carr's Milling Industries PLC

Press Announcement

IMMEDIATE RELEASE 10 November 2014

CARR'S MILLING INDUSTRIES PLC ("Carr's" or the "Group")

FULL YEAR RESULTS

"Strategic Diversity Delivering Results"

Carr's (CRM.L), the fully-listed Agriculture, Food and Engineering Group, announces results for the 52 weeks ended 30 August 2014.

Financial highlights (continuing operations)

- Revenue **down** 8.4% to £429.0m (2013: £468.1m)
- Profit before taxation **up** 7.8% to £16.6m (2013: £15.4m)
- EBITDA **up** 9.1% to £20.4m (2013: £18.7m)
- Basic EPS **up** 3.1% to 127.8p (2013: 123.9p)
- Adjusted EPS **up** 5.6% to 130.8p (2013: 123.9p)
- Proposed final dividend of 17.0p **up** 3.0% resulting in a total for the period of 34.0p (2013: 32.0p)
- Capital expenditure of £8.0m during the period with net debt of £24.6m at the period end (2013: £22.1m)

Commercial highlights

- Agriculture profit before tax (including contribution from associate and JVs) **up** 4.3% to £12.1m, despite revenue **down** 7.5% to £314.9m

- Food profit before tax **up** 309.7% to £2.3m despite revenue **down** 7.5% to £87.1m

- Engineering profit before tax **down** 11.7% to £3.7m with revenue **down** 19.6% to £26.9m.

Chris Holmes, Chairman, said:

"We have delivered another record year of pre-tax profit, building on successes of recent years.

In Agriculture, we anticipate the current year will be tough for our UK farming community with pressure on farmgate milk prices expected to remain. However, we believe our diverse offering and broad geographic footprint will help to mitigate some of this impact. In Food, our investment in Kirkcaldy is expected to realise further efficiencies in the current year and, despite some short term pressures expected in our Engineering division, the medium term prospects remain highly positive.

Overall, we have made a good start to the current financial year and the Board will continue to look at how best to maintain growth and achieve optimal returns for our shareholders. We remain confident for the full year and excited about the long-term growth opportunities for the business."

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Notes to Editors

Carr's Milling Industries (CRM.L) is an international leader in the provision of essential industrial services focused on the Agriculture, Food and Engineering sectors. The Group offers a range of services including the manufacturing and supply of flour, remote handling equipment, farm machinery, feed blocks for livestock, and a UK network of rural stores, with a facility footprint spanning the UK, Europe and North America, supplying 31 countries around the world. The Group is listed on the London Stock Exchange. www.carrs-milling.com

Chairman's Statement

Review of the Year

I am pleased to report that the Group achieved another record profit before tax this year, building on the successes of recent years. This achievement can be attributed to a strong operational performance across the business. Each division performed well, driven by the benefits from research and development, innovation, global geographic diversity and the strategic investments the Board has made.

In the financial year 2012/2013 the harsh UK weather made a significant positive contribution to the Group's profit before tax. This year the UK experienced a mild winter, resulting in lower agricultural revenues, however the impact of this was partly offset by the severe weather conditions in the USA, particularly in the Upper Mid-West States. The severe US weather resulted in record sales of our feed blocks and increased recognition of our brands. In addition, the Group benefited from the increased sales both in the UK and USA of AminoMax®. Retail sales grew by 0.5%, further endorsing our continued investment programme in our Country Stores across Northern England and Southern Scotland, with enlarged branches at Annan and Brock opening during the year.

The now fully operational flour mill at Kirkcaldy has delivered the anticipated benefits to the Food division and this, coupled with the continuing excellent customer service from all our flour mills, has resulted in the expected increase to the profit before tax for the division.

Significant investment was made through the year in our Engineering division, particularly with the acquisition of Chirton Engineering Ltd in April 2014. The new facility for Wälischmiller at Markdorf, Germany was also completed during the year. The Engineering division met its budgetary targets for the year, despite a lack of nuclear contracts in the UK and escalating economic and political issues worldwide.

Financial Review

Revenue for the period fell by 8.4% to £429.0 million (2013: £468.1 million). Profit before tax was up 7.8% to £16.6 million (2013: £15.4 million).

Basic earnings per share for the period were up by 3.1% to 127.8 pence (2013: 123.9 pence) with fully diluted earnings per share of 123.3 pence (2013: 121.7 pence) and adjusted earnings per share of 130.8 pence (2013: 123.9 pence).

Net cash generated from operating activities was £12.5 million (2013: £4.0 million). At the end of the period the Group had net debt of £24.6 million compared to net debt of £22.1 million at 31 August 2013. This increase reflects acquisition activity in the year and our ongoing capital investment programme.

Working capital increased by £1.6 million and contributions to the deficit in the pension scheme totalled £2.8 million.

During the year the Group renewed its banking facilities for a 5 year period at improved margins. Our headroom against existing facilities at the year-end was £17.4 million. Borrowing and interest cover continue to remain well within our covenant limits, meaning that we are well placed to make strategic investments or acquisitions.

Share Split

The Board considers it appropriate to propose at the Company's Annual General Meeting on 13 January 2015, a sub-division of the existing ordinary shares on the basis of a ten for one share split, thereby reducing the nominal value of the existing ordinary shares to 2.5 pence each. It is anticipated that such a sub-division will improve the liquidity of the market in the Company's shares and reduce the bid/offer spread of the Company's shares. Further details will be set out in the Notice of the Annual General Meeting.

Dividend

The Board is proposing a 3.0% increase in the final dividend to 17.0 pence per ordinary share which, together with the two interim dividends of 8.5 pence per share each paid on 16 May and 10 October 2014, make a total of 34.0 pence per share for the year (2013: 32.0 pence per share). The final dividend, if approved by shareholders, will be paid on 16 January 2015 to shareholders on the register at the close of business on 19 December 2014 and the shares will go ex-dividend on 18 December 2014.

Board composition and Corporate Governance

During the current year ending August 2015, Alistair Wannop, Senior Independent Director, and Chairman of the Remuneration Committee, will become non-independent due to his length of service and in accordance with the UK Corporate Governance Code 2012. In order to address this and other compliance issues the Board is currently undertaking a search for an additional independent Non-Executive Director.

Outlook

The Engineering division continues to benefit from Wälischmiller's advanced technological capabilities, and several ongoing development projects will continue to be progressed over the next year. Global political and economic conditions in some of its key markets are likely to impact the current financial year, although the medium term prospects remain very positive. Chirton Engineering is expected to start realising benefits in its first full year of trading.

Weak farmgate milk prices will undoubtedly have an adverse effect on the farming community. However, the diversity of the Agriculture division, both operationally and geographically, the technical advances made by our high quality products such as AminoMax®, and our highly regarded customer service levels will help to mitigate some of this impact through this financial year.

The Food division is expecting to realise further efficiencies from the Kirkcaldy mill and will also benefit from some significant new business at the Silloth mill.

Despite the very mild weather the current financial year has started in line with the Board's expectations, with a strong balance sheet and well invested assets, and with our continuing investment programme across the Group we remain well placed to capitalise on future opportunities. The Board will continue to look at how best to maintain growth and achieve optimal returns for its shareholders via both organic and acquisitive growth, including expanding our geographic footprint.

Chris Holmes
Chairman

Chief Executive's Review

A year of progressive investment

Our vision is to be recognised as an international business at the forefront of innovation and technology across Agriculture, Food and Engineering. In order to achieve this we have built on the investment made throughout 2013, and over the last 12 months our investment programme has continued across our three divisions.

Agriculture

Profit before tax for the period increased by 9.5% to £9.6 million (2013: £8.8 million) on revenue down by 7.5% to £314.9 million (2013: £340.4 million). Profit before tax for the period including contributions from associate and joint ventures, increased by 4.3% to £12.1 million (2013: £11.6 million).

The geographic spread and operational diversity of our Agriculture businesses led to another successful year for our Agriculture division.

In the UK the winter weather was mild and wet, compared to the extremely cold and long winter of 2012/2013. While this was a relief for our farming customers, who were able to feed good quality home grown forage and reduce costs of production, it had an adverse impact on sales of compound/blended feed, feed blocks and fuel. However, one of our key strengths is our geographic diversity, and sales of feed blocks in the USA increased as a result of one of the coldest winters on record. In addition, livestock farmers were in a position where bought-in feed and supplementary feeding regimes were vital to maintain livestock performance. The higher rainfall levels in the South East, Mid-West and North West of the USA ended the drought for the first time in several years, however, California and parts of Nevada remain in severe drought. The slow, but important process of rebuilding livestock numbers in these areas has started and will benefit our USA block business in future years.

Our ongoing and long term commitment to research and development has been key to delivering sustainable growth. Research is focused on expanding our knowledge, enabling product development and innovation throughout our exisiting distribution network and into new territories. Our branded feed blocks, Crystalyx®, continues to show significant underlying growth, with the new distribution network established in New Zealand resulting in an increase in sales of Crystalyx®.

The acquisition of Western Feed Supplements, based in Silver Springs, Nevada, USA by our subsidiary Animal Feed Supplements Inc ("AFS") in June 2013 will be expanded by an investment of $3.4 million to build a new manufacturing system. This efficient plant, similar to our existing production facilities, will enable the production of our branded Smartlic® product by the summer of 2015 with the associated growth in sales and margin expected in year ending 2016. In July 2014, our joint venture company, ACC Feed Supplement LLC, successfully commissioned the new low moisture feed block plant at Sioux City, Iowa, USA. The total investment in this plant of $4.1 million will facilitate the increase in production and sales anticipated in the next financial year. This is in line with our strategy to distribute our low moisture feed blocks across the USA.

AminoMax®, our patented animal bypass protein product for dairy cows, manufactured at Watertown, New York State, USA and at Lancaster, UK, delivered significant sales growth in the year of 31.5%. The increase in sales was driven by leading dairy farmers recognising the performance benefits of AminoMax®. In order to support further growth and deliver greater levels of production efficiently a further $1.9 million will be invested in the Watertown plant during the second half of 2015.

In the UK we have developed a clear strategy for the growth of our business. We will strengthen our current position by improving our retail offer, leading in dairy nutrition, geographic expansion and developing new products and providing new services which will improve our customers' profitability. Retail sales increased 0.5% over the previous record year; this growth was a direct result of investment in our Country Stores and our ability to source and supply products which provide outstanding value for our customers.

Total sales of feed fell 10.5%, predominantly due to the beef and sheep farmers, following the mild winter conditions and the improved quality of home grown forage.

We are cognisant of the volatile weather and pricing dynamics which agriculture is exposed to, but our broad based, strong and diverse division provides us with the opportunity to navigate a successful path through those uncertainties. We will continue to invest in research and development to bring new products, systems and techniques to market which will improve the profitability of our farming customers.

Food

Profit before tax for the period increased 309.7% from £0.6 million to £2.3 million in this financial year on revenue down by 7.5% to £87.1 million (2013: £94.2 million), reflecting lower wheat prices.

The first wheat was milled at our new mill in Kirkcaldy in the summer of 2013. The commissioning process went well and the mill is now meeting all expectations with regard to performance and reliability. The benefits of the new mill have been delivered from improved operational efficiency, and the commercial benefits derived from increased customer confidence in our ability to produce high quality flour, milled to the highest standards of product integrity. We expect to deliver further increased financial benefits from the new mill during the next financial year.

Combined sales volumes of our other mills (Silloth in Cumbria and Maldon in Essex) were positive. Both mills increased sales to bakers supplying the expanding bake-off category. The Maldon mill continued to increase its presence in the markets for ethnic flour. We re-launched our branded retail flour products during the year and the new packaging won first prize at the Marketing Design Awards 2014.

The harvest of 2013 in the UK was of much higher quality than the extremely poor harvest of 2012. Although the quality of the crop was much improved the size of the harvest was small, estimated at 12 million tonnes, circa 2 million tonnes below normal levels. The portside location of our two northern mills at Kirkcaldy in Scotland and Silloth in Cumbria provide us with the flexibility to source wheat from the overseas and UK markets providing both quality and value. This year there has been a switch from sourcing wheat from mainland Europe to a greater proportion sourced and shipped from the South of England. In a market where logistics will always be important, this flexibility is essential.

Engineering

Profit before tax for the period fell by 11.7% to £3.7 million (2013: £4.2 million) on revenue down by 19.6% to £26.9 million (2013: £33.4 million).

We continue to expand and develop our Engineering division in size, geography and in niche products, while maintaining our focus on the markets which we have supplied for many years: nuclear, petrochemical, oil and gas.

In April 2014 we acquired Chirton Engineering Ltd, a precision machining business based in North Tyneside, which recorded sales of £5.0 million in its full financial year ended 30 August 2014. Chirton provides value-added manufacturing and services to businesses operating in offshore oil and gas manufacturing. It services an established global customer base, including IHC Merwede, Oceaneering, and Proserv Offshore. Revenue synergies with Bendalls, our specialist fabrication business based in Carlisle, are anticipated enabling us to provide a full service offering to our customers from design and precision machining, through to fabrication.

Bendalls has commenced production of 33 pressure vessels for the BP Shah Deniz gas pipeline in Azerbaijan; this is an increase from the 27 pressure vessels previously reported. The value of the contract is now in excess of £8 million and is scheduled to complete in July 2015. The start date for the manufacture of these pressure vessels was delayed due to design and specification changes and this adversely impacted the performance of Bendalls in the year. It is expected that significant orders for the decommissioning of certain nuclear plants in Sellafield will be awarded in 2015, with manufacture commencing towards the end of 2015.

During the year Wälischmiller, the remote handling and robotics business based in Markdorf, Germany, relocated to a new factory and office facility. This £4.5 million investment will provide an improved production environment, and a training and showroom facility. The USA is a key potential market for Wälischmiller and during the year we secured and supplied our first order to the USA. Following the successful testing of our prototype for the Demo 2000 project with Shell and Statoil, we are working with our consortium partners on the development of our Telbot® for the remote inspection of oil and gas tanks. This complex project will conclude next year on schedule, and a video of its progress can be found on our website www.carrs-milling.com. We are committed to research, design and development of the next generation of robots able to operate in hazardous environments.

Due to macro-economic pressures in the region, sales into Japan have declined and it is anticipated that this will continue for at least the next financial year. Further, as a result of the on-going political sanctions with Russia, future contracts with businesses based in Russia are likely to be restricted.

Carrs MSM ("MSM"), based in Swindon, builds and services master slave manipulators for the nuclear industry. This was another successful year for MSM, recording record sales up 5.1% on last year, primarily due to the 'life of plant' contract with Sellafield signed in 2012. Under this contract MSM supplies manipulators, parts, and repairs and services existing equipment to the many plants in the Sellafield complex. MSM also won contracts to supply equipment to other UK nuclear plants including Hinkley Point and Hartlepool.

Prospects

Each of our divisions faces challenges over the next twelve months, including pressure on farm incomes, changes in the demand patterns for flour, and changing political conditions in key nuclear markets. Despite this our geographic and product diversity, coupled with the investments made in previous years, provide us with a platform for growth, and our experienced management and skilled employees will enable us to deliver this growth. The Board remains confident in reaching its full year expectations.

Tim Davies
Chief Executive
10 November 2014

UNAUDITED CONSOLIDATED INCOME STATEMENT
for the period ended 30 August 2014

	Note	**52 week period 2014 £'000**	(Restated) 52 week period 2013 £'000
Continuing operations			
Revenue	3	**428,956**	468,083
Cost of sales		**(378,670)**	(419,483)
Gross profit		**50,286**	48,600
Distribution costs		**(19,438)**	(21,001)
Administrative expenses		**(15,421)**	(14,262)
Group operating profit		**15,427**	13,337
Finance income		**264**	513
Finance costs		**(1,624)**	(1,318)
Share of post-tax profit in associate		**1,579**	1,903
Share of post-tax profit in joint ventures		**907**	916
Profit before taxation	3	**16,553**	15,351
Taxation	4	**(3,660)**	(3,036)
Profit for the period		**12,893**	12,315
Profit attributable to:			
Equity shareholders		**11,372**	11,001
Non-controlling interests		**1,521**	1,314
		12,893	12,315
Earnings per ordinary share			
Basic	5	**127.8p**	123.9p
Diluted		**123.3p**	121.7p
Adjusted	5	**130.8p**	123.9p

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 August 2014

	52 week Period 2014 £'000	(Restated) 52 week period 2013 £'000
Profit for the period	**12,893**	12,315
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
- Foreign exchange translation (losses)/gains arising on translation of overseas subsidiaries	**(950)**	231
Items that will not be reclassified subsequently to profit or loss:		
- Actuarial gains/(losses) on retirement benefit obligation:	**3,209**	(96)
- Group	**(619)**	22
- Share of associate		
- Taxation (charge)/credit on actuarial gains/(losses) on retirement benefit obligation:		
- Group	**(642)**	19
- Share of associate	**124**	(4)
Other comprehensive income for the period, net of tax	**1,122**	172
Total comprehensive income for the period	**14,015**	12,487
Total comprehensive income attributable to:		
Equity shareholders	**12,494**	11,173
Non-controlling interests	**1,521**	1,314
	14,015	12,487

UNAUDITED CONSOLIDATED BALANCE SHEET
as at 30 August 2014

	2014 £'000	2013 £'000
Assets		
Non-current assets		
Goodwill	**9,798**	5,215
Other intangible assets	**499**	615
Property, plant and equipment	**56,626**	53,068
Investment property	**656**	675
Investment in associate	**6,883**	7,024
Interest in joint ventures	**4,836**	3,299
Other investments	**77**	72
Financial assets		
- Non-current receivables	**501**	1
Retirement benefit asset	**2,056**	-
Deferred tax assets	**1,507**	2,044
	83,439	72,013
Current assets		
Inventories	**33,315**	33,445
Trade and other receivables	**63,623**	66,434
Current tax assets	**47**	178
Financial assets		
- Derivative financial instruments	**-**	2
- Cash and cash equivalents	**17,268**	22,884
	114,253	122,943
Total assets	**197,692**	194,956
Liabilities		
Current liabilities		
Financial liabilities		
- Borrowings	**(19,688)**	(15,545)
- Derivative financial instruments	**(15)**	(8)
Trade and other payables	**(54,236)**	(58,282)
Current tax liabilities	**(1,631)**	(1,639)
	(75,570)	(75,474)
Non-current liabilities		
Financial liabilities		
- Borrowings	**(22,189)**	(29,448)
Retirement benefit obligation	**-**	(3,272)
Deferred tax liabilities	**(4,111)**	(3,765)
Other non-current liabilities	**(5,995)**	(4,956)
	(32,295)	(41,441)
Total liabilities	**(107,865)**	(116,915)
Net assets	**89,827**	78,041

UNAUDITED CONSOLIDATED BALANCE SHEET
as at 30 August 2014 (continued)

	2014	2013
	£'000	£'000
Shareholders' equity		
Share capital	**2,235**	2,223
Share premium	**8,453**	8,183
Equity compensation reserve	**640**	326
Foreign exchange reserve	**(535)**	415
Other reserve	**875**	888
Retained earnings	**67,996**	57,396
Total shareholders' equity	**79,664**	69,431
Non-controlling interests	**10,163**	8,610
Total equity	**89,827**	78,041

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 August 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	Non-controlling Interests £'000	Total £'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
At 1 September 2013 (Restated)	**2,223**	**8,183**	**326**	**415**	**888**	**57,396**	**69,431**	**8,610**	**78,041**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**11,372**	**11,372**	**1,521**	**12,893**
Other comprehensive (expense)/income	**-**	**-**	**-**	**(950)**	**-**	**2,072**	**1,122**	**-**	**1,122**
Total comprehensive (expense)/income	**-**	**-**	**-**	**(950)**	**-**	**13,444**	**12,494**	**1,521**	**14,015**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(2,912)**	**(2,912)**	**-**	**(2,912)**
Equity-settled share-based payment transactions, net of tax	**-**	**-**	**314**	**-**	**-**	**55**	**369**	**32**	**401**
Allotment of shares	**12**	**270**	**-**	**-**	**-**	**-**	**282**	**-**	**282**
Transfer	**-**	**-**	**-**	**-**	**(13)**	**13**	**-**	**-**	**-**
At 30 August 2014	**2,235**	**8,453**	**640**	**(535)**	**875**	**67,996**	**79,664**	**10,163**	**89,827**

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 30 August 2014

	Note	**52 week period 2014 £'000**	52 week period 2013 £'000
Cash flows from operating activities			
Cash generated from operations	6	**17,125**	7,233
Interest received		**275**	746
Interest paid		**(1,668)**	(1,280)
Tax paid		**(3,226)**	(2,707)
Net cash generated from operating activities		**12,506**	3,992
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)		**(3,649)**	(810)
Investment in joint venture		**(965)**	-
Loan to joint ventures		**(159)**	(807)
Loan repaid by associate		**225**	-
Other loans		**(270)**	-
Purchase of intangible assets		**(57)**	(108)
Proceeds from sale of property, plant and equipment		**738**	221
Purchase of property, plant and equipment		**(7,201)**	(9,937)
Proceeds from sale of investment property		**-**	268
Purchase of investments		**-**	(26)
Disposal of investment		**32**	10
Redemption of preference shares in joint venture		**150**	150
Net cash used in investing activities		**(11,156)**	(11,039)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**283**	68
Net proceeds from issue of new bank loans		**2,731**	11,581
Finance lease principal repayments		**(2,325)**	(1,118)
Repayment of loan from related party		**(225)**	-
Repayment of borrowings		**(7,077)**	(1,333)
Increase/(decrease) in other borrowings		**2,256**	(193)
Dividends paid to shareholders		**(2,912)**	(2,619)
Receipt of grant income		**450**	350
Net cash (used in)/generated from financing activities		**(6,819)**	6,736
Effect of exchange rate changes		**(181)**	110
Net decrease in cash and cash equivalents		**(5,650)**	(201)
Cash and cash equivalents at beginning of the period		**22,675**	22,876
Cash and cash equivalents at end of the period		**17,025**	22,675

NOTES TO THE UNAUDITED PRELIMINARY STATEMENT

1. Basis of preparation

The Group's unaudited Preliminary Announcement does not constitute statutory consolidated financial statements for the 52 week period ended 30 August 2014 or the 52 week period ended 31 August 2013, which will be filed with the Registrar of Companies for the 52 week period ended 30 August 2014, following the Company's Annual General Meeting.

The financial statements for the 52 week period ended 31 August 2013 were unqualified and have been delivered to the Registrar of Companies.

2. 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.

3. Segmental information

The segmental information for the period ended 30 August 2014 is as follows:

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
Total segment revenue	315,019	87,107	26,939	47	429,112
Inter segment revenue	(94)	(1)	(61)	-	(156)
Revenue from external customers	314,925	87,106	26,878	47	428,956
EBITDA[1]	12,563	4,955	4,618	(1,719)[2]	20,417
Depreciation of property, plant and equipment	(2,215)	(1,856)	(690)	(121)	(4,882)
Depreciation of investment property	-	(4)	-	(15)	(19)
Profit on the disposal of property, plant and equipment	102	(6)	8	-	104
Amortisation of intangible assets	(56)	(17)	(120)	-	(193)
Operating profit	10,394	3,072	3,816	(1,855)[2]	15,427
Finance income	88	2	3	171	264
Finance costs	(897)	(784)	(107)	164	(1,624)
	9,585	2,290	3,712	(1,520)	14,067
Share of post-tax profit of associate	1,579	-	-	-	1,579
Share of post-tax profit of joint ventures	907	-	-	-	907
Profit before taxation	12,071	2,290	3,712	(1,520)	16,553

[1]Earnings before interest, tax, depreciation and amortisation (and before profit on the disposal of property, plant and equipment)
[2]Includes Head Office net expense of £(753,000) and retirement benefit charge of £(687,000)

3. Segmental information (continued)

The segmental information for the period ended 31 August 2013 (Restated) is as follows:

	Agriculture £'000	Food £'000	Engineering £'000	Other £'000	Group £'000
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
EBITDA[1]	11,987	2,650	5,333	(1,262)[3]	18,708
Depreciation of property, plant and equipment	(2,329)	(1,752)	(964)	(120)	(5,165)
Depreciation of investment property	-	(4)	-	(58)	(62)
Profit on the disposal of property, plant and equipment	4	34	12	58	108
Amortisation of intangible assets	(108)	(18)	(126)	-	(252)
Operating profit	9,554	910	4,255	(1,382)[3]	13,337
Finance income	253	2	50	208	513
Finance costs	(1,056)	(353)	(102)	193	(1,318)
	8,751	559	4,203	(981)	12,532
Share of post-tax profit of associate	1,903	-	-	-	1,903
Share of post-tax profit of joint ventures	916	-	-	-	916
Profit before taxation	11,570	559	4,203	(981)	15,351

[3]Includes Head Office net expense of £(457,000) and retirement benefit charge of £(692,000)

4. Taxation

	2014 £'000	(Restated) 2013 £'000
(a) Analysis of the charge in the period		
Current tax:		
UK corporation tax		
Current period	**1,480**	669
Adjustment in respect of prior years	**238**	25
Foreign tax		
Current period	**1,722**	1,826
Adjustment in respect of prior years	**98**	8
Group current tax	**3,538**	2,528
Deferred tax:		
Origination and reversal of timing differences		
Current period	**362**	532
Adjustment in respect of prior years	**(240)**	(24)
Group deferred tax	**122**	508
Tax on profit from ordinary activities	**3,660**	3,036

(b) Factors affecting tax charge for the period

The tax assessed for the period is lower (2013: lower) than the rate of corporation tax in the UK of 22.17% (2013: 23.58%). The differences are explained below:

	2014 £'000	(Restated) 2013 £'000
Profit before taxation	**16,553**	15,351
Tax at 22.17% (2013: 23.58%)	**3,670**	3,620
Effects of:		
Tax effect of share of profit in associate and joint ventures	**(551)**	(677)
Tax effect of expenses that are not allowable in determining taxable profit	**75**	153
Effects of different tax rates of foreign subsidiaries	**420**	353
Effects of changes in tax rates	**(57)**	(429)
Adjustment in respect of prior years	**96**	9
Other	**7**	7
Total tax charge for the period	**3,660**	3,036

5. Earnings per share

Basic earnings per share are based on profit attributable to shareholders and on a weighted average number of shares in issue during the period of 8,899,525 (2013: 8,880,841). The calculation of diluted earnings per share is based on 9,225,431 shares (2013: 9,037,234).

	2014		(Restated) 2013	
	Earnings	**Earnings per share**	Earnings	Earnings per share
	£'000	**pence**	£'000	pence
Earnings per share – basic	**11,372**	**127.8**	11,001	123.9
Amortisation and non-recurring items:				
Amortisation of intangible assets	**193**	**2.2**	252	2.8
Taxation relief on amortisation	**(50)**	**(0.6)**	(64)	(0.7)
Derivative financial instrument gain in respect of property, plant and equipment	**-**	**-**	(236)	(2.7)
Taxation on derivative gain	**-**	**-**	54	0.6
Acquisition related costs*	**123**	**1.4**	-	-
Earnings per share – adjusted	**11,638**	**130.8**	11,007	123.9

*Disallowable for tax purposes

6. Cash generated from operations

	2014	(Restated) 2013
	£'000	£'000
Profit for the period	**12,893**	12,315
Adjustments for:		
Tax	**3,660**	3,036
Tax credit in respect of R&D	**(102)**	-
Depreciation of property, plant and equipment	**4,882**	5,165
Depreciation of investment property	**19**	62
Intangible asset amortisation	**193**	252
Profit on disposal of property, plant and equipment	**(104)**	(108)
Profit on disposal of investment	**-**	(14)
Amounts written off property, plant and equipment	**-**	7
Amortisation of grants	**(54)**	(50)
Net fair value loss on share based payments	**401**	244
Net foreign exchange differences	**160**	(220)
Net fair value losses/(gains) on derivative financial instruments in operating profit	**9**	(303)
Interest income	**(264)**	(513)
Interest expense and borrowing costs	**1,679**	1,354
Share of profit from associate and joint ventures	**(2,486)**	(2,819)
IAS19 income statement credit in respect of employer contributions	**(2,806)**	(2,867)
IAS19 income statement charge	**687**	692
Changes in working capital (excluding the effects of acquisitions):		
Decrease/(increase) in inventories	**807**	(6,088)
Decrease/(increase) in receivables	**4,880**	(5,699)
(Decrease)/increase in payables	**(7,329)**	2,787
Cash generated from operations	**17,125**	7,233

7. Pensions

The Group operates its current pension arrangements on a defined benefit and defined contribution basis. The valuation of the defined benefit scheme under the IAS19 accounting basis showed a surplus (2013: deficit) net of the related deferred tax liability (2013: asset) in the scheme at 30 August 2014 of £1.6m (2013: £2.6m).

A Group subsidiary undertaking is a participating employer in a defined benefit pension scheme of the associate. The IAS19 accounting basis showed a deficit, for that scheme, net of the related deferred tax asset in the scheme at 30 August 2014 of £3.5m (2013: £3.2m). The Group recognises in its balance sheet approximately 50% of the deficit and deferred tax asset through its investment in associate.

In the period, the retirement benefit charge in respect of the Carr's Milling Industries Pension Scheme 1993 was £687,000 (2013 Restated: £692,000).

8. Analysis of changes in net debt

	At 1 September 2013 £'000	Cash Flow £'000	Other Non-Cash Changes £'000	Exchange Movements £'000	**At 30 August 2014 £'000**
Cash and cash equivalents	22,884	(5,616)	-	-	**17,268**
Bank overdrafts	(209)	147	-	(181)	**(243)**
	22,675	(5,469)	-	(181)	**17,025**
Loans and other borrowings:					
- current	(13,262)	(160)	(3,789)	-	**(17,211)**
- non-current	(20,137)	2,475	3,735	-	**(13,927)**
Finance leases:					
- current	(2,074)	2,325	(2,485)	-	**(2,234)**
- non-current	(9,311)	-	1,049	-	**(8,262)**
Net debt	(22,109)	(829)	(1,490)	(181)	**(24,609)**

9. The Board of Directors approved the preliminary announcement on 10 November 2014.

10. The results included in the preliminary announcement are unaudited. The financial information set out in this announcement does not constitute the statutory accounts for the periods ended 30 August 2014 and 31 August 2013. The statutory accounts for the period ended 30 August 2014 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

11. The Company intends to post a Summary Report and Accounts to shareholders by 3 December 2014. The full Report and Accounts will be available upon request from the Company Secretary, Carr's Milling Industries PLC, Old Croft, Stanwix, Carlisle, CA3 9BA or alternatively on the Company's website: www.carrs-milling.com