IMMEDIATE RELEASE 14 November 2016

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

FULL YEAR RESULTS

"Focusing on growth markets worldwide"

Carr's (CARR.L), the fully-listed Agriculture and Engineering Group, announces results for the year ended 3 September 2016.

Financial highlights (continuing operations)

- Revenue **down** 4.9% to £314.9m (2015: £331.3m)
- EBITDA **up** 6.6% to £16.5m (2015: £15.5m)
- Operating profit **up** 5.6% to £12.8m (2015: £12.1m)
- Profit before taxation **up** 2.8% to £14.1m (2015: £13.7m)
- Basic EPS **up** 7.0% to 10.7p (2015: 10.0p)
- Adjusted* EPS **up** 6.9% to 10.9p (2015: 10.2p)
- Proposed final dividend of 1.9p **up** 2.7% resulting in a total for the year of 3.8p (2015: 3.7p), excluding the special dividend of 17.54p
- Capital expenditure of £7.3m during the year
- Net cash of £8.1m at the year-end (2015: net debt of £24.4m) following disposal of the Food division

Key Points

- Agriculture operating profit (excluding contribution from associate and JVs) **up** 8.6% to £10.3m, driven by a strong performance in the USA feedblock business. Segmental revenue **down** 4.4% to £284.8m.

- Engineering operating profit **down** 4.9% to £2.5m due to contract delays, with revenue **down** 10.2% to £30.1m.

- Strategic refocussing of the Group on its Agriculture and Engineering divisions through the sale of its Food division and the return of £16.0m to shareholders, including the recent acquisition of STABER GmbH, a German engineering business.

- Profit from associate and joint ventures **down** 9.8% to £2.1m (2015: £2.3m).

Chris Holmes, Chairman, said:

"In what has been a challenging year in the sectors in which we operate, I am pleased to report that the Group has delivered a solid result. At the end of the year we announced the disposal of our Food division to Whitworths, which following a £16m special dividend to shareholders enables us to focus on growing our two remaining, higher margin, divisions.

“Subsequent to the year end we announced the acquisition of German engineering business STABER GmbH, which will be strategically beneficial to our existing German engineering business and in line with our intention to invest in specialised IP and innovative businesses.

“The current financial year has started in line with our expectations and we will continue to review suitable acquisition opportunities whilst investing in our existing businesses both in the UK and overseas.”

*Adjusted earnings per share is calculated after adjusting for non-recurring items and amortisation of intangible assets.

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Notes to Editors

Carr's is an international leader in manufacturing value added products and solutions with market leading brands and robust market positions in the Agriculture and Engineering sectors. The Group offers a range of services including the manufacturing and supply of feed blocks for livestock, farm machinery, a UK network of rural stores, and robotic and remote handling equipment, with a facility footprint spanning the UK, Europe and North America, supplying customers in over 35 countries around the world.

For further information, please visit: www.carrsgroup.com

Chairman's Statement

Strategic Delivery

I am pleased to report that the Group has delivered a solid set of results in the context of a challenging market. It has also been a significant year in the strategic development of the Group with the disposal of the Food division at the end of the year. As discussed below, we believe this action by the Group enhances shareholder value as a result of having a much stronger focus on growing both the Agriculture and Engineering divisions.

In trading terms, the year has seen depressed farmgate milk prices for most of the year, which has adversely impacted our farming customers. The Engineering division also continues to be negatively impacted by the current low oil price. In addition, the North of England was affected by severe floods during December 2015. Despite these challenges, the Group has delivered a robust performance ahead of last year. The Board recognises this strong performance and thanks every one of our employees and our management team for their expertise, dedication and support.

Revenue for the year from continuing operations fell by 4.9% to £314.9m (2015: £331.3m). Profit before tax from continuing operations, excluding a profit from discontinued operations of £2.8m, was up 2.8% to £14.1m (2015: £13.7m). This comprised an 8.6% increase in Agriculture operating profit to £10.3m (2015: £9.4m), and a 4.9% reduction in Engineering operating profit to £2.5m (2015: £2.6m). Basic earnings per share from continuing operations were up by 7.0% to 10.7 pence per share (2015: 10.0 pence), with fully diluted earnings per share of 10.5 pence (2015: 9.7 pence) and adjusted earnings per share, excluding non-recurring items and amortisation of intangibles, of 10.9 pence (2015: 10.2 pence). Net cash at the year end was £8.1m (2015: net debt of £24.4m).

Strategic Refocusing

Following an approach by Whitworths Holdings Ltd for the acquisition of Carr's Flour Mills Ltd (the Food division), the Board undertook a strategic review of the Group's three divisions. It concluded that the nature of the offer presented an excellent opportunity to realise the value of the Food division, whilst allowing the Group to further strengthen its focus on growing both the Agriculture and Engineering divisions in a way that could enhance shareholder value.

A decision was therefore taken by the Board to dispose of the Food division for a gross consideration of £36.0m on a cash and debt free basis (the Disposal). The sales price was subject to an adjustment based on actual working capital at the date of sale compared to the agreed average working capital. After adjustment for the carrying value of net debt amounting to £7.9m and the allowance for an estimated working capital adjustment of £3.2m, the Group received £24.9m in cash.

Given the significant amount of cash realised from the Disposal, the Board decided to return £16.0m of the net proceeds of the Disposal to shareholders in the form of a special dividend, which took place on 7 October 2016. The Group's modest debt position after the special dividend enables it to pursue acquisition opportunities as and when appropriate. The Board believes that taking into account the £16.0m returned to shareholders and the potential investment in growth opportunities utilising the £8.9m cash retained from the net proceeds of the Disposal, the transaction should contribute to an increase in shareholder value.

Consistent with the above, the Group has recently acquired a German engineering company, STABER GmbH (formerly called Städele GmbH), a long term supplier to our German remote handling business, for a gross consideration of €7.85m. This acquisition will enhance the intellectual property and growth potential of the existing German remote handling business.

On behalf of the Board I would like to thank the employees of Carr’s Flour Mills Ltd for all of their support and dedication over the years. I am pleased that in joining Whitworths Holdings, they have joined a company that is fully committed to continuing to build on the strong foundations laid out by Jonathan Dodgson Carr when he started the business back in 1831. I would also like to welcome the employees of STABER to the Group.

Business Review

In Agriculture, our international feedblock business has delivered another excellent performance, driven by a strong performance in the USA where we have seen a significant increase in demand. Sales volumes have increased as a result of the strength of our branded product offering and the rebuilding of beef herds. In accordance with our strategy, we continue to invest in our production facilities and R&D programme, both in the UK and internationally, to drive future growth in existing markets and expansion into new geographies.

Our UK retail business continued to build on the momentum established in previous years, with the expansion of the Country Store network into new territories both organically and through acquisitions. I am pleased that by the end of this calendar year we will be operating from 41 locations across the UK. In the financial year we acquired Green (Agriculture) Co in Northumberland and Phoenix Feeds Ltd in Lancashire, expanding our customer base in both regions. We welcome our new colleagues.

We are grateful to our customers who have continued to support our business during this challenging year. We believe our strong geographic presence, the relevance of our product offering, and continued excellent customer service will be key requirements in supporting them over the forthcoming year.

Our Engineering division has had another tough year, impacted by the continuing downturn in the oil and gas market and several contract delays. The division is beginning to see the benefit of the resurgence in the UK nuclear market with several new contract wins, in particular the largest ever contract secured by the division awarded by Sellafield with a value of approximately £48m over the next ten years. We remain confident in the medium term prospects of the division as we continue to focus on nuclear and adjacent markets.

Dividend

The Board is proposing a 2.7% increase in the final dividend to 1.9 pence per ordinary share, which together with the two interim dividends of 0.95 pence per ordinary share paid on 13 May and 7 October 2016, make a total of 3.8 pence per share for the year (2015: 3.7 pence), representing an increase of 2.7%. The final dividend, if approved by the Shareholders, will be paid on 13 January 2017 to Shareholders on the register on close of business 16 December 2016, and the shares will go ex-dividend on 15 December 2016.

This final dividend and the two interim dividends are in addition to the special dividend of 17.54 pence per ordinary share paid on 7 October 2016 following the disposal of Carr’s Flour Mills Ltd.

The Board

Last year, John Worby was appointed as a Non-Executive Director of the Board, taking over as Senior Independent Director and Audit Committee Chairman from Alistair Wannop and Robert Heygate respectively. The Board has been further strengthened this year with the appointment of Non-Executive Director Ian Wood, who has extensive experience in the engineering and energy sectors, previously working for Centrica plc.

In addition, on 10 September 2015 it was announced that Robert Heygate had decided to stand down from the Board after 25 years' service, with effect from 29 April 2016. I would like to take this opportunity to thank Bob for his contribution, dedication, enthusiasm, and support during his time with Carr's.

Outlook

The disposal of the Food division will support the Group's ambition to achieve further growth and development in line with its strategic objectives across its remaining two divisions, Agriculture and Engineering. The Board sees opportunities for international growth of our feedblock business and to further build on our nuclear business capability in the short and medium term, as well as continuing to strengthen our UK Agricultural business. We will continue to identify acquisition opportunities while investing in our existing business for the future.

The Board's expectations for the current financial year remain unchanged. Trading in the first quarter has started positively with a continued stabilising of farmgate milk prices. The climate of uncertainty relating to the UK's exit from the European Union will continue in the short term, and there is medium term risk associated with UK Agriculture which is dependent on future Government policy and the terms of exit from the EU. The Board will continue to monitor the position and believe that the Group is well placed to respond to any challenges and opportunities that may arise.

Chris Holmes
Chairman

Chief Executive's Review

2016 was the beginning of a transformational period for the Group culminating at the end of the financial year with the disposal of the Food division.

After the year end the Group acquired STABER GmbH, formerly called Städele GmbH, a family owned engineering business located near the Group's existing German operations in Markdorf. STABER has designed and developed specialised intellectual property, which will be strategically beneficial to the Group's German operations in both the near and long term. This purchase is fully aligned with the Engineering division's growth strategy of capitalising on the global resurgence of nuclear decommissioning, as well as the use of robotic technologies in highly explosive environments.

Agriculture

The Agriculture division has reported another record year, driven by its operational and geographic diversity.

Feedblocks

Overall our global feedblock sales volumes were up 6.0% on last year.

Sales of feedblocks in the USA were at unprecedented levels with sales volumes, excluding joint ventures, up 5.1% on last year. Record production levels have been driven by an increase in market size with the continued rebuilding of the beef herds across our key territories, in addition to market share gains. The new SmartLic® feedblock plant at Silver Springs, Nevada, was commissioned in the year with the first product being produced in January 2016. This plant will significantly extend the market reach and penetration in the western states of the USA, and alleviate the capacity pressure currently experienced by the Belle Fourche plant, South Dakota, which has been operating at capacity throughout the year. The Silver Springs plant is expected to make a full contribution in the current financial year, with the primary feedblock season in the region being August to February.

Sales of feedblocks in the USA through our joint venture operations at Shelbyville, Tennessee and Sioux City, Iowa were up 34.2% on last year. As a result of the success of the joint venture at Shelbyville, the Board has decided to expand our operations with the $4.6m construction of a new low moisture feedblock plant alongside the existing high moisture feedblock facility. It is anticipated that this will be completed within the current financial year ahead of the main feedblock season at the start of the 2018 financial year. This will extend our ability to supply low moisture blocks to the significant market of the eastern states of the USA, which cannot be reached by our existing operations.

The exportation of Horslyx®, a product for the equine leisure market, into the USA has continued, with the business now working with several new distributors down the East Coast. We have continued with our UK research into the benefits of Megastart® and, following the successful conclusion of University trials, it has been demonstrated that Megastart® significantly increases production of colostrum, which will improve the profitability of our UK dairy farm and suckler herd customers.

We continue to develop opportunities to expand geographically. The first shipment of Crystalyx® into South America occurred in the year to facilitate the commencement of trials at FAI Farms (a commercial research institute in Brazil) and the Instituto de Zootecnia near Ribeirao Preto, Sao Paulo State.

The opportunities for expansion in New Zealand continue to be assessed, although progress was delayed during the year as a result of the adverse impact of the depressed global milk market on dairy farming in New Zealand. However, the New Zealand market continues to be a promising expansion opportunity for the feedblock business, and our medium term objective of building a low moisture block plant remains unchanged.

UK Agriculture

The retail business has delivered a record performance, with the Country Store network across Northern England and Southern Scotland delivering a 5.0% increase in like for like sales and a 16.0% increase in total sales following the integration of the acquisitions of Green (Agriculture) Co and Reid and Robertson Ltd in September 2015 and June 2015 respectively.

The strategy for the retail business has been to expand the geographic reach into adjacent territories, redevelop existing facilities and expand the product offering for the benefit of rural communities. During the year the product offer at the Balloch, Oban and Ayr stores has been extended, the Leek store has been refurbished and a new store at Wigton, Cumbria, has been opened. A new Country Store at Penicuik, Midlothian, is due to open on 1 December 2016 and will have a significant focus on the local equine market in addition to supplying our normal range of products and services. The opening of Penicuik will bring our total retail footprint to 41 stores.

In September 2015, Green (Agriculture) Co, an agricultural merchant business based at Morpeth, Northumberland was acquired. This retail business is situated near the existing machinery only Country Store and enhances the offering to the local community. It has been successfully integrated into the network of Country Stores and has made a positive contribution during the year.

In June 2016, Phoenix Feeds Ltd, an agricultural merchant business specifically retailing animal feed and based in Lancashire, was acquired and has been successfully integrated.

During the year, compound feed volumes increased by 2.1% as a result of market share gains. This is a particularly robust performance against a market backdrop that declined by 4% nationally. However, due to the pressure on dairy farm incomes and the competitive nature of the feed market, margins were significantly reduced year on year.

Total machinery sales have been severely impacted by the downturn in farm incomes with sales declining 8.1% year on year. National tractor sales have declined by 14.8%.

The oil distribution business has performed well with sales volumes increasing 7.1% year on year. This is a result of market share gains and the corresponding increase in the truck fleet.

The flooding in December 2015 in the North of England had a significant impact on the Lancaster feed mill and the AminoMax® manufacturing facility. Global sales volumes of AminoMax®, the patented animal bypass protein product for dairy cows, are down 3.9% as a result of the pressure on dairy farm incomes and the downtime at the UK manufacturing facility resulting from the floods.

Market Conditions

Farmer confidence remained low during the year with the farmgate milk price only stabilising towards the end of the financial year, causing significant pressure on farm incomes which is set to continue through the current financial year. The uncertainty following the outcome from the EU referendum, particularly relating to the future of the single farm payment and support for UK farmers in general, is likely to result in volatile market conditions for the foreseeable future. However, in the short-term UK livestock and dairy prices have responded positively due to the devaluation of Sterling.

The division is well placed both operationally and geographically to adapt to future variable market conditions whilst continuing to support our farming customers.

Engineering

This year the Engineering division has made significant progress in its objective to reposition its focus on nuclear and adjacent markets, such as defence. This is evidenced by a number of significant contract wins and strengthening of the management teams in the UK, along with increased coordination and integration of activities within the division. Unfortunately, the benefits from these actions have been offset in the short term by customer delays in the awarding of some nuclear contracts and the continued depressed oil and gas market. Nevertheless, the division's performance for the full year was satisfactory in the context of challenging market conditions. The overall split of nuclear and non-nuclear work of the division in 2016 was 69% nuclear (2015: 62% nuclear).

UK Manufacturing Business

Revenues have declined in the year following the completion of the large BP contract in 2015 and as a result of contract delays, however, the outlook looks more promising in the nuclear market following a number of sizeable contact wins.

The UK manufacturing business was awarded The Sellafield Vessels and Tanks Category Management Framework contract. This contract, with a value of £48m at the time of the tender, was won through an open European Tendering process. The Framework contract secures a position of exclusivity to design and manufacture Sellafield's highest complexity vessels for the next 10 years. This is a significant milestone for the Engineering division, being the largest ever contract secured by the business, and underpins the growth and development of our Engineering division over the medium term.

During 2015 the business created a new design department, to further enhance services available to customers for the design of a wide range of mission critical equipment, including steel fabrications and pressure vessels. The design business is integrated with the business' production capability to maximise innovation and improve efficiency. During the year it concluded an important design and build project for a skip conveyor system for the First Generation Magnox Storage Pond (FGMSP) project in Sellafield. This system is the first of its kind, and is fundamental to assisting in the retrieval and removal of radioactive waste from one of the storage ponds in Sellafield.

Despite the partial recovery of the oil price towards the end of the 2016 financial year, the oil and gas market remains depressed, particularly in the exploration and production sector, which has consequently had an adverse impact on the business during the year. The focus on the nuclear industry has continued although, as previously reported, the transition by part of the manufacturing business away from oil and gas to nuclear has been slower than initially anticipated due to contract delays.

The UK nuclear industry has benefited from the Government's commitment to both the on-going decommissioning process and nuclear new build, and as a result the division is seeing an increase in the number of tenders and subsequent contract wins. The Government and international investor commitment to the Hinkley C power station is a significant vote of confidence in new nuclear in the UK and will have boosted the potential for the other developments, not least with the Horizon project in North Wales and the NuGEN project in Cumbria.

Remote Handling Business

During the year the remote handling business performed in line with the Board's expectations with several major projects completed. The Demo 2000 Telbot® project, for the inspection of oil and gas tanks in Norway, completed successfully 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 of environments. Statoil, a partner in the project, has subsequently invested further in the business to develop a lighter weight version of the Demo 2000 Telbot® for use on off-shore platforms, where there are strict machinery weight restrictions.

The business has completed two major contracts for Sellafield, one for the Silo Direct Encapsulation (SDP) project and the other for the Box Encapsulation Plant (BEP) project. In early 2015, Sellafield awarded a contract for the design and production of a robot to assist in the removal of high-level toxic nuclear waste on the site in the SDP project. This robot, Sally Telbot®, was successfully tested in Germany for 1200hrs without failure and proved to perform the tasks 40% faster than the previously tested hydraulic arms. Following its success, an order was placed for a second Sally Telbot®, which has been manufactured during the year with successful factory testing completed before the year-end and delivery to Sellafield in November 2016.

Completion of the contract for two A1000 power manipulators for the nuclear facility at Dounreay in Scotland was completed in the year. An A1000 has also been delivered to Mitsui in Japan for trial work in a future decommissioning project to be undertaken at the Fukushima nuclear facility, and the business was also awarded a contract for the design and manufacture of the highly specialised A1000 power manipulator to Sellafield for the BEP project. Production has almost completed and factory acceptance tests will commence in January 2017.

Following on from the development and extensive trials in Japan and Germany of Robbie, the V1000 robot, a remote controlled handling vehicle, the business has received its first order for delivery in 2017. Robbie will be used in the vitrification plant on the WAK GmbH Karlsruhe site in Germany. The plant contains high level toxic waste and dust particles making it too hazardous for human presence. Robbie will assist the A1000 power manipulators already in the plant to continue with their decommissioning.

A major contract, of c£1.8m in value, with Cavendish Nuclear for the supply of Master Slave Manipulators into Sellafield was completed successfully during the year. Further progress was made in the USA nuclear market, with two small orders for Master Slave Manipulators received in the year, one for the USA National Laboratory at Idaho and the other for the USA National Laboratory at Oakridge, both due in November 2016. Although small, these orders demonstrate further progress being made by the business in the penetration of the US market.

The business continues to face the ongoing macroeconomic pressures resulting from the political issues in Russia and the delay in funding in Japan in the short term. This is offset by the on-going resurgence in the UK nuclear market.

On 24 October 2016, the German remote handling business acquired one of its primary suppliers, STABER GmbH, formerly called Städele GmbH, including all of its associated intellectual property for a total cash consideration of €7.85m. STABER and Wälischmiller, a subsidiary of Carr's Engineering Ltd, have been working together closely for over 50 years and most recently STABER has been a key supplier of parts for the remote handling business. During 2014 and 2015 STABER was intrinsic in assisting Wälischmiller in the development of the Demo 2000 Telbot®, a robotic system for vessel inspection and cleaning in the oil and gas market, and the first in the world to be certified for use in the most highly explosive of environments. STABER has designed and developed specialised intellectual property ("IP") which will be strategically beneficial to Wälischmiller in both the near and long term. This IP will accelerate the ongoing strategic development work on the Telbot® and the Demo 2000 Telbot® by Wälischmiller.

The Engineering division is a well-established supplier of high integrity equipment to the nuclear industry. With agreements in place with leading UK and Global nuclear companies, it is well positioned to secure high value, long term contracts to build on its existing decommissioning portfolio and potential defence opportunities through the UK Successor and Defence programmes.

Food

The floods in December 2015 in Cumbria directly affected one of the Food division's major customers, which had a consequential impact on sales volumes in the year. Due to appropriate and comprehensive insurance cover, the floods had no financial impact on the business.

Underlying sales volumes grew 3.54%, in spite of the changes in the consumer market, notably the decline in consumption of the traditional sliced loaf and the concurrent increase in the consumption of bake-off products. The division's performance has also been supported by the investment made by the Group in the 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. Carr's approach to risk management, which seeks to match sales contracts with raw materials commitments, served to minimise the impact of that volatility.

The flour market continues to decline, is over supplied and is operating in a challenging consumer environment with limited growth opportunities for the Group. This, coupled with the need for significant future capital investment, resulted in the Group being exposed to an increased risk profile. At the year-end we announced the disposal of the Food division to Whitworths Holdings Ltd.

Financial review

In addition to the financial information detailed above, further financial information is given below.

Finance costs

Net finance costs of £0.8m were higher than the previous year (2015: £0.7m), reflecting lower interest receivable in the period. Interest cover was 19.2 times compared to 20.4 times in 2015.

Taxation

The Group's effective tax charge on profit from activities after net finance costs and excluding profits from associate and joint ventures was 24.2 per cent (2015: 26.4 per cent). A reconciliation of the actual total tax charge to the standard rate of corporation tax in the UK of 20 per cent will be included in the Annual Report and Accounts.

Cash flow and net debt

Due to the disposal of the Food division and the special dividend not being paid until post year end, the Group was in a net cash position at 3 September 2016.

A free cash flow of £6.5m was generated in the year, representing an increase of 11.9 per cent on the £5.8m in the previous year.

Headroom against existing facilities was £23.0m at the year end. Other than the Group's overdraft, which is renewable annually, the majority of the Group's existing facilities are due for renewal in July 2019.

Pensions

The Group operates its current pension arrangements on a defined benefit and defined contribution basis. The defined benefit scheme is closed to new members and during the year was closed to future accrual. The closure resulted in a negative past service cost, net of associated costs, of approximately £0.3m. The scheme currently has 112 deferred members and 224 current pensioners. It received £0.8m during the year in additional deficit reduction contributions from the Group in accordance with the 2011 actuarial valuation as agreed between the Company and the Trustees. Deficit reduction contributions ceased on 31 December 2015 as per the agreed recovery plan.

The valuation on an IAS 19 accounting basis showed a surplus before the related deferred tax liability in the scheme at 3 September 2016 of £0.3m (2015: £1.8m). Actuarial losses of £2.7m (2015: £2.8m) have been recognised in the Consolidated Statement of Comprehensive Income.

The Group and the Trustees continue to work together to introduce ways of de-risking the defined benefit scheme to provide less volatility in the scheme's assets and liabilities in the future. Several initiatives were introduced during the year.

Outlook

The disposal of the Food division leaves the Group well placed to capitalise on the opportunity it presents by pursuing further organic and acquisitive growth in its two remaining higher margin divisions. The Board is keen to pursue opportunities on the international expansion of the feedblock division into new territories and pursue further opportunities in animal supplementation. In Engineering, there will be a focus on expanding the markets, territories and capabilities of the highly specialised remote handling engineering business, both organically and acquisitively, as well as pursuing complementary acquisitions that are strategically aligned to that division.

The Group is operating in challenging global markets and as a result of the decision to leave the EU, the UK faces a period of uncertainty in the short-term. The Group is well placed to capitalise on any opportunities this presents, and with its inherent operational and geographical diversity is in a strong position to deal with this uncertainty. The current financial year has started positively and trading is in line with the Board's expectations.

Tim Davies
Chief Executive Officer
14 November 2016

UNAUDITED CONSOLIDATED INCOME STATEMENT
for the year ended 3 September 2016

	Note	2016 £'000	(Restated) 2015 £'000
Continuing operations			
Revenue	2	**314,907**	331,285
Cost of sales		**(273,712)**	(288,553)
Gross profit		**41,195**	42,732
Distribution costs		**(15,975)**	(15,580)
Administrative expenses		**(12,450)**	(15,062)
Group operating profit	2	**12,770**	12,090
Finance income		**236**	338
Finance costs		**(1,009)**	(1,045)
Share of post-tax profit in associate		**1,239**	1,500
Share of post-tax profit in joint ventures		**842**	807
Profit before taxation	2	**14,078**	13,690
Taxation	3	**(2,907)**	(3,010)
Profit for the year from continuing operations		**11,171**	10,680
Discontinued operations			
Profit for the year from discontinued operations	5	**2,817**	3,013
Profit for the year		**13,988**	13,693
Profit attributable to:			
Equity shareholders		**12,455**	11,989
Non-controlling interests		**1,533**	1,704
		13,988	13,693
Basic earnings per ordinary share (pence)			
Profit from continuing operations		**10.7**	10.0
Profit from discontinued operations		**3.1**	3.4
	4	**13.8**	13.4
Diluted earnings per ordinary share (pence)			
Profit from continuing operations		**10.5**	9.7
Profit from discontinued operations		**3.0**	3.2
		13.5	12.9
Adjusted earnings per ordinary share (pence)			
Profit from continuing operations		**10.9**	10.2
Profit from discontinued operations		**3.1**	3.4
	4	**14.0**	13.6

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 3 September 2016

	2016 **£'000**	2015 £'000
Profit for the year	**13,988**	13,693
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
- Foreign exchange translation gains arising on translation of overseas subsidiaries	**2,860**	(249)
- Net investment hedges	**687**	338
- Taxation charge on net investment hedges	**(137)**	(69)
Items that will not be reclassified subsequently to profit or loss:		
- Actuarial (losses)/gains on retirement benefit asset/(obligation):		
- Group	**(2,725)**	(2,848)
- Share of associate	**(1,216)**	70
- Taxation credit/(charge) on actuarial (losses)/gains on retirement benefit asset/(obligation):		
- Group	**490**	570
- Share of associate	**205**	(14)
Other comprehensive income/(expense) for the year, net of tax	**164**	(2,202)
Total comprehensive income for the year	**14,152**	11,491
Total comprehensive income attributable to:		
Equity shareholders	**12,619**	9,787
Non-controlling interests	**1,533**	1,704
	14,152	11,491

UNAUDITED CONSOLIDATED BALANCE SHEET
as at 3 September 2016

	2016 £'000	(Restated) 2015 £'000
Assets		
Non-current assets		
Goodwill	**11,440**	10,849
Other intangible assets	**286**	448
Property, plant and equipment	**35,811**	58,385
Investment property	**182**	636
Investment in associate	**8,667**	8,439
Interest in joint ventures	**6,257**	5,012
Other investments	**72**	79
Financial assets		
- Non-current receivables	**50**	50
Retirement benefit asset	**311**	1,767
Deferred tax assets	**-**	861
	63,076	86,526
Current assets		
Inventories	**33,423**	35,031
Trade and other receivables	**56,940**	64,454
Current tax assets	**303**	839
Financial assets		
- Derivative financial instruments	**-**	50
- Cash and cash equivalents	**48,411**	20,052
	139,077	120,426
Total assets	**202,153**	206,952
Liabilities		
Current liabilities		
Financial liabilities		
- Borrowings	**(21,642)**	(18,721)
- Derivative financial instruments	**(20)**	(72)
Trade and other payables	**(46,823)**	(54,496)
Current tax liabilities	**(470)**	(472)
	(68,955)	(73,761)
Non-current liabilities		
Financial liabilities		
- Borrowings	**(18,625)**	(25,744)
Deferred tax liabilities	**(1,817)**	(4,184)
Other non-current liabilities	**(2,668)**	(4,300)
	(23,110)	(34,228)
Total liabilities	**(92,065)**	(107,989)
Net assets	**110,088**	98,963

UNAUDITED CONSOLIDATED BALANCE SHEET
as at 3 September 2016 (continued)

	2016	(Restated) 2015
	£'000	£'000
Shareholders' equity		
Share capital	**2,280**	2,244
Share premium	**9,111**	8,615
Treasury share reserve	**(8)**	-
Equity compensation reserve	**706**	1,138
Foreign exchange reserve	**2,895**	(515)
Other reserve	**207**	862
Retained earnings	**81,540**	74,706
Total shareholders' equity	**96,731**	87,050
Non-controlling interests	**13,357**	11,913
Total equity	**110,088**	98,963

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 3 September 2016

	Share Capital £'000	Share Premium £'000	Treasury Share Reserve £'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 31 August 2014	2,235	8,453	-	640	(535)	875	67,996	79,664	10,163	89,827
Profit for the year	-	-	-	-	-	-	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
At 30 August 2015	**2,244**	**8,615**	**-**	**1,138**	**(515)**	**862**	**74,706**	**87,050**	**11,913**	**98,963**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**12,455**	**12,455**	**1,533**	**13,988**
Other comprehensive income/(expense)	**-**	**-**	**-**	**-**	**3,410**	**-**	**(3,246)**	**164**	**-**	**164**
Total comprehensive income	**-**	**-**	**-**	**-**	**3,410**	**-**	**9,209**	**12,619**	**1,533**	**14,152**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(3,347)**	**(3,347)**	**-**	**(3,347)**
Equity-settled share-based payment transactions, net of tax	**-**	**-**	**-**	**(432)**	**-**	**-**	**321**	**(111)**	**15**	**(96)**
Allotment of shares	**36**	**496**	**-**	**-**	**-**	**-**	**-**	**532**	**-**	**532**
Purchase of own shares held in trust	**-**	**-**	**(12)**	**-**	**-**	**-**	**-**	**(12)**	**-**	**(12)**
Dissolution of dormant subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(104)**	**(104)**
Transfer	**-**	**-**	**4**	**-**	**-**	**(655)**	**651**	**-**	**-**	**-**
At 3 September 2016	**2,280**	**9,111**	**(8)**	**706**	**2,895**	**207**	**81,540**	**96,731**	**13,357**	**110,088**

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 3 September 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Cash generated from continuing operations	6	**6,257**	9,120
Interest received		**155**	194
Interest paid		**(673)**	(685)
Tax paid		**(1,098)**	(3,853)
Net cash generated from operating activities in continuing operations		**4,641**	4,776
Net cash generated from operating activities in discontinued operations		**5,477**	5,200
Net cash generated from operating activities		**10,118**	9,976
Cash flows from investing activities			
Acquisition of subsidiaries (net of overdraft/cash acquired)		**(1,258)**	(1,749)
Disposal of subsidiary, net of costs (including cash disposed)		**23,922**	-
Return of investment in joint venture		**-**	488
Dividend received from joint venture		**113**	-
Loans to joint ventures		**2,332**	129
Loan repaid by associate		**500**	500
Other loans		**(20)**	220
Purchase of intangible assets		**(62)**	(15)
Proceeds from sale of property, plant and equipment		**349**	436
Purchase of property, plant and equipment		**(5,788)**	(4,621)
Purchase of own shares held in trust		**(12)**	-
Redemption of preference shares in joint venture		**150**	150
Net cash generated from/(used in) investing activities in continuing operations		**20,226**	(4,462)
Net cash used in investing activities in discontinued operations		**(449)**	(1,323)
Net cash generated from/(used in) investing activities		**19,777**	(5,785)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**532**	171
Net proceeds from issue of new bank loans		**153**	9,061
Finance lease principal repayments		**(925)**	(990)
Repayment of loan from related party		**(500)**	(500)
Repayment of borrowings		**(1,614)**	(4,880)
Decrease in other borrowings		**(192)**	(3,638)
Dividends paid to shareholders		**(3,347)**	(3,110)
Receipt of grant income		**-**	200
Net cash used in financing activities in continuing operations		**(5,893)**	(3,686)
Net cash used in financing activities in discontinuing operations		**(1,408)**	(1,105)
Net cash used in financing activities		**(7,301)**	(4,791)
Effect of exchange rate changes		**918**	(150)
Net increase/(decrease) in cash and cash equivalents		**23,512**	(750)
Cash and cash equivalents at beginning of the year		**16,275**	17,025
Cash and cash equivalents at end of the year		**39,787**	16,275

NOTES TO THE UNAUDITED PRELIMINARY ANNOUNCEMENT

1. Basis of preparation

The Group's unaudited Preliminary Announcement does not constitute statutory consolidated financial statements for the year ended 3 September 2016 or the year ended 29 August 2015. The statutory accounts for the year ended 3 September 2016 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.

The financial statements for the year ended 29 August 2015 were unqualified and have been delivered to the Registrar of Companies.

The prior year consolidated income statement has been restated for the reclassification to interest income of the net interest on the net defined benefit retirement asset previously recognised within operating profit. Comparatives at 29 August 2015 have been restated by £141,000, increasing finance income and reducing operating profit with no impact to profit before tax.

The prior year balance sheet has been restated for the grossing up of cash and cash equivalents and bank overdraft, included within current borrowings, for accounts with right of offset within the same banking facility. Comparatives at 29 August 2015 have been restated by £3,564,000, increasing both cash and cash equivalents and current borrowings with no impact to net assets.

2. Segmental information

The segmental information for the year ended 3 September 2016 is as follows:

	Agriculture £'000	Engineering £'000	Group £'000
Total segment revenue	284,836	30,192	315,028
Inter segment revenue	(63)	(58)	(121)
Revenue from external customers	284,773	30,134	314,907
EBITDA[1]	12,924	3,555	16,479
Depreciation of property, plant and equipment	(2,539)	(1,043)	(3,582)
Depreciation of investment property	(6)	-	(6)
Profit on the disposal of property, plant and equipment	12	72	84
Amortisation of intangible assets	(133)	(72)	(205)
Operating profit	10,258	2,512	12,770
Finance income			236
Finance costs			(1,009)
			11,997
Share of post-tax profit of associate			1,239
Share of post-tax profit of joint ventures			842
Profit before taxation from continuing operations			14,078

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

2. Segmental information (continued)

The segmental information for the year ended 29 August 2015 (restated) is as follows:

	Agriculture £'000	Engineering £'000	Group £'000
Total segment revenue	297,858	33,588	331,446
Inter segment revenue	(115)	(46)	(161)
Revenue from external customers	297,743	33,542	331,285
EBITDA[1]	11,882	3,573	15,455
Depreciation of property, plant and equipment	(2,365)	(815)	(3,180)
Depreciation of investment property	(6)	-	(6)
Profit/(loss) on the disposal of property, plant and equipment	38	(24)	14
Amortisation of intangible assets	(100)	(93)	(193)
Operating profit	9,449	2,641	12,090
Finance income			338
Finance costs			(1,045)
			11,383
Share of post-tax profit of associate			1,500
Share of post-tax profit of joint ventures			807
Profit before taxation from continuing operations			13,690

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

3. Taxation

	2016 £'000	2015 £'000
Continuing operations		
(a) Analysis of the charge in the year		
Current tax:		
UK corporation tax		
Current year	**952**	1,104
Adjustment in respect of prior years	**173**	137
Foreign tax		
Current year	**680**	621
Adjustment in respect of prior years	**-**	(33)
Group current tax	**1,805**	1,829
Deferred tax:		
Origination and reversal of timing differences		
Current year	**1,177**	1,199
Adjustment in respect of prior years	**(75)**	(18)
Group deferred tax	**1,102**	1,181
Tax on profit from ordinary activities	**2,907**	3,010

3. Taxation (continued)

Continuing operations

(b) Factors affecting tax charge for the year
The tax assessed for the year is higher (2015: higher) than the rate of corporation tax in the UK of 20% (2015: 20.58%). The differences are explained below:

	2016	2015
	£'000	£'000
Profit before taxation	**14,078**	13,690
Tax at 20% (2015: 20.58%)	**2,816**	2,817
Effects of:		
Tax effect of share of profit in associate and joint ventures	**(416)**	(475)
Tax effect of expenses that are not allowable in determining taxable profit	**-**	148
Tax effect of non-taxable income	**(105)**	(31)
Effects of different tax rates of foreign subsidiaries	**704**	478
Effects of changes in tax rates	**(190)**	(13)
Adjustment in respect of prior years	**98**	86
Total tax charge for the year	**2,907**	3,010

4. 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 year of 90,087,357 (2015: 89,574,461). The calculation of diluted earnings per share is based on 92,034,155 shares (2015: 92,672,538).

	2016		2015	
	Earnings	**Earnings per share**	Earnings	Earnings per share
	£'000	**pence**	£'000	pence
Continuing operations				
Earnings per share – basic	**9,638**	**10.7**	8,976	10.0
Amortisation and non-recurring items:				
Amortisation of intangible assets	**205**	**0.2**	193	0.2
Taxation relief on amortisation	**(47)**	**-**	(49)	(0.1)
Acquisition related costs[1]	**7**	**-**	58	0.1
Earnings per share – adjusted	**9,803**	**10.9**	9,178	10.2
Discontinued operations				
Earnings per share – basic	**2,817**	**3.1**	3,013	3.4
Amortisation and non-recurring items:				
Amortisation of intangible assets	**14**	**-**	15	-
Taxation relief on amortisation	**-**	**-**	(3)	-
Profit on disposal of subsidiary	**(39)**	**-**	-	-
Earnings per share – adjusted	**2,792**	**3.1**	3,025	3.4
Total earnings per share – adjusted	**12,595**	**14.0**	12,203	13.6

[1]Disallowable for tax purposes

5. Discontinued operations

On 3 September 2016 Carr's Group plc disposed of its entire shareholding in Carr's Flour Mills Ltd for a gross consideration of £36m on a cash and debt free basis, less costs to sell.

An analysis of the result of discontinued operations, and the gain recognised on the re-measurement to fair value less costs to sell, is as follows:

	2016	2015
	£'000	£'000
Revenue	**71,440**	80,280
Expenses	**(67,950)**	(76,503)
Profit before taxation of discontinued operations	**3,490**	3,777
Taxation	**(712)**	(764)
Profit after tax of discontinued operations	**2,778**	3,013
Pre-taxation gain recognised on the measurement to fair value less costs to sell	**39**	-
Taxation	**-**	-
After taxation gain recognised on the measurement to fair value less costs to sell	**39**	-
Profit for the year from discontinued operations	**2,817**	3,013

6. Cash generated from continuing operations

	2016	2015
	£'000	£'000
Continuing operations		
Profit for the year	**11,171**	10,680
Adjustments for:		
Tax	**2,907**	3,010
Tax credit in respect of R&D	**(176)**	(292)
Depreciation of property, plant and equipment	**3,582**	3,180
Depreciation of investment property	**6**	6
Intangible asset amortisation	**205**	193
Profit on disposal of property, plant and equipment	**(84)**	(14)
Loss on disposal of investment	**10**	-
Amortisation of grants	**(53)**	(20)
Net fair value (gain)/loss on share based payments	**(99)**	520
Net foreign exchange differences	**(383)**	53
Net fair value losses/(gains) on derivative financial instruments in operating profit	**70**	(65)
Interest income	**(236)**	(338)
Interest expense and borrowing costs	**1,045**	1,077
Share of profit from associate and joint ventures	**(2,081)**	(2,307)
Pension contributions – deficit reduction	**(780)**	(2,340)
– ongoing	**(108)**	(339)
IAS19 income statement (credit)/charge excluding interest	**(287)**	261
Changes in working capital (excluding the effects of acquisitions and disposals):		
Increase in inventories	**(1,620)**	(1,886)
(Increase)/decrease in receivables	**(3,606)**	63
Decrease in payables	**(3,226)**	(2,322)
Cash generated from continuing operations	**6,257**	9,120

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 net of the related deferred tax liability in the scheme at 3 September 2016 of £0.3m (2015: £1.4m).

In the year, the retirement benefit credit, excluding interest, in respect of the Carr's Group Pension Scheme was £287,000 (2015: charge of £261,000). As a result of the closure to future service 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 credit.

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 3 September 2016 of £4.2m (2015: £2.6m). The scheme is treated as a defined contribution scheme by the Group, and its level of participation in the scheme is estimated at 48.5%, which is based on its estimated share of the buyout liabilities. Due to the fact that the sponsoring employer is an associate company of the Group, 49% of the deficit calculated on an IAS19 accounting basis is included in the Group's balance sheet within its 'Investment in Associate'.

8. Analysis of changes in net (debt)/cash

	At 30 August 2015 £'000	Cash Flow £'000	Other Non-Cash Changes £'000	Exchange Movements £'000	**At 3 September 2016 £'000**
Cash and cash equivalents	20,052	27,441	-	918	**48,411**
Bank overdrafts	(3,777)	(4,847)	-	-	**(8,624)**
	16,275	22,594	-	918	**39,787**
Loans and other borrowings:					
- current	(12,770)	1,902	(1,374)	(134)	**(12,376)**
- non-current	(18,444)	-	1,336	-	**(17,108)**
Finance leases:					
- current	(2,174)	2,333	(801)	-	**(642)**
- non-current	(7,300)	-	5,783	-	**(1,517)**
Net (debt)/cash	(24,413)	26,829	4,944	784	**8,144**

9. The Board of Directors approved the preliminary announcement on 14 November 2016.

10. The Company intends to post a Summary Report and Accounts to shareholders by 1 December 2016. The full Report and Accounts will be available upon request from the Company Secretary, Carr's Group plc, Old Croft, Stanwix, Carlisle, CA3 9BA or alternatively on the Company's website: www.carrsgroup.com