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

FULL YEAR RESULTS

"Foundations for growth"

Carr's (CARR.L), the fully-listed Agriculture and Engineering Group, announces results for the year ended 2 September 2017.

Financial highlights (continuing operations)

- Revenue **up** 9.9% to £346.2m (2016: £314.9m)
- EBITDA **down** 18.8% to £13.4m (2016: £16.5m)
- Underlying operating profit[1] **down** 28.5% to £9.3m (2016: £13.0m)
- Reported operating profit **down** 38.3% to £7.9m (2016: £12.8m)
- Underlying profit before taxation[1] **down** 20.2% to £11.4m (2016: £14.3m)
- Reported profit before taxation **down** 29.0% to £10.0m (2016: £14.1m)
- Basic EPS **down** 28.0% to 7.7p (2016: 10.7p)
- Adjusted[1] EPS **down** 18.3% to 8.9p (2016: 10.9p)
- Proposed final dividend of 2.1p resulting in a total for the year **up** 5.3% to 4.0p (2016: 3.8p), excluding the special dividend of 17.54p paid in October 2016
- Capital expenditure of £3.9m during the year
- Net debt of £14.1m at the year-end (2016: net cash of £8.1m)

Key Points

- Agriculture operating profit before amortisation of intangible assets and non-recurring items (excluding contribution from associate and JVs) **down** 17.2% to £8.6m (2016: £10.4m), due to a weaker performance primarily during H1 in the USA (detailed in our 30 March 2017 Trading Update). Agriculture revenue **up** 10.9% to £315.9m (2016: £284.8m) due to increased sales volumes and higher raw material costs.

- Profit from associates and joint ventures **up** 35.2% to £2.8m (2016: £2.1m).

- Overall profit from Agriculture (including associate and joint ventures) **down** 8.3% to £11.4m (2016: £12.5m).

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[1] Underlying operating profit, underlying profit before taxation and adjusted EPS are before charging amortisation of intangible assets and non-recurring items

- USA Agriculture recovery commenced in H2 and is expected to continue through the current financial year. Improved farmer confidence evident in the UK.

- Engineering operating profit before amortisation of intangible assets and non-recurring items (excluding contribution from associate) **down** 74.2% to £0.7m (2016: £2.6m) due to a major contract delay (detailed in our 30 March 2017 Trading Update) and certain short term, low margin contracts in UK manufacturing. Divisional revenue **up** 0.7% to £30.4m (2016: £30.1m).

- Delayed major Engineering contract commenced during H2 and will be delivered throughout the current financial year. Strong pipeline of current and potential contracts across Engineering businesses.

Chris Holmes, Chairman, said: "While 2017 was a challenging year, impacted by external market conditions, we made significant investment and progress towards achieving our strategic objectives. During the year we invested in the acquisition of two engineering businesses, STABER GmbH in Germany and NuVision Engineering, Inc. in the USA. In our Agriculture division, we invested in our new low moisture feed block plant in Tennessee, USA and, since the financial year end, in the acquisition of Pearson Farm Supplies Limited.

"Trading in the new financial year has started well and remains in line with the Board's expectations. We believe that the investments we have made in acquisitions and research across both our divisions have laid a solid foundation for sustained growth and remain confident in the outlook for the Group."

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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 50 countries around the world.

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

Chairman's Statement

Review of the Year

The financial year ended 2 September 2017 was a challenging year as the Group's financial performance was impacted by external factors affecting both divisions which were highlighted in our trading update on 20 July 2017. Despite this, the year was also one of investment and significant progress towards achieving the Group's strategic objectives.

In our Agriculture division, while the UK business benefited from a recovery in farmgate milk prices and consequently improved farmer confidence, sales volumes in our USA feed block business were affected throughout the year by lower cattle prices. This was partially mitigated by a gradual recovery in the second half which has continued into the new financial year. In October 2017 we completed the acquisition of Pearson Farm Supplies Ltd in line with our strategy of strengthening our presence in current locations.

With the backdrop of this recovering USA trading environment, the strategic investment made in our new low moisture feed block plant in Tennessee, USA will provide us with access to new geographic markets in the Eastern and South Eastern states of the USA. The plant is expected to be completed before the end of December 2017 and following this the Group will have comprehensive coverage of all the major cattle areas in the USA.

In our Engineering division, we suffered a significant setback during the year as a result of a delay to the commencement of a major contract and the poor profitability of certain other contracts during the period. As previously disclosed in our trading update on 20 July 2017, the delayed contract has now been signed and work has begun which will continue throughout the current and into the next financial year.

During the year we also invested in the acquisition of two engineering businesses. In October 2016 we acquired a German family-owned engineering business, STABER GmbH, which designs and develops specialised technology and is highly complementary to Wälischmiller, our German remote handling business. Since its acquisition, STABER has been integrated with Wälischmiller and we are investing in the extension of our premises in Markdorf, Germany to consolidate both operations into one site and provide additional efficiency, flexibility and capacity.

In August 2017 we announced the acquisition of NuVision Engineering Inc., a world renowned technology and engineering company based in the USA, specialising in the supply of products and services to the nuclear industry. The acquisition will provide the Group with a foothold into new major nuclear markets and the opportunity to market Wälischmiller products in the USA. In addition, we have continued to invest in extending our reach into new markets, particularly China, where significant opportunities lie in the supply chain as part of the country's increased development and investment in the nuclear power market.

We have also increased the strength and depth of our management team in the Engineering division through the appointment of a Divisional Managing Director who will oversee and coordinate the businesses in the UK, Germany and the USA.

In total, the Group has invested up to £24.3 million in expanding its USA feed block operations and in growing the Engineering division through acquisitions which take the Group into new geographic markets, provide additional capabilities, and support our growth ambitions. We therefore remain confident in the future prospects of both divisions.

Financial Review

Revenue for the year increased by 9.9% to £346.2 million (2016: £314.9 million). Operating profit before amortisation of intangible assets and non-recurring items was down 28.5% to £9.3 million (2016: £13.0 million), with Agriculture contributing £8.6 million (2016: £10.4 million) and Engineering £0.7 million (2016: £2.6 million). The contribution from associates and joint ventures was up 35.2% at £2.8 million (2016: £2.1 million).

The Group incurred a number of non-recurring items in the year, totalling £1.3 million. This included acquisition costs of £1.4 million, primarily related to the acquisitions of NuVision and STABER, and a net credit relating to Chirton Engineering of £0.4 million. The net credit comprised an exceptional credit of £2.1 million for contingent consideration no longer payable and an impairment charge against the associated goodwill of £1.7 million. There was also a loss of £0.2 million on the disposal of an old, unutilised Agriculture site and restructuring costs of £0.1 million.

Reported operating profit after amortisation of intangible assets and non-recurring items was down 38.3% at £7.9 million (2016: £12.8 million).

Profit before tax before amortisation of intangible assets and non-recurring items was down 20.2% to £11.4 million (2016: £14.3 million), and reported profit before tax was down 29.0% at £10.0 million (2016: £14.1 million). Basic earnings per share were down by 28.0% to 7.7 pence (2016 continuing operations: 10.7 pence), with fully diluted earnings per share of 7.6 pence (2016 continuing operations: 10.5 pence) and adjusted earnings per share, excluding amortisation of intangible assets and non-recurring items, of 8.9 pence (2016 continuing operations: 10.9 pence).

Net debt at 2 September 2017 was £14.1 million (2016: net cash of £8.1 million). The movement included £13.2 million generated from operations, £14.3 million used for acquisitions and capital expenditure, and £19.5 million paid in dividends.

Dividend

The Board is proposing a final dividend of 2.1 pence per ordinary share, which together with the two interim dividends of 0.95 pence per ordinary share paid on 12 May 2017 and 6 October 2017, make a total of 4.0 pence per share for the year (2016: 3.8 pence per share) excluding the special dividend of 17.54 pence per share paid in October 2016. The final dividend, if approved by the Shareholders, will be paid on 12 January 2018, to Shareholders on the register on close of business 15 December 2017, and the shares will go ex-dividend on 14 December 2017.

Board composition and corporate governance

In line with our commitment to continual improvements in corporate governance, during the year we engaged Independent Audit Limited, a leading specialist in corporate governance, to conduct an external evaluation of the effectiveness of the Board and its Committees. That review concluded that the Board and its Committees were functioning well and noted that improvements had been made since the previous external review which we carried out in 2013. It also made a number of further recommendations which the Board has already begun to work towards implementing. The Board remains firmly committed to good governance.

Some changes have been made this year to the composition of the Board's Committees and to the Group's Remuneration Policy in light of feedback received from shareholders and investor reporting bodies following our 2016 Annual Report. We always welcome the views of all Carr's Group plc stakeholders, particularly where it can lead to improvements in our governance framework.

Full details of our approach to Corporate Governance, the independent review undertaken during 2017 and our policy on continued improvement will be set out in our Annual Report and Accounts.

Outlook

The Group remains focused on delivering its stated strategic objectives of investing in both its people and its asset base whilst continuing to drive product innovation and deliver growth, both organically and by acquisition, across our two divisions.

The outlook for UK agriculture remains positive with farm incomes continuing to improve in the near term. Additionally, we continue to see a gradual improvement in cattle prices in the USA, resulting in improved feed block volumes, which is expected to continue.

In Engineering, the difficulties in our UK business largely caused by a significant contract delay have been addressed and, with the beneficial effects of other contract wins and strengthened management, we expect to see a significant improvement in the year ahead. The recent acquisitions enhance the depth of our offering and provide further opportunities to drive growth. We are also encouraged by the opportunities apparent within our Engineering division, particularly in China and the USA.

Looking further ahead, it remains unclear what the UK's terms of exit from the European Union will look like. However, the Board will continue to monitor the position closely and ensure that the Group is well positioned to respond to any challenges that may arise.

Overall, trading in the new financial year has started well and in line with the Board's expectations, with a particularly good start to the year in our USA feed block business and strong order books across the Engineering division. We believe that with the investments made in acquisitions and research during the year in both Agriculture and Engineering, we have laid a solid foundation for sustained growth and are confident in the outlook for the Group.

Chris Holmes DL
Chairman

Chief Executive's Review

Despite difficult market conditions and a disappointing performance in our UK Manufacturing business, we have continued to invest in our business, which is consistent with our vision to be recognised as a truly international business at the forefront of innovation and technology across Agriculture and Engineering.

Agriculture

The Agriculture division has experienced a challenging year. Lower farming profits in the USA, resulting from lower cattle prices, impacted sales volumes of our feed blocks. However, this was partially offset by a recovery in UK agriculture as farmgate milk prices and farmer confidence improved.

Feed blocks

In the USA, pressure from lower cattle prices impacted our feed block business, with sales volumes, including joint ventures, down 4.1% year on year. As anticipated, the second half of the year saw the beginning of a recovery, resulting in volumes being marginally ahead of previous expectations. This gradual recovery is expected to continue in the current year.

Our new low moisture feed block plant in Tennessee is expected to be fully operational by the end of December 2017, providing access to new markets across the Eastern and South Eastern states of the USA and providing additional capacity as the market recovery continues.

UK feed blocks performed well, demonstrating the strength of our brands, despite milder spring weather conditions which caused a slowdown in the second half.

Overall, feed block sales were down 2.1% on last year.

We continue to develop opportunities to expand geographically. In South America, our trials at FAI Farms (a commercial research institute in Brazil) and the Instituto de Zootecnia near Ribeirao Preto, São Paulo State are progressing well. Completion of the trials is expected in the current financial year and initial results are encouraging. In New Zealand we have incorporated a subsidiary company and established a direct sales operation distributing to farmers through key merchants as we make progress towards establishing our feed block products in this important market.

Investment in research in all our territories continues as we demonstrate the continued value of our existing brands such as Crystalyx® and Smartlic® as well as the introduction of new products, such as FlaxLic® and Megastart®. The continued investment in research which confirms the efficacy of our products is the foundation for the success of our feed block business globally, and sets us apart from our competitors.

UK Agriculture

The recovery we witnessed in the first half in UK Agriculture continued into the second half with manufactured feed volumes, which includes compound feed and blends, increasing 10.9% year on year, against a national market rise of 6.6%[2]. This is a strong performance which demonstrates the value we bring to our customers. On 5 June 2017 we acquired the trade and assets of Mortimer Feeds, a feed merchant business operating principally in Cheshire. This acquisition adds incremental feed volumes, converts some existing merchant business into direct sales, and is in line with our strategy of strengthening our presence in current locations and leading in dairy nutrition.

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[2] Department for Environment, Food and Rural Affairs, 2017

The retail business has delivered another strong performance, with the country store network across Northern England and Southern Scotland reporting an increase of 0.8% in like-for-like sales and a 2.2% increase in total sales following the opening of Penicuik, East Midlothian in December 2016 and the acquisition of Horse and Pet Warehouse Ltd, Ayr in March 2017.

On 31 October 2017 we acquired the entire issued share capital of Pearson Farm Supplies Ltd, an agricultural retail business with locations across Yorkshire, Lancashire and North West Wales. This will significantly expand our customer base, bring together key people and provide key synergies across the Group. The acquisition takes our total retail footprint to 43 locations.

The strategy for the retail business remains the expansion of our geographic reach into adjacent territories, redeveloping existing facilities and expanding our product offering to meet the needs of our customers, particularly those located in rural communities. As part of our strategy, we continue to ensure that our retail stores have the best possible locations alongside livestock auction markets and in key agricultural locations.

In addition, we had a strong performance in agricultural machinery where sales achieved a record level, increasing 27.8% year on year. New tractor sales were up 42% year on year against a market increase of 21% and our market share for key brands increased by 3% to 19%.

The oil distribution business saw sales volumes decline 3.5%, which was a resilient performance given the mild weather conditions, with ambient temperatures during winter and spring higher than the prior year. Our continued good performance can be attributed to our product offer and excellent levels of customer service.

Agriculture Outlook

Farmer confidence has returned during the year as a result of the increase in farmgate milk prices and improved revenues from beef and sheep leading to a recovery in farm incomes. We expect farm incomes to continue to improve throughout the current financial year.

The uncertainty following the outcome from the EU referendum remains, particularly relating to the future of the single farm payment and support for UK farmers. However, in the short-term UK livestock and dairy prices have responded positively due to a number of factors, including the devaluation of sterling.

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

Engineering

The Engineering division had a disappointing year with a poor performance in UK Manufacturing due largely to a delayed contract. Despite this, the division made significant strategic progress with the highlights being the acquisition and integration of STABER into our remote handling business and the acquisition of NuVision. This takes the business into new markets in the USA, increases the focus on nuclear and its adjacent markets, and brings new technology and capabilities to the Group.

UK Manufacturing

Revenues declined in the year as a result of the contract delay in the first half of the year. As announced on 30 March 2017, efforts to mitigate the effects of that delay were only partially successful. The impact of the reduction in revenues, together with poor margins on work completed during the year, largely as a result of the continuing pressures in the oil and gas markets, resulted in a loss in our UK Manufacturing business.

We have strengthened the management team in the UK Manufacturing business in the final quarter of the financial year. Also, we were pleased to report on 20 July 2017 that the delayed contract had been signed. This will be delivered throughout the current financial year and into the next financial year. Additionally, work within the Sellafield Vessels and Tanks Category Management Framework is expected to commence during the current financial year. This contract, with a value of £48m at the time of the tender, secures design and manufacturing services relating to Sellafield’s highest complexity vessels for a 10 year period. This underpins the growth and development of our UK Manufacturing business over the medium and long term.

The Group’s focus on the nuclear industry has continued although, as previously reported, the pivot by part of the manufacturing business away from oil and gas to nuclear and its adjacent markets, including defence, has been slower than initially anticipated due to the aforementioned contract delay.

The UK nuclear industry has benefited from the Government’s commitment to both the ongoing decommissioning process and the future construction of new nuclear power facilities. Consequently, the division is seeing an increase in the level of activity and engagement with the new build sector and is establishing itself as a strategically relevant partner to the international effort behind the new build programme.

USA Engineering

On 7 August 2017, we announced the acquisition of USA based engineering business NuVision Engineering, Inc., which operates from locations in Pittsburgh, Pennsylvania and Charlotte, North Carolina. The Group acquired the company for an initial consideration of $11.5m (£8.8m), before adjustments for working capital, and a total consideration of up to $20m (£15.4m) dependent upon future financial performance. NuVision is recognised internationally as a leading technology and engineering solutions business specialising in supplying products and services at nuclear and power plant facilities, government waste remediation facilities and in waste clean-up programmes.

The acquisition provides a strong foothold into USA nuclear markets and will enable significant revenue synergies with the Group's existing engineering businesses, including the opportunity to market Wälischmiller's products in the USA. NuVision is already a key supplier under a major nuclear contract being delivered by the UK Manufacturing business.

Remote Handling

During the year the remote handling business performed ahead of the Board’s expectations with high levels of activity, particularly in relation to the manufacturing of products for the Chinese market. Furthermore, the order book is at its highest level for several years.

In January 2017 we were notified that the Group had won the tender for the supply of a number of manipulators, including three A1000s, 36 A100s and four A200s, into China. Manufacturing commenced during the second half of the year and continues in the current financial year. This is particularly encouraging given the significant increase in the planning and construction of new nuclear power plants and forms part of the Chinese Government’s strategic plan to remove its current reliance on coal generated power. As part of that plan, power companies are mandated to include remote handling capability within the design of a new nuclear power station in order for it to be able to handle waste and potential future decommissioning requirements.

During the year it was confirmed by Statoil that funding would continue to be supplied for the Demo 2000 project which involves the development of a lightweight Telbot® especially for use on oil and gas platforms and which is designed to reduce risk and downtime during tank inspections.

On 24 October 2016 we acquired STABER GmbH, one of the primary suppliers to Wälischmiller, our German remote handling business, including all of its associated technology for a total cash consideration of €7.9m (£6.98m). STABER and Wälischmiller have been working together closely for over 50 years and its acquisition will help drive efficiencies and profitability within the division.

The first stage of integrating STABER into Wälischmiller has been successfully completed, with key personnel being retained and working together effectively, and the extension of the premises in Markdorf, Germany is underway. This will provide additional flexibility and capacity, and consolidates both operations into one facility which will complete the integration process and be of significant benefit.

Following the acquisition of NuVision in August 2017, which has its own range of heavy-duty manipulators, the Group has one of the most technologically advanced ranges of remote handling equipment in the world.

Management

To maximise opportunities and synergies following the strategic progress made during the year, we have strengthened the management in the Engineering division through the appointment of a Divisional Managing Director to oversee Engineering operations across the Group.

Engineering Outlook

We continue to invest in the ongoing development of our products and services within the Engineering division to ensure that they remain at the forefront of innovation and technology. When combined with our existing decommissioning portfolio and strong pipeline of current and potential contracts, the Group is well positioned to benefit from future opportunities and developments, particularly in the nuclear sector where our reputation as a premium supplier of high integrity equipment is already well established.

Tim Davies
Chief Executive Officer
13 November 2017

UNAUDITED CONSOLIDATED INCOME STATEMENT
for the year ended 2 September 2017

	Note	**2017** **£'000**	2016 £'000
Continuing operations			
Revenue	2	**346,224**	314,907
Cost of sales		**(307,543)**	(273,712)
Gross profit		**38,681**	41,195
Distribution costs		**(16,391)**	(15,975)
Administrative expenses		**(14,413)**	(12,450)
Group operating profit (before amortisation and non-recurring items)		**9,278**	12,982
Amortisation and non-recurring items	3	**(1,401)**	(212)
Group operating profit	2	**7,877**	12,770
Finance income		**176**	236
Finance costs		**(864)**	(1,009)
Share of post-tax profit in associates		**1,609**	1,239
Share of post-tax profit in joint ventures		**1,204**	842
Profit before taxation (before amortisation and non-recurring items)		**11,403**	14,290
Amortisation and non-recurring items	3	**(1,401)**	(212)
Profit before taxation	2	**10,002**	14,078
Taxation	4	**(1,707)**	(2,907)
Profit for the year from continuing operations		**8,295**	11,171
Discontinued operations			
Profit for the year from discontinued operations	5	**-**	2,817
Profit for the year		**8,295**	13,988
Profit attributable to:			
Equity shareholders		**7,005**	12,455
Non-controlling interests		**1,290**	1,533
		8,295	13,988
Basic earnings per ordinary share (pence)			
Profit from continuing operations		**7.7**	10.7
Profit from discontinued operations		**-**	3.1
	6	**7.7**	13.8
Diluted earnings per ordinary share (pence)			
Profit from continuing operations		**7.6**	10.5
Profit from discontinued operations		**-**	3.0
		7.6	13.5
Adjusted earnings per ordinary share (pence)			
Profit from continuing operations		**8.9**	10.9
Profit from discontinued operations		**-**	3.1
	6	**8.9**	14.0

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 2 September 2017

	2017 £'000	2016 £'000
Profit for the year	**8,295**	13,988
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
- Foreign exchange translation gains arising on translation of overseas subsidiaries	**1,835**	2,860
- Net investment hedges	**(70)**	687
- Taxation credit/(charge) on net investment hedges	**14**	(137)
Items that will not be reclassified subsequently to profit or loss:		
- Actuarial gains/(losses) on retirement benefit asset/obligation:		
- Group	**4,951**	(2,725)
- Share of associate	**1,070**	(1,216)
- Taxation (charge)/credit on actuarial gains/(losses) on retirement benefit asset/obligation:		
- Group	**(842)**	490
- Share of associate	**(211)**	205
Other comprehensive income for the year, net of tax	**6,747**	164
Total comprehensive income for the year	**15,042**	14,152
Total comprehensive income attributable to:		
Equity shareholders	**13,752**	12,619
Non-controlling interests	**1,290**	1,533
	15,042	14,152

UNAUDITED CONSOLIDATED BALANCE SHEET
as at 2 September 2017

	2017	2016
	£'000	£'000
Assets		
Non-current assets		
Goodwill	**24,241**	11,440
Other intangible assets	**2,266**	286
Property, plant and equipment	**37,149**	35,811
Investment property	**176**	182
Investment in associates	**11,443**	8,667
Interest in joint ventures	**6,590**	6,257
Other investments	**73**	72
Financial assets		
- Non-current receivables	**762**	50
Retirement benefit asset	**5,209**	311
	87,909	63,076
Current assets		
Inventories	**37,023**	33,423
Trade and other receivables	**59,723**	56,940
Current tax assets	**485**	303
Financial assets		
- Derivative financial instruments	**13**	-
- Cash and cash equivalents	**23,887**	48,411
	121,131	139,077
Total assets	**209,040**	202,153
Liabilities		
Current liabilities		
Financial liabilities		
- Borrowings	**(17,060)**	(21,642)
- Derivative financial instruments	**(18)**	(20)
Trade and other payables	**(56,008)**	(46,823)
Current tax liabilities	**(632)**	(470)
	(73,718)	(68,955)
Non-current liabilities		
Financial liabilities		
- Borrowings	**(20,966)**	(18,625)
Deferred tax liabilities	**(4,010)**	(1,817)
Other non-current liabilities	**(4,423)**	(2,668)
	(29,399)	(23,110)
Total liabilities	**(103,117)**	(92,065)
Net assets	**105,923**	110,088
Shareholders' equity		
Share capital	**2,285**	2,280
Share premium	**9,130**	9,111
Other reserves	**80,067**	85,340
Total shareholders' equity	**91,482**	96,731
Non-controlling interests	**14,441**	13,357
Total equity	**105,923**	110,088

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 2 September 2017

	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 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
At 4 September 2016	**2,280**	**9,111**	**(8)**	**706**	**2,895**	**207**	**81,540**	**96,731**	**13,357**	**110,088**
Profit for the Year	**-**	**-**	**-**	**-**	**-**	**-**	**7,005**	**7,005**	**1,290**	**8,295**
Other comprehensive income	**-**	**-**	**-**	**-**	**1,779**	**-**	**4,968**	**6,747**	**-**	**6,747**
Total comprehensive income	**-**	**-**	**-**	**-**	**1,779**	**-**	**11,973**	**13,752**	**1,290**	**15,042**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(19,467)**	**(19,467)**	**(245)**	**(19,712)**
Equity-settled share-based payment transactions, net of tax	**-**	**-**	**-**	**(320)**	**-**	**-**	**766**	**446**	**39**	**485**
Allotment of shares	**5**	**19**	**-**	**-**	**-**	**-**	**-**	**24**	**-**	**24**
Purchase of own shares held in trust	**-**	**-**	**(4)**	**-**	**-**	**-**	**-**	**(4)**	**-**	**(4)**
Transfer	**-**	**-**	**12**	**-**	**-**	**(2)**	**(10)**	**-**	**-**	**-**
At 2 September 2017	**2,285**	**9,130**	**-**	**386**	**4,674**	**205**	**74,802**	**91,482**	**14,441**	**105,923**

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 2 September 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Cash generated from continuing operations	7	**15,094**	6,257
Interest received		**175**	155
Interest paid		**(896)**	(673)
Tax paid		**(1,179)**	(1,098)
Net cash generated from operating activities in continuing operations		**13,194**	4,641
Net cash generated from operating activities in discontinued operations		**-**	5,477
Net cash generated from operating activities		**13,194**	10,118
Cash flows from investing activities			
Acquisition of subsidiaries (net of overdraft/cash acquired)		**(12,640)**	(1,258)
Contingent/deferred consideration paid		**(549)**	-
Disposal of subsidiary, net of costs (including cash disposed)		**-**	23,922
Dividend received from associate and joint ventures		**1,212**	113
Loans to joint ventures		**-**	2,332
Loan repaid by associates		**22**	500
Other loans		**80**	(20)
Purchase of intangible assets		**(371)**	(62)
Proceeds from sale of property, plant and equipment		**691**	349
Purchase of property, plant and equipment		**(2,854)**	(5,788)
Purchase of own shares held in trust		**(4)**	(12)
Redemption of preference shares in joint venture		**150**	150
Net cash (used in)/generated from investing activities in continuing operations		**(14,263)**	20,226
Net cash used in investing activities in discontinued operations		**-**	(449)
Net cash (used in)/generated from investing activities		**(14,263)**	19,777
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**24**	532
Net proceeds from issue of new bank loans		**6,000**	153
Finance lease principal repayments		**(846)**	(925)
Repayment of loan from related party		**-**	(500)
Repayment of borrowings		**(3,110)**	(1,614)
Decrease in other borrowings		**(2,804)**	(192)
Dividends paid to shareholders		**(19,467)**	(3,347)
Dividends paid to related party		**(245)**	-
Net cash used in financing activities in continuing operations		**(20,448)**	(5,893)
Net cash used in financing activities in discontinuing operations		**-**	(1,408)
Net cash used in financing activities		**(20,448)**	(7,301)
Effect of exchange rate changes		**344**	918
Net (decrease)/increase in cash and cash equivalents		**(21,173)**	23,512
Cash and cash equivalents at beginning of the year		**39,787**	16,275
Cash and cash equivalents at end of the year		**18,614**	39,787

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 2 September 2017 or the year ended 3 September 2016. The statutory accounts for the year ended 2 September 2017 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 3 September 2016 were unqualified and have been delivered to the Registrar of Companies.

2. Segmental information

The segmental information for the year ended 2 September 2017 is as follows:

	Agriculture £'000	Engineering £'000	Group £'000
Total segment revenue	315,876	30,390	346,266
Inter segment revenue	(9)	(33)	(42)
Revenue from external customers	315,867	30,357	346,224
EBITDA[1]	11,302	2,084	13,386
Depreciation of property, plant and equipment	(2,696)	(1,397)	(4,093)
Depreciation of investment property	(6)	-	(6)
Profit/(loss) on the disposal of property, plant and equipment	12	(21)	(9)
Operating profit (before amortisation and non-recurring items)	8,612	666	9,278
Amortisation and non-recurring items			(1,401)
Operating profit			7,877
Finance income			176
Finance costs			(864)
			7,189
Share of post-tax profit of associates			1,609
Share of post-tax profit of joint ventures			1,204
Profit before taxation (before amortisation and non-recurring items)			11,403
Amortisation and non-recurring items			(1,401)
Profit before taxation from continuing operations			10,002

[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 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]	12,931	3,555	16,486
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
Operating profit (before amortisation and non-recurring items)	10,398	2,584	12,982
Amortisation and non-recurring items			(212)
Operating profit			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 (before amortisation and non-recurring items)			14,290
Amortisation and non-recurring items			(212)
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)

3. Amortisation and non-recurring items

	2017 £'000	2016 £'000
Amortisation of intangible assets	**124**	205
Goodwill impairment	**1,700**	-
Business combination expenses	**1,349**	7
Release of contingent consideration	**(2,090)**	-
Restructuring costs	**112**	-
Loss on property disposal	**206**	-
	1,401	212

3. Amortisation and non-recurring items (continued)

An impairment of £1.7 million was recognised in the year against the carrying value of goodwill in respect of the Chirton Engineering acquisition in 2014. Business combination expenses of £1.3 million, primarily related to the acquisitions of NuVision Engineering, Inc. and STABER GmbH, were charged to the income statement. Contingent consideration of £2.1 million that will not be payable on the acquisition of Chirton Engineering was credited to the income statement. Restructuring costs of £0.1 million comprise redundancy costs. A loss of £0.2 million was incurred on the disposal of a property that was no longer required following the relocation of one of its Agriculture business stores.

4. Taxation

	2017	2016
	£'000	£'000
Continuing operations		
(a) Analysis of the charge in the year		
Current tax:		
UK corporation tax		
Current year	**887**	952
Adjustment in respect of prior years	**(144)**	173
Foreign tax		
Current year	**591**	680
Adjustment in respect of prior years	**(8)**	-
Group current tax	**1,326**	1,805
Deferred tax:		
Origination and reversal of timing differences		
Current year	**442**	1,177
Adjustment in respect of prior years	**(61)**	(75)
Group deferred tax	**381**	1,102
Tax on profit from ordinary activities	**1,707**	2,907

Continuing operations

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2016: higher) than the rate of corporation tax in the UK of 19.58% (2016: 20%). The differences are explained below:

Profit before taxation	**10,002**	14,078
Tax at 19.58% (2016: 20%)	**1,958**	2,816
Effects of:		
Tax effect of share of profit in associates and joint ventures	**(551)**	(416)
Tax effect of expenses that are not allowable in determining taxable	**494**	-
profit	**(418)**	(105)
Tax effect of non-taxable income	**473**	704
Effects of different tax rates of foreign subsidiaries	**(36)**	(190)
Effects of changes in tax rates	**(213)**	98
Adjustment in respect of prior years		
Total tax charge for the year	**1,707**	2,907

The tax effect of expenses that are not allowable in determining taxable profit includes the non-recurring items of goodwill impairment and business combination expenses (note 3). These have been treated as disallowable for tax purposes.

The tax effect of non-taxable income includes the release of contingent consideration in respect of the Chirton Engineering acquisition in 2014 (note 3).

5. Discontinued operations

In the prior year 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:

	2017 £'000	2016 £'000
Revenue	**-**	71,440
Expenses	**-**	(67,950)
Profit before taxation of discontinued operations	**-**	3,490
Taxation	**-**	(712)
Profit after tax of discontinued operations	**-**	2,778
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

6. Earnings per ordinary 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 91,355,427 (2016: 90,087,357). The calculation of diluted earnings per share is based on 92,125,320 shares (2016: 92,034,155).

Amortisation and non-recurring items that are charged or credited to profit do not relate to the underlying profitability of the Group. Therefore an adjusted earnings per share is presented as follows:

	2017		2016	
	Earnings £'000	**Earnings per share pence**	Earnings £'000	Earnings per share pence
Continuing operations				
Earnings per share – basic	**7,005**	**7.7**	9,638	10.7
Amortisation and non-recurring items:				
Amortisation of intangible assets	**124**	**0.1**	205	0.2
Goodwill impairment	**1,700**	**1.9**	-	-
Business combination expenses	**1,349**	**1.5**	7	-
Release of contingent consideration	**(2,090)**	**(2.3)**	-	-
Restructuring costs	**112**	**0.1**	-	-
Loss on property disposal	**206**	**0.2**	-	-
Taxation effect of the above	**(88)**	**(0.1)**	(47)	-
Non-controlling interest in the above	**(175)**	**(0.2)**	-	-
Earnings per share – adjusted	**8,143**	**8.9**	9,803	10.9
Discontinued operations				
Earnings per share – basic	**-**	**-**	2,817	3.1
Amortisation and non-recurring items:				
Amortisation of intangible assets	**-**	**-**	14	-
Profit on disposal of subsidiary	**-**	**-**	(39)	-
Earnings per share – adjusted	**-**	**-**	2,792	3.1
Total earnings per share – adjusted	**8,143**	**8.9**	12,595	14.0

7. Cash generated from continuing operations

	2017 £'000	2016 £'000
Continuing operations		
Profit for the year	**8,295**	11,171
Adjustments for:		
Tax	**1,707**	2,907
Tax credit in respect of R&D	**(129)**	(176)
Depreciation of property, plant and equipment	**4,093**	3,582
Depreciation of investment property	**6**	6
Goodwill impairment	**1,700**	-
Intangible asset amortisation	**124**	205
Loss/(profit) on disposal of property, plant and equipment	**215**	(84)
Loss on disposal of investment	**-**	10
Release of contingent consideration	**(2,090)**	-
Business combination expenses	**1,299**	-
Amortisation of grants	**(53)**	(53)
Net fair value loss/(gain) on share based payments	**485**	(99)
Net foreign exchange differences	**(152)**	(383)
Net fair value (gains)/losses on derivative financial instruments in operating profit	**(17)**	70
Interest income	**(176)**	(236)
Interest expense and borrowing costs	**901**	1,045
Share of profit from associates and joint ventures	**(2,813)**	(2,081)
Pension contributions – deficit reduction	**-**	(780)
– ongoing	**-**	(108)
IAS19 income statement charge/(credit) excluding interest	**59**	(287)
Changes in working capital (excluding the effects of acquisitions and disposals):		
Increase in inventories	**(2,379)**	(1,620)
Increase in receivables	**(383)**	(3,606)
Increase/(decrease) in payables	**4,402**	(3,226)
Cash generated from continuing operations	**15,094**	6,257

8. 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 in the scheme at 2 September 2017 of £5.2m (2016: £0.3m).

In the year, the retirement benefit charge, excluding interest, in respect of the Carr's Group Pension Scheme was £59,000 (2016: credit of £287,000). 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 as a credit in the prior year income statement.

A Group subsidiary undertaking is a participating employer in a defined benefit pension scheme of the associate, Carrs Billington Agriculture (Operations) Ltd. The IAS19 accounting basis showed a deficit for that scheme at 2 September 2017 of £2.3m (2016: £5.1m). 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 Associates'.

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

	At 4 September 2016 £'000	Cash Flow £'000	Other Non-Cash Changes £'000	Exchange Movements £'000	**At 2 September 2017 £'000**
Cash and cash equivalents	48,411	(24,868)	-	344	**23,887**
Bank overdrafts	(8,624)	3,351	-	-	**(5,273)**
	39,787	(21,517)	-	344	**18,614**
Loans and other borrowings:					
- current	(12,376)	3,506	(1,959)	(122)	**(10,951)**
- non-current	(17,108)	(3,592)	1,382	(107)	**(19,425)**
Finance leases:					
- current	(642)	846	(1,040)	-	**(836)**
- non-current	(1,517)	-	(24)	-	**(1,541)**
Net cash/(debt)	8,144	(20,757)	(1,641)	115	**(14,139)**

10. The Board of Directors approved the preliminary announcement on 13 November 2017.

11. The Company intends to provide a Summary Report and Accounts to shareholders by 6 December 2017. 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