2 May 2023

CARR'S GROUP PLC ("Carr's" or the "Group")
INTERIM RESULTS
For the 26 weeks ended 4 March 2023

Carr's (CARR.L), the Speciality Agriculture and Engineering Group, announces its Interim Results for the 26 weeks ended 4 March 2023.

Financial highlights

	Adjusted[1] H1 2023	Adjusted[1] H1 2022 (restated)[2,3]	+/-
Revenue (£m)	**79.8**	**64.5**	**+23.6%**
Adjusted[1] operating profit (£m)	**5.8**	**7.5**	**-23.4%**
Adjusted[1] profit before tax (£m)	**5.5**	**7.2**	**-23.3%**
Adjusted[1] EPS (p)	**4.9**	**6.1**	**-19.7%**
Net (cash)/debt[4] (£m)	**(8.6)**	**29.9**	

	Statutory H1 2023	Statutory H1 2022 (restated)[2,3]	+/-
Revenue (£m)	**79.8**	**64.5**	**+23.6%**
Operating profit (£m)	**5.1**	**8.0**	**-35.8%**
Profit before tax (£m)	**4.9**	**7.7**	**-36.2%**
Basic EPS (p)	**4.4**	**6.8**	**-35.3%**
Interim dividend (p)	**1.175**	**1.175**	

[1] Adjusted results are consistent with how business performance is measured internally and are presented to aid comparability of performance. Adjusting items are disclosed in note 8.
[2] Prior period restated to provide comparable information for continuing and discontinued operations following the classification of the Carr's Billington Agricultural business as a disposal group. Further details of results from discontinued operations and net assets relating to the disposal group can be found in note 9.
[3] See note 19 for an explanation of the prior period restatements recognised in relation to the recognition of revenue from customer contracts within the Engineering division.
[4] Excluding leases. Further details of net (cash)/debt can be found in note 13.

Highlights

- Revenue increased 24% on prior year, reflecting raw material cost recovery in Speciality Agriculture division
- H1 profits impacted by volumes in Speciality Agriculture and contract timing in Engineering
- Record Engineering order book of £57 million at 28 April, up by 30% from start of the period
- Phasing in engineering work will be favourable in H2, with strong profit generation in the division expected
- Net cash position following receipt of £24 million on completion of disposal of Agricultural Supplies division

Outlook

The outlook for Engineering in the second half of FY2023 is positive. The division has several key contracts coming through in fabrication and robotics, allied to an improved position for the precision engineering business buoyed by activity in oil and gas. These factors will offset the low summer season for Speciality Agriculture which also continues to manage historically high input costs. Acknowledging the challenges ahead, the Board anticipates full year adjusted profit before tax of c.£10m and remains confident in the prospects of both divisions in the medium term.

Peter Page, Chief Executive Officer, commented:

"A strong order book in robotics, fabrication and precision engineering, alongside completion of a long-running defence contract in H1, provides the prospect of a considerable step up in profits from the Engineering division for H2. This will offset the quieter summer months for the Speciality Agriculture division, which is managing a period of unprecedented input costs. The outlook for 2024 and 2025 is encouraging in both divisions."

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About Carr's Group plc:
Carr's is an international leader in manufacturing value added products and solutions, with market leading brands and robust market positions in Agriculture and Engineering, supplying customers around the world. Carr's operates a business model that empowers operating subsidiaries enabling them to be competitive, agile, and effective in their individual markets whilst setting overall standards and goals.

The Speciality Agriculture division manufactures and supplies feed blocks, minerals and boluses containing trace elements and minerals for livestock.

The Engineering division manufactures vessels, precision components and remote handling systems, and provides specialist engineering services, for the nuclear, defence and oil & gas industries.

Interim Management Report

Results (continuing operations only)

During the 26 weeks ended 4 March 2023 revenues increased 24% to £79.8m (H1 2022 restated: £64.5m) reflecting the pass through of unprecedented cost increases in the Speciality Agriculture division. Adjusted operating profit for the Group of £5.8m (H1 2022 restated: £7.5m) was 23% down on the prior year period. Adjusted profit before tax reduced by 23% to £5.5m (H1 2022 restated: £7.2m). Adjusted earnings per share for continuing operations decreased by 20% to 4.9p (H1 2022 restated: 6.1p) for the six month period.

Operational review

Speciality Agriculture

The Speciality Agriculture division manufactures livestock supplements including branded feed blocks, essential minerals, and precision dose trace element boluses, sold to farmers in the UK, Europe, North America, and New Zealand through a long-established distribution network.

	H1 2023	**H1 2022**	**% Change**
Revenue	£57.1m	£42.7m	34%
Adjusted operating profit	£6.0m	£6.5m	(9%)
Adjusted operating margin	10.4%	15.3%	

The increase in revenue in the period follows an increase of 35% in average feed block selling prices to pass through substantial raw material cost increases, impacting total volumes by 13% (excluding joint ventures) compared to prior year.

In the UK, costs of the principal ingredient of feed blocks, sugar cane molasses, have increased by 70% over the past three years, which, with increases in other ingredients along with energy and labour, has necessitated a 45% increase in selling prices over the past two years. When combined with 45% increases in other feed costs, a 180% uplift in fertiliser prices and 60% on diesel, livestock customers have inevitably limited expenditure, particularly impacting UK sales volumes during a mild autumn and winter that supported continued grazing for longer than usual. Feed block volumes in the UK were down by a quarter on the first half of FY2022, a situation that was consistent across the majority of distributors.

In the USA, molasses costs have increased 50% since 2019, and non-molasses ingredient costs are up by 65%, resulting in a 47% year on year increase in the selling price for feed blocks. At the same time, the USA has been severely impacted by three years of drought, with the US Department of Agriculture Drought Mitigation Center reporting 41% of the national cattle herd being in areas experiencing drought. In key market areas for feed blocks, ranch-based cow calf herd headcount has reduced by up to 40%, in part reflecting the drought impact, but also occurring as the US beef industry reaches the low point of a 10-year production cycle. As a result of all these factors, volumes sold (excluding joint ventures) were 10% down on last year, limiting scope to recover fixed costs in the business.

At the UK animal health business acquired in 2018, revenues were down 11% compared to the prior year, principally related to lower sheep bolus volumes in one market where favourable weather and general market conditions limited demand.

Management maintains a positive longer-term outlook for the Speciality Agriculture division from FY2024 onwards, whilst recognising that H2 for the current year will remain challenging. In the UK and Ireland, farm input prices, particularly for feed and fertiliser, are coming down, easing the pressure on customer spending budgets. At the same time, farmgate prices for dairy, beef and lamb are strong, particularly when compared to 10-year historic averages, such that investment in the quality of inputs will be repaid by the marginal gain in revenue-related traits of daily liveweight gain and milk yield. In the USA, the area affected by drought is markedly reduced from 12 months previously, whilst the cyclical outlook specifically for beef will improve as herds rebuild over the next five years.

Management action at the UK animal health business and at the US speciality protein business lays the foundations for improved profitability. Each of the Speciality Agriculture businesses is founded on respected brands with a track record of quality, innovation and service, that will support sales as markets recover from recent extraordinary conditions.

Engineering

The Engineering division comprises specialist fabrication and precision engineering businesses in the UK, robotics businesses in the UK, Europe and USA, and engineering solutions businesses in the UK and USA.

	H1 2023	H1 2022 (restated)	% Change
Revenue	£22.6m	£21.8m	4%
Adjusted operating profit	£1.1m	£2.0m	(44%)
Adjusted operating margin	4.9%	9.2%	

Performance in the division was below the prior year in H1 due to phasing of contracts and completion of a long-running defence contract that has impacted margins.

The order book has strengthened during the first half, with £41.3m recorded at the period end, ahead of the year end position of £40.6m. Significant contract wins since the end of February 2023 leave the order book standing at £57m at the end of April. This improved position will support performance during the second half of the year and into FY2024.

Fabrication and precision engineering revenues were up 27% in the period, supported by continued high activity levels in the nuclear sector and strong order intake from the oil and gas sector.

Revenues in the robotics business were down on last year, a reflection of temporary lower order receipts in this business during prior year, FY2022. With a significant uplift in order intake year to date, this part of the division's order book now stands at record levels, including a £1.5m contract in the emerging nuclear medicine sector and a prestigious £10m contract for the UK's National Nuclear Laboratory, the largest single contract signed by Wälischmiller.

Management is confident in the outlook for the Engineering division beyond the current financial year, with confirmed high value contracts continuing into FY2024 and FY2025, a well-balanced spread of current orders across all the business units in the division, and a stronger market for precision engineering. The pipeline of opportunities and prospects beyond confirmed orders is very encouraging. The division is increasingly focused on the specific opportunities that match its market leading skills, technical strengths and high-quality manufacturing assets.

Disposal of Agricultural Supplies

The sale of the Agricultural Supplies division was completed on 26 October 2022, with receipt of £24.7 million in cash. Trading continued in the division until the completion date, during which period trading profit after tax was £0.8m.

The Agricultural Supplies division was treated as a discontinued operation in the accounts for the year ended 3 September 2022, with trading disclosed separately and the net assets of that business categorised as held for resale. An assessment of the fair value of the net assets was undertaken at the year end, resulting in a loss on measurement to fair value less costs to sell of £6.2m. Subsequent to the year end, during the process to complete the accounting treatment of the disposal, an adjustment related to the book cost of assets sold was identified, increasing the loss on disposal by £2.7m. Of this, £1.3m is attributable to the Group with the remainder allocated to the non-controlling interest's share of the loss on disposal. There is no impact on the cash proceeds received to date nor on future consideration receivable as a result of this.

The results and financial position of the Group's discontinued operations for the year ended 3 September 2022 have been restated to reflect the impact of this adjustment and full details are provided in note 9.

The process to close the completion accounts for the sale is underway and will be finished during the current financial year. Unconditional deferred consideration of £4m is due for payment in October 2023, in line with the sale agreement, leading to full receipt of the anticipated net proceeds of £29m, excluding any benefits from potential property related transactions over the next 2-3 years.

Financial review (Continuing Operations)

Adjusted results

Revenue increased by 24% to £79.8m (H1 2022 restated: £64.5m), with year on year increases of 34% in Speciality Agriculture and 4% in Engineering.

Adjusted operating profit fell 23.4% to £5.8m (H1 2022 restated: £7.5m). Both divisions were below last year with Engineering down 44% and Speciality Agriculture below 2022 by 9%.

Central costs were 32% higher at £1.3m (H1 2022: £1.0m) driven by the impact of inflationary pay increases and the costs of early settlement of borrowings, with the benefit of the latter expected in reduced financing costs in the balance of the financial year.

Net finance costs of £0.2m (H1 2022: £0.3m) were slightly lower than the prior period. Higher interest rates were offset by lower borrowings across the period after existing facilities were reduced using consideration received from the sale of the Carr's Billington business.

The Group's adjusted profit before tax decreased by 23% to £5.5m (H1 2022 restated: £7.2m). Adjusted earnings per share decreased by 19.7% to 4.9p (H1 2022: restated 6.1p).

Adjusting items

The Group provides the adjusted profit measures referred to above to present additional useful information on business performance consistent with how business performance is measured internally. These measures show underlying profits before certain adjusting items. Adjusting items related to continuing operations during the period were a net charge before tax of £0.6m (H1 2022: credit of £0.5m), with full details included in note 8.

Statutory results

Reported operating profit on a statutory basis was £5.1m (H1 2022 restated: £8.0m) and reported profit before tax was £4.9m (H1 2022 restated: £7.7m). Basic earnings per share on a statutory basis was 4.4p (H1 2022: restated 6.8p).

Balance sheet and cash flow

Net cash generated from operating activities in the first half was £0.6m (H1 2022: cash consumed of £15.2m). Cash generated from continuing operations in the period of £3.6m was ahead of the same period last year (cash generated of £1.0m), while discontinued operations consumed cash of £3.0m (H1 2022: cash consumed of £16.1m).

Excluding leases, the Group moved from net debt of £14.0m at the financial year end to a net cash position of £8.6m at 4 March 2023. This change has been driven by proceeds received (net of professional fees paid and cash disposed) of £24.3m related to the sale of the Carr's Billington Agriculture business, which has supported a reduction in borrowings during the period of £19.4m. The working capital outflow in the period was £1.6m (H1 2022: £5.6m) driven by a reduction in inventory levels since year end, offset by an increase in accounts receivable, due in part to the continued high selling prices in Speciality Agriculture.

The Group's defined benefit pension scheme remains in surplus, with a balance of £5.9m compared to £6.8m at 3 September 2022. The process towards a potential full buy-out of the scheme is progressing.

Shareholders' equity at 4 March 2023 was £120.3m (3 September 2022 restated: £119.2m).

A first interim dividend of 1.175 pence per ordinary share will be paid on 19 June 2023 to shareholders on the register on 12 May 2023. The ex-dividend date will be 11 May 2023.

Principal Risks and Uncertainties

The Group has a process in place to identify and assess the impact of risks on its business, which is reviewed and updated regularly. The principal risks and uncertainties for the remainder of the financial year are not considered to have changed materially from those included on pages 24 to 26 of the Annual Report and Accounts 2022 (available on the Company's website at http://investors.carrsgroup.com).

Outlook

The outlook for Engineering in the second half of FY2023 is positive. The division has several key contracts coming through in fabrication and robotics, allied to an improved position for the precision engineering business buoyed by activity in oil and gas. These factors will offset the low summer season for Speciality Agriculture which also continues to manage historically high input costs. Acknowledging the challenges ahead, the Board anticipates full year adjusted profit before tax of c.£10m and remains confident in the prospects of both divisions in the medium term.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the 26 weeks ended 4 March 2023

	Notes	26 weeks ended 4 March 2023 (unaudited) £'000	26 weeks ended 26 February 2022 (unaudited) (restated)[2,3] £'000	53 weeks ended 3 September 2022 (audited) (restated)[3] £'000
Continuing operations				
Revenue	6,7	**79,754**	64,533	124,240
Cost of sales		**(62,032)**	(47,396)	(94,632)
Gross profit		**17,722**	17,137	29,608
Net operating expenses		**(14,178)**	(9,928)	(22,216)
Share of post-tax results of joint ventures	6	**1,596**	793	840
Adjusted[1] operating profit	6	**5,766**	7,525	11,906
Adjusting items	8	**(626)**	477	(3,674)
Operating profit	6	**5,140**	8,002	8,232
Finance income		**382**	161	351
Finance costs		**(609)**	(460)	(1,017)
Adjusted[1] profit before taxation	6	**5,539**	7,226	11,240
Adjusting items	8	**(626)**	477	(3,674)
Profit before taxation	6	**4,913**	7,703	7,566
Taxation		**(753)**	(1,366)	(1,524)
Adjusted[1] profit for the period from continuing operations		**4,638**	5,674	9,374
Adjusting items	8	**(478)**	663	(3,332)
Profit for the period from continuing operations		**4,160**	6,337	6,042
Discontinued operations				
Profit/(loss) for the period from discontinued operations (including held for sale)	9	**-**	2,005	(4,923)
Profit for the period		**4,160**	8,342	1,119
Profit attributable to:				
Equity shareholders		**3,946**	7,558	3,733
Non-controlling interests[4]		**214**	784	(2,614)
		4,160	8,342	1,119
Earnings per ordinary share (pence)				
Basic				
Profit from continuing operations	10	**4.4**	6.8	6.4
(Loss)/profit from discontinued operations	10	**(0.2)**	1.3	(2.4)
	10	**4.2**	8.1	4.0
Diluted				
Profit from continuing operations	10	**4.4**	6.7	6.4
(Loss)/profit from discontinued operations	10	**(0.2)**	1.3	(2.4)
	10	**4.2**	8.0	4.0

[1] Adjusted results are consistent with how business performance is measured internally and is presented to aid comparability of performance. Adjusting items are discussed in note 8. An alternative performance measures glossary can be found in note 20.

[2] Restated to provide comparable information for continuing and discontinued operations following the classification of the Carr's Billington Agricultural business as a disposal group. Further details of results from discontinued operations and net assets relating to the disposal group can be found in note 9.

[3] See note 19 for an explanation of the prior period restatements to the period ended 26 February 2022 recognised in relation to the recognition of revenue from customer contracts within the Engineering division and notes 9 and 19 in respect of the prior year restatement to the year ended 3 September 2022 to discontinued operations.

[4] Non-controlling interests relate to businesses in the disposal group.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 26 weeks ended 4 March 2023

	Notes	26 weeks ended 4 March 2023 (unaudited) £'000	26 weeks ended 26 February 2022 (unaudited) (restated)[2] £'000	53 weeks Ended 3 September 2022 (audited) (restated)[2] £'000
Profit for the period		**4,160**	8,342	1,119
Other comprehensive (expense)/income				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange translation (losses)/gains arising on translation of overseas subsidiaries		**(666)**	111	4,288
Net investment hedges		**-**	133	60
Taxation charge on net investment hedges		**-**	(25)	(11)
Items that will not be reclassified subsequently to profit or loss:				
Actuarial (losses)/gains on retirement benefit asset:				
- Group	15	**(1,445)**	530	(2,576)
- Share of associate (YE 2022: included in disposal group held for sale)		**-**	-	(287)
Taxation credit/(charge) on actuarial (losses)/gains on retirement benefit asset:				
- Group		**361**	(133)	644
- Share of associate (YE 2022: included in disposal group held for sale)		**-**	-	72
Other comprehensive (expense)/income for the period, net of tax		**(1,750)**	616	2,190
Total comprehensive income for the period		**2,410**	8,958	3,309
Total comprehensive income attributable to:				
Equity shareholders		**2,196**	8,174	5,923
Non-controlling interests[1]		**214**	784	(2,614)
		2,410	8,958	3,309
Total comprehensive income attributable to:				
Continuing operations		**2,410**	6,953	8,447
Discontinued operations		**-**	2,005	(5,138)
		2,410	8,958	3,309

[1] Non-controlling interests relate to businesses included in the disposal group.
[2] See note 19 for an explanation of the prior period restatements to the period ended 26 February 2022 recognised in relation to the recognition of revenue from customer contracts within the Engineering division and notes 9 and 19 in respect of the prior year restatement to the year ended 3 September 2022 to discontinued operations.

CONDENSED CONSOLIDATED BALANCE SHEET
As at 4 March 2023

	Notes	As at 4 March 2023 (unaudited) £'000	As at 26 February 2022 (unaudited) (restated)[1] £'000	As at 3 September 2022 (audited) (restated)[1] £'000
Non-current assets				
Goodwill	12	**23,351**	31,634	23,609
Other intangible assets	12	**4,277**	4,656	4,635
Property, plant and equipment	12	**30,694**	37,155	33,204
Right-of-use assets	12	**7,891**	15,816	8,223
Investment property	12	**2,680**	149	74
Investment in associate		**-**	14,687	-
Interest in joint ventures		**7,525**	8,445	6,065
Other investments		**31**	72	32
Contract assets		**316**	310	316
Financial assets				
- Non-current receivables		**23**	20	23
Retirement benefit asset	15	**5,874**	9,964	6,828
Deferred tax asset		**205**	70	213
		82,867	122,978	83,222
Current assets				
Inventories		**24,856**	51,926	26,990
Contract assets		**7,124**	6,623	7,564
Trade and other receivables		**27,479**	82,356	19,015
Current tax assets		**3,149**	3,216	3,866
Financial assets				
- Cash and cash equivalents	13	**23,493**	28,457	22,515
Assets included in disposal group classified as held for sale	9	**-**	-	145,801
		86,101	172,578	225,751
Total assets		**168,968**	295,556	308,973
Current liabilities				
Financial liabilities				
- Borrowings	13	**(9,392)**	(37,069)	(12,734)
- Leases		**(1,325)**	(3,301)	(1,416)
- Derivative financial instruments		**(41)**	-	(62)
Contract liabilities		**(3,165)**	(1,706)	(2,426)
Trade and other payables		**(18,717)**	(74,054)	(21,000)
Current tax liabilities		**(166)**	(254)	(711)
Liabilities included in disposal group classified as held for sale	9	**-**	-	(101,566)
		(32,806)	(116,384)	(139,915)
Non-current liabilities				
Financial liabilities				
- Borrowings	13	**(5,470)**	(21,246)	(23,805)
- Leases		**(5,769)**	(11,982)	(6,128)
Deferred tax liabilities		**(4,648)**	(5,560)	(5,048)
Other non-current liabilities		**(20)**	(28)	(336)
		(15,907)	(38,816)	(35,317)
Total liabilities		**(48,713)**	(155,200)	(175,232)
Net assets		**120,255**	140,356	133,741
Shareholders' equity				
Share capital	16	**2,351**	2,349	2,350
Share premium	16	**10,522**	10,465	10,500
Other reserves		**6,121**	2,841	6,988
Retained earnings		**101,261**	106,737	99,318
Total shareholders' equity		**120,255**	122,392	119,156
Non-controlling interests		**-**	17,964	14,585
Total equity		**120,255**	140,356	133,741

[1] See note 19 for an explanation of the prior period restatements to the period ended 26 February 2022 recognised in relation to the recognition of revenue from customer contracts within the Engineering division and notes 9 and 19 in respect of the prior year restatement to the year ended 3 September 2022 to discontinued operations and non-current assets held for sale.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 26 weeks ended 4 March 2023

	Share Capital £'000	Share Premium £'000	Equity Compensation Reserve £'000	Foreign Exchange Reserve £'000	Other Reserve £'000	Retained Earnings £'000	Total Shareholders' Equity £'000	Non-Controlling Interests £'000	Total Equity £'000
As previously reported at 3 September 2022 (audited)	2,350	10,500	528	6,268	192	100,657	120,495	15,976	136,471
Prior period adjustment[1]	-	-	-	-	-	(1,339)	(1,339)	(1,391)	(2,730)
At 4 September 2022 (restated)[1]	2,350	10,500	528	6,268	192	99,318	119,156	14,585	133,741
Profit for the period	-	-	-	-	-	3,946	3,946	214	4,160
Other comprehensive expense	-	-	-	(666)	-	(1,084)	(1,750)	-	(1,750)
Total comprehensive (expense)/income	-	-	-	(666)	-	2,862	2,196	214	2,410
Dividends paid	-	-	-	-	-	(1,104)	(1,104)	-	(1,104)
Equity-settled share-based payment transactions	-	-	(16)	-	-	-	(16)	-	(16)
Allotment of shares	1	22	-	-	-	-	23	-	23
Sale of disposal group	-	-	-	-	-	-	-	(14,799)	(14,799)
Transfer	-	-	(184)	-	(1)	185	-	-	-
At 4 March 2023 (unaudited)	**2,351**	**10,522**	**328**	**5,602**	**191**	**101,261**	**120,255**	**-**	**120,255**
As previously reported at 28 August 2021 (audited)	2,343	10,155	480	1,903	195	103,006	118,082	17,152	135,234
Prior period adjustment[1]	-	-	-	28	-	(711)	(683)	-	(683)
At 29 August 2021 (restated)[1]	2,343	10,155	480	1,931	195	102,295	117,399	17,152	134,551
Profit for the period (restated)[1]	-	-	-	-	-	7,558	7,558	784	8,342
Other comprehensive income	-	-	-	219	-	397	616	-	616
Total comprehensive income (restated)[1]	-	-	-	219	-	7,955	8,174	784	8,958
Dividends paid	-	-	-	-	-	(3,583)	(3,583)	-	(3,583)
Equity-settled share-based payment transactions	-	-	86	-	-	-	86	28	114
Allotment of shares	6	310	-	-	-	-	316	-	316
Transfer	-	-	(68)	-	(2)	70	-	-	-
At 26 February 2022 (unaudited) (restated)[1]	2,349	10,465	498	2,150	193	106,737	122,392	17,964	140,356
As previously reported at 28 August 2021 (audited)	2,343	10,155	480	1,903	195	103,006	118,082	17,152	135,234
Prior period adjustment[1]	-	-	-	28	-	(711)	(683)	-	(683)
At 29 August 2021 (restated)[1]	2,343	10,155	480	1,931	195	102,295	117,399	17,152	134,551
Profit/(loss) for the period (restated)[1]	-	-	-	-	-	3,733	3,733	(2,614)	1,119
Other comprehensive income/(expense)	-	-	-	4,337	-	(2,147)	2,190	-	2,190
Total comprehensive income/(expense) (restated)[1]	-	-	-	4,337	-	1,586	5,923	(2,614)	3,309
Dividends paid	-	-	-	-	-	(4,687)	(4,687)	-	(4,687)
Equity-settled share-based payment transactions	-	-	199	-	-	-	199	50	249
Excess deferred taxation on share-based payments	-	-	-	-	-	(30)	(30)	(3)	(33)
Allotment of shares	7	345	-	-	-	-	352	-	352
Transfer	-	-	(151)	-	(3)	154	-	-	-
At 3 September 2022 (audited) (restated)[1]	2,350	10,500	528	6,268	192	99,318	119,156	14,585	133,741

[1] See note 19 for an explanation of the prior period restatements to the period ended 26 February 2022 recognised in relation to the recognition of revenue from customer contracts within the Engineering division and notes 9 and 19 in respect of the prior year restatement to the year ended 3 September 2022 to discontinued operations.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the 26 weeks ended 4 March 2023

	Notes	26 weeks ended 4 March 2023 (unaudited) £'000	26 weeks ended 26 February 2022 (unaudited) £'000	53 weeks ended 3 September 2022 (audited) £'000
Cash flows from operating activities				
Cash generated from continuing operations	17	**4,040**	1,948	4,473
Interest received		**225**	74	179
Interest paid		**(663)**	(471)	(986)
Tax paid		**(38)**	(579)	(805)
Net cash generated from operating activities in continuing operations		**3,564**	972	2,861
Net cash used in operating activities in discontinued operations		**(2,952)**	(16,144)	(6,901)
Net cash generated from/(used in) operating activities		**612**	(15,172)	(4,040)
Cash flows from investing activities				
Sale of disposal group (net of cash disposed and costs to sell)		**24,341**	-	-
Acquisition of subsidiaries (net of cash acquired)		**-**	-	(426)
Dividends received from joint ventures		**-**	1,626	2,250
Purchase of intangible assets		**(157)**	(1)	(342)
Proceeds from sale of property, plant and equipment		**-**	17	31
Purchase of property, plant and equipment		**(1,970)**	(1,531)	(3,696)
Proceeds from sale of investment property		**-**	-	149
Net cash generated from/(used in) investing activities in continuing operations		**22,214**	111	(2,034)
Net cash used in investing activities in discontinued operations		**(604)**	(479)	(2,749)
Net cash generated from/(used in) investing activities		**21,610**	(368)	(4,783)
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		**23**	316	352
New financing and drawdowns on RCF		**4,741**	5,311	10,051
Repayment of RCF drawdowns		**(21,741)**	(6,000)	(8,000)
Lease principal repayments		**(764)**	(770)	(1,550)
Repayment of borrowings		**(4,011)**	(1,406)	(2,840)
Dividends paid to shareholders		**(1,104)**	(3,583)	(4,687)
Net cash used in financing activities in continuing operations		**(22,856)**	(6,132)	(6,674)
Net cash (used in)/generated from financing activities in discontinued operations		**(9,599)**	22,405	20,324
Net cash (used in)/generated from financing activities		**(32,455)**	16,273	13,650
Effects of exchange rate changes		**33**	39	332
Net (decrease)/increase in cash and cash equivalents		**(10,200)**	772	5,159
Cash and cash equivalents at beginning of the period		**24,856**	19,696	19,696
Cash and cash equivalents at end of the period		**14,656**	20,468	24,855
Cash and cash equivalents consist of:				
Cash and cash equivalents per the balance sheet		**23,493**	28,457	22,515
Cash and cash equivalents of disposal group classified as held for sale	9	**-**	-	12,074
Bank overdrafts included in borrowings		**(8,837)**	(7,989)	(9,734)
		14,656	20,468	24,855

Statement of Directors' responsibilities

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first 26 weeks of the year and their impact on the condensed set of interim financial statements, and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial year; and
- material related party transactions in the first 26 weeks of the year and any material changes in the related party transactions described in the last Annual Report.

The Directors are listed in the Annual Report and Accounts 2022. A list of current Directors is maintained on the website: www.carrsgroup.com

On behalf of the Board

Peter Page
Chief Executive Officer
2 May 2023

David White
Chief Financial Officer
2 May 2023

Unaudited notes to condensed interim financial information

1. General information

The Group operates two divisions: Speciality Agriculture and Engineering. The previously reported division of Agricultural Supplies was disposed on 26 October 2022 and is disclosed as a discontinued operation throughout the condensed consolidated interim financial statements. The Company is a public limited company, which is listed on the London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is Old Croft, Stanwix, Carlisle, Cumbria CA3 9BA.

These condensed interim financial statements were approved for issue on 2 May 2023.

The comparative figures for the financial year ended 3 September 2022 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Basis of preparation

These condensed interim financial statements for the 26 weeks ended 4 March 2023 have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The annual financial statements of the Group for the year ending 2 September 2023 will be prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, this condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 3 September 2022 which were prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006 applicable to companies reporting under those standards.

The Group is expected to have a sufficient level of financial resources available through operating cash flows and existing bank facilities for a period of at least 12 months from the signing date of these condensed consolidated interim financial statements. The Group has operated within all its banking covenants throughout the period. In addition, the Group's main banking facility is in place until December 2024.

Detailed cash forecasts continue to be updated regularly for a period of at least 12 months from the reporting period end. These forecasts are sensitised for various worst case scenarios including increases in costs, reduction in revenues, increases to customer payment terms and delays on securing orders. The results of this stress testing showed that, due to the stability of the core business, the Group would be able to withstand the impact of these severe but plausible downside scenarios occurring over the period of the forecasts.

In addition, several other mitigating measures remain available and within the control of the Directors that were not included in the scenarios. These include withholding discretionary capital expenditure and reducing or cancelling future dividend payments.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the signing date of these condensed consolidated interim financial statements. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

3. Accounting policies and prior period restatements

The accounting policies adopted are consistent with those of the previous financial year except for:

Taxation
Income taxes are accrued based on management's estimate of the weighted average annual income tax rate expected for the full financial year based on enacted or substantively enacted tax rates as at 4 March 2023. Our effective tax rate in respect of continuing operations was 22.7% (H1 2022: restated 19.8%) after adjusting for results from joint ventures, which are reported net of tax. The higher effective tax rate reflects the non-taxable adjustments to contingent consideration (note 8) in the prior period together with changes in the mix of overseas profits compared to the prior period.

Prior period restatements
The results and financial position of the Group for the period ended 26 February 2022 have been restated to reflect the impact of the prior period restatements recognised in the Annual Report and Accounts for the year ended 3 September 2022. The restatements were in respect of revenue recognised under IFRS15 (Revenue from Contracts with Customers) within the Engineering division and discontinued operations. A further prior period restatement, impacting the year to 3 September 2022, has been made in these interim financial statements in relation to the measurement to fair value less costs to sell of the disposal group. Further details of these restatements can be found in notes 9 and 19.

4. Significant judgements and estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 53 weeks ended 3 September 2022, with the exception of changes in estimates that are required in determining the provision for income taxes as explained in note 3.

5. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 3 September 2022.

6. Operating segment information

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

The CODM considers the business from a product/services perspective. Reportable operating segments of continuing operations have been identified as Speciality Agriculture and Engineering. The previously reported operating segment of Agricultural Supplies, which was disposed of on 26 October 2022, is disclosed as a discontinued operation in the segmental reporting tables below. Prior period disclosures have been restated to aid comparability. Central comprises the central business activities of the Group's head office, which earns no external revenues. Prior period disclosures have also been restated in respect of the recognition of revenue from customer contracts within the Engineering division and discontinued operations, and the restatement of the loss for the

6. Operating segment information (continued)

period from discontinued operations. Further details of the prior period restatements can be found in notes 9 and 19.

Performance is assessed using adjusted operating profit. For internal purposes the CODM assesses operating profit before material adjusting items (note 8) consistent with the presentation in the financial statements. The CODM believes this measure provides a better reflection of the Group's underlying performance. Sales between segments are carried out at arm's length.

The following tables present revenue, profit, asset and liability information regarding the Group's operating segments for the 26 weeks ended 4 March 2023 and the comparative periods.

26 weeks ended 4 March 2023	**Speciality Agriculture £'000**	**Engineering £'000**	**Central £'000**	**Continuing Group £'000**	**Discontinued operations £'000**
Total segment revenue	**58,461**	**22,646**	**-**	**81,107**	**63,799**
Inter segment revenue	**(1,320)**	**(33)**	**-**	**(1,353)**	**(2)**
Revenue from external customers	**57,141**	**22,613**	**-**	**79,754**	**63,797**
Adjusted[1] EBITDA[2]	**5,346**	**2,313**	**(1,200)**	**6,459**	**576**
Depreciation, amortisation and profit/(loss) on disposal of non-current assets	**(978)**	**(1,196)**	**(115)**	**(2,289)**	**-**
Share of post-tax results of associate and joint ventures	**1,596**	**-**	**-**	**1,596**	**517**
Adjusted[1] operating profit/(loss)	**5,964**	**1,117**	**(1,315)**	**5,766**	**1,093**
Adjusting items (note 8)	**(546)**	**(231)**	**151**	**(626)**	**(798)**
Operating profit/(loss)	**5,418**	**886**	**(1,164)**	**5,140**	**295**
Finance income				**382**	**-**
Finance costs				**(609)**	**(216)**
Adjusted[1] profit before taxation				**5,539**	**877**
Adjusting items (note 8)				**(626)**	**(798)**
Profit before taxation				**4,913**	**79**
Taxation of discontinued operations					**(79)**
Result for the period from discontinued operations (note 9)					**-**
Segment gross assets	**61,795**	**77,199**	**29,974**	**168,968**	**-**
Segment gross liabilities	**(16,093)**	**(24,471)**	**(8,149)**	**(48,713)**	**-**

[1] Adjusted results are consistent with how business performance is measured internally and is presented to aid comparability of performance. Adjusting items are disclosed in note 8.

[2] Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets and before share of post-tax results of associate and joint ventures.

6. Operating segment information (continued)

The segmental information for the 26 weeks ended 26 February 2022 has been restated to present continuing operations and discontinued operations separately. This is to aid comparability with the segmental information for the other periods presented. Prior period disclosures have also been restated in respect of the recognition of revenue from customer contracts within the Engineering division and discontinued operations. Further details of the prior period restatements can be found in notes 9 and 19.

26 weeks ended 26 February 2022 (restated)

	Speciality Agriculture £'000	Engineering £'000	Central £'000	Continuing Group £'000	Discontinued operations £'000
Total segment revenue	46,953	21,897	-	68,850	152,546
Inter segment revenue	(4,267)	(50)	-	(4,317)	(2)
Revenue from external customers	42,686	21,847	-	64,533	152,544
Adjusted[1] EBITDA[2]	6,463	3,133	(890)	8,706	4,229
Depreciation, amortisation and profit/(loss) on disposal of non-current assets	(738)	(1,128)	(108)	(1,974)	(1,310)
Share of post-tax results of associate (adjusted[1]) and joint ventures	793	-	-	793	883
Adjusted[1] operating profit/(loss)	6,518	2,005	(998)	7,525	3,802
Adjusting items (note 8)	(244)	1,096	(375)	477	(1,244)
Operating profit/(loss)	6,274	3,101	(1,373)	8,002	2,558
Finance income				161	-
Finance costs				(460)	(231)
Adjusted[1] profit before taxation				7,226	3,571
Adjusting items (note 8)				477	(1,244)
Profit before taxation				7,703	2,327
Taxation of discontinued operations					(322)
Profit for the period from discontinued operations (note 9)					2,005
Segment gross assets	49,940	75,164	22,794	147,898	147,658
Segment gross liabilities	(13,803)	(23,490)	(26,606)	(63,899)	(91,301)

[1] Adjusted results are consistent with how business performance is measured internally and is presented to aid comparability of performance. Adjusting items are disclosed in note 8.

[2] Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets and before share of post-tax results of associate and joint ventures.

6. Operating segment information (continued)

The segmental information for the 53 weeks ended 3 September 2022 has been restated in respect of the measurement to fair value less costs to sell of the disposal group. Further details of the prior period restatement can be found in notes 9 and 19.

53 weeks ended 3 September 2022 (restated)

	Speciality Agriculture £'000	Engineering £'000	Central £'000	Continuing Group £'000	Discontinued operations £'000
Total segment revenue	84,321	46,347	-	130,668	343,844
Inter segment revenue	(6,244)	(184)	-	(6,428)	(6)
Revenue from external customers	78,077	46,163	-	124,240	343,838
Adjusted[1] EBITDA[2]	9,869	7,693	(2,487)	15,075	7,586
Depreciation, amortisation and profit/(loss) on disposal of non-current assets	(1,532)	(2,326)	(151)	(4,009)	(2,693)
Share of post-tax results of associate (adjusted[1]) and joint ventures	840	-	-	840	2,016
Adjusted[1] operating profit/(loss)	9,177	5,367	(2,638)	11,906	6,909
Adjusting items (note 8)	131	(3,351)	(454)	(3,674)	(10,465)
Operating profit/(loss)	9,308	2,016	(3,092)	8,232	(3,556)
Finance income				351	-
Finance costs				(1,017)	(756)
Adjusted[1] profit before taxation				11,240	6,153
Adjusting items (note 8)				(3,674)	(10,465)
Profit/(loss) before taxation				7,566	(4,312)
Taxation of discontinued operations					(611)
Loss for the period from discontinued operations (note 9)					(4,923)
Segment gross assets	58,972	79,821	24,379	163,172	145,801
Segment gross liabilities	(15,739)	(28,383)	(29,544)	(73,666)	(101,566)

[1] Adjusted results are consistent with how business performance is measured internally and is presented to aid comparability of performance. Adjusting items are disclosed in note 8.

[2] Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets and before share of post-tax results of associate and joint ventures.

7. Disaggregation of revenue

The following table presents the continuing Group's reported revenue disaggregated based on the timing of revenue recognition.

Timing of revenue recognition	26 weeks ended 4 March 2023 £'000	26 weeks ended 26 February 2022 (restated) £'000	53 weeks ended 3 September 2022 £'000
Over time	**12,350**	13,592	28,919
At a point in time	**67,404**	50,941	95,321
	79,754	64,533	124,240

All revenue in respect of discontinued operations is recognised at a point in time.

8. Adjusting items

	26 weeks ended 4 March 2023 £'000	26 weeks ended 26 February 2022 £'000	53 weeks ended 3 September 2022 (restated) £'000
Continuing operations			
Amortisation of acquired intangible assets (i)	**476**	468	940
Adjustments to contingent consideration (ii)	**-**	(1,320)	(1,320)
Strategic review costs (iii)	**(151)**	375	455
Gain on acquisition of Afgritech (iv)	**-**	-	(733)
Cloud configuration and customisation costs – Group (v)	**301**	-	113
Goodwill impairment (vi)	**-**	-	4,219
Charge/(credit) included in profit before taxation	**626**	(477)	3,674
Taxation effect of the above adjusting items	**(148)**	(186)	(342)
Charge/(credit) included in profit for the period from continuing operations	**478**	(663)	3,332
Discontinued operations			
Loss on fair value measurement less costs to sell (vii)	**798**	-	9,106
Cloud configuration and customisation costs – Group (v)	**-**	983	974
Cloud configuration and customisation costs – share of associate (v)	**-**	261	365
Acquisition-related costs (viii)	**-**	-	20
Charge pre-tax included in discontinued operations	**798**	1,244	10,465
Taxation effect of the above adjusting items	**-**	(187)	(186)
Charge post-tax included in discontinued operations	**798**	1,057	10,279

(i) Amortisation of acquired intangible assets which do not relate to the underlying profitability of the Group but rather relate to costs arising on acquisition of businesses.

(ii) Adjustments to contingent consideration arise from the revaluation of contingent consideration in respect of acquisitions to fair value at the year end. Movements in fair value arise from changes to the expected payments since the previous year end based on actual results and updated forecasts. Any increase or decrease in fair value is recognised through the income statement.

(iii) Strategic review costs include external advisor fees incurred in the development of the Group's strategy.

(iv) In the prior year the Group acquired the remaining 50% shareholding in Afgritech Ltd and the financial position and performance of the business, together with that of its 100% owned subsidiary Afgritech LLC, was fully consolidated from the date of acquisition. The Group's joint venture interest was effectively disposed of at this acquisition date with a gain of £197,000, being the difference between the carrying value and the fair value of the joint venture interest, recognised. Also included in the amount in the table above are foreign exchange gains of £559,000 that were recycled from the foreign exchange reserve to the income statement on disposal, acquisition-related costs of £27,000 and negative goodwill of £4,000.

(v) Costs relating to material spend previously capitalised in relation to the implementation of the Group's, and associate's, ERP system that have now been expensed following the adoption of the IFRIC agenda decision.

(vi) Impairment in the prior year of goodwill in respect of the Chirton profit centre and Wälischmiller Engineering GmbH cash-generating units.

(vii) The Group disposed of its interest in the Carr's Billington Agricultural business on 26 October 2022. The loss on fair value measurement less costs to sell in this period arises from the structure of the sale and offsets the retained profits from discontinued operations between 3 September 2022 and completion date. The consideration receivable remains subject to any final adjustments once the completion accounts mechanism is finalised. At the date of signing these condensed interim financial statements the completion accounts have not yet been finalised and therefore the loss presented remains subject to change.
At the prior year end the carrying value of the assets and liabilities included in the disposal group classified as held for sale exceeded the fair value less costs to sell. As a result the net assets of the disposal group were reduced to the fair value less costs to sell resulting in a loss of £9,106,000 being recognised. This included a loss attributable to the non-controlling interests of £3,994,000 together with costs to sell of £175,000 recognised within the accounts of Carrs Billington Agriculture (Sales) Ltd.

(viii) Acquisition-related costs relate to legal fees incurred in respect of an aborted acquisition in the prior year.

9. Discontinued operations and non-current assets held for sale

On 31 August 2022, the Group entered into a conditional agreement to dispose of its interests in the Carr's Billington Agricultural business to Edward Billington & Son Limited. In accordance with IFRS 5 'Non-current assets held for sale and discontinued operations', the assets and liabilities related to the business were classified as a disposal group held for sale at 3 September 2022. The sale was conditional on approval by the Group's shareholders which was given at a General Meeting held on 19 September 2022. The disposal completed on 26 October 2022.

On completion, the Company received £24.7m initial cash proceeds (before costs to sell) following certain working capital adjustments since the announcement on 31 August 2022. The consideration receivable remains subject to any final adjustments once the completion accounts mechanism is finalised. At the date of signing these condensed interim financial statements the completion accounts have not yet been finalised and therefore the loss presented remains subject to change.

The tables below show the results of the discontinued operations together with the classes of assets and liabilities comprising the operations held for sale in the Group balance sheet as at 3 September 2022.

	26 weeks ended 4 March 2023 £'000	**26 weeks ended 26 February 2022 £'000**	**53 weeks ended 3 September 2022 (restated) £'000**
Revenue (H1 2022: restated)	**63,797**	152,544	343,838
Expenses (H1 2022: restated)	**(63,437)**	(150,839)	(340,870)
	360	1,705	2,968
Share of post-tax results of associate	**415**	417	1,165
Share of post-tax results of joint venture	**102**	205	486
Profit before taxation of discontinued operations	**877**	2,327	4,619
Taxation	**(79)**	(322)	(611)
Profit after taxation of discontinued operations	**798**	2,005	4,008
Pre-taxation loss recognised on the measurement to fair value less costs to sell	**(798)**	-	(8,931)
Taxation	**-**	-	-
After taxation loss recognised on the measurement to fair value less costs to sell	**(798)**	-	(8,931)
Profit/(loss) for the period from discontinued operations	**-**	2,005	(4,923)

Revenue and expenses in the table above in respect of the period ended 26 February 2022 have been reduced by £6,340,000 to remove revenues where Carrs Billington Agriculture (Sales) Ltd acts as agent rather than principal and have been increased by £165,000 due to credit notes in excess of invoices in respect of intra-company transactions which had not been netted off in prior years. There is no impact on profit in respect of either of these.

In the year ended 3 September 2022 the pre-taxation loss recognised on the measurement to fair value less costs to sell included £3,994,000 in respect of the non-controlling interest's share of the measurement impairment.

The prior year loss recognised on the measurement to fair value less costs to sell had previously been determined based on the difference between estimated proceeds receivable and net assets of the two businesses where the direct shareholding was being sold. This has been corrected, by a prior period restatement, to also include the Group's interest in the joint venture, Bibby Agriculture Ltd, indirectly held by the Company through its ownership of Carrs Billington Agriculture (Sales) Ltd, together with consolidation adjustments to the assets and liabilities included in the overall Group net assets being disposed.

9. Discontinued operations and non-current assets held for sale (continued)

The net assets relating to the disposal group that were classified as held for sale at 3 September 2022 in the Group balance sheet are shown below:

	(restated) £'000
Assets of the disposal group	
Goodwill	5,285
Property, plant and equipment	8,539
Right-of-use assets	8,267
investment in associate	15,218
Interest in joint ventures	2,870
Other investments	45
Deferred tax asset	177
Inventories	34,442
Trade and other receivables	65,946
Current tax assets	101
Cash and cash equivalents	12,074
Loss on fair value measurement before costs to sell*	(7,163)
Total assets	145,801
Liabilities of the disposal group	
Borrowings	(24,415)
Leases	(8,196)
Trade and other payables	(68,955)
Total liabilities	(101,566)
Net assets	44,235

* Costs to sell of £1,768,000 were incurred by the parent Company at 3 September 2022 and were therefore excluded from the loss on fair value measurement shown above.

The loss on fair value measurement before costs to sell included £3,994,000 in respect of the non-controlling interest's share of the measurement impairment.

10. Earnings per share

Adjusting items disclosed in note 8 that are charged or credited to profit do not relate to the underlying profitability of the Group. The Board believes adjusted profit before these items provides a useful measure of business performance. Therefore, an adjusted earnings per share is presented as follows:

	26 weeks ended 4 March 2023 £'000	**26 weeks ended 26 February 2022 (restated) £'000**	**53 weeks Ended 3 September 2022 (restated) £'000**
Continuing operations			
Earnings	**4,160**	6,337	6,042
Adjusting items:			
Amortisation of acquired intangible assets	**476**	468	940
Adjustments to contingent consideration	**-**	(1,320)	(1,320)
Strategic review costs	**(151)**	375	455
Gain on acquisition of Afgritech	**-**	-	(733)
Cloud configuration and customisation costs – Group	**301**	-	113
Goodwill impairment	**-**	-	4,219
Taxation effect of the above	**(148)**	(186)	(342)
Earnings – adjusted	**4,638**	5,674	9,374
Discontinued operations			
Earnings	**(214)**	1,221	(2,309)
Adjusting items:			
Loss on fair value measurement less costs to sell	**798**	-	9,106
Cloud configuration and customisation costs – Group	**-**	983	974
Cloud configuration and customisation costs – share of associate	**-**	261	365
Acquisition-related costs	**-**	-	20
Taxation effect of the above	**-**	(187)	(186)
Non-controlling interest in the above	**-**	(390)	(4,476)
Earnings – adjusted	**584**	1,888	3,494
Continuing operations	**4,160**	6,337	6,042
Discontinued operations	**(214)**	1,221	(2,309)
Total earnings (basic)	**3,946**	7,558	3,733
Continuing operations	**4,638**	5,674	9,374
Discontinued operations	**584**	1,888	3,494
Total earnings (adjusted)	**5,222**	7,562	12,868

	Number	**Number**	**Number**
Weighted average number of ordinary shares in issue	**94,010,254**	93,759,322	93,873,465
Potentially dilutive share options	**1,389,767**	1,069,129	1,260,197
	95,400,021	94,828,451	95,133,662
Earnings per share (pence) (restated)			
Continuing operations			
Basic	**4.4p**	6.8p	6.4p
Diluted	**4.4p**	6.7p	6.4p
Adjusted	**4.9p**	6.1p	10.0p
Diluted adjusted	**4.9p**	6.0p	9.9p
Discontinued operations			
Basic	**(0.2)p**	1.3p	(2.4)p
Diluted	**(0.2)p**	1.3p	(2.4)p
Adjusted	**0.6p**	2.0p	3.7p
Diluted adjusted	**0.6p**	2.0p	3.7p
Total Group			
Basic	**4.2p**	8.1p	4.0p
Diluted	**4.2p**	8.0p	4.0p
Adjusted	**5.5p**	8.1p	13.7p
Diluted adjusted	**5.5p**	8.0p	13.6p

11. Dividends

An interim dividend of £1,103,968 (H1 2022: £1,100,423) that related to the period to 3 September 2022 was paid on 30 September 2022. A final dividend of £2,680,121 (H1 2022: £2,482,959) in respect of the period to 3 September 2022 will be paid on 12 May 2023.

12. Intangible assets, property, plant and equipment, right-of-use assets and investment property

	Goodwill £'000	Other intangible assets £'000	Property, plant and equipment £'000	Right-of-use assets £'000	Investment Property £'000
26 weeks ended 4 March 2023					
Opening net book amount at 4 September 2022	**23,609**	**4,635**	**33,204**	**8,223**	**74**
Exchange differences	**(258)**	**(12)**	**(216)**	**2**	**-**
Additions and lease modifications	**-**	**157**	**1,916**	**325**	**-**
Disposals, transfers and reclassifications	**-**	**-**	**(2,711)**	**(5)**	**2,633**
Depreciation and amortisation	**-**	**(503)**	**(1,499)**	**(654)**	**(27)**
Closing net book amount at 4 March 2023	**23,351**	**4,277**	**30,694**	**7,891**	**2,680**
26 weeks ended 26 February 2022					
Opening net book amount at 29 August 2021	31,560	5,151	36,198	16,777	152
Exchange differences	74	9	9	11	-
Additions and lease modifications	-	1	2,041	1,124	-
Disposals, transfers and reclassifications	-	-	779	(701)	-
Depreciation and amortisation	-	(505)	(1,872)	(1,395)	(3)
Closing net book amount at 26 February 2022	31,634	4,656	37,155	15,816	149

Transfers include assets refinanced under a lease and finance leased assets that became owned assets on maturity of the lease term. In the period ended 4 March 2023 it also includes property assets leased by companies in the continuing Group to Carrs Billington Agriculture (Sales) Ltd that have been reclassified as investment property when the company was sold on 26 October 2022.

Capital commitments contracted, but not provided for, by the Group at the period end amounts to £418,000 (2022: £659,000).

13. Borrowings

	As at 4 March 2023 £'000	As at 26 February 2022 £'000	As at 3 September 2022 £'000
Current	**9,392**	37,069	12,734
Non-current	**5,470**	21,246	23,805
Total borrowings	**14,862**	58,315	36,539
Cash and cash equivalents as per the balance sheet	**(23,493)**	(28,457)	(22,515)
Net (cash)/debt	**(8,631)**	29,858	14,024
Undrawn facilities	**29,028**	20,381	26,111

The table above includes undrawn facilities in respect of discontinued operations at 26 February 2022 and at 3 September 2022 of £7.7m and £15.1m respectively. Current borrowings include bank overdrafts of £8.8m (H1 2022: £8.0m; YE 2022: £9.7m). Undrawn facilities include £8.8m (H1 2022: £6.1m; YE 2022: £7.7m) in respect of facilities that are renewable on an annual basis.

13. Borrowings (continued)

Movements in borrowings are analysed as follows:	26 weeks ended 4 March 2023 £'000	26 weeks ended 26 February 2022 £'000
Balance at start of period	**36,539**	34,272
Exchange differences	**194**	(168)
New bank loans and drawdowns on RCF	**4,741**	5,222
Repayment of RCF drawdowns	**(21,741)**	(6,000)
Repayments of borrowings	**(4,011)**	(1,406)
Increase in other borrowings	-	22,989
Release of deferred borrowing costs	**37**	30
Net (decrease)/increase to bank overdraft	**(897)**	3,376
Balance at end of period	**14,862**	58,315

New bank loans and drawdowns on RCF in the prior period excludes re-financing of assets under new finance lease arrangements.

14. Financial instruments

IFRS 13 requires financial instruments that are measured at fair value to be classified according to the valuation technique used:

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

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

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

Contingent consideration is measured at fair value using Level 3 inputs. Fair value is determined considering the expected payment, which is discounted to present value. The expected payment is determined separately in respect of each individual earn-out agreement taking into consideration the expected level of profitability of each acquisition. The significant unobservable inputs are the projections of future profitability and the discount rate. At the end of all periods presented there was no remaining contingent consideration payable.

The following table presents a reconciliation of the contingent consideration liability measured at fair value on a recurring basis using significant unobservable inputs (level 3).

	As at 4 March 2023 £'000	As at 26 February 2022 £'000	As at 3 September 2022 £'000
Fair value at the start of the period	-	1,320	1,320
Change in fair value	-	(1,320)	(1,320)
Fair value at the end of the period	-	-	-

15. Retirement benefit asset

The amounts recognised in the Income Statement are as follows:

	26 weeks ended 4 March 2023 £'000	26 weeks Ended 26 February 2022 £'000	53 weeks ended 3 September 2022 £'000
Administrative expenses	**66**	16	126
Net interest on the net defined benefit asset	**(157)**	(79)	(159)
Total income	**(91)**	(63)	(33)

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

The amounts recognised in the Balance Sheet are as follows:

	As at 4 March 2023 £'000	As at 26 February 2022 £'000	As at 3 September 2022 £'000
Present value of funded defined benefit obligations	**(44,078)**	(59,500)	(48,578)
Fair value of scheme assets	**49,952**	69,464	55,406
Surplus in funded scheme	**5,874**	9,964	6,828

Actuarial losses of £1,445,000 (2022: gains of £530,000) have been reported in the Statement of Comprehensive Income. The surplus has decreased over the period since 3 September 2022 due to changes in market conditions. Following completion of the disposal of the Carr's Billington Agricultural business the Group made a one-off contribution of £400,000 into the pension scheme.

The Group's associate's defined benefit pension scheme is closed to future service accrual and the valuation for this scheme has not been updated for the half year as any actuarial movements are not considered to be material. The associate is included in the Carr's Billington Agricultural business sold on 26 October 2022.

16. Share capital

Allotted and fully paid ordinary shares of 2.5p each	Number of shares	Share capital £'000	Share premium £'000	Total £'000
Opening balance as at 4 September 2022	**93,999,596**	**2,350**	**10,500**	**12,850**
Proceeds from shares issued:				
- Share save scheme	**21,937**	**1**	**22**	**23**
At 4 March 2023	**94,021,533**	**2,351**	**10,522**	**12,873**
Opening balance at 29 August 2021	93,720,125	2,343	10,155	12,498
Proceeds from shares issued:				
- Share save scheme	250,415	6	310	316
At 26 February 2022	93,970,540	2,349	10,465	12,814

21,937 shares were issued in the period to satisfy the share awards under the share save scheme with exercise proceeds of £23,335. The related weighted average price of the shares exercised in the period was £1.064 per share.

Since the period end the Company's issued share capital has increased to 94,105,241 shares due to the issue of 83,708 shares under the share save scheme with exercise proceeds of £89,859 and a related weighted average exercise price of £1.073 per share.

17. Cash generated from continuing operations

	26 weeks ended 4 March 2023 £'000	26 weeks ended 26 February 2022 £'000	53 weeks ended 3 September 2022 £'000
Profit for the period from continuing operations	**4,160**	6,337	6,042
Adjustments for:			
Tax	**753**	1,366	1,524
Tax credit in respect of R&D	**(342)**	(900)	(1,553)
Depreciation of property, plant and equipment	**1,499**	1,318	2,778
Depreciation of right-of-use assets	**654**	647	1,276
Depreciation of investment property	**27**	3	5
Intangible asset amortisation	**503**	491	988
Goodwill impairment	**-**	-	4,219
Loss/(profit) on disposal of property, plant and equipment	**82**	(15)	(17)
Profit on disposal of right-of-use assets	**-**	(2)	(5)
Profit on disposal of investment property	**-**	-	(76)
Gain on acquisition of Afgritech	**-**	-	(764)
Adjustments to contingent consideration	**-**	(1,320)	(1,320)
Net fair value (credit)/charge on share-based payments	**(16)**	58	148
Other non-cash adjustments	**(31)**	(35)	(119)
Interest income	**(382)**	(161)	(351)
Interest expense and borrowing costs	**646**	490	1,077
Share of post-tax results of joint ventures	**(1,596)**	(793)	(840)
IAS 19 income statement credit in respect of employer contributions	**(400)**	-	-
IAS 19 income statement charge (excluding interest):			
Administrative expenses	**66**	16	126
Changes in working capital:			
Decrease/(increase) in inventories	**2,101**	(104)	(6,153)
(Increase)/decrease in receivables	**(3,099)**	425	(218)
Decrease in payables	**(585)**	(5,873)	(2,294)
Cash generated from continuing operations	**4,040**	1,948	4,473

18. Related party transactions

The Group's significant related parties are its associate and joint ventures, as disclosed in the Annual Report and Accounts 2022.

	Sales to £'000	Purchases from £'000	Rent receivable from £'000	Net management charges to £'000	Dividends received from £'000	Amounts owed from £'000	Amounts owed to £'000
26 weeks to 4 March 2023							
Associate	**65**	-	**3**	**18**	**-**	**-**	**-**
Joint ventures	**84**	**(249)**	**-**	**33**	**-**	**84**	**(76)**
26 weeks to 26 February 2022							
Associate	261	-	10	11	-	902	(31,707)
Joint ventures	135	(631)	-	54	1,626	985	(87)

Amounts presented for transactions in the period are in respect of continuing operations only. Transactions between the Carr's Billington Agricultural businesses are excluded as they are within the same disposal group. The prior period amounts presented for transactions in the period have been restated to aid comparability.

19. Prior period restatements

The results and financial position of the continuing Group for the period ended 26 February 2022 have been restated to reflect the impact of the prior period restatements recognised in the Annual Report and Accounts for the year ended 3 September 2022. The restatements were in respect of revenue recognised under IFRS15 (Revenue from Contracts with Customers) within the Engineering division.

The prior period restatement recognised in these condensed interim financial statements for the period ended 26 February 2022 relates to contracts directly related to Mechanical Stress Improvement Process technology and specifically whether these contracts contained two performance obligations or one. This is an area which requires significant judgement and after careful consideration, the Board decided to account for the contracts as having one rather than two performance obligations. Shareholders' equity at 26 February 2022 was reduced by £264,000 as a result of this change. For the period to 26 February 2022, revenue was increased by £546,000 and adjusted profit after tax increased by £431,000 as a result of this change.

The Board also made two prior year restatements to discontinued operations in the Annual Report and Accounts 2022, both related to revenue recognition. Firstly, in prior years the Group had incorrectly identified itself as acting as a principal when recognising revenue related to fertiliser sales, made through one specific supplier. A review of this transaction highlighted that the Group was acting as an agent, rather than principal, under IFRS 15 guidance, which means the net proceeds from the transaction, rather than gross sales, should be recognised as revenue. A correction to reduce both revenue and cost of sales in the period to 26 February 2022 by £6,340,000 has been made. There is no impact on profit. A further correction to increase both revenue and cost of sales by £165,000 has also been made due to credit notes in excess of invoices in respect of intra-company transactions which had not been netted off in prior years. There is no impact on profit. The prior year restatements to discontinued operations are reflected in note 9.

A further prior period restatement, impacting the year to 3 September 2022, has been made in these interim financial statements in relation to the measurement to fair value less costs to sell of the disposal group. The prior year loss recognised had previously been determined based on the difference between estimated proceeds receivable and net assets of the two businesses where the direct shareholding was being sold. This has been corrected to also include the Group's interest in the joint venture, Bibby Agriculture Ltd, indirectly held by the Company through its ownership of Carrs Billington Agriculture (Sales) Ltd, together with consolidation adjustments to the assets and liabilities included in the overall Group net assets being disposed.

19. Prior period restatements (continued)

The affected financial statement line items for the continuing operations of the Group are as follows.

	26 February 2022 (previously reported - Group) £'000	26 February 2022 (previously reported – continuing operations only) £'000	Restatement in respect of performance obligations £'000	26 February 2022 (restated –continuing operations only) £'000
Income Statement				
Revenue	222,706	63,987	546	64,533
Gross profit	23,734	16,591	546	17,137
Adjusted operating profit	10,781	6,979	546	7,525
Reported operating profit	10,014	7,456	546	8,002
Adjusted profit before taxation	10,251	6,680	546	7,226
Reported profit before taxation	9,484	7,157	546	7,703
Taxation	(1,573)	(1,251)	(115)	(1,366)
Adjusted profit for the period	8,305	5,243	431	5,674
Reported profit for the period	7,911	5,906	431	6,337
Basic EPS (pence)	7.6	6.3	0.5	6.8
Diluted EPS (pence)	7.5	6.2	0.5	6.7

	26 February 2022 (previously reported) £'000	Restatement in respect of performance obligations £'000	26 February 2022 (restated) £'000
Balance Sheet			
Deferred tax asset	-	70	70
Total non-current assets	122,908	70	122,978
Total assets	295,486	70	295,556
Contract liabilities	(1,372)	(334)	(1,706)
Total current liabilities	(116,050)	(334)	(116,384)
Total liabilities	(154,866)	(334)	(155,200)
Net assets	140,620	(264)	140,356
Other reserves	2,825	16	2,841
Retained earnings	107,017	(280)	106,737
Total shareholders' equity	122,656	(264)	122,392
Total equity	140,620	(264)	140,356

The opening balance sheet of the prior periods presented has been restated and the affected financial statement line items are as follows.

	28 August 2021 (previously reported) £'000	Restatement in respect of performance obligations £'000	28 August 2021 (restated) £'000
Balance Sheet			
Deferred tax asset	-	182	182
Total non-current assets	123,363	182	123,545
Total assets	262,504	182	262,686
Contract liabilities	(2,447)	(865)	(3,312)
Total current liabilities	(86,095)	(865)	(86,960)
Total liabilities	(127,270)	(865)	(128,135)
Net assets	135,234	(683)	134,551
Other reserves	2,578	28	2,606
Retained earnings	103,006	(711)	102,295
Total shareholders' equity	118,082	(683)	117,399
Total equity	135,234	(683)	134,551

19. Prior period restatements (continued)

The affected financial statement line items for the discontinued operations of the Group are as follows.

	3 September 2022 (previously reported) £'000	Restatement in respect of measurement to fair value less costs to sell £'000	3 September 2022 (restated) £'000
Income Statement			
Loss for the period from discontinued operations (including held for sale)	(2,193)	(2,730)	(4,923)
Profit for the period	3,849	(2,730)	1,119
Profit for the period	3,849	(2,730)	1,119
Profit attributable to equity shareholders	5,072	(1,339)	3,733
Profit attributable to non-controlling interests	(1,223)	(1,391)	(2,614)
Basic EPS (pence) (discontinued operations)	(1.0)	(1.4)	(2.4)
Diluted EPS (pence) (discontinued operations)	(1.0)	(1.4)	(2.4)

	3 September 2022 (previously reported) £'000	Restatement in respect of measurement to fair value less costs to sell £'000	3 September 2022 (restated) £'000
Balance Sheet			
Assets included in disposal group classified as held for sale	148,531	(2,730)	145,801
Total current assets	228,481	(2,730)	225,751
Total assets	311,703	(2,730)	308,973
Net assets	136,471	(2,730)	133,741
Retained earnings	100,657	(1,339)	99,318
Total shareholders' equity	120,495	(1,339)	119,156
Non-controlling interests	15,976	(1,391)	14,585
Total equity	136,471	(2,730)	133,741

20. Alternative performance measures

The Interim Results include alternative performance measures ("APMs"), which are not defined or specified under the requirements of IFRS. These APMs are consistent with how business performance is measured internally and are also used in assessing performance under the Group's incentive plans. Therefore, the Directors believe that these APMs provide stakeholders with additional useful information on the Group's performance.

Alternative performance measure	Definition and comments
EBITDA	Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets and before share of post-tax results of the associate and joint ventures. EBITDA allows the user to assess the profitability of the Group's core operations before the impact of capital structure, debt financing and non-cash items such as depreciation and amortisation.
Adjusted EBITDA	Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets, before share of post-tax results of the associate and joint ventures and excluding items regarded by the Directors as adjusting items. This measure is reconciled to statutory operating profit and statutory profit before taxation in note 6. EBITDA allows the user to assess the profitability of the Group's core operations before the impact of capital structure, debt financing and non-cash items such as depreciation and amortisation.
Adjusted operating profit	Operating profit after adding back items regarded by the Directors as adjusting items. This measure is reconciled to statutory operating profit in the income statement and note 6. Adjusted results are presented because if included, these adjusting items could distort the understanding of the Group's performance for the period and the comparability between the periods presented.
Adjusted profit before taxation	Profit before taxation after adding back items regarded by the Directors as adjusting items. This measure is reconciled to statutory profit before taxation in the income statement and note 6. Adjusted results are presented because if included, these adjusting items could distort the understanding of the Group's performance for the period and the comparability between the periods presented.
Adjusted profit for the period	Profit after taxation after adding back items regarded by the Directors as adjusting items. This measure is reconciled to statutory profit after taxation in the income statement. Adjusted results are presented because if included, these adjusting items could distort the understanding of the Group's performance for the period and the comparability between the periods presented.
Adjusted earnings per share	Profit attributable to the equity holders of the Company after adding back items regarded by the Directors as adjusting items after tax divided by the weighted average number of ordinary shares in issue during the period. This is reconciled to basic earnings per share in note 10.
Adjusted diluted earnings per share	Profit attributable to the equity holders of the Company after adding back items regarded by the Directors as adjusting items after tax divided by the weighted average number of ordinary shares in issue during the period adjusted for the effects of any potentially dilutive options. Diluted earnings per share is shown in note 10.
Net (cash)/debt	The net position of the Group's cash at bank and borrowings excluding leases. Details of the movement in borrowings is shown in note 13.