INTERIM REPORT
AND ACCOUNTS 2018

Financial Calendar

Announcement of Half Year Results	Wednesday, 20 June 2018
Interim Dividend Record Date	Friday, 28 September 2018
Interim Dividend Date	Wednesday, 31 October 2018
Financial Year End	Wednesday, 31 October 2018
Announcement of Full Year Results	January 2019
Dividend Record Date	March 2019
Annual General Meeting	March 2019
Dividend Payout	April 2019

Nominated Advisor and Stockbroker

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Chairman's Statement

INTRODUCTION

Wynnstay's results for the first six months of the financial year are encouraging, with profit before tax from continuing operations up by 15.7% to £4.91m against the same period last year[1]. The Group's stronger performance reflects the long-awaited upturn for the agricultural sector, which began to come through during 2017. The continued improvement in farmgate prices has had a noticeable impact on farmer sentiment, and demand across most of our product categories was higher year-on -year.

The greatest improvement in demand came from the livestock sector where farmers returned to more normal animal feeding patterns. Feed volumes were also boosted by the extended winter weather. However, the late spring delayed demand for fertiliser, seed and agrochemicals, as farmers struggled with seasonal activities. These sales started to come through in April and May with improved weather conditions, and most crops look well as we enter the summer season.

The Group's continuing Specialist Retail activities, which principally comprise the Wynnstay Stores operation, also benefited from the improved trading backdrop, with sales rising strongly year-on-year.

As previously reported, we completed two larger acquisitions in the first half[2]. In November 2017, we purchased a fertiliser blending facility in Montrose, Scotland, which has added valuable further capacity to the Glasson business. At the end of April 2018, we expanded Wynnstay Stores with the purchase of eight stores from the administrators of Countrywide Farmers plc, which together generated approximately £16.4m of sales in 2017. These new stores strengthen our presence in a number of counties, and specifically in Devon and Cornwall. We have started the integration process and will be investing further in all eight stores throughout the year. We expect to see a positive contribution start to come through over the course of 2019 and beyond. We also made two separate agricultural store acquisitions in the first half, MD Lloyd, which is in our heartland territory of mid-Wales, and Mike Hawken, which established our first footprint in Cornwall.

The UK agricultural industry has improved significantly over the last two years and shows signs of medium, and possibly longer term, stability. The final outcome of Brexit has yet to be decided but the importance of agriculture, the environment and rural communities should positively influence the Government's support for the sector. We believe the changes associated with a reformed agricultural policy will be challenging but will create opportunities for Wynnstay and its customers.

The Group continues to invest across the business to increase efficiency and facilitate further growth in our core feed, retail and arable activities.

FINANCIAL RESULTS

In order to provide a more representative view of the Group's business performance (non-GAAP alternative performance measures), the Directors provide adjusted figures for Group operating profit before intangible amortisation and share-based payments and also Group operating profit before investment impairment, costs of corporate restructuring and business combination expenses. These adjustments are included in the Condensed Consolidated Statement of Comprehensive Income. The Directors believe that the non-trading nature of these charges supports the presentation of adjusted results and these adjusted results provide a better understanding of the underlying performance of the business. The non-GAAP alternative performance measures are not intended as a substitute for GAAP measures and might not be the same as used by other companies.

Comparative financial results for the six months to 30 April 2017 have been restated to take into account the discontinuation of the Just for Pets business[1].

[1] The unaudited results for the six months ended 30 April 2017 have been restated to reclassify the Just for Pets operation as discontinued. Details of the discontinued operation are included in note 11.

[2] Note 19.

Chairman's Statement continued

Revenue for the six months to 30 April 2018 totalled £218.53m (2017: £198.14m), an increase of 10.3% on the same period last year. This rise is attributable to an increase in volumes across certain core product categories, a £6.3m contribution from new acquisitions, and commodity price inflation. Revenue from the Agriculture Division rose by 9.9% to £160.14m (2017: £145.78m) and revenue from the Specialist Retail Division was 11.4% higher at £58.27m (2017: £52.30m). Other activity contributed revenue of £0.12m (2017: £0.06m).

Operating profit from continuing activities, before investment impairment, costs of corporate restructuring and business combination expenses, rose by 15.9% to £5.09m (2017: £4.40m). Operating profit in the Agricultural Division was 33% higher at £2.05m (2017: £1.54m), helped by increased feed volumes. Operating profit at our Specialist Retail operations increased by 6.2% to £3.10m (2017: £2.92m), reflecting improved results at Wynnstay Stores. Other activities incurred a similar year-on-year operating loss of £0.06m (2017: loss of £0.06m). As in prior years, the contribution from our Joint Ventures will be consolidated in the second half of our full year results.

Investment impairment, costs of corporate restructuring and business combination expenses amounted to £0.07m in the period (2017: £0.06m)[3], and net finance costs increased slightly to £0.11m (2017: £0.09m), mainly reflecting higher average working capital requirements due to increased activity.

This resulted in a profit before tax from continuing operations of £4.91m (2017: £4.25m), up by 15.7% year-on-year. The tax charge for the period was £0.95m (2017: £0.79m) and profit after tax was £3.96m (2017: loss after tax and discontinued activities of £0.66m).

Earnings per share from continuing operations increased by 13.3% to 20.14p (2017: 17.77p). The comparative result after losses from discontinued operations in 2017 was a loss per share of 3.38p

Net assets at 30 April 2018 were £88.05m (2017: £85.03m), which represents approximately £4.47 per share (2017: £4.36 per share), with the weighted average number of shares in issue during the period at 19.67m (2017: 19.49m).

Net debt at 30 April 2018 was 16.5% lower year-on-year at £6.92m (2017: £8.28m)[4]. The Group's cash requirements are at their highest of the year during the Spring months, particularly April, and the business is well-placed to accommodate this, with the Group retaining substantial headroom within its existing debt facilities.

DIVIDEND

The Board is pleased to declare an interim dividend of 4.41p per share (2017: 4.20p), which is a rise of 5.0% year-on-year. The dividend is in line with our progressive policy and reflects the Board's continuing confidence in the Group's growth prospects.

The interim dividend will be paid on 31 October 2018 to shareholders on the register at the close of business on 28 September 2018. As in previous years, a Scrip Dividend alternative will also be available, with the last day for election for this scheme being 17 October 2018.

REVIEW OF OPERATIONS

AGRICULTURE

The trading environment across the agricultural sector began to recover during 2017, and stronger output prices for both arable and livestock farmers have driven a broad based recovery in demand for agricultural inputs. Demand was strongest in the livestock sector, where there was also a higher feed requirement as a result of the extended winter period. While the late spring led to delayed demand for arable inputs, with the bulk of orders coming through in April and May, sales were in line with last year. Grain volumes improved in the late spring period, although margins remain under pressure in a relatively flat market.

Feed Products

The feeds business benefited from strong demand for compound, blended and straight feed products, as improved output prices encouraged livestock farmers to return to more typical feeding regimes. Demand for ruminant feeds was also boosted by the unusually protracted winter period, although some

[3] Note 10.

[4] Note 12.

extra costs were incurred in meeting this demand, mainly in raw materials and logistics. Bagged feed sales, which are principally sold through the Wynnstay Stores network, reached record highs, also benefiting from the extended winter period. We are also pleased to see volume growth in monogastric feeds, with further expansion of feeds for free range egg production.

Glasson Grain

Glasson delivered a solid performance in the first half, with an increase in volumes in all products, although there was some margin pressure in fertiliser.

The acquisition of a fertiliser production facility in Montrose in November 2017 positions Glasson as the second largest fertiliser blender in the UK market, and its geographic presence now extends across central and northern UK. The manufacture of certain products for Youngs Animal Feeds has boosted the output of specialist corn-milling activity, and we are starting to see the benefits come through.

After the half year end, on 1 May 2018, we acquired the majority of the assets and liabilities of FertLink Limited, the 50% joint venture fertiliser manufacturing facility based in Birkenhead established between Glasson and NW Trading. Its integration within the Glasson business is well-advanced and we expect to complete the process over the coming months.

Arable Products

The unusually late spring affected demand for arable products in the first half. However April and May have been very busy months and, on a year-to-date basis, arable product sales are now at normal levels. Demand for spring cereal seed has been very strong, partly reflecting a change in cropping pattern as some arable enterprises deal with blackgrass weed problems associated with autumn cropping. Herbage sales are currently at lower levels than the previous year, reflecting the general trend in the UK. However, we expect an increase in demand later in the year, subject to autumn weather conditions. Inclement weather also reduced usage of agrochemicals and, despite strong demand in May, sales remain behind budget.

Improved grain prices stimulated trading activity, and volumes for GrainLink, the in-house grain marketing business, have risen above the previous year. However the previously subdued activity and flat market prices have had a negative impact on margins. Forward grain prices remain strong, which is an encouraging sign for arable farmers and bodes well for the sector.

We have now started work on a major warehouse expansion project at the Group's arable site near Shrewsbury. This will enable us to increase production of processed seed in 2019 and we will also be enlarging our retail facilities on the same site.

SPECIALIST RETAIL

Wynnstay Stores

Sales across our network of Wynnstay Stores increased strongly over the first half, with like-for-like sales rising by 8%, adjusted for inflation. Demand for feed was a key driver of this increase as farmers battled with inclement weather, but increased spending was evident more broadly, including supplements and hardware products, reflecting the general improvement in sentiment at farm level.

Our acquisition of a further eight stores, in Central and Southern England, at the end of April 2018 was part of our expansion plans to enhance our presence in these regions, particularly in the South and South West, where we are under-represented. Wynnstay Stores works closely with our wider agricultural operations and a stronger presence in these newer geographical areas will also stimulate broader Group sales activity. The new outlets, which were previously loss-making, require investment to fully develop the potential of the business. However, we anticipate the new stores starting to make a positive contribution to earnings in 2019.

With the addition of these new stores as well as MD Lloyd and Mike Hawken, the Wynnstay Store network now stands at 60 outlets (October 2017: 50 outlets).

JOINT VENTURES AND ASSOCIATES

Results from the Group's joint ventures and associate companies are not included in this half yearly report. They will, as usual, be consolidated into Wynnstay's full year results.

BOARD CHANGES

In early May, we announced that Ken Greetham will be retiring as Chief Executive Officer in early July, after 21 years with the Company, the last 10 of which have been in his current role. At the same time, we were pleased to announce the appointment of Gareth Davies, Joint Managing Director of Wynnstay (Agricultural Supplies) Ltd as Chief Executive Designate. This followed the completion of a thorough recruitment process, which looked externally as well as internally for Ken's successor. Gareth joined Wynnstay in 1999, initially as Sales Manager for South Wales and in 2008, was appointed as Head of Agriculture. A graduate of Harper Adams University, he began his career in agriculture at a large scale beef and sheep farm before joining Kemira Fertilisers, where he worked for 13 years. He also established his own enterprise in fertiliser and seed sales.

A smooth handover process is currently underway, and Ken will remain available to the Group in an advisory capacity for a period after he steps down.

On behalf of the Board and all Wynnstay staff, I would like to thank Ken for his very significant contribution to the business and leadership of the Group over the past decade, and to welcome Gareth, an outstanding internal candidate, who, like Ken, is a well-known and respected leader in the Agricultural Industry, as his successor. We look forward to Wynnstay's next phase of growth under Gareth's leadership.

OUTLOOK

The improvement in output prices for farmers provides a robust backdrop for the UK agricultural industry. While Brexit negotiations remain underway, the full implications on some UK farming practices are difficult to forecast. It is widely accepted that the existing financial support mechanisms provided as part of the Common Agricultural Policy will focus on output parameters rather than area and historical factors. We expect an even greater emphasis on efficiency and productivity as farmers compete in a market with changing competitive dynamics. This will require innovation in many production systems which, in itself, will lead to significant change and opportunity in the agricultural supply industry.

We believe that Wynnstay is strongly positioned, with it's broad product range, well established market positions in key product areas, excellent routes-to-market, specialist sales personnel and a wide network of country stores.

We continue to invest in all aspects of the business, with a focus on supply chain efficiency and the further development of our production facilities. With a strong balance sheet and low gearing, the business is able to continue to develop in line with its strategic plan whilst carefully assessing the likely medium-term impact of Brexit negotiations.

Current trading is in line with overall budgets and, despite short term costs associated with the integration of the newly-acquired country stores, the Board believes that Wynnstay remains well-positioned to meet current market expectations for the full financial year.

Jim McCarthy
Chairman

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 April 2018

	Note	**Unaudited six months ended 30 April 2018**	(Restated) unaudited six months ended 30 April 2017	Audited Year end 31 October 2017
		£'000	£'000	£'000
CONTINUING OPERATIONS				
Revenue		**218,536**	198,135	390,724
Cost of sales		**(189,123)**	(171,717)	(337,835)
Gross profit		**29,413**	26,418	52,889
Manufacturing, distribution and selling costs		**(20,959)**	(18,952)	(40,009)
Administrative expenses		**(3,486)**	(3,172)	(5,335)
Other operating income	9	**158**	183	326
Group operating profit before intangible amortisation and share-based payment costs		**5,126**	4,477	7,871
Intangible amortisation and share-based payments		**(31)**	(82)	(156)
Group operating profit before investment impairment, costs of corporate restructuring and business combination expenses		**5,095**	4,395	7,715
Investment impairment, costs of corporate restructuring and business combination expenses	10	**(70)**	(61)	(95)
Group operating profit		**5,025**	4,334	7,620
Interest income		**81**	8	66
Interest expense		**(188)**	(94)	(219)
Share of profits in associates and joint ventures accounted for using the equity method	2	**-**	-	267
Share of tax incurred in associates and joint ventures		**-**	-	(70)
Profit before taxation		**4,918**	4,248	7,664
Taxation	4	**(956)**	(784)	(1,359)
Profit for the period from continuing operations		**3,962**	3,464	6,305
DISCONTINUED OPERATIONS				
(Loss) for the period from discontinued operations	11	**-**	(4,123)	(6,586)
Profit/(Loss) for the period attributable to the owners of the parent		**(3,962)**	(659)	(281)
Basic earnings per ordinary share (pence)		**20.14**	17.77	32.29
Profit from continuing operations		**-**	(21.15)	(33.72)
(Loss) from discontinued operations		**20.14**	(3.38)	(1.43)
Diluted earnings per ordinary share (pence)		**20.06**	17.44	31.87
Profit from continuing operations		**-**	(21.15)	(33.72)
(Loss) from discontinued operations		**20.06**	(3.71)	(1.85)

The unaudited six month ended 30 April 2017 comparatives have been restated to reclassify the Just for Pets Limited operation discontinued during the year ended 31 October 2017 as a discontinued operation (see note 11).

There was no other comprehensive income during the unaudited six months ended 30 April 2018, unaudited six month ended 30 April 2017, or the year end 31 October 2017.

Condensed Consolidated Balance Sheet

For the six months ended 30 April 2018

Registered Number 2704051

	Note	**Unaudited as at 30 April 2018 £'000**	Unaudited as at 30 April 2017 £'000	Audited as at 31 October 2017 £'000
ASSETS				
NON-CURRENT ASSETS				
Goodwill		**14,590**	14,266	14,266
Investment property		**2,372**	2,372	2,372
Property, plant and equipment		**20,344**	20,279	18,709
Investments		**3,444**	3,397	3,444
Intangibles		**98**	102	95
		40,848	40,416	38,886
CURRENT ASSETS				
Inventories		**36,645**	36,265	30,056
Trade and other receivables		**76,735**	63,212	62,961
Financial assets - loans to joint ventures		**2,844**	2,786	2,844
Cash and cash equivalents	12	**1,645**	22	8,914
		117,869	102,285	104,775
TOTAL ASSETS		**158,717**	142,701	143,661
LIABILITIES				
CURRENT LIABILITIES				
Financial liabilities - borrowings		**(6,791)**	(6,014)	(2,512)
Trade and other payables		**(60,720)**	(47,953)	(52,738)
Current tax liabilities		**(1,180)**	(1,128)	(847)
		(68,691)	(55,095)	(56,097)
NET CURRENT ASSETS		**49,178**	47,190	48,678
NON-CURRENT LIABILITIES				
Financial liabilities - borrowings		**(1,770)**	(2,286)	(1,896)
Trade and other payables		**(21)**	-	(22)
Deferred tax liabilities		**(190)**	(289)	(254)
		(1,981)	(2,575)	(2,172)
TOTAL LIABILITIES		**(70,672)**	(57,670)	(58,269)
NET ASSETS		**88,045**	85,031	85,392
EQUITY				
Share capital	6	**4,936**	4,883	4,916
Share premium		**29,829**	29,065	29,529
Other reserves		**3,343**	3,008	3,319
Retained earnings		**49,937**	48,075	47,628
TOTAL EQUITY		**88,045**	85,031	85,392

Condensed Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 April 2018

	Note	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 November 2016		4,874	28,848	2,933	50,293	86,948
(Loss) for the period		-	-	-	(659)	(659)
Total comprehensive (loss) for the period		-	-	-	(659)	(659)
Transactions with owners of the Company, recognised directly in equity						
Shares issued during the period		9	217	-	-	226
Dividends		-	-	-	(1,559)	(1,559)
Equity settled share-based payment transactions		-	-	75	-	75
Total contributions by and distributions to owners of the Company		9	217	75	(1,559)	(1,258)
At 30 April 2017		4,883	29,065	3,008	48,075	85,031
Profit for the period		-	-	-	378	378
Total comprehensive income for the period		-	-	-	378	378
Transactions with owners of the Company, recognised directly in equity						
Shares issued during the period		33	464	-	-	497
Own shares disposed of by ESOP trust		-	-	244	-	244
Dividends		-	-	-	(825)	(825)
Equity settled share-based payment transactions		-	-	67	-	67
Total contributions by and distributions to owners of the Company		33	464	311	(825)	(17)
At 31 October 2017		4,916	29,529	3,319	47,628	85,392
Profit for the period		**-**	**-**	**-**	**3,962**	**3,962**
Total comprehensive income for the period		**-**	**-**	**-**	**3,962**	**3,962**
Transactions with owners of the Company, recognised directly in equity						
Shares issued during the period	6	**20**	**300**	**-**	**-**	**320**
Dividends	7	**-**	**-**	**-**	**(1,653)**	**(1,653)**
Equity settled share-based payment transactions	15	**-**	**-**	**24**	**-**	**24**
Total contributions by and distributions to owners of the Company		**20**	**300**	**24**	**(1,653)**	**(1,309)**
At 30 April 2018		**4,936**	**29,829**	**3,343**	**49,937**	**88,045**

Condensed Consolidated Cash Flow Statement

For the six months ended 30 April 2018

	Note	**Unaudited six months ended 30 April 2018**	(Restated) unaudited six months ended 30 April 2017	Audited year ended 31 October 2017
		£'000	£'000	£'000
Cash flow from operating activities				
Cash (used in)/generated from continuing operations	14	**(6,089)**	(9,066)	6,053
Interest received		**81**	8	66
Interest paid		**(188)**	(94)	(219)
Tax paid		**(687)**	(630)	(1,496)
Net cash flows from operating activities in continuing operations		**(6,883)**	(9,782)	4,404
Net cash (used in)/generated from operating activities in discontinued operations		**-**	(307)	282
Net cash (used in)/generated from operating activities		**(6,883)**	(10,089)	4,686
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired)		**(1,071)**	-	-
Proceeds from sale of property, plant and equipment	14	**28**	55	177
Purchase of property, plant and equipment		**(939)**	(1,034)	(2,018)
Proceeds on sale of investment		**-**	-	150
Disposal of subsidiary, net cash disposed of		**-**	-	(678)
Own shares disposed of by ESOP trust		**-**	-	244
Net cash used by investing activities in continuing operations		**(1,982)**	(979)	(2,125)
Net cash used in investing activities by discontinued operations		**-**	(33)	(36)
Net cash used by investing activities		**(1,982)**	(1,012)	(2,161)
Cash flows from financing activities				
Net proceeds from the issue of ordinary share capital		**320**	226	723
Finance lease principal repayments		**(674)**	(567)	(1,152)
Repayments of borrowings		**(406)**	(416)	(896)
Dividends paid to shareholders		**(1,653)**	(1,559)	(2,384)
Net cash used in financing activities in continuing operations		**(2,413)**	(2,316)	(3,709)
Net cash used in financing activities in discontinued operations		**-**	(7)	(13)
Net cash used in financing activities		**(2,413)**	(2,323)	(3,722)
Net (decrease) in cash and cash equivalents		**(11,278)**	(13,424)	(1,197)
Cash and cash equivalents at beginning of period		**8,914**	10,111	10,111
Cash and cash equivalents at end of period	12	**(2,364)**	(3,313)	8,914

Notes to the Condensed Consolidated Interim Financial Statements

1. BASIS OF PREPARATION

The Interim Report was approved by the Board of Directors on 19 June 2018.

The condensed financial statements for the six months to the 30 April 2018 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting except as disclosed in note 2.

The financial information for the Group for the year ended 31 October 2017 set out above is an extract from the published financial statements for that year which have been delivered to the Registrar of Companies. The auditor's report on those financial statements was not qualified and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. The information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The financial information for the six months ended 30 April 2018 and for the six months ended 30 April 2017 are unaudited. The financial information for the six months ended 30 April 2017 in the consolidated income statement and related notes has been restated to present separately amounts related to operations classified as discontinued, for details, see note 11.

The consolidated financial statements are presented in sterling, which is also the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 October 2017, which have been prepared in accordance with IFRS as adopted by the EU.

The Directors have prepared the condensed consolidated interim financial statements on a going concern basis, having satisfied themselves from a review of internal budgets and forecasts and current banking facilities that the Group has adequate resources to continue in operational existence for the foreseeable future.

2. CONSOLIDATION OF SHARE OF RESULTS IN JOINT VENTURES AND ASSOCIATES

The Group has a policy of using audited accounts for the consolidation of its share of the results of joint venture and associate activities, no such consolidation has occurred during the six months to 30 April 2018. Although this is not in accordance with IFRS the impact on the financial statements is not material. Relevant results will be accounted for during the second half of the financial year.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared on an historical cost basis or fair value basis as appropriate.

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the preparing of the Group's financial statements for the year ended 31 October 2017. A copy of these financial statements is available from the Company's Registered Office at Eagle House, Llansantffraid, Powys SY22 6AQ.

New standards issued but not yet effective

At the date of authorisation of these interim statements, the following relevant major standards were in issue but not yet effective. The Directors anticipate that the Group will adopt these standards on their effective dates:

Effective from Accounting periods commencing on or after	
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 16 Leases	1 January 2019

IFRS 15 'Revenue from Contracts with Customers', is effective for accounting periods beginning on or after 1 January 2018, and will therefore first apply to the Group in the year ending 31 October 2019. The Group has assessed its income streams using the five stage revenue recognition model and agent versus principal considerations and preliminary conclusions are the Group results and net assets will not be materially impacted by this standard.

3. SIGNIFICANT ACCOUNTING POLICIES continued

IFRS 9 'Financial instruments', is effective for accounting periods beginning on or after 1 January 2018, and will therefore first apply to the Group in the year end 31 October 2019. IFRS 9 requires entities to provide for possible future credit losses on loans and receivables, including trade receivables, even if it is highly likely that the loan or receivable will be fully collectible. The standard introduces an "expected credit loss" model that focuses on the risk that a loan or receivable will default rather than whether a loss has been incurred. The Group currently has material amounts of trade receivables past due and it is expected that IFRS 9 may impact the value of the provision for impairment of trade receivables. The assessment of the impact to the Group is ongoing.

IFRS 16, 'Leases' is effective for the period beginning on or after 1 January 2019, and will therefore first apply to the Group in the year ending 31 October 2020. The Group expects to apply transitional arrangements where leases currently treated as operating leases (short-term property and company vehicles) are recognised as an equal asset and liability, with the value recognised being the present value of the outstanding lease rentals discounted at the incremental borrowing rate. Modelling has been undertaken that indicates both assets and liabilities may be increased in the region of £8m at date of adoption. The financial results of the company may be adversely impacted by approximately £0.2m due to the front end loading of interest versus smooth operating lease rentals.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are substantially the same as those applied by the Group in its consolidated financial statements for the 12 months ending 31 October 2017. There have been a number of minor changes to standards which became applicable for the year ended 31 October 2018, none of which have been assessed as having a significant impact on the Group.

4. TAXATION

The tax charge for the six months ended 30 April 2018 and 30 April 2017 is based on an apportionment of the estimated tax charge for the full year.

The effective tax rate is 19.5% (6 months ended 30 April 2017: 627%) which is higher than the standard rate of 19.0% (2017: 19.5%). Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at the balance sheet date has been calculated at 17%.

5. EARNINGS PER SHARE

Basic earnings per 25p ordinary share from continuing operations have been calculated by dividing profit for the period from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. For diluted earnings per share from continuing operations, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares (share options and warrants) taking into account their exercise price in comparison with the actual average share price during the year.

For basic and diluted earnings per share from discontinued operations, the same calculations are performed substituting the loss for the period from discontinued operations.

	Unaudited six months ended 30 April 2018	Unaudited six months ended 30 April 2017
Weighted average number of shares in issue: basic	**19,669,035**	19,495,387
Weighted average number of shares in issue: diluted	**19,748,931**	19,860,730

6. SHARE CAPITAL

During the current period a total of 80,486 (2017: 35,104) shares were issued with an aggregate nominal value of £20,122 (2017: £8,776) fully paid up for equivalent cash of £320,737 (2017: £226,226). Included in these issues were 61,670 (2017: 35,104) shares allotted to shareholders exercising their rights to receive dividends under the Company's scrip dividend scheme and 18,816 shares (2017: Nil) allotted to relevant employee holders exercising options in the Company. No other shares (2017: Nil) were allocated during the period. As at 30 April 2018 a total of 19,745,864 shares are in issue (2017: 19,530,296).

Notes to the Condensed Consolidated Interim Financial Statements continued

7. DIVIDENDS

During the period ended 30 April 2018 an amount of £1,652,721 (2017: £1,558,804) was charged to reserves in respect of equity dividends paid. An interim dividend of 4.41p per share (2017: 4.20p) will be paid on 31 October 2018 to shareholders on the register on the 28 September 2018. New elections to receive Scrip Dividends should be made in writing to the Company's Registrars before 17 October 2018.

8. SEGMENTAL REPORTING

IFRS 8 requires operating segments to be identified on the basis of internal financial information about the components of the Group that are regularly reviewed by the chief operating decision-maker ("CODM") to allocate resources to the segments and to assess their performance.

The chief operating decision-maker has been identified as the Board of Directors ('the Board'). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined that the operating segments, based on these reports are Agriculture, Specialist Retail and Other.

The Board considers the business from a product/service perspective. In the Board's opinion, all of the Group's operations are carried out in the same geographical segment, namely the United Kingdom.

Agriculture - Manufacturing and supply of animal feeds, fertiliser, seeds and associated agricultural products.

Specialist Retail - Supply of a wide range of specialist products to farmers, smallholders and pet owners.

Other- Miscellaneous operations not classified as agriculture or specialist retail.

The Board assesses the performance of the operating segments based on a measure of operating profit. Finance income and costs are not included in the segmental result that is assessed by the Board.

Other information provided to the Board is measured in a manner consistent with that in the financial statements.

The Board has assessed the movement in net assets within each operating segment and notes that there are no material differences compared to the previous year end.

8. SEGMENTAL REPORTING continued

The segment results for the period ended 30 April 2018 for continuing operations are as follows:

	Agricultural	Specialist Retail	Other	Total
	£'000	£'000	£'000	£'000
Unaudited for the six months ended 30 April 2018 for continuing operations:				
Revenue from external customers	**160,141**	**58,274**	**121**	**218,536**
Segment results	**2,050**	**3,104**	**(59)**	**5,095**
Share of result of associates and joint ventures	**-**	**-**	**-**	**-**
	2,050	**3,104**	**(59)**	**5,095**
Investment impairment, costs of corporate restructuring and business combination expenses				**(70)**
Interest income				**81**
Interest expense				**(188)**
Profit before taxation				**4,918**
Taxation				**(956)**
Profit for the period attributable to shareholders				**3,962**
Unaudited for the six months ended 30 April 2017 for continuing operations (restated):				
Revenue from external customers	145,776	52,304	55	198,135
Segment results	1,537	2,916	(58)	4,395
Share of result of associates and joint ventures	-	-	-	-
	1,537	2,916	(58)	4,395
Investment impairment, costs of corporate restructuring and business combination expenses				(61)
Interest income				8
Interest expense				(94)
Profit before taxation				4,248
Taxation				(784)
Profit for the period attributable to shareholders				3,464
Audited for the year ended at 31 October 2017 for continuing operations:				
Revenue from external customers	280,870	109,727	127	390,724
Segment results	3,017	4,740	(42)	7,715
Share of result of associates and joint ventures	320	-	(53)	267
	3,337	4,740	(95)	7,982
Investment impairment, costs of corporate restructuring and business combination expenses				(95)
Interest income				66
Interest expense				(219)
Profit before taxation				7,734
Taxation				(1,429)
Profit for the year attributable to shareholders				6,305

Notes to the Condensed Consolidated Interim Financial Statements continued

9. OTHER OPERATING INCOME

	Unaudited six months ended 30 April 2018 Continuing operations £'000	**Unaudited six months ended 30 April 2018 Discontinued operations £'000**	(Restated) unaudited six months ended 30 April 2017 Continuing operations £'000	(Restated) unaudited six months ended 30 April 2017 Discontinued operations £'000	Audited year ended 31 October 2017 Continuing operations £'000	Audited year ended 31 October 2017 Discontinued operations £'000
Rental income	**158**	**-**	183	-	326	22
Other operating income	**-**	**-**	-	-	-	66
	158	**-**	183	-	326	88

10. INVESTMENT IMPAIRMENT, COSTS OF CORPORATE RESTRUCTURING AND BUSINESS COMBINATION EXPENSES

	Unaudited six months ended 30 April 2018 Continuing operations £'000	**Unaudited six months ended 30 April 2018 Discontinued operations £'000**	(Restated) unaudited six months ended 30 April 2017 Continuing operations £'000	(Restated) unaudited six months ended 30 April 2017 Discontinued operations £'000	Audited year ended 31 October 2017 Continuing operations £'000	Audited year ended 31 October 2017 Discontinued operations £'000
Investment impairment	**-**	**-**	61	-	60	-
Costs of corporate restructuring	**-**	**-**	-	-	35	-
Business combination expenses	**70**	**-**	-	-	-	-
	70	**-**	61	-	95	-

The investment impairment relates to an accounting disposal of unlisted investments. The costs of corporate restructuring relate to the dissolution of dormant subsidiaries. The business combination expenses relate to business combinations in the period.

11. DISCONTINUED OPERATIONS

The Group disposed of Just for Pets Limited, a part of the Specialist Retail segment, on 10 October 2017 when Just for Pets Limited entered administration and on this date recognised a disposal of the assets and liabilities of Just for Pets Limited for nil consideration.

An analysis of the result of discontinued operations which have been included in the consolidated income statement, and the loss recognised on the re-measurement to fair value less costs to disposal, are as follows:

	Unaudited six months ended 30 April 2018	(Restated) unaudited six months ended 30 April 2017	Audited year ended 31 October 2017
	Discontinued operations	Discontinued operations	Discontinued operations
	£'000	£'000	£'000
Revenue	**-**	7,180	13,125
Expenses	**-**	(7,422)	(14,044)
(Loss) before taxation of discontinued operations	**-**	(242)	(919)
Taxation	**-**	-	-
(Loss) after tax of discontinued operations	**-**	(242)	(919)
Costs incurred in relation to administration of Just for Pets Limited	**-**	-	(77)
Group goodwill impairment charges	**-**	(3,881)	(3,881)
Pre-tax loss recognised on the measurement to fair value less costs to sell	**-**	-	(1,709)
Taxation	**-**	-	-
(Loss) for the year from discontinued operations	**-**	(4,123)	(6,586)

Notes to the Condensed Consolidated Interim Financial Statements continued

12. CASH AND CASH EQUIVALENTS AND BORROWINGS

	Unaudited six months ended 30 April 2018	Unaudited six months ended 30 April 2017	Audited year ended 31 October 2017
	£'000	£'000	£'000
Cash and cash equivalents per balance sheet	**1,645**	22	8,914
Bank overdrafts	**(4,009)**	(3,335)	-
Cash and cash equivalents per cash flow statement	**(2,364)**	(3,313)	8,914
Bank loans due within one year or on demand	**(880)**	(925)	(866)
Loan capital	**(668)**	(659)	(672)
Other loanstock	**(16)**	(16)	(16)
Net obligations under finance leases due within one year	**(1,218)**	(1,079)	(958)
Net (debt)/cash due within one year	**(5,146)**	(5,992)	6,402
Bank loans after one year	**(704)**	(1,555)	(1,120)
Net obligations under finance leases due after one year	**(1,066)**	(731)	(776)
Total net (debt)/cash	**(6,916)**	(8,278)	4,506

13. 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

All derivative financial assets and liabilities are classified as Level 1 instruments as they are quoted market prices.

Contingent consideration is measured at fair value using Level 3 inputs such as entity projections of future profitability.

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

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

Financial instruments recognised at fair value are as follows:

	Unaudited six months ended 30 April 2018	Unaudited six months ended 30 April 2017	Audited year ended 31 October 2017
Book value and fair value	**£'000**	£'000	£'000
Derivative financial instruments (asset)	**-**	-	157
Derivative financial instruments (liability)	**(1)**	-	(163)
Contingent consideration payable	**(851)**	(112)	(112)

14. CASH USED IN/GENERATED FROM OPERATIONS

	Unaudited six months ended 30 April 2018	Unaudited six months ended 30 April 2017	Audited year ended 31 October 2017
	£'000	£'000	£'000
Profit for the period from continuing operations	**3,962**	3,464	6,305
Adjustments for:			
Taxation	**956**	784	1,359
Depreciation of tangible fixed assets	**1,456**	1,257	2,657
Amortisation of other intangible fixed assets	**7**	7	14
Impairment of investments	**-**	61	60
(Profit) on disposal of property, plant and equipment	**(21)**	(18)	(73)
Interest income	**(81)**	(8)	(66)
Interest expense	**188**	94	219
Share of results of joint ventures and associates	**-**	-	(197)
Share-based payment expenses	**24**	75	142
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries)			
Decrease in short term loan to joint venture	**-**	-	(58)
(Increase) in inventories	**(6,098)**	(4,974)	(1,048)
(Increase) in trade and other receivables	**(13,774)**	(12,774)	(13,654)
Increase in payables	**7,292**	2,966	10,393
Cash (used in)/generated from continuing operations	**(6,089)**	(9,066)	6,053

During the six months to 30 April 2018, the Group purchased Property, plant and equipment of £2,163,000 (2017: £1,202,000) of which £1,224,000 (2017: £127,000) relates to assets acquired under finance leases.

15. OTHER RESERVES

Included in Other reserves are share-based payments; as the Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The Group operates a number of share option and Save As You Earn schemes and fair value is measured by use of a recognised valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

At the 30 April 2018 the ESOP Trust, which is consolidated within the Group financial statements, held 8,131 Ordinary Shares in the Group.

Notes to the Condensed Consolidated Interim Financial Statements continued

16. GROUP FINANCIAL COMMITMENTS

As at the 30 April 2018, the Group's contingent liabilities in respect of bank guarantees for one of its associates amounts to £125,000 (2017: £125,000).

17. CAPITAL COMMITMENTS

As at the 30 April 2018 the Group had capital commitments as follows:

	Unaudited as at 30 April 2018	Unaudited as at 30 April 2017	Audited as at 31 October 2017
	£'000	£'000	£'000
Contracts placed for future capital expenditure not provided in the financial statements	**300**	282	386

18. RELATED PARTIES

Transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures and associates are described below:

	Transaction value			**Balance outstanding**		
	Unaudited six months ended 30 April 2018	Unaudited six months ended 30 April 2017	Audited year ended 31 October 2017	**Unaudited as at 30 April 2018**	Unaudited as at 30 April 2017	Audited as at 31 October 2017
	£'000	£'000	£'000	**£'000**	£'000	£'000
Sales of goods to joint ventures and associates	**7,486**	12,220	21,254	**6,756**	6,077	8,678
Purchases of goods from joint ventures and associates	**12,999**	8,327	14,075	**2,668**	1,365	2,302
Interest receivable from joint ventures and associates	**-**	-	58	**-**	-	-
Loans with joint ventures	**-**	-	-	**2,844**	2,786	2,844

Sales of goods to related parties were made at the Group's usual list prices, less average discounts. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationship between parties.

19. BUSINESS COMBINATIONS

Montrose

On 1 November 2017, Glasson Grain Limited entered into a business combination and acquired 100% of certain trade and assets, which together comprise a mill and related processing facilities, located at Montrose in Scotland. The business is intended to be run as a going concern. The acquisition will enable Glasson Grain Limited to better service customers throughout Scotland. The consideration was £550,000, which is represented by £1 paid on 1 November 2017 and £549,999 payable by 1 November 2020. The payment of the deferred consideration is contingent on the resolution of certain conveyancing issues which management expect to be satisfactorily resolved within the three year period.

No discount for the time value of money has been recognised as it is uncertain as to when the resolution will be made of the conveyancing issues.

Provisional fair value of assets acquired::

	£'000
Property, plant and equipment	550
Consideration	550

The Directors consider it impractical to estimate the recent historical financial performance of the acquired trade and assets, as the operation was one element of a larger business recently initially acquired by Origin UK Operations Limited, and which was subsequently required to be divested for competition remedy purposes. Amounts included in the Consolidated Statement of Comprehensive Income for the 6 months ended 30 April 2018 are revenue of £5,357,000 and profit of £159,000. Acquisition costs of £35,000 arose as a result of the transaction, these have been recognised as part of Investment impairment, costs of corporate restructuring and business combination expenses in the Consolidated Statement of Comprehensive Income.

Countrywide

On 30 April 2018, Wynnstay (Agricultural Supplies) Ltd entered into a business combination and acquired 100% of certain trade and assets of eight former Countrywide Famers plc agricultural retail stores located in Thame, Raglan, Bridgnorth, Dartington, Otterham, Wadebridge, Helston, and Crewkerne. The acquisition will extend the Group's geographical trading area and farmer customer base. The consideration was £681,000 which may be adjusted for final inventory valuation.

The Directors consider it impractical to estimate the recent historic profit performance of the acquired trade and assets as the operations acquired were constituent parts of a larger legal entity, however, management information indicated that these units generated aggregate revenues of £16.4m in the year to November 2017.There is no revenue or profit or loss since the acquisition date included in the Consolidated Statement of Comprehensive Income for the 6 months ended 30 April 2018. Acquisition costs of £35,000 arose as a result of the transaction, these have been recognised as part of Investment impairment, costs of corporate restructuring and business combination expenses in the Consolidated Statement of Comprehensive Income. Further acquisition costs are expected to be incurred in the second half of the financial year, primarily in relation to negotiation of property leases and restructuring.

Provisional fair value of assets acquired:

	£'000
Intangible assets - trademarks	10
Property, plant and equipment	310
Inventories	361
Consideration	681
Licence to occupy leasehold premises for 3 months	159
	840

Notes to the Condensed Consolidated Interim Financial Statements continued

19. BUSINESS COMBINATIONS continued

Others

In addition to the acquisitions set out above, the Group has also completed a number of smaller acquisitions for total consideration of £529,000 which is shown below. The consideration may be adjusted for final inventory valuation. The deferred consideration is also contingent upon future profitability and continued employment of the former owners. The fair value of the contingent consideration has been based on management expectations of the future performance of the businesses. The contingent consideration could range from £130,000 to an unlimited maximum (based on the enterprise contribution of the businesses acquired). The Directors best estimate of the deferred consideration payable is £189,000 shown in the following table. The goodwill represents future sales opportunities to the farmer customer base and is not deductible for tax purposes.

The Directors consider it impractical to estimate the recent historical performance of the acquired trade and assets as the operations acquired were constituent parts of larger legal entities. Amounts included in the Consolidated Statement of Comprehensive Income for the 6 months ended 30 April 2018 are revenue of £943,000 and profit of £64,000.

Provisional fair value of assets acquired:

	£'000
Goodwill	324
Property, plant and equipment	75
Inventories	130
Consideration	529
Deferred consideration	189
Settled in cash at completion	340

Contingent and deferred consideration of £50,000 was also paid during the period which related to prior period acquisitions, resulting in a total net cash outflow of £1,071,000.

20. EVENTS ARISING AFTER THE END OF THE REPORTING PERIOD

On 1 May 2018, Glasson Grain Limited entered into a business combination and acquired the majority of the assets and liabilities of Fertlink Limited, a 50% joint venture fertiliser manufacturing facility based in Birkenhead established between Glasson and NW Trading for £100.

The acquisition will increase the fertiliser division's sales volume and allow it to better service the market on the east side of the UK. The Directors consider it impractical to estimate the recent historical performance of the acquired assets and liabilities as they are constituent parts of a larger legal entity.

Provisional fair value of assets and liabilities acquired:

	£'000
Goodwill	266
Property, plant and equipment	600
Inventories	2,559
Cash and cash equivalents	63
Trade and other payables	(3,375)
Current tax liability	(113)
Consideration	-

The goodwill represents future sales opportunities and economies of scale from combining the operations of Glasson Grain Limited and Fertlink Limited. None of the goodwill is expected to be deductible for tax purposes.

The business combination accounting is in progress and will be completed before the next reporting period.

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