Wynnstay Group PLC - WYN
Half Year Results
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WYNNSTAY GROUP PLC
("Wynnstay" or "the Group")

Half Year Results
For the six months to 30 April 2017

Key Points

- Results benefited from greater demand for agricultural inputs over the winter period but were affected by continued subdued trading at pet products business, Just for Pets

- Revenue of £205.32m (2016: £193.24m) - increase partly driven by higher commodity prices

- Adjusted* profit before tax, before goodwill & investment impairment charges, is £4.07m (2016: £4.08m) - excluding the pet products operation, the Group's performance for the first six months improved year-on-year, with profitability ahead

- Reported profit before tax, including goodwill & investment impairment charges, is £0.13m (2016: £4.08m)
  - goodwill & investment impairment charges of £3.94m (2016: nil) related to Just for Pets

- Adjusted * earnings per share, before goodwill & investment impairment charges, of 16.84p (2016: 17.22p)

- Reported loss per share of 3.38p (2016: earnings per share of 17.22p)

- Net debt at period end (a seasonal peak) was £8.28m (2016: £3.90m). The rise reflected commodity price inflation and consequent higher average working capital utilisation. Ample headroom in debt facilities

- Net assets at 30 April 2017 stood at £85.03m (2016: £85.06m)

- Interim dividend of 4.20p (2016: 4.00p) - an increase of 5.0%

- Agricultural Division - revenue of £145.78m, operating profit of £1.54m
    - greater demand for many agricultural inputs over the winter period but feed and arable margins remained under pressure across the sector
    - broad portfolio of products helped to smooth marketplace variations

- Specialist Retail Division - revenue of £59.48m, operating profit of £2.41m
    - improved results at Wynnstay Stores
    - Just for Pets generated a trading loss and a restructuring is underway, with options under consideration

- The trading backdrop has improved but challenges for the agricultural supply industry remain. Nonetheless, Wynnstay remains well-placed to continue its development

Ken Greetham, Chief Executive of Wynnstay, commented:

"*The recovery in farmgate prices drove an improvement in demand for many agricultural inputs over the winter period. Wynnstay's agriculture-related activities, including Wynnstay Stores, have benefited as a result over the first half and show year-on-year progress.*

"However, the trading loss at our Just for Pets chain has impacted the Group's overall results and, given this unit's performance, we have recognised a non-cash goodwill and investment impairment charge and are restructuring the operations and reviewing our options for the business.

"*Looking forward, we are encouraged by the improvement in farmgate prices for our farmer customers but believe that the rate of recovery for the agricultural supply sector will remain tempered. Nonetheless, Wynnstay is well-positioned to continue its organic and acquisitive growth strategy. The breadth of the Group's activities and strong balance sheet provide a solid foundation for further development over the coming years."*

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CHAIRMAN'S STATEMENT

INTRODUCTION

The Group's interim results reflect some easing in trading headwinds for farmers, with an improvement in farmgate prices resulting in a greater demand for many agricultural inputs over the winter period. However feed and arable margins remained under pressure across the sector. Wynnstay's breadth of agricultural activities, including Wynnstay Stores, once again provided a degree of resilience, helping to mitigate the variations across our marketplaces. The most significant impact on the Group's results was weaker trading at our pet products chain, Just for Pets. As we previously reported, this business continued to experience subdued demand, reflecting overall difficult trading conditions, and incurred a trading loss during the period. We have therefore recognised a non-cash goodwill impairment charge of £3.88m and are reviewing options for the unit, with restructuring now also underway.

Excluding the pet products operation, the Group's performance for the first six months was better year-on-year, with profitability ahead. However, including the trading loss at Just for Pets, the Group's adjusted* profit before tax, before goodwill & investment impairment charges, is marginally below last year at £4.07m (2016: £4.08m). The Group's reported profit before tax for the first half, including the impairment charges, is £0.13m (2016: £4.08m).

An improvement in overall feed sales, which reflected the national picture, was driven by higher demand for dairy feed. However, total volumes in April reduced slightly as the mild weather gave rise to early spring grass, benefiting livestock farmers. We experienced strong demand for spring seed and fertiliser although, as expected, grain trading volumes were behind the previous year after a smaller 2016 harvest.

Within the Retail Division, Wynnstay Stores traded well, with a small increase in like-for like-sales as famers begin to reinvest in their enterprises. The diverse range of products offered by Wynnstay Stores is a key attraction and drives footfall. By contrast, Just for Pets experienced a reduction in like-for-like sales and margins, reflecting high-street pressures and changes in consumer shopping behaviour.

Looking ahead, there is a degree of short term stability as farmgate prices begin to improve. Demand for inputs is expected to remain robust although margin pressure is likely to remain a feature of the industry. However, Wynnstay remains well-placed within the sector with its broad portfolio of products, customer focus and strong balance sheet.

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 profit before tax, operating profit and earnings per share, which take account of non-cash charges for intangible amortisation, share-based payments, and goodwill & investment impairment. A reconciliation table is provided below. The Directors believe that the non-recurring nature of the goodwill impairment charge supports the presentation of adjusted results and these adjusted results provide a better understanding of the underlying performance of the business.*

Revenue for the six months to 30 April 2017 totalled £205.32m (2016: £193.24m), an increase of 6.25% on the same period last year. The rise is partly attributable to higher commodity prices after a three year period of sustained deflation. The Agriculture Division contributed £145.78m (2016: £135.18m) to Group revenues, with the Specialist Retail Division contributing £59.48m (2016: £57.97m). Other activity revenues were £0.06m (2016: £0.09m).

Operating profit before non-cash charges relating to intangible amortisation, share-based payments, and the goodwill & investment impairments, was flat at £4.24m (2016: £4.24m). Non-cash charges amounted to £4.02m (2016: £0.07m), and mainly reflected the goodwill & investment impairment charge of £3.94m (2016: nil). This impairment charge is mostly against the carrying value of goodwill attributed to the Just for Pets business. Intangible amortisation and share-based payments amounted to £0.08m (2016: £0.07m). Reported Group operating profit reduced to £0.21m (2016: £4.18m).

Operating profit in the Agricultural Division was £1.54m (2016: £1.82m), with low volumes of traded grain, and margin pressures in other agricultural products, affecting the result. Operating profit in our Specialist Retail operations increased to £2.68m (2016: £2.40m), reflecting improved results at Wynnstay Stores. The Agricentre business, acquired in October 2015, produced an improved performance during the period. Other activities, which include the charges relating to annual intangible amortisation and share based payments of £0.08m (2016: £0.07m), incurred an operating loss of £0.06m (2016: loss of £0.05m).

Net finance costs reduced slightly to £0.09m (2016: £0.10m) helped by marginally lower average interest rates across the period. With the return to commodity price inflation, we expect average working capital and therefore debt and future finance costs to trend up. The Group retains substantial headroom within its existing debt facilities to accommodate this anticipated increase. April is historically the Group's peak cash requirement period and net debt at 30 April 2017 was £8.28m (2016: £3.90m), reflecting higher levels of working capital utilisation in the first half.

Adjusted profit before tax, before goodwill amortisation and share-based payments of £3.94m, is marginally below last year at £4.07m (2016: £4.08m), reflecting the trading loss at Just for Pets. Earnings per share before the goodwill & investment impairment charge was 16.84p (2016: 17.22p) - see table below *. As the impairment charge is likely to be disallowable for tax purposes, a tax charge for the period has been provided on this basis. This has resulted in a loss per share of 3.38p (2016: earnings per share of 17.22p) based on the reported loss after taxation of £0.66m for the period (2016: profit of £3.34m).

Net assets at 30 April 2017 were £85.03m (2016: £85.06m). This represents approximately £4.36 per share (2016: £4.38 per share), with the weighted average number of shares in issue during the period at 19.49m (2016: 19.39m).

***Alternative performance measures**

Adjusted profit before tax

	Six months ended 30 April 2017 £millions	Six months ended 30 April 2016 £millions
Profit before tax	0.13	4.08
Goodwill and investment impairment	3.94	-
Adjusted profit before tax	4.07	4.08

Operating profit before non-cash charges

	Six months ended 30 April 2017 £millions	Six months ended 30 April 2016 £millions
Operating profit per published accounts	0.22	4.17
Intangible amortisation and share-based payments	0.08	0.07
Goodwill and investment impairment	3.94	-
Operating profit before non-cash charges	4.24	4.24

Earnings per share before goodwill and investment impairment charges

	Six months ended 30 April 2017	Six months ended 30 April 2016
(Loss)/earnings attributable to shareholders (£millions)	(0.66)	3.34
Weighted average number of shares in issue (number millions)	19.49	19.39
(Loss)/ earnings per share	(3.38p)	17.22p
(Loss)/earnings attributable to shareholders (£millions)	(0.66)	3.34
Add back Goodwill and investment impairment (£millions)	3.94	-
Earnings attributable to shareholder after impairment	3.28	3.34

Weighted average number of shares in issue (number millions)	19.49	19.39
Earnings per share after impairment charges	16.84p	17.22p

DIVIDEND

The Board is pleased to declare an increased interim dividend of 4.20p per share (2016: 4.00p), a rise of 5% year-on-year. The interim dividend is in line with our progressive policy and will be paid on 31 October 2017 to shareholders on the register at the close of business on 29 September 2017. As in previous years, a Scrip Dividend alternative will also be available, with the last day for election for this scheme being 17 October 2017.

REVIEW OF OPERATIONS

AGRICULTURE

The last two years have been particularly challenging for livestock and arable farmers. Pleasingly there has been some improvement in grain and milk prices since the autumn of 2016, although they have not recovered to levels previously attained. The improvement in output prices has lifted farmer confidence, and helped to generate greater demand for most inputs, and Wynnstay has benefited from the increased volume of feed and arable products although pressure on margins continued.

Feed Products

Strong demand for feed products over the winter months led to an overall increase in feed volume in the first half year-on-year, reflecting the national trend. The early 2017 spring tempered feed demand and, in April, total volumes reduced mainly reflecting the decrease in sheep feed. This contrasted with April volumes last year, which benefited from the inclement weather conditions. The improved milk price supports ongoing demand for dairy feed as producers return to more traditional feeding patterns.

The range of our feed products, which cater for both ruminant and monogastric livestock, along with our blended feed and traded straight feeds, are key features of this business, and the breadth and depth of our operations help to mitigate the effects of volatility within the sector.

As expected the state-of-the-art bagging facility, which we commissioned ahead of the winter period, helped to improve supply chain efficiencies of bagged product direct to farm and through the network of retail stores.

Glasson Grain

Glasson performed well in the first half. Fertiliser volumes increased significantly although margins remained under pressure. Sales of traded materials and specialist products were slightly lower than the previous year but the business remains well placed in the market.

Arable Products

The smaller grain harvest from the 2016 season limited the volume of cereals marketed through the GrainLink and Woodheads businesses and, as a result, the contribution from these activities was below last year's level. Arable crops have benefitted from recent rainfalls which should support prospects for a good 2017 harvest although it is still too early in the season to make firm predictions.

Demand for fertiliser was strong over the winter period as farmers ordered ahead of anticipated price increases. Helped by an early spring, overall Group volumes exceeded the previous year.

Sales of cereal seed were also buoyant although slightly lower in volume than the record performance achieved in 2016. There is ongoing demand for herbage seed and agrochemicals as we enter the busy spring growing season.

SPECIALIST RETAIL

Wynnstay Stores

Wynnstay Stores provide a valuable route to market for our agricultural products and the stores also help to cement our customer relationships. Like-for-like sales, adjusted for inflation, improved by over 2% in the period. There was a strong performance from key agricultural products, reflecting improved farmer sentiment as they invested in their businesses. This was particularly evident in increased demand for milk powders, animal health and hardware products.

We continue to invest in the infrastructure of the operations. We completed the refurbishment of our store at Craven Arms, Shropshire, in the period, and we will be relocating our store in Ruthin, Denbighshire, during the summer.

Just for Pets

As previously reported, certain stores at Just for Pets did not deliver the expected performance and, overall, trading remained subdued. This resulted in a loss from the chain during the first half. Operating 25 stores, Just for Pets remains a relatively small part of the Group compared to our core agricultural activities and, accordingly, the Board is reviewing the options for the business unit and is implementing restructuring measures in the second half. A goodwill impairment of £3.89m for the goodwill value of the asset has been accounted for in the period.

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.

OUTLOOK

It is encouraging to see an improvement in output prices for our farmer customers. However the current oversupply of many commodities in the Global market and the negotiations for the UK's exit from the European Union will bring further challenges for many farming enterprises. Nonetheless the strategic and environmental importance of UK agriculture should provide a foundation for an increasingly efficient industry in which a focus on productivity will remain a major consideration for many customers.

All this provides for a challenging backdrop for the agricultural supply industry and will affect the rate of recovery of the supply sector. However Wynnstay is well-placed to continue its organic and acquisitive growth strategy. In addition, it is actively addressing the issues at Just for Pets. The breadth of our activities, our talented team and strong balance sheet provide firm foundations for the Group's further development over the coming years.

Jim McCarthy
Chairman

WYNNSTAY GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 April 2017

	Note	**Unaudited six months ended 30 April 2017** *£'000*	Unaudited six months ended 30 April 2016 *£'000*	Audited year ended 31 October 2016 *£'000*
Revenue		**205,315**	193,237	368,143
Cost of sales		**(176,270)**	(164,781)	(310,750)
Gross profit		**29,045**	28,456	57,393
Manufacturing, distribution and selling costs		**(21,655)**	(21,131)	(45,522)
Administrative expenses		**(3,337)**	(3,268)	(4,889)
Other operating income	9	**183**	187	454
Group operating profit before intangible amortisation share-based payment costs		**4,236**	4,244	7,436

Intangible amortisation and share-based payment costs		**(82)**	(69)	(78)
Group operating profit after intangible amortisation and share-based payment costs		**4,154**	4,175	7,358
Goodwill and investment impairment	10	**(3,942)**	-	-
Group operating profit		**212**	4,175	7,358
Interest income		**8**	18	69
Interest expense		**(95)**	(118)	(209)
Share of profits in associates and joint ventures	2	**-**	-	93
Share of tax incurred in associates and joint ventures		**-**	-	(26)
Profit before taxation		**125**	4,075	7,285
Taxation	4	**(784)**	(735)	(1,456)
Profit for the period		**(659)**	3,340	5,829
Earnings per 25p share before impairment charges	5	**16.84p**	17.22p	30.01p
Diluted earnings per 25p share before impairment charges	5	**16.53p**	17.14p	29.81p
(Loss)/earnings per 25p share	5	**(3.38p)**	17.22p	30.01p
Diluted (Loss)/earnings per 25p share	5	**(3.38p)**	17.14p	29.81p

WYNNSTAY GROUP PLC
CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 April 2017

	Note	**Unaudited as at 30 April 2017 *£'000***	Unaudited as at 30 April 2016 *£'000*	Audited as at 31 October 2016 *£'000*
Assets				
Non-current assets				
Goodwill	11	**14,266**	18,142	18,147
Investment property		**2,372**	2,372	2,372
Property, plant and equipment		**20,279**	19,312	20,535
Investments		**3,397**	3,580	3,457
Intangibles		**102**	117	109
		40,416	43,523	44,620
Current assets				
Inventories		**36,265**	34,016	31,344
Trade and other receivables		**63,212**	57,457	50,316
Financial assets - loans to joint ventures		**2,786**	2,802	2,786
Cash and cash equivalents	12	**22**	2,762	10,111

	Note			
		102,285	97,037	94,557
Total assets		**142,701**	140,560	139,177
Liabilities				
Current liabilities				
Financial liabilities - borrowings		**(6,014)**	(2,948)	(2,626)
Trade and other payables		**(47,953)**	(47,519)	(44,750)
Current tax liabilities		**(1,128)**	(1,107)	(905)
		(55,095)	(51,574)	(48,281)
Net current assets		**47,190**	45,463	46,276
Non-current liabilities				
Financial liabilities - borrowings		**(2,286)**	(3,711)	(3,202)
Trade and other payables		**-**	-	(388)
Deferred tax liabilities		**(289)**	(220)	(358)
		(2,575)	(3,931)	(3,948)
Total liabilities		**(57,670)**	(55,505)	(52,229)
Net assets		**85,031**	85,055	86,948
Equity				
Share capital	6	**4,883**	4,862	4,874
Share premium		**29,065**	28,679	28,848
Other reserves		**3,008**	2,932	2,933
Retained earnings		**48,075**	48,582	50,293
Total equity		**85,031**	85,055	86,948

WYNNSTAY GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ended 30 April 2017

	Note	**Share capital** ***£'000***	**Share premium** ***£'000***	**Other reserves** ***£'000***	**Retained earnings** ***£'000***	**Total equity** ***£'000***
Balance at 1 November 2015		4,848	28,439	2,890	46,678	82,855
Profit for the period		-	-	-	3,340	3,340
Total comprehensive income for the period		-	-	-	3,340	3,340

Transactions with owners of the company, recognised directly in equity						
Shares issued during the period		14	240	-	-	254
Own shares acquired by ESOP trust		-	-	(20)	-	(20)
Dividends		-	-		(1,436)	(1,436)
Equity settled share-based payments transactions		-	-	62	-	62
Total contributions by and distributions to owners of the Group		14	240	42	(1,436)	(1,140)
At 30 April 2016		4,862	28,679	2,932	48,582	85,055
Profit for the period		-	-	-	2,489	2,489
Total comprehensive income for the period		-	-	-	2,489	2,489
Transactions with owners of the company, recognised directly in equity						
Shares issued during the period		12	169	-	-	181
Dividends		-	-	-	(778)	(778)
Equity settled share-based payments transactions		-	-	1	-	1
Total contributions by and distributions to owners of the Group		12	169	1	(778)	(596)
At 31 October 2016		4,874	28,848	2,933	50,293	86,948
Profit for the period		**-**	**-**	**-**	(659)	(659)
Total comprehensive income for the period		**-**	**-**	**-**	**(659)**	**(659)**
Transactions with owners of the company, recognised directly in equity						
Shares issued during the period	6	9	217	-	-	226
Dividends	7	-	-	-	(1,559)	(1,559)
Equity settled share-based payments	14	-	-	75	-	75
Total contributions by and distributions to owners of the Group		**9**	**217**	**75**	**(1,559)**	**(1,258)**
At 30 April 2017		**4,883**	**29,065**	**3,008**	**48,075**	**85,031**

WYNNSTAY GROUP PLC
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 April 2017

	Note	**Unaudited six months ended 30 April 2017**	Unaudited six months ended 30 April 2016	Audited year ended 31 October 2016
		£'000	*£'000*	*£'000*
Cash flow from operating activities				
Cash (used in) / generated from operations	13	**(9,372)**	(3,033)	8,897
Interest received		**8**	18	69
Interest paid		**(95)**	(118)	(209)
Tax paid		**(630)**	(561)	(1,346)

Net cash flows from operating activities		**(10,089)**	(3,694)	7,411
Cash flows from investing activities				
Proceeds on sale of property, plant and equipment		**63**	121	224
Purchase of property, plant and equipment	13	**(1,075)**	(603)	(2,748)
Proceeds on sale of investments		**-**	100	290
Purchase of intangibles		**-**	-	(3)
Own shares acquired by ESOP Trust		**-**	(20)	(20)
Net cash used by investing activities		**(1,012)**	(402)	(2,257)
Cash flows from financing activities				
Net proceeds from the issue of ordinary share capital		**226**	254	435
Finance lease principal repayments		**(574)**	(320)	(849)
Repayments of borrowings		**(416)**	(1,400)	(2,162)
Dividends paid to shareholders		**(1,559)**	(1,436)	(2,214)
Net cash generated from financing activities		**(2,323)**	(2,902)	(4,790)
Net (decrease)/increase in cash and cash equivalents		**(13,424)**	(6,998)	364
Cash and cash equivalents at beginning of period		**10,111**	9,747	9,747
Cash and cash equivalents at end of period	12	**(3,313)**	2,749	10,111

WYNNSTAY GROUP PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The Interim Report was approved by the Board of Directors on 20 July 2017.

The condensed financial statements for the six months to the 30 April 2017 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 2016 set out above is an extract from the published financial statements for that year which have been delivered to the Registrar of Companies. The auditors' 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 2017 and for the six months ended 30 April 2016 is unaudited.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for year ended 31 October 2016, 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

As 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 2017. 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 preparation of the Group's financial statements for the year ended 31 October 2016. 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 standard were in issue but not yet effective. The Directors anticipate that the Group will adopt these standards on their effective dates:

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	Effective for 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

It is considered that the above standards and amendments, with the exception of IFRS 16 'Leases', will not have a significant effect on the results of the Group or Company.

IFRS16 is effective for accounting periods beginning on or after 1 January 2019. The Directors are currently reviewing the level of the Group's leasing arrangements that would be brought within scope of IFRS16. At the date of signing the interim statement the Directors are not yet in a sufficiently advanced stage of their reviews to be able to quantify any financial impact from this standard.

The accounting policies applied by the Group in these condensed consolidated interim statements are substantially the same as those applied by the Group in its consolidated financial statements for the 12 months ending 31 October 2016. There have been a number of minor changes to standards which became applicable for the year ended 31 October 2017, 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 2017 and 30 April 2016 is based on an apportionment of the estimated tax charge for the full year.

The effective tax rate is 627% (2016: 18.03%) which is higher than the standard rate of 19.50% (2015: 20%). During this period the Group has goodwill and investment impairment charges of £3,942,194 and these are likely to be disallowable for tax purposes. The effective tax rate excluding the Goodwill and Investment impairment is 19.30% because it excludes certain items of income and expense that are taxable or deductible in other years. Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax liability at the balance sheet date has been calculated at 17%.

5. Earnings per share

Earnings per share before impairment have been calculated based on the profit attributable to ordinary shareholders of £3,282,799 (six months ended 30 April 2016: profit of £3,339,926) and after impairment charges a loss of £659,395 and the weighted average number of shares in issue of 19,495,387 (2016: 19,392,684). Diluted earnings per share are based on the aggregate weighted average number of shares and all potential shares adjusted for their proposed issue price, of 19,860,730 (2016: 19,489,260). In accordance with IAS 33, diluted loss per share is not adjusted for shares to be potentially issued, and is accordingly reported as being the same as headline loss per share.

6. Share capital

During the current period a total of 35,104 (2016: 57,920) shares were issued with an aggregate nominal value of £8,776 (2016: £14,480) fully paid up for equivalent cash of £226,226 (2016: £254,738). Included in these issues were 35,104 (2016: 52,120) shares allotted to shareholders exercising their rights to receive dividends under the Company's scrip dividend scheme and Nil shares (2016: 5,800) allotted to relevant holders exercising options in the Company. No other shares (2016: nil) were allocated during the period. As at 30 April 2017 a total of 19,530,296 shares are in issue (2016: 19,448,884).

7. Dividends

During the period ended 30 April 2017 an amount of £1,558,804 (2016: £1,435,831) was charged to reserves in respect of equity dividends paid. An interim dividend of 4.20p per share (2016: 4.00p) will be paid on 31 October 2017 to shareholders on the register on 29 September 2017. New elections to receive scrip dividends should be made in writing to the Company's Registrars before 17 October 2017.

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 access their performance.

The CODM 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 Agriculturel, 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 segments, namely the United Kingdom.

Agriculture - Manufactures and supplies of animal feeds, fertiliser, seeds and associated agricultural products.

Specialist Retail - Supplies 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. Inter-segmental transactions are entered into under the normal commercial terms and conditions that would be available to unrelated third parties.

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.

The segment results for the period ended 30 April 2017 are as follows:

	Agriculture	Specialist Retail	Other	Total
	£'000s	*£'000s*	*£'000s*	*£'000s*
Unaudited for the six months ended 30 April 2017:				
Revenue	**145,776**	**59,484**	**55**	**205,315**
Segment results	**1,537**	**2,675**	**(58)**	**4,154**
Share of result of associates & joint ventures	**-**	**-**	**-**	**-**
	1,537	**2,675**	**(58)**	**4,154**
Impairment charges				**(3,942)**
Interest income				**8**
Interest expense				**(95)**
Profit before tax				**125**
Taxation				**(784)**
Profit for the period attributable to shareholders				**(659)**
Unaudited for the six months ended 30 April 2016:				
Revenue	135,179	57,972	86	193,237
Segment results	1,817	2,405	(47)	4,175
Share of result of associates & joint ventures	-	-	-	-
	1,817	2,405	(47)	4,175
Interest income				18
Interest expense				(118)
Profit before tax				4,075
Taxation				(735)
Profit for the period attributable to shareholders				3,340
Audited for the year ended 31 October 2016:				
Revenue	249,736	118,281	126	368,143
Segment results	2,934	4,493	(69)	7,358

Share of result of associates & joint ventures	72	51	(30)	93
	3,006	4,544	(99)	7,451
Interest income				69
Interest expense				(209)
Profit before tax				7,311
Income taxes (includes tax of associates & joint ventures)				(1,482)
Profit for the year attributable to shareholders				5,829

9. Other operating income

	Unaudited as at 30 April 2017	Unaudited as at 30 April 2016	Audited as at 31 October 2016
	£'000s	*£'000s*	*£'000s*
Rental income	**183**	187	388
Other operating income	**-**	-	66
Other operating income	**183**	187	454

10. Goodwill and investment impairment

	Unaudited as at 30 April 2017	Unaudited as at 30 April 2016	Audited as at 31 October 2016
	£'000s	*£'000s*	*£'000s*
Goodwill impairment	**3,881**	-	-
Investment impairment	**61**	-	-
Goodwill and investment impairment	**3,942**	-	-

The Goodwill impairment charge relates to the Just for Pets business, see note 11, the investment impairment relates to the impairment of the investment in Welsh Feed Producers which went into administration during the period**.**

11. Goodwill

After initial recognition, goodwill is subject to annual impairment test or more frequently if events or changes in circumstances indicate that it might be impaired, in accordance with IAS 36.

Cost	*£'000s*
At November 2016 and 30 April 2017	**19,784**
Aggregate impairment	
At 1 November 2016	**1,637**
Impairment charge	**3,881**
At 30 April 2017	**5,518**
Net book value	
At 30 April 2017	**14,266**
At 31 October 2016	18,147

Goodwill impairment

Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that goodwill may be impaired.
Goodwill acquired in a business combination is allocated to groups of cash generating units according to the level at which management monitor that goodwill.
Recoverable amounts for cash generating units are based on the higher of value in use and fair value less cost to sell. Value in use is calculated from cash flow projections for the next five years using data from the Group's latest internal forecasts, the results of which are reviewed by the Board.
The key assumptions for the value in use calculations are those regarding discount rates and growth rates. Management estimate discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the cash generating units. Growth rates are based on past experience and expectations of future changes in the market. Given the current economic climate, a sensitivity analysis has been performed in assessing the recoverable amounts of goodwill.
In April 2017 and October 2016 impairment reviews were performed by comparing the carrying value of goodwill with the recoverable amount of the cash generating units to which goodwill has been allocated.
The impairment charge of £3,880,535 relates to the impairment on the CGU of the Group's subsidiary Just for Pets Limited.

Goodwill is allocated to specific cash generating units ("CGU") as it arises
The Group has a number of CGUs in both Agriculture and the Specialist Retail sectors. The carrying value of goodwill allocated to the Agriculture CGU is £7,776,514 (2016: £7,776,514), and to Specialist Retail is £6,489,560 (2016: £10,370,095).
The pre-tax discount rates used to calculate value in use ranges from between 9% to 12% for both the Agriculture and Specialist retail segments. These discounts rates are derived from the Group's weighted average cost of capital and adjusted for the specific risks relating to each CGU.

The forecasts are extrapolated based on estimated long term growth rates of 1% to 3% for both Agriculture and Specialist Retail segments

The Directors have considered the sensitivity to key assumptions and are satisfied that there are no reasonably probable changes in key assumptions which would cause the carrying amount of the CGU to exceed its recoverable amount

12. Cash and cash equivalents and bank overdrafts

	Unaudited as at 30 April 2017	Unaudited as at 30 April 2016	Audited as at 31 October 2016
	£'000s	*£'000s*	*£'000s*
Cash and cash equivalents per balance sheet	**22**	2,762	10,111
Bank overdrafts	**(3,335)**	(13)	-
Cash and cash equivalents per cash flow statement	**(3,313)**	2,749	10,111

13. Cash (used in)/generated from operations

	Unaudited six months ended 30 April 2017	Unaudited six months ended 30 April 2016	Audited year ended 31 October 2016
	£'000s	*£'000s*	*£'000s*
(Loss)/Profit for the period	**(659)**	3,340	5,829
Adjustments for:			
Taxation	**784**	735	1,456
Impairment of goodwill	**3,881**	-	-
Depreciation of tangible fixed assets	**1,422**	1,431	2,768
Amortisation of intangibles	**7**	7	15
Impairment of investments	**61**	-	-
(Profit) on disposal of property, plant and equipment	**(26)**	(83)	(128)
Interest income	**(8)**	(18)	(69)
Interest expense	**95**	118	209
Share of results of joint ventures and associates	**-**	-	(67)
Share based payment expenses	**75**	62	63
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries)			
Decrease in short term loan to joint venture	**-**	-	16
(Increase)/ decrease in inventories	**(4,921)**	(2,322)	350
(Increase)in trade and other receivables	**(12,896)**	(8,850)	(1,709)
Increase in payables	**2,813**	2,547	164
Cash (used in)/ generated from operations	**(9,372)**	(3,033)	8,897

During the six months to 30 April 2017, the Group purchased property, plant and equipment of £1,202,000 (2016: £1,357,000) of which £127,000 (2016: £754,000) relates to assets acquired under finance leases.

14. Other reserves

Included in Other reserves are share-based payments: 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 2017, the ESOP Trust, which is consolidated within the Group's financial statements held 53,377 Ordinary Shares in the Group.

15. Group financial commitments

As at 30 April 2017, the Group's contingent liabilities in respect of bank guarantees for one of its associates amount to £125,000 (2011: £125,000).

16. Capital commitments

As at 30 April 2017 the Group had capital commitments as follows:

	Unaudited as at 30 April 2017	Unaudited as at 30 April 2016	Audited as at 31 October 2016
	£'000s	*£'000s*	*£'000s*
Contracts placed for future capital expenditure not provided in the financial statements	**282**	2,005	361

17. 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 2017	Unaudited six months ended 30 April 2016	Audited year ended 31 October 2016	**Unaudited as at 30 April 2017**	Unaudited as at 30 April 2016	Audited as at 31 October 2016
	£'000s	*£'000s*	*£'000s*	*£'000s*	*£'000s*	*£'000s*
Sales of goods to joint ventures and associates	**12,220**	6,480	10,594	**6,077**	3,670	2,684
Purchases of goods from joint ventures and associates	**8,327**	3,677	5,346	**1,356**	2,758	65

Interest receivable from joint ventures and associates	**-**	-	58	**-**	-	-
Loans with joint ventures	**-**	-	-	**2,786**	2,802	2,786

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.