Wynnstay Group PLC - WYN Final Results
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Wynnstay Group PLC
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Wynnstay Group plc
("Wynnstay" or the "Group" or the "Company")

Final Results
For the year ended 31 October 2017

Key points

Financial

- Significantly improved trading backdrop benefited agricultural operations
    - upturn in farm output prices (including for milk) boosted farmer sentiment
    - however, overall results were impacted by pet products business, Just for Pets Limited
- Revenue from continuing operations rose by 10.5% to £390.72m (2016 restated: £353.73m)
    - partly reflecting a reversal of commodity price deflation
- Underlying* pre-tax profit from continuing operations up 9.2% to £7.97m (2016 restated: £7.30m)
  Reported profit before tax, including the impact of Just for Pets Limited, of £1.15m (2016: £7.29m)
- Basic earnings per share from continuing operations up 8.7% to 32.29p (2016 restated: 29.71p)
- Net cash up to £4.51m at year end (2016: £4.28m)
- Net assets at 31 October 2017 stood at £85.39m (2016: £86.95m)
- Proposed increased final dividend of 8.40p (2016: 8.00p), taking total for the year to 12.60p (2016: 12.00p), a rise of 5%
- New financial year has started in line with management expectations

Operational

- Agricultural Division - revenue of £280.87m, operating profit up 11% to £3.34m
    - recovery in trading conditions for both livestock and arable farmers
    - higher volumes across most categories, including dairy feed and fertiliser
    - investment plans in place for 2018 to increase capacity in feeds and seeds
- Specialist Retail Division - revenue from continuing operations of £109.73m, operating profit up 6.0% to £4.74m
    - revenues up across the majority of stores as farmer sentiment recovered
    - refurbishment programme continues across retail outlets
- Just for Pets Limited (formerly part of the Specialist Retail Division) was regrettably placed into administration on 10 October 2017
- Acquisition of fertiliser blending facility at Montrose in November 2017, expanding the Group's geographic reach in Scotland
- Trading conditions are firmer than this time last year; Company is well-placed to develop further

**Underlying pre-tax profit includes Group's share of pre-tax profit from joint ventures and associate investments but excludes the exceptional item and share-based payments. A reconciliation is shown in note 15.*

Ken Greetham, Chief Executive of Wynnstay, commented:

"Our core agricultural business delivered a significantly improved performance year-on-year, reflecting better trading conditions for our farmer customers, with milk and other farm output prices recovering from the depressed levels of the last two years. The recovery in prices over 2017 drove a greater sense of optimism across the agricultural sector.

"The Group's results as a whole were impacted by Just for Pets Limited, which was very regrettably placed into administration in early October. However, this decisive action helped to minimise the potential adverse effect on both creditors and employees, preserving most jobs.

"The agricultural trading backdrop is stronger than this time last year and the new financial year has started in line with management expectations. We continue to invest in the Group's infrastructure, focusing on manufacturing and logistics, and believe that the business remains well-placed to develop and grow. While Brexit creates some uncertainties, we remain confident of the Group's market positioning.

"2018 is our centenary year and we look forward to marking it with a number of events and initiatives for all staff, customers and other stakeholders."

Enquiries:

Wynnstay Group plc	Ken Greetham, Chief Executive Paul Roberts, Finance Director	Today T: 020 3178 6378
KTZ Communications	Katie Tzouliadis / Irene Bermont-Penn / Emma Pearson	T: 020 3178 6378
Shore Capital (Nomad and Broker)	Stephane Auton / Patrick Castle	T: 020 7408 4090

CHAIRMAN'S STATEMENT

OVERVIEW

Wynnstay's core agricultural and specialist retail activities generated a significantly improved performance on the prior year[1]. However, financial results for the Group as a whole have been impacted by the trading difficulties at our pet products operation, though decisive action has minimised the effect on employees and creditors of Just for Pets Limited, as well as shareholders in the Group.

A key feature of the year was the improvement in the trading backdrop, with market prices for agricultural outputs recovering over the year. For many farmers, particularly in the dairy sector, output prices had previously fallen to below the cost of production. The recovery in prices over the period, therefore, lifted sentiment across the sector, driving an upturn in demand for most agricultural inputs, including feeds.

The benefit of this recovery in demand is evident in the Board's preferred alternative performance measure of underlying pre-tax profit[2] from continuing operations, which rose by 9.2% to £7.97m (2016 restated: £7.30m) despite some margin pressure. Revenues generated by Wynnstay's continuing operations increased to £390.72m (2016 restated: £353.73m), reflecting increased activity in most sectors, as well as inflation in certain product categories. The Group's reported pre-tax profit[3] includes a one-off charge, associated with the Just for Pets Limited business, which reduced the outcome to £1.15m (2016: £7.29m) for the year.

The most marked improvements in output prices were in the livestock sector, particularly dairy, where milk prices increased sharply over the last 12 months, although they did not reach the levels seen in 2013. We remain encouraged about the level of demand for livestock feed in the current year.

Seed sales were in line with last year's record level and overall fertiliser sales were higher year-on-year. This reflected increased activity in Glasson's fertiliser business in northern England and Scotland. Grain volumes were lower compared to the prior year, partly a result of the smaller harvest of 2016 but also reflecting farmers' reluctance to trade grain as prices declined during the autumn period.

Sales from the network of Wynnstay Stores increased as farmers invested in their enterprises, with a significant improvement in hardware, supplements and animal health products. Our stores provide a valuable route to market, both for our own products and for those of national suppliers, and we intend to further expand our geographic presence as well as invest in ongoing store upgrades and refurbishments. Further details on the Group's trading performance are provided in the Chief Executive's Review.

The Board is encouraged by the progress that has been made during the year in the Group's continuing operations, and plans to make further investments across all aspects of the business as it continues to strengthen Wynnstay's position as a major supplier of agricultural products and services to farmers and the rural community.

[1] 2016 results have been restated to reclassify the Just for Pets Limited operation during the year ended 31 October 2017 as discontinued.

[2] The underlying pre-tax profit calculation is defined and shown in note 15 on page 23.

[3] Reported pre-tax profit is profit for the year, adding back taxation and share of tax incurred by associates and joint ventures.

FINANCIAL RESULTS

For the year to 31 October 2017, revenues from continuing operations increased by 10.5% to £390.72m (2016 restated: £353.73m), owing partly to a reversal of the commodity price deflation experienced in recent years. Agriculture sales contributed £280.87m (2016: £249.74m), which reflected higher average unit values for most feed, seed, grain and fertiliser products. Specialist Retail revenue increased by 5.7% to £109.73m (2016 restated: £103.86m), with good like-for-like growth in many important product categories as farmer confidence improved and farm-related investment increased.

Reported profit before tax from continuing operations increased by 6.2% to £7.66m (2016 restated: £7.21m) and, on the Board's preferred alternative performance measure of "Underlying Group pre-tax profit", which includes the gross share of results from joint ventures and associates, but excludes share-based payments and exceptional items, the Group achieved an increase of 9.2% on the prior year to £7.97m (2016 restated: £7.30m).

The improvement in trading conditions is reflected in both operating divisions, with Agriculture contributing £3.34m (2016: £3.01m) to operating profit, a rise of 11.0% year-on-year. This includes an improved performance in the FertLink and Bibby joint ventures. Our Specialist Retailing activities contributed £4.74m (2016 restated: £4.47m), a 6.0% increase, which mainly reflected improved revenues across nearly all stores. Other activities recorded a similar loss to the prior year of £0.10m (2016: loss of £0.10m).

Net finance costs increased slightly to £0.15m (2016 restated: £0.14m) as commodity inflation created higher average working capital utilisation.

Basic earnings per share from continuing operations were 8.7% higher at 32.29p per share (2016 restated: 29.71p). Costs associated with the discontinued Just for Pets Limited business amounted to £6.59m (2016 restated: income of £0.06m). This resulted in a reported loss for the year after tax of £0.28m (2016: profit of £5.83m).

Cash generation remained strong during the year and, at the year end, the Group's net cash position was £4.51m (2016: £4.28m).

Balance sheet net assets stood at £85.39m (2016: £86.95m) at the year end, equating to £4.37 (2016: £4.48) per share, and the return on net assets from continuing operations was 9.4% (2016 restated: 8.4%).

DIVIDEND

Reflecting the recovery in the performance of continuing operations, the Board is pleased to propose the payment of an increased final dividend of 8.40p per share (2016: 8.00p). This, together with the interim dividend of 4.20p per share, paid on 31 October 2017, takes the total dividend for the year to 12.60p, an increase of 5.0% on last year (2016: 12.00p).

The final dividend will be paid on 30 April 2018 to shareholders on the register on 3 April 2018. A scrip dividend alternative will continue to be available as in previous years. The last date for election for the scrip dividend will be 16 April 2018.

COLLEAGUES

Wynnstay has tremendously dedicated and talented colleagues across its operations and, on behalf of the Board, I would like to thank them all for their input and hard work during the year. Their expertise and commitment will help to drive Wynnstay's performance and future growth.

OUTLOOK

Wynnstay has the benefit of a strong balance sheet and a broad base of activities covering all aspects of agricultural inputs. This has been a significant factor in Wynnstay's resilient performance during the prolonged downturn which affected the whole of UK agriculture. It also creates a robust platform for the Group's future growth and development.

The improvement in farmgate prices has generated an increase in demand for most agricultural inputs and, with market prices at more realistic levels for farmers, there is a greater degree of stability within the industry.

Currently, the medium-to-long term picture is less clear, due to the ongoing negotiation process for the UK's exit from the European Union and the likely shift in the nature of support mechanisms for UK agriculture. However, the Government has indicated its support for the industry as a whole, and Brexit comes at a time when world demand for agricultural products for food and also for energy continues to increase. This is a positive driver for the industry and should bring further opportunities for Wynnstay.

While there are some uncertainties over the next few years, the Board remains confident of the Group's market positioning and is firmly focused on the opportunities presented by the evolving UK market.

Jim McCarthy
Chairman

CHIEF EXECUTIVE'S REVIEW

INTRODUCTION

The Group's core agricultural businesses delivered a significantly improved performance year-on-year, despite continuing margin pressures. However, as expected, Wynnstay's results overall were impacted by Just for Pets Limited ("JfP"), which was regrettably placed into administration on 10 October 2017.

The Group's profit before tax from continuing operations increased to £7.66m (2016 restated: £7.21m). Underlying pre-tax profit[1] (as defined in note 15 on page 23) from continuing operations, increased by 9.2% to £7.97m (2016 restated: £7.30m). The rise in the Group's profitability reflected an uplift in activity across most of the Group's businesses as trading conditions for farmers improved. Revenues from continuing operations rose to £390.72m (2016 restated: £353.73m), with inflation affecting nearly all bulk commodities.

Including the effect of JfP, the Group's reported profit before tax was £1.15m[2] (2016: £7.29m). As previously announced, JfP's performance was hit by deteriorating trading conditions and its ultimate move into administration was one of the most difficult situations that the Group has experienced. We are, however, pleased that the decisive actions taken helped to minimise the potential adverse effects on all those concerned, including employees, with a high proportion of jobs preserved. JfP's trading losses in the second half, along with the costs relating to its administration, have been recognised in the Group's results as well as the related goodwill impairment charge, which was taken in the first half of the year.

The improvement in farmgate prices during the year came as welcome relief to our farmer customers and, while questions around Brexit are likely to cause some ongoing caution, output prices are now at a more sustainable level for producers. This has boosted the farming industry and increased demand for most inputs, particularly dairy feed, which had suffered from reduced demand in the previous year.

The business continues to seek organic and acquisitive expansion, and I am pleased to highlight the acquisition, by Glasson, of a fertiliser blending facility at Montrose, in November 2017. It is an opportunity for us to increase our share in the UK fertiliser market with further geographic expansion into Scotland. There are also investment plans in place that will enable us to improve efficiency and expand our capacity in feeds and seeds, along with an ongoing refurbishment programme at our retail outlets.

The agreement of terms for the UK's exit from the EU remains unresolved and this creates a degree of uncertainty in the agricultural market. However, the UK is a relatively efficient producer of most agricultural products and this, combined with pledged support from the UK Government, gives a degree of comfort to the industry. Whatever the outcome of the final Brexit negotiations, there is no doubt that improving productivity will remain a significant focus for most farming enterprises, and Wynnstay is well positioned, with its broad range of products and services, to aid efficiency within the sector.

[1]Underlying pre-tax profit includes the gross share of results from joint ventures and associates, but excludes share-based payments and exceptional items.

[2]Reported profit before tax is profit for the year, adding back taxation and share of tax incurred by associates and joint ventures.

REVIEW OF ACTIVITIES

Agriculture

The Group's agricultural operations provide a full range of inputs to arable and livestock farmers. This is complemented by crop marketing services and, in most regions, a network of country stores, which offer Wynnstay's customers a one-stop shop, catering for their needs with a wide range of products.

The Agricultural Division generated an operating contribution for the year of £3.34m, up 11.0% year-on-year (2016: £3.01m), although we experienced some variation in contribution across product sectors. Revenues rose by 12.5% to £280.87m (2016: £249.74m), which reflected volume increases across most agricultural inputs, except grain, as well as some inflationary impact in feed and grain prices.

The significant decline in output prices experienced by farmers in 2015 carried through into 2016, but the welcome upturn in prices over the course of 2017 has now brought a degree of optimism to the sector.

Demand for feed and fertiliser, which can be viewed as the drivers for yield, increased in the period, mirroring the general UK market. We experienced some variation in order patterns for fertiliser as farmers timed their orders around fluctuations in market prices during the year. Demand for seed was in line with previous years', however the smaller 2016 harvest meant that grain volumes were lower year-on-year.

Wynnstay's position as a supplier of a comprehensive range of agricultural inputs, combined with our retail business model continues to create opportunities for the Group to expand its presence both within its existing trading areas and beyond.

Feed Products

The previously reported increase in farm output prices, particularly for milk, increased UK demand for feed products. This is reflected in the strong upturn in feed demand year-on-year, and it also provides us with confidence for sales over the winter period. The increased volume of milk in the UK market has given rise to some concern over milk prices, which have peaked at around 30p/litre, and there is some possibility of a slight reduction. With a generally stable UK and world market, we believe that this is likely to be short-term, and we do not expect to see a repeat of the reduction in prices experienced in 2015.

The business produces a range of monogastric and ruminant feeds which, along with the supply of blended feeds and traded raw materials, provides stability to the feed business, as well as protection against potential volatility in any one sector of the livestock market. The supply of bagged feeds brings further predictability and stability to production. Demand for bagged feed, which is mainly sold through the retail stores, increased during the year, and our investment in the new bagging facility, in 2016, helped to satisfy demand efficiently. Further investment in both our compound feed mills is planned for 2018.

There is an ongoing requirement for the farming industry to improve efficiencies, and Wynnstay is well placed to provide a wide range of products, along with advice from its in-house specialists, to aid the process.

Glasson Grain

The Glasson business, based in Lancashire, is involved in the supply of raw materials, processing of specialist feed products and the marketing of fertiliser, both wholesale and direct-to-farm.

While demand for raw materials was lower than the previous year, sales of fertiliser increased significantly, albeit with some reduction in margin in a competitive market. The business has increased its market penetration in the north of England and Scotland, and the acquisition of the Montrose production facility in Scotland, after the year end, will further enhance sales in the area.

The financial outcome for the year is in line with the previous year, with an increase in contribution from fertiliser balancing a reduction within the trading division of the business.

Arable Products

The arable business remains strong, although lower grain volumes, along with continued margin pressure, have reduced the contribution of this area of activity compared to the prior year. Combined sales of cereal and herbage seed was in line with the record performance of the previous year, and the business is well placed as a major supplier of seed to UK farmers. Further capital investment is budgeted for in 2018 to support additional expansion of the site at Astley in Shropshire.

Demand for fertiliser was strong in the spring and summer periods, although, in contrast to the previous year, higher prices in the autumn tempered demand for early, out-of-season orders. As a result, it is expected that there will be a stronger spot market as farmers buy for the spring usage period.

The smaller 2016 harvest, combined with a reticence of farmers to sell grain from the larger 2017 crop, contributed to a reduction in volumes year-on-year in GrainLink, our in-house grain marketing business. We also experienced some margin pressure as traders competed in a subdued market. Wheat prices weakened slightly during the autumn period, however longer term futures prices indicate a general level of stability at above the average cost of production. Overall, farm stocks of grain are higher than in 2016, most of which will be traded before the 2018 harvest.

Specialist Retail

Revenue from ongoing specialist retailing activities increased by 5.7% to £109.73m (2016 restated: £103.86m), with a 6.0% increase in contribution to £4.74m (2016 restated: £4.47m).

Our specialist retailing activities now comprise the Group's network of Wynnstay Stores, which supply a wide range of products for farmers and country dwellers, and Youngs Animal Feeds, which offers a range of products for equine and small animals. This follows the Group's very difficult decision to withdraw from the pet products market. The pets sector has seen very challenging trading conditions since late 2015 and JfP began to experience a deterioration in trading in 2016. In the first half of FY 2017, it became apparent that the JfP business did not have sufficient scale as a standalone retailer to survive an increasingly difficult trading environment. Following consultation with advisors, and careful and extensive consideration of possible solutions, including a sale of the business, the decision was taken to institute an administration process. While this was extremely disappointing, we are pleased that the decisive action helped to minimise, as much as possible, the effect of a very challenging situation on employees and creditors to the JfP business.

Wynnstay Stores

The Group's network of Wynnstay Stores has a strong geographic presence throughout Wales and the west of England.

Like-for-like sales across the Stores business increased by 5%, with the upturn reflecting improved sentiment in the livestock sector, a result of higher output prices for milk and meat. This has been particularly evident in animal health and hardware products as well as milk powders, which our specialists within the Agricultural Division also advise on. The success of our Dairy and Sheep & Beef catalogues has also contributed to the improvement in sales, although a change in product mix across the store network has led to a slight reduction in average margin.

We continue to invest in the network of Wynnstay Stores, and we finished a total refurbishment of the Craven Arms outlet, in Shropshire, early in the year. In January 2018, we also completed the relocation of our store in Ruthin, in Denbighshire.

The Wynnstay Agricentre business, based in the south west of the UK, operates a slightly different model, with a high percentage of products delivered to farms. During the year, we have focused on the efficiency of its delivery network, and this has resulted in the closure of two outlets and initiatives to create better customer service processes. We have also invested in personnel in the region, ahead of an anticipated improvement in sales throughout the trading area.

Wynnstay Stores provide an important route to market across a wide geographic area for both our own products and those supplied by national and international manufacturers. We anticipate further growth in our specialist retailing activities as we expand the Group's trading area, and envisage new opportunities arising for the development of products within the Agricultural Division.

Youngs Animal Feeds

The Youngs business manufactures and markets a range of equine products to specialist outlets across the centre of the UK. We are currently in the process of reorganising this activity to optimise its operations within the Group.

Joint Ventures and Associates

The Group has four joint venture businesses (Bibby Agriculture, Wyro, FertLink and Total Angling) as well as two associate businesses (Wynnstay Fuels and Celtic Pride). These extend the Group's activities and strengthen its marketing channels for a number of products. Their combined contribution was higher year-on-year, benefiting in particular from an improved performance from FertLink, which reflected a recovery in volumes in the fertiliser marketplace.

STAFF

The last two years have been challenging for our farmer customers and all those involved in the agricultural supply industry. The talent and dedication of our personnel forms the bedrock of the Group's success and I would like to take this opportunity to record my personal appreciation to all our staff who have contributed so much this year. 2018 is a centenary year for Wynnstay and there are a number of plans underway to mark this milestone, which we look forward to with great enthusiasm.

OUTLOOK

The recovery in output prices has brought a welcome improvement in demand for all agricultural inputs. The improvement is principally a result of a more balanced world market, particularly for milk products. Prices have also been enhanced by the devaluation of sterling, which brought added benefits to the UK industry. The improved pricing appears to be sustainable, at least in the short-term, and the farming industry is eagerly awaiting the outcome of the Brexit negotiations to understand the full implications for demand and prices in the medium to long-term.

The macroeconomic factors of increasing population, dietary changes, and the strategic importance of a sustainable food supply are significant points of consideration for the industry. While farming, rural communities and the environment will still require some level of Government support, the increasing focus on agricultural efficiency and productivity will create opportunities for the industry. We believe that Wynnstay is well placed to support long-term growth across the sector, with its wide range of innovative products and services, and well-established industry relationships.

The new financial year has started in line with management expectations. While Brexit creates some uncertainty, the improvement in output prices has brought about a sense of renewed optimism, and the trading backdrop is firmer than this time last year, which is encouraging. As we embark on our centenary year, we plan to continue to invest in the Group's infrastructure, particularly focusing on manufacturing and logistics, which will improve the Group's efficiency and yield broader benefits in the medium to long-term.

I look forward to providing a further update on trading at Wynnstay's AGM in March with the meeting's venue returning to Shrewsbury Town FC.

Ken Greetham
Chief Executive

WYNNSTAY GROUP PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 October 2017

		2017		(Restated) 2016	
	Note	**£000**	**£000**	£000	£000
CONTINUING OPERATIONS					
Revenue	2		**390,724**		353,726
Cost of sales			**(337,835)**		(303,439)
GROSS PROFIT			**52,889**		50,287
Manufacturing distribution and selling costs			**(40,009)**		(38,724)
Administrative expenses			**(5,335)**		(4,570)
Other income			**326**		364
GROUP OPERATING PROFIT BEFORE INTANGIBLE AMORTISATION, SHARE-BASED PAYMENTS, INVESTMENT IMPAIRMENT AND COSTS OF CORPORATE RESTRUCTURING			**7,871**		7,357
Intangible amortisation and share-based payments			**(156)**		(78)
GROUP OPERATING PROFIT BEFORE, INVESTMENT IMPAIRMENT AND COSTS OF CORPORATE RESTRUCTURING			**7,715**		7,279
Investment impairment and costs of corporate restructuring	4		**(95)**		-
GROUP OPERATING PROFIT	5		**7,620**		7,279

	Note		2017		2016
Interest income	3	**66**		69	
Interest expense	3	**(219)**	**(153)**	(208)	(139)
Share of profits in associate and joint ventures accounted for using the equity method		**267**		93	
Share of tax incurred by associate and joint ventures	6	**(70)**	**197**	(26)	67
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS			**7,664**		7,207
Taxation	7		**(1,359)**		(1,436)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS			**6,305**		5,771
DISCONTINUED OPERATIONS					
(Loss)/profit for the year from discontinued operations after tax	8		**(6,586)**		58
(LOSS)/PROFIT FOR THE YEAR			**(281)**		5,829
BASIC EARNINGS PER ORDINARY SHARE (PENCE)	10				
Profit from continuing operations			**32.29**		29.71
(Loss)/profit from discontinued operations			**(33.72)**		0.30
			(1.43)		30.01
DILUTED EARNINGS PER ORDINARY SHARE (PENCE)	10				
Profit from continuing operations			**31.87**		29.51
Loss/(profit) from discontinued operations			**(33.29)**		0.30
			(1.42)		29.81

The prior year 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 8).
There was no other comprehensive income during the current and prior year.

WYNNSTAY GROUP PLC

CONSOLIDATED BALANCE SHEET

As at 31 October 2017

	Note	**2017 £000**	2016 £000
ASSETS			
NON-CURRENT ASSETS			
Goodwill		**14,266**	18,147
Investment property		**2,372**	2,372
Property, plant and equipment		**18,709**	20,535
Investments accounted for using equity method		**3,444**	3,457
Intangibles		**95**	109
		38,886	44,620
CURRENT ASSETS			
Inventories		**30,056**	31,344
Trade and other receivables		**62,961**	50,316
Financial assets			
- loan to joint venture		**2,844**	2,786
Cash and cash equivalents	11	**8,914**	10,111
		104,775	94,557
TOTAL ASSETS		**143,661**	139,177
LIABILITIES			
CURRENT LIABILITIES			
Financial liabilities - borrowings	12	**(2,512)**	(2,626)
Trade and other payables		**(52,738)**	(44,750)
Current tax liabilities		**(847)**	(905)
		(56,097)	(48,281)
NET CURRENT ASSETS		**48,678**	46,276
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings	12	**(1,896)**	(3,202)
Trade and other payables		**(22)**	(388)
Deferred tax liabilities		**(254)**	(358)
		(2,172)	(3,948)
TOTAL LIABILITIES		**(58,269)**	(52,229)
NET ASSETS		**85,392**	86,948
EQUITY			
Share capital	13	**4,916**	4,874
Share premium		**29,529**	28,848
Other reserves		**3,319**	2,933
Retained earnings		**47,628**	50,293
TOTAL EQUITY		**85,392**	86,948

WYNNSTAY GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 October 2017

Group	**Share capital £000**	**Share premium account £000**	**Other reserves £000**	**Retained earnings £000**	**Total £000**
At 1 November 2015	4,848	28,439	2,890	46,678	82,855
Profit for the year	-	-	-	5,829	5,829
	-	-	-		

Total comprehensive income for the year				5,829	5,829
Transactions with owners of the Company recognised directly in equity:					
Shares issued during the year	26	409	-	-	435
Own shares acquired by ESOP trust	-	-	(20)	-	(20)
Dividends	-	-	-	(2,214)	(2,214)
Equity settled share- based payment transactions	-	-	63	-	63
Total contributions by and distributions to owners of the Company	26	409	43	(2,214)	(1,736)
At 31 October 2016	4,874	28,848	2,933	50,293	86,948
Loss for the year	**-**	**-**	**-**	**(281)**	**(281)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(281)**	**(281)**
Transactions with owners of the Company recognised directly in equity:					
Shares issued during the year	**42**	**681**	**-**	**-**	**723**
Own shares disposed of by ESOP trust	**-**	**-**	**244**	**-**	**244**
Dividends	**-**	**-**	**-**	**(2,384)**	**(2,384)**
Equity settled share-based payment transactions	**-**	**-**	**142**	**-**	**142**
Total contributions by and distributions to owners of the Company	**42**	**681**	**386**	**(2,384)**	**(1,275)**
At 31 October 2017	**4,916**	**29,529**	**3,319**	**47,628**	**85,392**

There was no other comprehensive income during the current and prior years.

WYNNSTAY GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 October 2017

	Note	**2017** £000	(Restated) 2016 £000
Cash flows from operating activities			
Cash generated from continuing operations	14	**6,053**	8,477
Interest received		**66**	69
Interest paid		**(219)**	(208)
Tax paid		**(1,496)**	(1,315)
Net cash flows from operating activities in continuing operations		**4,404**	7,023
Net cash generated from operating activities in discontinued operations		**282**	388
Net cash generated from operating activities		**4,686**	7,411
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**177**	223
Purchase of property, plant and equipment		**(2,018)**	(2,140)
Proceeds on sale of investments		**150**	290
Disposal of subsidiary, net cash disposed of		**(678)**	-
Purchase of intangibles		**-**	(3)
Own shares acquired by ESOP trust		**-**	(20)
Own shares disposed of by ESOP trust		**244**	-
Net cash flows used by investing activities in continuing operations		**(2,125)**	(1,650)
Net cash used in investing activities in discontinued operations		**(36)**	(607)
Net cash used by investing activities		**(2,161)**	(2,257)
Cash flows from financing activities			
Net proceeds from the issue of ordinary share capital		**723**	435
Finance lease principal repayments		**(1,152)**	(835)
Repayment of borrowings		**(896)**	(2,162)
Dividends paid to shareholders		**(2,384)**	(2,214)
Net cash flows generated from financing activities in continuing operations		**(3,709)**	(4,776)
Net cash used in financing activities in discontinued operations		**(13)**	(14)
Net cash generated from financing activities		**(3,722)**	(4,790)
Net (decrease)/increase in cash and cash equivalents		**(1,197)**	364
Cash and cash equivalents at the beginning of the period		**10,111**	9,747
Cash and cash equivalents at the end of the period	11	**8,914**	10,111

WYNNSTAY GROUP PLC

NOTES TO THE ACCOUNTS

1. The Company is taking advantage of the exemption in s408 of the Companies Act 2006, not to present its individual income statement and related notes of these approved financial statements.

2. 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 segment 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.

No segment is individually reliant on any one customer.

The segment results for the year ended 31 October 2017 for continuing operations are as follows:

Year ended 31 October 2017	**Agriculture £000**	**Specialist Retail £000**	**Other £000**	**Total £000**
Revenue from external customers	**280,870**	**109,727**	**127**	**390,724**
Segment result				
Group operating profit before investment impairment and costs of corporate restructuring	**3,017**	**4,740**	**(42)**	**7,715**
Share of results of associate and joint ventures before tax	**320**	**-**	**(53)**	**267**
	3,337	**4,740**	**(95)**	**7,982**
Investment impairment and costs of corporate restructuring				**(95)**
Interest income				**66**
Interest expense				**(219)**
Profit before tax from continuing operations				**7,734**
Income taxes (includes tax of associate and joint ventures)				**(1,429)**
Profit for the year attributable to equity shareholders from continuing operations				**6,305**
Segment net assets	**33,908**	**39,739**	**7,239**	**80,886**
Corporate net cash (note 12)				**4,506**
Total net assets				**85,392**

The segment results for the year ended 31 October 2016 for continuing operations are as follows:

Year ended 31 October 2016 (restated)	**Agriculture £000**	**Specialist Retail £000**	**Other £000**	**Total £000**
Revenue from external customers	249,736	103,864	126	353,726
Segment result				
Group operating profit before investment impairment and costs of corporate restructuring	2,934	4,414	(69)	7,279
Share of results of associate and joint ventures before tax	72	51	(30)	93
	3,006	4,465	(99)	7,372
Interest income				69
Interest expense				(208)
Profit before tax				7,233
Income taxes (includes tax of associate and joint ventures)				(1,462)
Profit for the year attributable to equity shareholders from continuing operations				5,771
Segment net assets	32,173	40,538	7,104	79,815
Corporate net cash (note 12)				4,283
Total net assets				84,098

3. FINANCE COSTS

	2017		(Restated) 2016	
	£000		£000	
Interest expense:	**Continuing operations**	**Discontinued operations**	**Continuing operations**	**Discontinued operations**
Interest payable on borrowings	**(114)**	**-**	(95)	-
Interest payable on finance leases	**(105)**	**(3)**	(113)	(1)
Interest and similar charges payable	**(219)**	**(3)**	(208)	(1)
Interest income	**66**	-	69	-
Interest receivable	**66**	-	69	-
Finance costs	**(153)**	**(3)**	(139)	(1)

4. INVESTMENT IMPAIRMENT AND COSTS OF CORPORATE RESTRUCTURING

Continuing operations	**2017**	2016
	£000	£000
Investment impairment	**60**	-
Costs of corporate restructuring	**35**	-

The investment impairment relates to the accounting disposal of unlisted investments. The costs of corporate restructuring relate to the dissolution of dormant subsidiaries.

5. GROUP OPERATING PROFIT

The following items have been included in arriving at operating profit:

	2017 £000		(Restated) 2016 £000	
	Continuing operations	**Discontinued operations**	**Continuing operations**	**Discontinued operations**
Staff costs	**24,975**	**2,838**	24,232	2,972
Depreciation of property, plant and equipment:				
- owned assets	**1,947**	**320**	1,825	316
- under finance leases	**710**	**4**	623	4
Amortisation of intangibles	**14**	**-**	15	-
Profit on disposal of fixed assets	**(73)**	**(8)**	(127)	(1)
Other operating lease rentals payable	**2,242**	**2,073**	1,786	1,703
Repairs and maintenance expenditure on plant, property and equipment	**1,851**	**92**	1,671	110
Trade receivables impairment	**65**	**-**	8	-

Services provided by the Group's auditor:

During the year the Group obtained the following services from the Group's auditor:

	2017 £000		(Restated) 2016 £000	
	Continuing operations	**Discontinued operations**	**Continuing operations**	**Discontinued operations**
Audit services - statutory audit	**102**	**8**	85	9
Tax services	**8**	**-**	8	-
XBRL tagging	**2**	**-**	2	-

Included in the Group Audit fee are fees of £5,000 (2016: £5,000) paid to the Group's auditor in respect of the parent company. The fees relating to the parent company this year are borne by one of the Group's subsidiaries.

6. SHARE OF POST-TAX PROFITS /(LOSS) OF ASSOCIATE AND JOINT VENTURES

	2017 £000	2016 £000
Continuing operations		
Share of post-tax profit in associate	**17**	31
Share of post-tax profits/(loss) in joint ventures	**180**	36
Total share of post-tax profits/(loss) of associate and joint ventures	**197**	67

7. TAXATION

Analysis of tax charge in year	**2017 £000**	(Restated) 2016 £000
Continuing operations		
Current tax		
- Continuing operations	**1,490**	1,677
- Adjustments in respect of prior years	**(56)**	(161)
Total current tax	**1,434**	1,516
Deferred tax		
- Accelerated capital allowances	**(75)**	(80)
Total deferred tax	**(75)**	(80)
Tax on profit on ordinary activities	**1,359**	1,436

8. 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:

	2017 £000	2016 £000
Revenue	**13,125**	14,417
Expenses	**(14,044)**	(14,339)
(Loss)/profit before tax of discontinued operations	**(919)**	78
Taxation	**-**	(20)
(Loss)/profit after tax of discontinued operations	**(919)**	58
Costs incurred in relation to administration of Just for Pets Limited	**(77)**	-
Group goodwill impairment charges	**(3,881)**	-
Pre-tax loss recognised on the measurement to fair value less costs to sell	**(1,709)**	-
Taxation	**-**	-
(Loss)/profit for the year from discontinued operations	**(6,586)**	58

Effect of the disposal on the financial position of the Group:

	2017 £000
Property, plant and equipment	**(1,477)**
Inventories	**(1,715)**

Trade and other receivables	**(633)**
Cash and cash equivalents	**(678)**
Trade and other payables	**2,765**
Deferred tax liabilities	**29**
Net assets and liabilities	**(1,709)**
Net cash outflow	**(678)**

9. DIVIDENDS

	2017	2016
	£000	£000
Final dividend paid for prior year	**1,559**	1,436
Interim dividend paid for current year	**825**	778
	2,384	2,214

Subsequent to the year end it has been recommended that a final dividend of 8.40p net per ordinary share (2016: 8.00p) be paid on 30 April 2018. Together with the interim dividend already paid on 31 October 2017 of 4.20p net per ordinary share (2016: 4.00p), this would result in a total dividend for the financial year of 12.60p net per ordinary share (2016: 12.00p).

10. EARNINGS PER SHARE

	Basic earnings per share		**Diluted earnings per share**	
		(Restated)		(Restated)
	2017	2016	**2017**	2016
Continuing operations				
Earnings attributable to shareholders (£000)	**6,305**	5,771	**6,305**	5,771
Weighted average number of shares in issue during the year (number '000)	**19,529**	19,425	**19,782**	19,557
Earnings per ordinary 25p share (pence)	**32.29**	29.71	**31.87**	29.51
Discontinued operations				
(Loss)/earnings attributable to shareholders (£000)	**(6,586)**	58	**(6,586)**	58
Weighted average number of shares in issue during the year (number '000)	**19,529**	19,425	**19,782**	19,557
(Loss)/earnings per ordinary 25p share (pence)	**(33.72)**	0.30	**(33.29)**	0.30

Continuing operations
Basic earnings per 25p ordinary share from continuing operations is calculated by dividing profit for the year from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

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.

Discontinued operations
Basic earnings per 25p ordinary share from discontinued operations is calculated by dividing (loss)/profit for the year from discontinued operations attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share from discontinued 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.

11. CASH AND CASH EQUIVALENTS AND BANK OVERDRAFTS

	2017	2016
	£000	£000
Cash and cash equivalents per balance sheet	**8,914**	10,111
Bank overdrafts	**-**	-
Cash and cash equivalents per cash flow statement	**8,914**	10,111

12. FINANCIAL LIABILITIES - BORROWINGS

Current

	2017	2016
	£000	£000
Bank loans and overdrafts due within one year or on demand:		
Secured overdrafts	**-**	-
Secured loans	**866**	905
	866	905
Loan capital (unsecured)	**672**	664
Other loanstock (unsecured)	**16**	16
Net obligations under finance leases	**958**	1,041
	2,512	2,626

Non-current

	2017	2016
	£000	£000
Bank loans:		
Secured	**1,120**	1,986
	1,120	1,986
Net obligations under finance leases	**776**	1,216
	1,896	3,202

Bank loans and overdrafts of £nil (2016: £nil) relating to subsidiary companies, are secured by an unlimited composite guarantee given by all the trading entities within the Group.

Finance lease obligations are secured on the assets to which they relate.

	2017	2016
	£000	£000
Borrowings are repayable as follows:		
On demand or within one year	2,512	2,626
In the second year	1,316	1,605
In the third to fifth years inclusive	580	1,597
Over five years	-	-
	4,408	5,828
Finance leases included above are repayable as follows:		
On demand or within one year	958	1,041
In the second year	491	729
In the third to fifth years inclusive	285	487
Over five years	-	-
	1,734	2,257
The net borrowings are:		
Borrowings as above	4,408	5,828
Cash and cash equivalents	(8,914)	(10,111)
Net cash	(4,506)	(4,283)

13. SHARE CAPITAL

	2017 No. of shares '000	2017 £000	2016 No. of shares '000	2016 £000
Authorised				
Ordinary shares of 25p each	40,000	10,000	40,000	10,000
Allotted, called up and fully paid				
Ordinary shares of 25p each	19,665	4,916	19,495	4,874

During the year 59,289 shares (2016: 77,429) were issued with an aggregate nominal value of £14,822 (2016: £19,357) and were fully paid up for equivalent cash of £344,979 (2016: £367,244) to shareholders exercising their right to receive dividends under the Company's scrip dividend scheme.

A total of 110,896 (2016: 26,800) shares with an aggregate nominal value of £27,724 (2016: £6,700) were issued for a cash value of £377,614 (2016: £67,804) to relevant holders exercising options in the Company. No other shares were issued for cash in this financial year (2016: nil).

14. CASH GENERATED FROM OPERATIONS

	2017 £000	(Restated) 2016 £000
Profits for the year from continuing operations	6,305	5,771
Adjustments for:		
Tax	1,359	1,436
Investment impairment	60	-
Depreciation of tangible fixed assets	2,657	2,448
Amortisation of other intangible fixed assets	14	15
Profit on disposal of property, plant and equipment	(73)	(127)
Interest income	(66)	(69)
Interest expense	219	208
Share of results of joint ventures and associate	(197)	(67)
Share-based payments	142	63
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):		
(Increase)/decrease in short term loan to joint ventures	(58)	16
(Increase)/decrease in inventories	(1,048)	607
Decrease in trade and other receivables	(13,654)	(1,862)
Increase in payables	10,393	38
Cash generated from continuing operations	6,053	8,477

15. RECONCILIATION OF UNDERLYING PRE-TAX PROFIT FROM CONTINUING OPERATIONS

	2017 £000	(Restated) 2016 £000
Profit before tax	7,664	7,207
Share-based payments	142	63
Share of tax incurred by associate and Joint ventures	70	26
Investment impairment and costs of corporate restructuring	95	-
Underlying pre-tax profit	7,971	7,296

16. EVENTS ARISING AFTER THE END OF THE REPORTING PERIOD

On 1 November 2017, Glasson Grain Limited acquired 100% of certain trade and assets, which together comprise a mill and related processing facilities located at Montrose. 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.

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

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.

17. RESPONSIBILTY STATEMENT

The Directors below confirm to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- the management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

J J McCarthy
P M Kirkham
B P Roberts
K R Greetham
D A T Evans
H J Richards
S J Ellwood

18. CONTENT OF THIS REPORT

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 October 2017 or 31 October 2016, but is derived from those accounts.

Statutory accounts for 2016 have been delivered to the Registrar of Companies. The auditor, KPMG Audit Plc, has reported on the 2016 accounts; the report (i) was unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The statutory accounts for 2017 will be delivered to the Registrar of Companies following the Annual General Meeting. The auditor, KPMG LLP, has reported on these accounts; their report is unqualified, does not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and; does not include a statement under either section 498(2) or (3) of the Companies Act 2006.

The Annual Report and full Financial Statements will be posted to shareholders during the week commencing 12 February 2018. Further copies will be available to the public, free of charge, from the Company's Registered Office at Eagle House, Llansantffraid, Powys, SY22 6AQ or on the Company's website at www.wynnstay.co.uk.

19. ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at The Sovereign Suite, Shrewsbury Town Football Club, Oteley Road, Shrewsbury, Shropshire, SY2 6ST on Tuesday 20th March 2018 at 11.45am.

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