



**WYNNSTAY GROUP PLC**  
**(“Wynnstay” or “the Group”)**

**Interim Results**  
**for the six months to 30 April 2009**

**Based in Wales, Wynnstay manufactures and supplies agricultural products and services for farmers. In addition, it operates two specialist retail chains, comprising Country Stores (with an offering tailored to the needs of farmers and country dwellers) and Pet Product Superstores (trading as “Just for Pets”).**

**Key Points**

- Robust results, despite volatile agricultural commodity prices, reflect breadth of agricultural activities
- Revenues increased to £117.70m (2008: £116.46m)
  - *agricultural supplies businesses*: revenues of £92.00m and operating profits of £2.15m
  - *specialist retail businesses*: revenues of £25.64m and operating profits of £1.27m
- Operating profit increased to £3.47m (2008: £3.33m)
- Profit before tax increased to £3.16m (2008: £2.96m)
- Earnings per share of 16.31p (2008: 17.71p)
- Net assets rose by 20% to £38.2m (2008: £31.8m)
- Interim dividend of 2.2p per share, representing a 10% rise (2008: 2.0p)
- Lower like-for-like feed and fertiliser volumes but seed and specialist trading activities performed very strongly
- Country Stores showed like-for-like growth over last year
- Continuing expansion of Pet Product Superstores – like for like growth and new store in Derby with further store opened after the period end, in Northampton
- Board confident of pleasing outcome for the year

**Ken Greetham, Chief Executive, commented,**

*“I am pleased with the robust performance of the Group against a background of volatile agricultural commodity prices. This reflects the breadth of Wynnstay’s agricultural supplies businesses, which spans the whole marketplace from livestock feeds to seeds and fertiliser.*

*Our specialist retailing businesses also continue to perform well, with our Country Stores and Pet Product Superstores showing like-for-like growth.*

*We anticipate a good outcome for the year and believe that the business is well placed for long term sustainable growth as we pursue our strategy to act as an agricultural consolidator while developing our retailing activities.”*

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## WYNNSTAY GROUP PLC

### CHAIRMAN'S STATEMENT

#### Introduction

Against a background of continuing volatility in the agricultural commodity market, the broad spread of our agricultural supplies activities has helped to ensure a robust performance and I am pleased to report that results for the first half of the financial year are in line with expectations. While we saw lower like-for-like feed and fertiliser volumes, as farmers' purchasing decisions were influenced by price deflation, our seed and raw material trading activities have been excellent. The Group's specialist retail activities, encompassing our network of Country Stores and Pet Product Superstores, performed well and like-for-like sales across both businesses are ahead of last year.

#### Financial Results

The Group's revenue for the six months to 30 April 2009 was £117.70m (2008: £116.46m). Our agricultural supplies division generated sales of £92.00m (2008: £94.30m), marginally down on last year reflecting a variation in volumes of fertiliser and feed products. Sales at our specialist retailing operations rose by 16% to £25.64m (2008: £22.09m), boosted by a full six month contribution from our Just for Pets superstores business, acquired in January 2008.

Group operating profit showed a small improvement of 4% to £3.47m (2008: £3.33m). This represented a very pleasing performance, given that comparative results from our agricultural supplies business last year benefited from exceptional inventory gains which were not repeated this year. In total, our agricultural supplies business contributed operating profits of £2.15m (2008: £2.27m) to the Group's result while our specialist retail operations contributed £1.27m (2008: £1.03m).

Net finance costs were lower at £0.304m (2008: £0.375m) and the profit before tax was £3.16m (2008: £2.96m), a rise of 7% on the same period last year. Earnings per share were 16.31p (2008: 17.71p).

Net assets at 30 April 2009 stood at £38.2m (2008: £31.8m). This represents approximately £2.65 per share (2008: £2.45 per share), based on the weighted average number of shares in issue during the period.

#### Dividend

The Board is pleased to declare an increased interim dividend of 2.20p per share, representing a 10% improvement on last year (2008: 2.00p). The interim dividend will be paid on 30 October 2009 to shareholders on the register at the close of business on 2 October 2009. We are also pleased to confirm that a Scrip Dividend alternative will continue to be available.

#### Review of operations

##### Agriculture

###### *Feed Products*

The Feed Division benefited from the acquisition, in August last year, of the remaining 50% of the issued share capital of Welsh Feed Producers ("WFP") not already owned by Wynnstay and, in January 2009, its mill at Carmarthen in south-west Wales was fully integrated into the Feed Division. As a result, our compound feed production increased by 34% in the six months to April 2009 compared to the same period last year. However, like-for-like volumes were down reflecting the national trend in feed usage as farmers fed livestock with relatively cheap home produced grain and did not seek to maximise milk production. This decrease in production volumes is also reported against a record performance in the equivalent period last year.

Our flagship mill at Llansantffraid has just completed an investment programme to improve efficiency in the manufacturing process and our objective remains to expand our presence in South Wales.

### *Arable Products*

The normal buying pattern for fertiliser in the UK was disrupted by price deflation and farmers held back from purchases in anticipation of lower prices. While our sales were affected by this, we chose to continue a policy of retaining more realistic margins and this underpinned a satisfactory outcome for the period. Our position as both a principal supplier of GrowHow, the UK's leading fertiliser manufacturer and a producer of our own blended fertiliser enabled us to manage the volatility in raw material prices effectively as well as supply the full range of market requirements. We expect the second half to return to a more normal level of market activity.

Seed sales exceeded budgets and we achieved record sales in the Spring market. Our operation has an excellent reputation for product quality and customer service and it remains our aim to develop this part of the business further.

Our two raw material trading companies, Glasson and Shropshire Grain, have again performed particularly well, with the companies managing commodity sales in a difficult market where deflation has replaced the inflation experienced last year.

## **Specialist Retail**

### *Country Stores*

The acquisitions we have made over the last two years are now fully integrated into the Group and contributed to an increase of 7% in sales. Footfall is closely monitored and as stores are refurbished and our product range extended, we can see a resultant increase in activity. Our store refurbishment programme is ongoing and should help to underpin future sales. The Group is especially well regarded as a major supplier of animal health products throughout our trading area and we intend to build on this providing a competitive route to market for livestock products.

### *Pet Product Superstores ("Just for Pets")*

As part of our plans to build up our pet retailing activities, we opened a new pet product superstore at Long Eaton, near Derby, in March. The store has made a very encouraging start and, after the end of the first half, in May, we opened our fourteenth store, at Northampton. We expect to open a further store within the calendar year.

Over the period, as expected, we experienced some change in product demand as discretionary spend was challenged in certain geographic areas. However, like-for-like sales growth across the Just for Pets chain was encouraging and the stores made a pleasing profit contribution to the Group.

### *Horticulture*

We have previously stated that this business would be restructured and its scale reduced. This programme is ongoing and we now have a clear direction for the future business model.

## **Joint Ventures & Associates**

Our three Joint Ventures and Associate Company remain important links into complementary specialist activities and continue to perform to expectations. The Group has a policy of using only audited accounts for the consolidation of its share of the results of these activities and as such, we will be accounting for their results at the full year.

## **Outlook**

Demand for agricultural products in the World market remains strong and, with an increasing population, is set to continue. The UK has the climate, resources and expertise to take advantage of this long term demand and, in turn, the Group is well placed to benefit from a strong agricultural sector. Currently, sector returns are further enhanced as a result of favourable exchange rates.

Farm gate demand for arable products is buoyant and, if the proposed biofuel plants reach their anticipated capacity, the UK will approach a potential equilibrium for grain supply and demand. Milk production is still below quota and the UK remains a net importer of milk products. Whilst consumer pressure will challenge milk prices, forcing further production efficiency, it is anticipated that farm gate prices will remain sufficiently high to maintain demand for agricultural inputs. UK demand for fertiliser is expected to improve as prices return to more realistic levels. However, in the near term, usage on

grassland is unlikely to recover to the levels of the past five years as farmers seek to make savings on nutrient inputs.

We expect the encouraging level of retail sales in our Country Stores over the past year to be maintained and we will continue to seek opportunities for further growth. We are also proceeding with the expansion of our pet products retailing business, Just for Pets, adding more new stores as opportunities arise over the next 12 months.

We have built a broad portfolio of business activities which continues to provide the Group with resilience against the price volatility of the agricultural commodity market. Our objective to act as an agricultural consolidator and to develop our specialist retailing activities continues. At the same time, we are focused on maintaining efficiency and controlling costs. Looking ahead over the remainder of the financial year, whilst there are commercial pressures on some aspects of the business, the Board remains confident of a pleasing outcome for the year and believes that the business is well placed for long term growth.

**John Davies**  
**Chairman**

**WYNNSTAY GROUP PLC**

**INTERIM RESULTS  
CONDENSED CONSOLIDATED INCOME STATEMENT**

For the six months ended 30 April 2009

		<b>Unaudited Six months ended 30 April 2009</b>	Unaudited Six months ended 30 April 2008	Audited Year ended 31 October 2008
	<b>Note</b>	<b>£000</b>	£000	£000
Revenue from continuing operations		117,698	116,462	234,580
Cost of sales		<b>(99,964)</b>	(100,901)	(202,708)
<b>Gross profit</b>		<b>17,734</b>	15,561	31,872
Selling and distribution costs		<b>(12,500)</b>	(10,634)	(22,499)
Administrative expenses		<b>(1,768)</b>	(1,594)	(3,165)
Goodwill impairment		<b>0</b>	0	0
<b>Operating profit before non-recurring items</b>		<b>3,466</b>	3,333	6,208
Provision for business restructuring		<b>0</b>	0	(625)
<b>Operating profit</b>		<b>3,466</b>	3,333	5,583
Net finance costs		<b>(304)</b>	(375)	(743)
Share of profits/losses in associates and joint ventures	2	<b>0</b>	0	383
Share of tax incurred in associates and joint ventures		<b>0</b>	0	(116)
<b>Profit before tax</b>		<b>3,162</b>	2,958	5,107
Taxation	4	<b>(810)</b>	(661)	(1,205)
<b>Profit for the period</b>		<b>2,352</b>	2,297	3,902
<b>Earnings per share</b>				
- Basic	5	<b>16.31 p</b>	17.71 p	29.26 p
- Diluted	5	<b>16.14 p</b>	17.60 p	29.09 p

WYNNSTAY GROUP PLC

INTERIM RESULTS  
CONDENSED CONSOLIDATED BALANCE SHEET  
As at 30 April 2009

	Unaudited As at 30 April 2009	Unaudited As at 30 April 2008	Audited As at 31 October 2008
Note	£000	£000	£000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	8,606	7,930	8,606
Investments – equity method	3,580	3,539	3,580
Property, plant and equipment	14,863	12,836	14,772
	<b>27,049</b>	24,305	26,958
<b>Current assets</b>			
Inventories	16,867	13,096	14,805
Biological assets	1,385	1,652	1,296
Trade and other receivables	35,416	37,637	30,815
Financial assets: - loans to joint ventures	3,652	3,802	3,802
- cash and cash equivalents	352	1,717	768
	<b>57,672</b>	57,904	51,486
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(29,872)	(29,610)	(28,416)
Financial liabilities: - borrowings	(10,270)	(12,991)	(5,813)
Current tax liabilities	(1,307)	(1,449)	(1,871)
	<b>(41,449)</b>	(44,050)	(36,100)
<b>Net current assets</b>	<b>16,223</b>	13,854	15,386
<b>Non-current liabilities</b>			
Financial liabilities: - borrowings	(3,969)	(5,803)	(4,961)
Deferred tax liabilities	(443)	(551)	(444)
Provisions	(625)	0	(625)
	<b>(5,037)</b>	(6,354)	(6,030)
<b>Net assets</b>	<b>38,235</b>	31,805	36,314
<b>Equity</b>			
Ordinary shares	6	3,292	3,605
Share premium	12,857	10,023	12,732
Other reserves	1,947	1,778	1,947
Retained earnings	19,805	16,712	18,030
<b>Total equity</b>	<b>38,235</b>	31,805	36,314

**WYNNSTAY GROUP PLC**

**INTERIM RESULTS**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	<b>Total equity £'000</b>
<b>Balance at 1 November 2007</b>	<b>3,125</b>	<b>8,597</b>	<b>1,778</b>	<b>14,889</b>	<b>28,389</b>
Net profit				2,297	<b>2,297</b>
Equity dividend paid				(474)	<b>(474)</b>
Shares issued	167	1,426			<b>1,593</b>
<b>Total shareholders' equity at 30 April 2008</b>	<b>3,292</b>	<b>10,023</b>	<b>1,778</b>	<b>16,712</b>	<b>31,805</b>
Net profit				1,605	<b>1,605</b>
Equity dividend paid				(287)	<b>(287)</b>
Shares issued	313	2,709			<b>3,022</b>
Asset revaluation surplus			169		<b>169</b>
<b>Balance at 31 October 2008</b>	<b>3,605</b>	<b>12,732</b>	<b>1,947</b>	<b>18,030</b>	<b>36,314</b>
Net profit				2,352	<b>2,352</b>
Equity dividend paid				(577)	<b>(577)</b>
Shares issued	21	125			<b>146</b>
<b>Total shareholders' equity at 30 April 2009</b>	<b>3,626</b>	<b>12,857</b>	<b>1,947</b>	<b>19,805</b>	<b>38,235</b>

**WYNNSTAY GROUP PLC**

**INTERIM RESULTS**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the six months ended 30 April 2009

	Unaudited Six months ended 30 April	Unaudited Six months ended 30 April	Audited Year ended 31 October
Note	2009 £'000	2008 £'000	2008 £'000
<b>Cash flow from operating activities</b>			
Cash (used in) / generated from operations	9	(808)	(4,803)
Interest received		35	78
Interest paid		(339)	(453)
Tax repaid / (paid)		(1,373)	118
<b>Net cash (used in) / generated from operating activities</b>		<b>(2,485)</b>	<b>(5,060)</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries (net of cash required)		0	(4,209)
Purchase of property, plant and equipment		(866)	(1,109)
Purchase of intangible assets		0	(313)
Proceeds on sale of property, plant and equipment		28	52
Proceeds on sale of investments		0	595
Purchase of investments		0	(162)
<b>Net cash used in investing activities</b>		<b>(838)</b>	<b>(5,146)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from the issue of share capital		146	1,593
Net proceeds from drawdown of new loans		0	4,490
Finance lease principal repayments		(227)	(212)
Repayment of acquired borrowings		0	0
Repayments of borrowings		(2,609)	(884)
Dividends paid to shareholders		(577)	(474)
<b>Net cash generated from financing activities</b>		<b>(3,267)</b>	<b>4,513</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(6,590)</b>	<b>(5,693)</b>
Cash and cash equivalents at beginning of period		(185)	(1,154)
<b>Cash and cash equivalents at end of period</b>		<b>(6,775)</b>	<b>(6,847)</b>

## WYNNSTAY GROUP PLC

### INTERIM RESULTS

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 1. Basis of preparation

The Interim Report was approved by the Board of Directors on 16 June 2009.

The condensed financial statements for the six months to 30 April 2009 have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting.

The financial information for the Group for the year ended 31 October 2008 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 237(2) or (3) of the Companies Act 1985. The information contained in this document does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.

The financial information for the six months ended 30 April 2009 and for the six months ended 30 April 2008 is unaudited.

The Group prepares its consolidated financial statements in accordance with IFRS, and the statements have been prepared using the accounting policies set out in the Group's 2008 statutory accounts.

#### 2. Consolidation of share of results in joint ventures & 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 April 2009. 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 a 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 2008.

#### 4. Taxation

The tax charge for the six months to 30 April 2009 is based on an apportionment of the estimated tax charge for the full year.

#### 5. Earnings per share

Earnings per share have been calculated based on the profit attributable to ordinary shareholders of £2,352,000 (six months ended 30 April 2008: profit of £2,297,000) and the weighted average number of shares in issue of 14,422,700 (2008: 12,971,238). 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 14,574,710 (2008: 13,045,988).

#### 6. Share capital

During the current period a total of 84,128 (2008: 669,201) shares were issued with an aggregate nominal value of £21,032 (2008: £167,300) fully paid up for equivalent cash of £146,046 (2008: £1,592,808). Included in these issues were 84,128 shares (2008: 56,201) allotted to shareholders exercising their rights to receive dividends under the Company's scrip dividend scheme and nil shares (2008:120,000) allotted to relevant holders exercising Warrants in the Company. At the date of this report a total of 14,506,363 shares are in issue.

## 7. Dividends

In the period an amount of £576,890 (2008: £473,737) was charged to reserves. An interim dividend of 2.20p per share will be paid on 30 October 2009 to shareholders on the register on 2 October 2009. New elections to receive Scrip Dividends should be made in writing to the Company's Registrars before 16 October 2009.

## 8. Segmental reporting

The Group's primary reporting format is business segments. A business segment is a component of the Group that is engaged in providing a group of related products and is subject to the risks and returns that are different from other business segments. The Group operates in one geographical segment being the UK.

The segment results for the six months ended 30 April 2009 are as follows:

	<b>Agricultural Supply</b> £'000s	<b>Retail</b> £'000s	<b>Other</b> £'000s	<b>Total</b> £'000s
<b>Unaudited as at 30 April 2009 :</b>				
Revenue	<b>92,001</b>	<b>25,641</b>	<b>56</b>	<b>117,698</b>
Segment result	2,155	1,271	40	3,466
Share of result of associates & joint ventures	0	0	0	0
	<b>2,155</b>	<b>1,271</b>	<b>40</b>	<b>3,466</b>
Net interest				(304)
<b>Profit before tax</b>				<b>3,162</b>
Taxation				(810)
<b>Profit for the period attributable to shareholders</b>				<b>2,352</b>

The segment results for the six months ended 30 April 2008 are as follows:

	<b>Agricultural Supply</b> £'000	<b>Retail</b> £'000	<b>Other</b> £'000	<b>Total</b> £'000
<b>Unaudited as at 30 April 2008:</b>				
Revenue	<b>94,302</b>	<b>22,087</b>	<b>73</b>	<b>116,462</b>
Segment result	2,269	1,032	32	3,333
Share of result of associates & joint ventures	0	0	0	0
	<b>2,269</b>	<b>1,032</b>	<b>32</b>	<b>3,333</b>
Net interest				(375)
<b>Profit before tax</b>				<b>2,958</b>
Taxation				(661)
<b>Profit for the period attributable to shareholders</b>				<b>2,297</b>

The segment results for the year ended 31 October 2008 are as follows:

	<b>Agricultural Supply</b>	<b>Retail</b>	<b>Other</b>	<b>Total</b>
	£'000	£'000	£'000	£'000
<b>Audited as at 31 October 2008:</b>				
Revenue	<b>185,203</b>	<b>49,222</b>	<b>155</b>	<b>234,580</b>
Segment result	3,889	2,530	(211)	6,208
Provision for business restructuring	0	(625)	0	(625)
Share of result of associates & joint ventures	0	119	264	383
	<b>3,889</b>	<b>2,024</b>	<b>53</b>	<b>5,966</b>
Net interest				(743)
<b>Profit before tax</b>				<b>5,223</b>
Taxation				(1,321)
<b>Profit for the year attributable to shareholders</b>				<b>3,902</b>

#### 9. Cash (used in) / generated from operations

	<b>Unaudited As at 30 April 2009 £'000s</b>	Unaudited As at 30 April 2008 £'000s	Audited As at 31 October 2008 £'000s
Profit for the year	<b>2,352</b>	2,297	3,902
Adjustments for:			
Taxation	<b>810</b>	661	1,205
Depreciation of tangible fixed assets	<b>890</b>	696	1,486
Amortisation of other intangible fixed assets	<b>0</b>	0	20
Profit on disposal of property, plant and equipment	<b>(18)</b>	(12)	(13)
Interest expense	<b>339</b>	453	942
Interest income	<b>(35)</b>	(78)	(199)
Share of results of joint ventures	<b>0</b>	0	(267)
Repayment of loans made to joint ventures	<b>150</b>	1,050	1,050
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries)			
(Increase) /decrease in inventories & biological assets	<b>(2,151)</b>	(3,124)	(3,672)
(Increase) /decrease in trade and other receivables	<b>(4,601)</b>	(12,610)	(3,542)
Increase /(decrease) in payables	<b>1,456</b>	5,864	2,685
Increase /(decrease) in provisions	<b>0</b>	0	625
<b>Cash (used in) / generated from operations</b>	<b>(808)</b>	(4,803)	4,222

#### 10. 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.

### 11. Group financial commitments

There have been no material changes to the Group's contingent liabilities in respect of the guaranteed bank overdrafts of its three joint ventures and one associated undertaking.

### 12. Capital commitments

As at the 30 April 2009 the Group had capital commitments as follows:

	<b>Unaudited As at 30 April 2009 £'000</b>	Unaudited As at 30 April 2008 £'000	Audited As at 31 October 2008 £'000
Contracts placed for future capital expenditure not provided in the financial statements	<b>680</b>	0	249

### 13. Related parties

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

	Transaction value			Balance outstanding		
	<b>Six months 30 April 2009</b>	Six months 30 April 2008	Year to 31 Oct 2008	<b>Six months 30 April 2009</b>	Six months 30 April 2008	Year to 31 Oct 2008
Sales of goods to joint ventures & associates	<b>4,605</b>	2,282	5,060	<b>1,327</b>	974	877
Purchases of goods from joint ventures & associates	<b>3,929</b>	2,942	3,678	<b>195</b>	1,910	318
Interest receivable from joint ventures & associates	<b>0</b>	50	133	<b>0</b>	50	0

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.