WYNNSTAY

2013
Interim Report

Financial Calendar

Half year results announced	19 June 2013
Interim Dividend Record date	27 September 2013
Interim Dividend date	31 October 2013
Financial year end	31 October 2013
Announcement of full years results	January 2014
Dividend record date	March 2014
Annual general meeting	March 2014
Dividend payout	April 2014

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Chairman's Statement

INTRODUCTION

I am very pleased to report that Wynnstay has continued to perform well, delivering a record set of half year results, with revenue up by 12% to £216.12m and profit before tax up by 15% to £5.21m.

These encouraging results reflect a combination of factors, including the expansion of the Wynnstay Stores chain, strong raw materials and feed sales as the cold weather extended the normal feeding season and an overall increase in fertiliser volumes driven by our FertLink joint venture. Against this, our grain marketing operations saw reduced volumes, which were impacted as expected by the very poor harvest of 2012. The broad base of the Company's activities continues to be a major strength, underpinning the Group's performance and helping to smooth the effects of differing conditions across our marketplaces.

Our Wynnstay Stores network is developing well and we added another small agricultural supplies business in the first half. The acquisitions we made in the last financial year have been integrated into the business and help to support the extension of our activities into new trading areas and build our farming customer base. We will continue to acquire additional agricultural businesses which fit our model while also driving the Group's organic development.

FINANCIAL RESULTS

Revenue for the six months to 30 April 2013 increased to £216.12m (2012: £193.67m), a rise of 12%. Growth reflected a combination of higher feed, seed and fertiliser volumes, last year's bolt on acquisitions and some inflation in commodity prices. Sales within our agricultural supplies division were up 11% year-on-year to £172.29m (2012: £154.97m), generally benefiting from the extended feeding season caused by the cold spring. Our specialist retailing operations generated sales of £43.76m (2012: £38.68m), up 13% year-on-year, with like-for-like growth at both Wynnstay Stores and Just for Pets, as well as added sales from acquired and newly opened stores.

Group operating profit improved by 15% to £5.48m (2012: £4.75m). The agricultural supplies division saw operating profits increase by 7% to £3.11m (2012: £2.92m), with the improvement resulting from higher volumes of activity. Operating profit at our specialist retail operations increased by 30% to £2.59m (2012: £2.00m), reflecting continued strong agricultural demand and an improved performance from the pet product business.

Profit before tax increased by 15% to £5.21m (2012: £4.52m) and earnings per share grew by 16% to 23.60p (2012: 20.34p) helped by a reduction in the Group's effective corporation tax rate to 24.2% (2012: 25.2%).

Net finance costs increased year-on-year to £0.28m (2012: £0.23m), with higher average net debt levels through the period due to the early commencement of the feeding season caused by the poor weather in the autumn. Net debt at the 30 April 2013 stood at £15.36m (2012: £15.71m).

Net assets at 30 April 2013 increased by 10% to £60.16m (2012: £54.64m). This represents approximately £3.60 per share (2012: £3.28 per share), based on the weighted average number of shares in issue during the period of 16.74m.

DIVIDEND

The Board is pleased to declare an increased interim dividend of 3.10p per share, which represents a rise of 9% on last year (2012: 2.85p). The interim dividend will be paid on 31 October 2013 to shareholders on the register at the close of business on 27 September 2013. As in previous years, a Scrip Dividend alternative will also be available. The last day for election of the Scrip Dividend will be 16 October 2013.

BOARD CHANGES

We were very pleased to welcome Philip Kirkham to the Board of Directors as a Non-Executive in April. As a well respected dairy farmer and Non-executive Director of a number of agricultural companies, Philip brings a wealth of agricultural and corporate experience to the Group. As previously announced, Non-executive, John Davies, also our former Chairman, retired from the Board in March. We are indebted to him for his contribution to the Group over many years and wish him well in his retirement. In addition Jeffrey Kendrick, Non-executive Director proposes to retire from the Board and the Group at the Company's next AGM in 2014.

REVIEW OF OPERATIONS

AGRICULTURE

The agricultural division performed well overall, with improved volumes of feed, raw materials, seed and fertiliser.

The weather has had a major effect on the agricultural industry over the past 12 months and will continue to influence trading conditions into 2014. As we have reported previously, poor growing and harvesting conditions in 2012 reduced the UK grain harvest and many livestock farmers suffered from reduced winter fodder stock than in previous years.

Feed Products

We experienced very strong demand for ruminant feed throughout the winter which contributed to an overall increase in feed sales of 13%. Demand peaked in March and April however alongside the increase in volumes, our costs also rose as a result of the use of third party manufacturers and higher distribution expenditure during the exceptionally difficult winter conditions.

Glasson Grain

Glasson continued to make a good contribution to the Group, benefiting from the increased demand for raw materials and small animal feeds, as well as an increase in fertiliser volumes. Whilst like-for-like sales and margins for fertiliser were lower reflecting industry trends, overall sales increased as a result of the FertLink joint venture established in 2011 and based at Birkenhead. FertLink also opened a new facility at Goole near Hull during the spring, further extending the activity of the business.

Arable Products

Demand for cereal and herbage seed increased significantly during the spring as farmers turned to spring crops following the difficult autumn conditions. However, as expected, we experienced a reduction in grain volumes following the poor harvest of 2012 although the increased contribution from seed helped to offset the decline. Demand for fertiliser increased during the spring but the prolonged inclement weather meant sales in the first half were lower than for the same period in the prior year.

SPECIALIST RETAIL

Wynnstay Stores

Activity within our Wynnstay Stores division has been very encouraging. Overall sales increased by 12% reflecting the integration of acquired stores as well as sales growth at established sites. Like-for-like sales increased by 4.4%, partly helped by the extended winter which drove farmers' requirement for additional feed. We also saw a change in the mix of products sold, with an increase in sales of livestock-related products and a reduction in fencing and hardware products.

We acquired Banbury Farm & General Supplies in November and opened a new store in Tan-y-groes in February bringing the total number of rural retail outlets to 32. We also continued with our store upgrade programme, relocating our store at Pontesbury in Shropshire and we will be opening a new store at the market site in Kendal, Cumbria. We are relocating our store in Whitchurch, Shropshire to a larger site and extending our existing premises at Tetbury in Gloucestershire. Both the relocation at Whitchurch and the extension at Tetbury should be completed during the summer.

Just for Pets

The Just for Pets business performed well in the first half reflecting the changes we made in the last financial year. Total sales including sales at stores opened during the previous year increased by 11% and there was also a small increase of 1% in like-for-like sales at established outlets. The business operates from 21 stores and continues to seek new outlets on retail parks with strong footfall.

Youngs Animal Feeds

Youngs enjoyed a strong six months supplying equine and small animal feeds to a range of outlets.

JOINT VENTURES

The joint venture businesses continue to make a useful contribution to the Group, which is consolidated into the Group accounts at the end of the financial year.

OUTLOOK

Long term trends for agriculture remain very favourable, with global populational growth and an increasing shift to western diets driving the requirement for increased food production. Over the last year, adverse weather conditions have created a number of issues for our farmer customers; UK grain yields are expected to be lower this year and world grain prices are currrently under pressure. However UK milk and meat prices are showing signs of recovery, giving renewed confidence in the livestock sector.

We continue to invest in the infrastructure of the business to ensure operational efficiencies, and have committed capital to manufacturing and logistics projects as well as to the roll out of our specialist retail outlets.

There is opportunity for further consolidation within the industry and the Group is well placed to continue to execute its strategy of organic growth combined with selective acquisitions.

After a record first half, the second half of the financial year is progressing well and in line with management expectations. The Board remains confident of prospects.

Gareth Owen

Chairman

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 April 2013

	Note	**Unaudited six months ended 30 April 2013 £000**	Unaudited six months ended 30 April 2012 £000	Audited year ended 31 October 2012 £000
Revenue		**216,118**	193,666	375,776
Cost of sales		**(190,104)**	(169,526)	(329,163)
Gross profit		**26,014**	24,140	46,613
Manufacturing, distribution and selling costs		**(17,898)**	(16,699)	(34,102)
Administrative expenses		**(2,528)**	(2,534)	(4,211)
Group Operating Profit Before Goodwill Impairment and Share-Based Payment Costs		**5,588**	4,907	8,300
Goodwill impairment and share-based payments		**(103)**	(153)	(248)
Group Operating Profit		**5,485**	4,754	8,052
Interest income		**38**	38	64
Interest expense		**(313)**	(268)	(527)
Share of profits/losses in associate and joint ventures	2	-	-	229
Share of tax incurred in associate and joint ventures		-	-	(58)
Profit Before Taxation		**5,210**	4,524	7,760
Taxation	4	**(1,259)**	(1,142)	(1,927)
Profit For The Period		**3,951**	3,382	5,833
Earnings per 25p share	5	**23.60p**	20.34p	34.99p
Diluted earnings per 25p share	5	**22.86p**	19.82p	34.05p

Condensed Consolidated Balance Sheet

As at 30 April 2013

	Note	**Unaudited as at 30 April 2013 £000**	Unaudited as at 30 April 2012 £000	Audited as at 31 October 2012 £000
Assets				
Non-Current Assets				
Goodwill		**16,114**	15,044	15,614
Property, plant and equipment		**17,554**	17,319	17,748
Investments		**3,205**	3,134	3,205
		36,873	35,497	36,567
Current Assets				
Inventories		**32,132**	28,378	27,213
Trade and other receivables		**64,941**	52,331	46,982
Available for sale assets	6	**2,184**	1,838	2,157
Financial assets - loans to joint ventures		**3,097**	3,252	3,252
Cash and cash equivalents		**2,137**	314	699
		104,491	86,113	80,303
Total Assets		**141,364**	121,610	116,870
Liabilities				
Current Liabilities				
Financial liabilities - borrowings		**(13,919)**	(13,465)	(10,986)
Trade and other payables		**(61,261)**	(48,977)	(43,737)
Current tax liabilities		**(1,668)**	(1,573)	(1,349)
		(76,848)	(64,015)	(56,072)
Net Current Assets		**27,643**	22,098	24,231
Non-Current Liabilities				
Financial liabilities - borrowings		**(3,575)**	(2,562)	(3,499)
Trade and other payables		**(458)**	(53)	(156)
Deferred tax liabilities		**(319)**	(343)	(317)
		(4,352)	(2,958)	(3,972)
Net Assets		**60,164**	54,637	56,826
Equity				
Share capital	7	**4,199**	4,177	4,186
Share premium		**17,894**	17,567	17,677
Other reserves		**2,618**	2,420	2,515
Retained earnings		**35,453**	30,473	32,448
Total Equity		**60,164**	54,637	56,826

Condensed Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 April 2013

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 November 2011	4,154	17,274	2,312	27,956	51,696
Profit for the period	-	-	-	3,382	3,382
Total comprehensive income for the period	-	-	-	3,382	3,382
Transactions with owners of the Company, recognised directly in equity					
Shares issued during the period	23	293	-	-	316
Dividends	-	-	-	(865)	(865)
Equity settled share-based payment transactions	-	-	108	-	108
Total shareholders' equity at 30 April 2012	4,177	17,567	2,420	30,473	54,637
Profit for the period	-	-	-	2,451	2,451
Total comprehensive income for the period	-	-	-	2,451	2,451
Transactions with owners of the Company, recognised directly in equity					
Shares issued during the period	9	110	-	-	119
Dividends	-	-	-	(476)	(476)
Equity settled share-based payment transactions	-	-	95	-	95
Total shareholders' equity at 31 October 2012	4,186	17,677	2,515	32,448	56,826
Profit for the period	-	-	-	**3,951**	**3,951**
Total comprehensive income for the period	-	-	-	**3,951**	**3,951**
Transactions with owners of the Company, recognised directly in equity					
Shares issued during the period	**13**	**217**	-	-	**230**
Dividends	-	-	-	**(946)**	**(946)**
Equity settled share-based payment transactions			**103**	-	**103**
Total shareholders' equity at 30 April 2013	**4,199**	**17,894**	**2,618**	**35,453**	**60,164**

Condensed Consolidated Cash Flow Statement

For the six months ended 30 April 2013

	Note	**Unaudited six months ended 30 April 2013 £000**	Unaudited six months ended 30 April 2012 £000	Audited year ended 31 October 2012 £000
Cash flow from operating activities				
Cash generated from/(used in) operations	11	**1,778**	(4,419)	1,863
Interest received		**38**	38	64
Interest paid		**(313)**	(268)	(527)
Tax paid		**(938)**	(1,600)	(2,635)
Net cash flows from operating activities		**565**	(6,249)	(1,235)
Cash flows from investing activities				
Acquisition of subsidiaries, (net of cash acquired)		**(408)**	-	(915)
Proceeds from sale of property, plant and equipment		**17**	93	85
Purchase of property, plant and equipment	11	**(588)**	(985)	(1,941)
Investment in available for sale assets		**(27)**	(1,156)	(1,475)
Dividends received		-	-	100
Net cash used by investing activities		**(1,006)**	(2,048)	(4,146)
Cash flows from financing activities				
Net proceeds from the issue of ordinary share capital		**230**	316	435
Net proceeds from drawdown of new loans		**896**	1,000	3,100
Finance lease principal repayments		**(382)**	(345)	(724)
Repayments of borrowings		**(801)**	(860)	(1,759)
Dividends paid to shareholders		**(946)**	(865)	(1,341)
Net cash generated from financing activities		**(1,003)**	(754)	(289)
Net (decrease) in cash and cash equivalents		**(1,444)**	(9,051)	(5,670)
Cash and cash equivalents at beginning of period		**(5,677)**	(7)	(7)
Cash and cash equivalents at end of period		**(7,121)**	(9,058)	(5,677)

Notes to the Condensed Consolidated Interim Financial Statement

1. Basis of preparation

The Interim Report was approved by the Board of Directors on 18 June 2013.

The condensed financial statements for the six months to the 30 April 2013 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 2012 set out above is an extract from the published financial statements for that year which have been delivered to the Registrar of Companies. The auditor's report on those financial statements was not qualified and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. The information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The financial information for the six months ended 30 April 2013 and for the six months ended 30 April 2012 is unaudited.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 October 2012, 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 associate

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 2013. Although this is not in accordance with IFRS the impact on the financial statements is not material. Relevant results will be accounted for during the second half of the financial year.

3. Significant accounting policies

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

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the preparing of the Group's financial statements for the year ended 31 October 2012. A copy of these financial statements is available from the Company's Registered Office at Eagle House, Llansantffraid, Powys SY22 6AQ.

The following new accounting standards, amendments and interpretations to published standards are not yet effective and have not been adopted early by the Group:

	Effective for accounting periods beginning on or after
International Financial Reporting Standards ("IFRS")	
IFRS 9: 'Financial instruments'	1 January 2015
IFRS 10: 'Consolidated financial statements	1 January 2013
IFRS 11: 'Joint arrangements'	1 January 2013
IFRS 12: 'Disclosure of interests in Other Entities'	1 January 2013
IFRS 13: 'Fair Value Measurement'	1 January 2013
IAS 27 (revised 2011): 'Separate financial statements'	1 January 2014
IAS 28 (revised 2011): 'Associates and joint ventures'	1 January 2014

Amendments to existing standards

Amendment to IFRS 7 on Financial instruments asset and liability offsetting	1 January 2013
Amendment to IAS 19 (revised 2011): 'Employee benefits'	1 January 2013
Amendment to IAS 32 on Financial instruments asset and liability offsetting	1 January 2014

From the 1 November 2012 the following standards, amendments and interpretations became effective and were adopted by the Group:

Amendments to existing standards

Amendment to IAS 12: 'Income taxes' on deferred tax	1 January 2012
Amendment to IAS 1 : 'Presentation of financial statements on OCI	1 July 2012

The adoption of these standards, amendments and interpretations has not had a material effect on the net assets, results and disclosures of the Group

4. Taxation

The tax charge for the six months ended 30 April 2013 and 30 April 2012 is based on an apportionment of the estimated tax charge for the full year.

The effective tax rate is 24.2% is higher than the standard rate of 23% (2012: 24%). The Chancellor has announced a reduction in the main rate of UK corporation tax to 20% by 2015 in addition to the planned reduction to 21% by 2014 announced in the December 2012 Autumn statement. It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the Group's future current tax charge and reduce the Group's deferred tax liability accordingly.

5. Earnings per share

Earnings per share have been calculated based on the profit attributable to ordinary shareholders of £3,951,209 (six months ended 30 April 2012: profit of £3,382,000) and the weighted average number of shares in issue of 16,742,311 (2012:16,624,057). 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 17,282,184 (2012:17,067,913).

6. Available for sale assets

Available for sale assets relates to a freehold property which is being marketed with a view to being sold within the next twelve months.

7. Share capital

During the current period a total of 50,627 (2012: 93,076) shares were issued with an aggregate nominal value of £12,657 (2012: £23,269) fully paid up for equivalent cash of £230,353 (2012: £316,332). Included in these issues were 50,627 (2012: 66,190) shares allotted to shareholders exercising their rights to receive dividends under the Company's scrip dividend scheme and Nil shares (2012: 19,453) allotted to relevant holders exercising options in the Company. No other (2012: 7,429) shares were allocated during the period. As at 30 April 2013 a total of 16,792,658 shares are in issue (2012:16,707,435).

8. Dividends

During the period ended 30 April 2013 an amount of £945,928 (2012: £864,925) was charged to reserves in respect of equity dividends paid. An interim dividend of 3.10p per share (2012: 2.85p) will be paid on 31 October 2013 to shareholders on the register on the 27 September 2013. New elections to receive Scrip Dividends should be made in writing to the Company's Registrars before 16 October 2013.

Notes to the Condensed Consolidated Interim Financial Statement (continued)

9. 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 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 segments, namely the United Kingdom.

Agriculture	Manufacturing and supply 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 end.

The segment results for the period ended 30 April 2013 are as follows:

	Agriculture	Specialist Retail	Other	Total
	£000	£000	£000	£000
Unaudited for the six months ended 30 April 2013:				
Revenue	**172,285**	**43,762**	**71**	**216,118**
Segment result	3,111	2,594	(220)	5,485
Share of result of associate & joint ventures	-	-	-	-
	3,111	**2,594**	**(220)**	**5,485**
Interest income				38
Interest expense				(313)
Profit before tax				**5,210**
Taxation				(1,259)
Profit for the period attributable to shareholders				**3,951**
Unaudited for the six months ended 30 April 2012:				
Revenue	154,968	38,676	22	193,666
Segment result	2,923	2,002	(171)	4,754
Share of result of associate & joint ventures	-	-	-	-
	2,923	2,002	(171)	4,754
Interest income				38
Interest expense				(268)
Profit before tax				4,524
Taxation				(1,142)
Profit for the period attributable to shareholders				3,382

	Agriculture £000	Specialist Retail £000	Other £000	Total £000
Audited for the year ended at 31 October 2012:				
Revenue	295,190	80,471	115	375,776
Segment result	4,363	3,901	(212)	8,052
Share of result of associate & joint ventures	349	-	(120)	229
	4,712	3,901	(332)	8,281
Interest income				64
Interest expense				(527)
Profit before tax				7,818
Taxation				(1,985)
Profit for the year attributable to shareholders				5,833

10. Business Combinations

On 9 November 2012, the Group completed the acquisition of the entire share capital of Banbury Farm and General Supplies Limited, an independent agricultural inputs supplier based in Burton Dasset outside Banbury, Oxfordshire.
Details of the trade, asset values acquired and the consideration are given below, together with details, subject to the comments below, of revenues and operating profits generated in the period:

Banbury Farm and General Supplies Limited	
Date of acquisition	9 November 2012
	Book and fair value
Fair Value of acquisition:	**£000**
Plant and equipment	29
Trade receivables	143
Inventories	199
Other current assets	120
Other current liabilities	(272)
Acquired debt: liquid	1,004
Net assets acquired	1,223
Goodwill	500
Total consideration	**1,723**
Consideration transferred to gain control:	
Total consideration	**1,723**
Less cash utilised from acquired business	(957)
Less retention pending confirmation of Net Asset value at completion	(111)
Fair value of contingent consideration	(200)
Net cash paid on completion	**455**
Historical revenue in the period 1 October 2011 to 9 November 2012	**1,546**
Historical operating profit 1 October 2011 to 9 November 2012	**405**

Notes to the Condensed Consolidated Interim Financial Statement (continued)

10. Business Combinations (continued)

100% of the trade receivables at the acquisition date have been collected

The Directors have considered whether any specific intangibles can be identified within the values of goodwill and do not consider any readily identifiable.

The acquisition of the business extends the Group's geographic trading area and farmer customer base, as well as adding an additional outlet to the Group's Country Store chain. On 9 November 2012 the trade and assets of the acquired company were hived up into Wynnstay Group Plc, and the respective figures generated from the acquired business for the period to 30 April 2013 and included in the results of Wynnstay Group plc were revenue of £592,831 and operating profit of £42,898.

Payment of the contingent consideration is dependant on future turnover and profitability, with the maximum consideration of £200,000 being in line with the fair value as the Directors consider this to be the most likely outcome.

11. Cash generated from/(used in) operations

	Unaudited six months ended 30 April 2013	Unaudited six months ended 30 April 2012	Audited year ended 31 October 2012
	£000	£000	£000
Profit for the period	**3,951**	3,382	5,833
Adjustments for:			
Taxation	**1,259**	1,142	1,927
Depreciation of tangible fixed assets	**1,208**	1,158	2,475
Impairment of other intangible fixed assets	-	45	45
(Profit) on disposal of property, plant and equipment	-	-	(38)
Interest income	**(38)**	(38)	(64)
Interest expense	**313**	268	527
Share of results of joint ventures and associate	-	-	(171)
Share-based payment expenses	**103**	108	203
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries)			
Decrease in short term loan to joint venture	**155**	241	241
(Increase) in inventories	**(4,720)**	(4,691)	(3,165)
(Increase) in trade and other receivables	**(17,696)**	(6,747)	(920)
Increase/(decrease) in payables	**17,243**	713	(5,030)
Cash generated from/(used in) operations	**1,778**	(4,419)	1,863

During the six months to 30 April 2013, the Group purchased Property, plant and equipment of £1,002,000 (2012:£1,175,000) of which £414,000 (2012:£190,000) relates to assets acquired under finance leases.

12. 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.

13. Group financial commitments

As at the 30 April 2013, the Group's contingent liabilities in respect of bank guarantees for one of its joint ventures amounts to £125,000 (2012: £125,000).

14. Capital commitments

	Unaudited as at 30 April 2013 £000	Unaudited as at 30 April 2012 £000	Audited as at 31 October 2012 £000
Contracts placed for future capital expenditure not provided in the financial statements	315	510	158

15. Related parties

	Transaction value			**Balance outstanding**		
	Six months ended 30 April 2013 £000	Six months ended 30 April 2012 £000	Year ended 31 October 2012 £000	**As at 30 April 2013 £000**	As at 30 April 2012 £000	As at 31 October 2012 £000
Sales of goods to Joint ventures and associates	**9,843**	4,593	11,399	**2,344**	1,481	961
Purchases of goods from Joint ventures and associate	**5,573**	538	4,260	**4,048**	1,467	386
Interest receivable from Joint ventures and associate	-	-	76	-	-	-
Loans with joint ventures	-	-	-	**3,097**	3,252	3,252

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.

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