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23 January 2008

WYNNSTAY GROUP PLC
("Wynnstay" or "the Group")

Final Results for the year ended 31 October 2007

Based in Wales, Wynnstay supplies agricultural products and services for farmers. The Group also operates a network of stores providing a wide range of agricultural and country lifestyle products, and dedicated pet product stores under the "Just for Pets" brand.

Key Points

- Record results in a year of volatile trading conditions:
    - driven by outperformance of grain & raw material trading business

- Results reflect success of strategy to act as consolidator in agricultural industry while developing consumer retailing activities:
    - launch of Just for Pets dedicated pet store format in June
    - country stores network expanded
    - complementary agricultural acquisitions

- Group revenue rose by 42% to £157.0m (2006: £110.9m)

- EBITDA increased by 25% to £5.13m (2006: £4.1m)

- Group pre-tax profit* rose by 23% to £3.25m (2006: £2.64m)

- Earnings per share increased to 19.63p (2006: 19.12p)

- Net assets rose by 12% to £28.4m (2006: £25.3m)

- Return on net assets increased to 12.3% from 10.8%

- Proposed final dividend of 3.625p per share, making total of 5.5p for the year (2006: 5.25p), up by 5% over last year

- Post year end, acquisition of Wilsons Pet Centres:
    - 10 pet superstores, based in West Midlands
    - acquisition to be immediately earnings enhancing

- Board confident of Group's prospects
    - full benefits of acquisition activity to come

* *Group pre-tax profits include the Group's share of pre tax profits from joint venture and associate investments*

Bernard Harris, Managing Director, commented,

"I am pleased to report record results for the year ended 31 October 2007, despite facing some of the most highly volatile trading conditions in recent decades. The trading elements of our agricultural business, especially grain and raw materials trading, benefited hugely from the increase in prices for most basic feed commodities, and as a result, Glasson, in particular, enjoyed an outstanding year.

Wynnstay's creditable performance in the face of the challenging trading environment is a reflection of the strategy we have been pursuing over recent years, that of acting as a consolidator in the agricultural distribution sector, and at the same time, extending the Group's consumer retailing activities, particularly within the area of pet care. Our acquisition *last week of a major pet store chain in the West Midlands moves us forward with our plans to develop our new pet brand, "Just for Pets", and represents an exciting development.*

I remain confident that the Group will continue to make substantial progress in 2008 as we see the full benefits from our acquisition activity coming through."

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CHAIRMAN'S STATEMENT

Introduction

I am pleased to report record results for the year ended 31 October 2007, despite facing some notable challenges.

The greatest challenges came with some of the most highly volatile trading conditions Wynnstay has experienced in recent decades, with most basic feed commodity prices rising substantially. In the second half of the year in particular, wheat prices continued to climb with the cost of other feed ingredients following suit. At the same time, we saw continuing rises in power and fuel costs.

While the impact of this was negative for some of the Group's activities, rising raw material prices drove excellent performances from Glasson Group ("Glasson") and Shropshire Grain Ltd, our grain trading operation.

Wynnstay's creditable performance in the face of the challenging trading environment is a reflection of the strategy we have been pursuing over recent years, that of acting as a consolidator in the agricultural distribution sector, and at the same time, extending the Group's consumer retailing activities, particularly within the area of pet care.

I am pleased to highlight a significant event that occurred following the year end, in early January 2008, namely the acquisition of Wilsons Pet Centres ("Wilsons"). Comprising 10 pet superstores, the acquisition of Wilsons represents significant progress in our ambition to build a chain of stand-alone pet stores under our "Just for Pets" brand. The acquisition is earnings enhancing and expands our presence in this market significantly.

Financial results

The financial accounts for the year to 31 October 2007 have been prepared for the first time under International Accounting Standards and accordingly the Group's results for 2006 have been restated.

The performance of the business is regularly monitored against Key Performance Indicators (KPIs) and I am pleased to provide details of these as follows:

* *Revenue:* the invoiced value of sales from the Group's activities, measured at a fair value net of all rebates, excluding value added tax.
* *EBITDA:* Group pre-tax profit, including share of pre-tax profits of joint ventures and associates, before interest, taxation, depreciation and goodwill impairment charges.
* *Earnings per Share:* profit for the year after taxation divided by the weighted average number of shares in issue during the year excluding any shares held by the Group' s Employee Share Ownership Trust.
* *Return on Net Assets:* Group pre-tax profit, including share of pre-tax profits of joint ventures and associates before any goodwill impairment charge, divided by the balance sheet net asset value.
* *Net Assets per Share:* the balance sheet net asset value divided by the weighted average number of shares in issue during the year, excluding any shares held by the Group's Employee Share Ownership Trust.

The comparative results for these indicators for the financial year are as follows:

	2007	**2006**
Revenue	£157.0 million	£110.9 million
EBITDA	£5.128 million	£4.096 million
Earnings per share	19.63 pence	19.12 pence
Return on net assets	12.34%	10.78%
Net assets per share	£2.41	£2.45

* Revenue increased by 42%, which reflected a full year contribution from Glasson which was acquired in August 2006 and accounted for £34.4 million of the increase of £46.1million.
* EBITDA increased by 25%, which again reflected an excellent performance from acquisitions.
* Return on net assets show a 14% improvement over the previous year but continues to reflect the significant investment made by the Group for future developments.
* Net assets per share are still stated using historical values for property and other fixed assets of the Group.

International financial reporting standards have required a change to the layout of the Group's Income Statement so that the share of profits of our joint venture and associate investments are shown after their respective taxation charge. Before this presentational change the Group's pre-tax profit was £3.247m, an increase of 22.9% over the equivalent figure of £2.642m last year. After reflecting the presentational change, reported pre-tax profit increased by 25% to £3.063m from £2.456m last year. After a Group taxation charge of £0.751m (2006: £0.478m), earnings per share were 19.63p against 19.12p in 2006. Group net assets at the year end stood at £28.4m (2006: £25.3m) and gearing was a conservative 25%. After the year end, a small share placement took place raising £1.21m after costs.

Dividend

An interim dividend of 1.875p per share was paid on 31 October 2007 and the Board is now recommending a final dividend of 3.625p per share, making a total for the year of 5.50p per share, an increase of 5% over last year. The final dividend will be paid on 30 April 2008 to shareholders on the register at the close of business on 28 March 2008.

Review of Trading

Trading conditions were volatile, with unprecedented rises in the price of wheat. The trading elements of our agricultural business, particularly grain and raw materials trading, benefited hugely from the increase in prices for most basic feed commodities. As a result, Glasson, in particular, enjoyed an outstanding year. This helped to counterbalance the negative impact on our Feed Division.

The overall effect of rising feed commodity prices on our Arable Division was positive and sales of cereal seeds during the autumn planting period reached record levels. Fertiliser sales were more mixed, with a buoyant spring market, as the arable farming sector was encouraged by rising commodity prices, but a subdued summer market as very wet weather conditions rendered the application of fertiliser impossible. There was some recovery in fertiliser sales in the autumn as farmers stocked up ahead of impending substantial price increases, however, the overall annual tonnage increase in the year was relatively modest, especially after last year's drop in fertiliser sales.

In our Feed Division, the huge price increases impacted feed production costs and the process of passing on these rises continues. The dairy sector has experienced a substantial increase in milk prices of up to 40% during the autumn, which has relieved some of the pressure on that sector. Egg producers have also received increased returns and this is proving beneficial to producers in our free range egg scheme, which continues to expand.

The Stores Division had a busy period, working on a number of bolt-on acquisitions while at the same time improving the existing estate of stores. The acquisition of T&M Williams and Westhope Livestock Supplies in August and MVZ Farm Supplies just before the year end added three stores, taking the total number of traditional rural stores to 27 at the end of the period. The acquisition of Wrekin Country Stores and J Hatton Agriculture following the year end added a further three stores and therefore the number of traditional rural stores now stands at 30. However, trading over the year was mixed. We experienced a flat performance from general agricultural retailing as the beef and sheep production sector remains under severe financial pressure, with low pricing (due to the recent foot and mouth restrictions on export) and rising costs. However, we are continuing to see good sales growth in pet and equine products.

In June 2007, we launched our first stand-alone pet store in Telford, which trades as “Just for Pets”, as part of our strategy to expand our pet products retailing activities. The acquisition of Wilsons, announced on 14 January, is a major step forward in developing this side of the business.

Following a successful start to the year, the extremely wet weather during the summer had a very detrimental effect on our horticultural business, Foxmoor, with sales brought virtually to a stand-still in June and July.

The performance of our joint venture and associate activities was generally good. In particular, Wyro Developments Ltd, our property development business, experienced another excellent year and continues to make good progress.

Staff

On behalf of the Board, I would like to extend our thanks to our staff for all their hard work over the year. Their efforts have helped the Group to deliver the creditable results we achieved this year.

Prospects

The increase in world demand for cereals and other food commodities, due to Asian economic growth, climate change and biofuel production, has resulted in dramatic price rises, which are likely to be sustainable in the medium term. This trend will underpin demand for seeds and fertiliser and so bring benefits to our Arable Division. The sector of UK agriculture currently experiencing the greatest difficulty is the livestock sector, notably sheep and to a lesser extent beef. With a steady reduction in the size of the national sheep flock, prices should improve but a lifting of the export ban after the recent foot and mouth outbreak is also critical to the viability of UK sheep production.

The Group’s strategy is to focus on market segments which offer good growth potential and will generate improving returns. Acquisitions have been a major feature of the Group’s strategy for a number of years. As the agricultural supply industry has contracted, the Group has acted as a consolidator, gaining market share and greater geographical coverage. At the same time, we are focused on developing our consumer retail activities. Our very recent acquisition of Wilsons adds critical mass to our pet products retailing activities and provides a substantial base from which to develop this business. We believe that our strong balance sheet and considerable cash flow position us well to make further progress and to continue to acquire businesses that are finding market conditions more difficult.

I remain confident that the Group will continue to make substantial progress in 2008 as we see the full benefits from our acquisition activity coming through. I look forward to updating shareholders on the Group’s progress at the Annual General Meeting in March 2008.

John Davies
Chairman

MANAGING DIRECTOR'S STATEMENT

INTRODUCTION

I am pleased to report that Wynnstay achieved record results this year. This is a creditable performance coming against a background of rapidly rising commodity prices and the most volatile trading conditions seen in my 40 years in the industry.

The Group managed this volatility skilfully and our trading businesses, most significantly Glasson and Shropshire Grain, performed well above budget. In contrast, rising commodity prices and fuel costs continue to impact on the profitability of the Feed Division, where we are working hard to pass on some of the cost increases and improve margins. It is now encouraging to see the rise in the price of dairy products, which is directly benefiting our dairy farmer customers, as well as better pricing for egg producers. This should help us to pass on increased costs. However, sheep meat prices remain depressed, with beef prices suffering too.

The agricultural market is undergoing considerable consolidation and we continue to play a role in this process. We completed a number of bolt-on acquisitions during the year, including T&M Williams Ltd, Westhope Livestock Supplies Ltd and MVZ Farm Supplies Ltd. Following the financial year end, we acquired Wrekin Country Stores and J Hatton Agriculture. These businesses represent a complementary fit with our existing core activities and expand our reach into new geographic territories.

Very recently, we took a major step forward in developing our retailing activities with the acquisition of Wilsons Pet Centres announced on 14 January 2008. The acquisition helps us to accelerate the growth of our "Just for Pets" brand, adding 10 new pet superstores in the West Midlands and we see the potential to build a substantial chain of dedicated pet stores under our "Just for Pets" brand.

REVIEW OF TRADING

AGRICULTURAL ACTIVITIES

Feed Division

The Feed Division manufactures and markets a wide range of animal nutrition products for farm livestock. It operates from a number of compound feed mills and blending plants, either wholly owned or franchised under manufacturer agreements throughout England and Wales.

Market conditions were difficult for this area of our agricultural business, with rising ingredient and energy prices keeping margins under pressure.

Compound feed sales improved by 3.5%. We saw good growth in the dairy feed sector in the second half, boosted by a concerted sales campaign, and this has continued into the early winter period. Conversely, there was a marked fall in sheep feed sales as reported at the half year, due to very mild weather conditions and the decreasing national flock.

Improved prices for egg producers are helping to recruit new members for our free-range egg production scheme and the benefits of this were particularly enjoyed during the autumn period. As a result of winning a contract to supply a large pig producer, sales of pig feed have improved by 64%.

Blended feed sales continued to increase, although the cost advantage for these products has been eroded over recent months as compound feeds are now proving more competitive. We expect this buying shift from blends to compound feeds to increase over the next year.

We continue to work closely with contract feed manufacturers to enable us to continue to widen our geographical distribution base and also to supply product in the long term to some of the recent acquisitions.

Our raw material trading activities, as stated previously, have enjoyed an exceptional year, both in grain trading and in feed ingredients, where markets have risen markedly. The volatility in the grain market, particularly traded on the London Futures Market, has been exceptional and we have been able to exploit opportunities fully.

Glasson Group
Acquired in August 2006, Glasson acts as a shipper and trader of raw materials and operates the port of Glasson, near Lancaster. Glasson also operates a fertiliser blending plant and manufactures ingredients for the pet food industry.

In its first full year contribution to the Group, Glasson's businesses performed outstandingly, delivering profits considerably higher than budgeted. It was particularly pleasing to see the fertiliser blending activity increase its profitability substantially. Some £43m of revenues were generated by the business during the year. While we are particularly pleased with this first contribution, we do not anticipate Glasson replicating this performance during 2008.

Arable Division
The Arable Division supplies a wide range of services and products including cereal and herbage seeds, fertilisers and agro-chemicals for arable grassland farmers. It has the only major cereal processing plant in the western half of England. It also has its own grain trading arm, Shropshire Grain Limited, which provides a marketing service throughout the Group's trading area.

The Arable business saw cereal seed sales hit record levels, aided by both very good planting conditions and the abolition of the EU Set Aside requirement.

While fertiliser sales started the year strongly, they suffered as a result of the wet summer weather. There were substantial price increases during the autumn and fertiliser prices are now 40% higher on a rolling annualised basis and this is affecting volumes. The UK fertiliser manufacturing industry continued to rationalise in 2007 and this is expected to bring long term benefits to the Group. We are now one of the four largest customers of Growhow, the only producer of compound fertilisers in the UK. Together with the Glasson fertiliser blending activity in Lancashire, our position in the market offers the opportunity to extend our geographical reach and also supply additional outlets recently acquired by the Group.

Shropshire Grain enjoyed a particularly successful year with grain volume and margins both increasing sharply. The unprecedented degree of volatility, including dramatic surges in grain prices during the period, presented new challenges. I am very pleased to report the team responded skilfully to those challenges and made the best of a demanding trading period, especially in the second half of the year following the 2007 harvest.

Looking ahead at the soft commodity markets, we see more turbulent times and view this as an opportunity for Shropshire Grain to continue to gain market share. In such markets, suppliers and customers value the superior service package Shropshire Grain offers as a financially strong and dependable regional merchant. We intend to take full advantage of opportunities which may arise to expand the business.

RETAIL ACTIVITIES

Stores Division

The Stores Division operates rural retail outlets in Mid and North Wales, Shropshire, Staffordshire, Worcester and Lancashire and sells an extensive range of products to professional farmers and growers as well as the general public. The business has recently entered the pet care market.

Retail sales account for 22% of the Group turnover and for reporting purposes, includes our small horticulture business, Foxmoor Horticulture, based in the South West of England. Retail sales on a like-for-like basis improved by 2.5%. We achieved some very good growth in certain product areas. In particular, pet product sales increased by 12.5%, helped by the opening of our first dedicated pet store, "Just for Pets", in Telford in June. Equine product sales rose by 10.4% and animal healthcare products sales improved by 9.36%, including a small contribution from acquisitions made in the autumn. In contrast, some traditional agricultural product sales fell, due to tighter economic conditions for livestock producers and a decrease in sales of animal feed supplements because of the very mild weather in the late winter. Other areas of continuing growth are general hardware products as well as fishing and shooting goods although the total figure for the latter is modest.

Business at Foxmoor Horticulture, a large scale producer of pot plants and shrubs, was severely disrupted by wet weather during the critical selling period in June and July. Therefore, the benefits of strong early spring sales were lost in the summer and costs in the business were considerably higher than budgeted. We are taking steps to restore the business to profitability as soon as possible.

The retail team also supervised the commissioning and building of a major new flagship store at our Head Office site in Llansantffraid. This superb facility, featuring an extensive outside sales area, will provide a huge retail gain to the site. The building incorporates a Spar Convenience Store and although the new store had only been open for a few weeks, at the time of writing, it is trading ahead of budget.

We continue to be active with acquisitions. During the year, we completed the purchase of MVZ Farm Supplies, T&M Williams and Westhope Livestock Supplies. These new stores expand our presence in both our existing and new geographic areas. Westhope, based in Hereford, provides us with a springboard into the southern border counties and has healthy sales of animal nutrition products, with strong links to dairy farmers in the area, offering the potential to improve our dairy feed sales. T&M Williams is located in Tregaron, West Wales, and enhances our distribution of animal health products as well as a broad range of other agricultural products. MVZ operates from an excellent site in Droitwich, adjacent to the M5/M42 motorway network, and will provide a distribution service for animal healthcare and nutritional supplementary products into the Cotswolds and beyond.

After the year end, we acquired two shops from Wrekin Farmers Ltd, one in Telford and the other in Stafford. These will provide a useful 'in fill' in our chain's geographic coverage from the Welsh borders into the Midlands. In addition, our acquisition in January 2008 of J Hatton Agriculture, in Lancashire, which trades extensively in animal healthcare products, provides us with a larger base from which to grow in the important Lancashire livestock area. Our existing store in Lancashire, acquired with the Glasson business last year, will be incorporated into this business and will expand its product range. By the end of 2008, we aim to achieve total Group animal healthcare product sales in excess of £10m. This in turn will substantially improve our buying power and market presence against a shrinking manufacturing base.

Following the year end, we have completed the acquisition of Wilsons Pet Centres, our first acquisition in pet retailing. The acquisition comprises 10 pet superstores in the West Midlands and accelerates our expansion in this market. As well as adding critical mass, Wilsons brings additional expertise and will also act as another additional channel for our animal healthcare products. The business is also a member of a purchasing consortium, sourcing pet accessories from the Far East and other developing markets. This supply chain and distribution function should enhance our existing pet product offering through our traditional Wynnstay rural retail stores.

JOINT VENTURES AND ASSOCIATE COMPANY

The Group has interests in three joint ventures and one associate company.

Wyro Developments
Wyro enjoyed another successful year with increased sales activity on its second development near Newtown, Powys. This site is expected to be completely sold by the spring 2008, meaning that the two sites in this area will have yielded sales of 110 dwellings in total. Work has commenced on a further site near Newtown, with good initial interest for the mixed

housing offered. Despite reports of a slowing housing market activity, we are confident that our policy of selling quality houses at competitive prices will result in further success during 2008. Wyro has acquired a site near Kerry in Mid-Wales for which it is now seeking detailed planning permission. The business is also negotiating for further suitable sites to increase its land bank.

Youngs Animal Feeds
Youngs continues to develop the Molichop brand of high fibre equine feed. Output is steadily increasing from our new plant at Standon in Staffordshire and we have won a considerable amount of own label business to complement the Molichop activity.

Welsh Feed Producers
Our joint venture mill in Carmarthen enjoyed excellent sales. Tonnage produced in the plant reached record levels and considerable capital expenditure has further enhanced product quality and output.

Wynnstay Fuels (Associate Company)
Wynnstay Fuels, which distributes agricultural and domestic fuels, continued to make progress during the year. Fuel volumes increased and recent substantial rises in fuel costs have helped margins. Wynnstay Fuels continues to expand the business from the Rhosfawr distribution facility in North Wales and we are looking for further opportunities to expand the business.

OUTLOOK

Food inflation is currently accepted as an inevitability and primary producers will continue to benefit from this. In addition, local sourcing and food miles are becoming increasingly important issues for multiple retailers through consumer pressure. These trends should help our business by improving the market for all of our core products, although the rising raw material costs may balance out some of this increase.

Rationalisation in the fertiliser manufacturing industry in the UK will give us long term benefits, supported by the substantial market share we enjoy on the western side of Britain. The Glasson fertiliser blending facility will also provide an additional range of products to complement our distribution of Growhow fertilisers.

I am confident that our recent acquisitions will deliver in the current financial year, both in agriculture and retail. I am pleased with the progress we have made in retailing and the bolt-on agricultural acquisitions will further strengthen our product offering and geographical coverage. The addition of Wilsons pet superstores is a major step forward in our growth plan to become substantial pet retailers. The ability to source directly from the Far East for the first time will be a major competitive advantage and should benefit our retailing business across the Group. Including the new Wilsons stores, we now have a total of 41 retail outlets from which further synergistic and purchasing benefits should flow through.

As this is my last report before stepping down as Managing Director in May 2008, I am delighted that we have achieved such an excellent performance in 2007, despite the many challenges, and that we continue to build firm foundations for the future. I would like to take this opportunity of passing on my sincerest thanks to fellow Directors for their ongoing help and the wonderful group of colleagues, who have worked with me during the last 28 years. Most importantly of all, may I thank shareholders for their continuing support of our business which I have appreciated hugely.

Bernard Harris
Managing Director

WYNNSTAY GROUP PLC

CONSOLIDATED INCOME STATEMENT

For the year ending 31 October 2007

	Note		**2007 £000**		2006 £000
Continuing operations					
Revenue	2		**157,047**		110,883
Cost of sales			**(133,832)**		(91,397)
GROSS PROFIT			**23,215**		19,486
Distribution costs			**(17,553)**		(14,865)
Administrative expenses			**(2,535)**		(2,276)
Goodwill impairment			**(257)**		(89)
OPERATING PROFIT	4		**2,870**		2,256
Net finance costs	3		**(355)**		(230)
Share of profits/losses in associates and joint ventures		**732**		616	
Share of tax incurred in associates and joint ventures		**(184)**	**548**	(186)	430
PROFIT BEFORE TAXATION			**3,063**		2,456
Taxation			**(751)**		(478)
PROFIT FOR THE YEAR			**2,312**		1,978
Earnings per 25p share	6		**19.63p**		19.12p
Diluted earnings per 25p share	6		**18.89p**		16.48p

All of the above are derived from continuing operations

There were no recognised income and expenses for 2007 and 2006 other than those included in the consolidated income statement above.

WYNNSTAY GROUP PLC

CONSOLIDATED BALANCE SHEET

As at 31 October 2007

	Note	2007 £000	2006 £000
ASSETS			
NON-CURRENT ASSETS			
Goodwill		**3,614**	3,055
Property, plant and equipment		**11,534**	10,946
Investment in subsidiaries		**-**	-
Investments accounted for using equity method		**3,972**	3,334
		19,120	17,335
CURRENT ASSETS			
Inventories		**9,186**	8,238
Biological assets		**1,675**	1,388
Trade and other receivables		**24,476**	19,508
Financial Assets			
- loan to joint venture		**4,852**	2,750
Cash and cash equivalents		**722**	1,181
		40,911	33,065
LIABILITIES			
CURRENT LIABILITIES			
Financial liabilities – borrowings		**(4,763)**	(4,316)
Trade and other payables		**(23,050)**	(17,760)
Current tax liabilities		**(435)**	(393)
		(28,248)	(22,469)
NET CURRENT ASSETS		**12,663**	10,596
NON-CURRENT LIABILITIES			
Financial liabilities – borrowings		**(2,843)**	(2,061)
Deferred tax liabilities		**(551)**	(528)
Other non-current liabilities		-	-
Provisions		-	-
		(3,394)	(2,589)
NET ASSETS		**28,389**	25,342
EQUITY			
Ordinary shares	7	**3,125**	2,867
Share premium	10	**8,597**	7,673
Other reserves	10	**1,778**	1,582
Retained earnings	10	**14,889**	13,220
TOTAL EQUITY	10	**28,389**	25,342

WYNNSTAY GROUP PLC

CONSOLIDATED CASHFLOW STATEMENT

For the year ending 31 October 2007

	Note	2007 £000	2006 £000
Cash flows from operating activities			
Cash generated from operations	9	**1,447**	2,827
Interest received		**287**	188
Interest paid		**(653)**	(426)
Tax paid		**(686)**	(482)
Net cash flows from operating activities		**395**	2,107
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)		**(769)**	(3,782)
Investment in subsidiary company		**-**	-
Proceeds from sale of property, plant and equipments		**375**	44
Purchase of property, plant and equipment		**(1,532)**	(1,629)
Purchase of intangible assets		**(114)**	(200)
Proceeds on sale of investments		**-**	40
Purchase of investments		**(91)**	(182)
Dividends received		**11**	8
Net cash used by investing activities		**(2,120)**	(5,701)
Cash flows from financing activities			
Net proceeds from the issue of ordinary share capital		**1,182**	250
Purchase of shares ESOP		**-**	(213)
Net proceeds from drawdown of new loans		**2,663**	3,000
Finance lease principal repayments		**(434)**	(338)
Repayment of borrowings		**(1,501)**	(530)
Dividends paid to shareholders		**(643)**	(708)
Net cash generated from financing activities		**1,267**	1,461
Net decrease in cash and cash equivalents		**(458)**	(2,133)
Cash and cash equivalents at the beginning of the period		**(696)**	1,437
Cash and cash equivalents at the end of the period		**(1,154)**	(696)

WYNNSTAY GROUP PLC

NOTES TO THE ACCOUNTS

For the year ending 31 October 2007

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention other than certain assets which are at deemed cost under the transition rules and share based payments which are included at fair value. A summary of the more important group accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

The preparation of financial statements in conformity with generally accepted principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Changes in accounting policy

The consolidated financial statements for the year ended 31 October 2007 are the first financial statements to be prepared in accordance with IFRS. IFRS 1 details the requirements and guidance to be used by the first time adopters of IFRS in preparing their first IFRS accounts. IFRS 1 requires the Group to select accounting policies at 1 November 2006 and to apply these retrospectively from 1 November 2005, the "date of transition".

IFRS 1 provides optional exemptions to first time adopters. The exemptions adopted by the Group are as follows:

IFRS 2 – Share Based Payments - The Group has taken advantage of the exemption not to recalculate equity settled awards granted before 7 November 2002.

IFRS 3 – Business Combinations - Business Combinations which took place prior to the date of transition have not been restated.

Basis of consolidation

The consolidated financial statements comprise Wynnstay Group Plc and all its subsidiaries together with the Group's share of the results of its associates and joint ventures. Group inter-company transactions are eliminated in full.

Results of subsidiary undertakings acquired are included in the financial statements on an acquisition basis, from the effective date of control. The separable net assets, both tangible and intangible, of acquired subsidiary undertakings are incorporated into the financial statements on the basis of their fair value as at the effective date of control.

Subsidiaries are entities where the Group has the power to govern the financial and operating policies, generally accompanied by a share of more than 50% of the voting rights. Subsidiaries are consolidated from the date on which control is assumed by the Group and are included until the date the Group ceases to control them. Associates are entities over which the Group has significant influence but not control, generally accompanied by a share of between 20% and 50% of the voting rights. Joint ventures are entities over which the Group has joint control. Investments in associates and joint ventures are accounted for using the equity method.

Revenue recognition

Revenue represents the invoiced value of sales which fall within Wynnstay Group's ordinary activities. Revenue is measured at the fair value of the contract net of rebates excluding value added tax.

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 risk and returns that are different from other business segments. The Group operates in one geographical segment being the UK.

Financial instruments

Financial assets and liabilities are recognised on the Group's consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Leases

Leases are classified as finance leases at inception where substantially all of the risks and rewards of ownership are transferred to the Group. Assets classified as finance leases are capitalised on the consolidated balance sheet and are depreciated over the expected useful life of the asset. The interest element of the rental obligations is charged to the consolidated income statement over the period of the lease.

Rentals paid under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease. Leasehold land is normally classified as an operating lease. Payments made to acquire leasehold land are included in repayments at cost and are amortised over the life of the lease. Any incentives to enter into operating leases are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provision for impairment losses. Depreciation is provided at rates calculated to write off the cost of fixed assets on a straight line basis over their expected useful lives as follows:

Freehold property	-	2.5% - 5% per annum straight line
Plant and machinery/office equipment	-	10% - 33% per annum straight line
Motor vehicles	-	20% - 30% per annum straight line
Leasehold land & buildings	-	3% per annum reducing balance

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of the acquisition.

At the date of acquisition, goodwill is allocated to cash generating units for the purpose of impairment testing. Goodwill is recognised as an asset and assessed for impairment annually. Any impairment is recognised immediately in the income statement. Once recognised, an impairment of goodwill is not reversed under any circumstance.

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is deemed for an individual asset. If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

Inventories and biological assets

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Where appropriate, cost is calculated on a specific identification basis. Otherwise inventories are valued using the first-in-first-out method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing selling and distribution.

Biological assets, which are principally comprised of horticultural growing stocks (separately indefinable plants) are measured at fair value based on estimated selling price less estimated point of sale costs, in accordance with IAS 41.

Taxation including deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Dividends

Final equity dividends to the shareholders of the Company are recognised in the period that they are approved by the shareholders. Interim equity dividends are recognised in the period that they are paid.

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. Fair value is measured by use of a 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.

Employee share ownership trust

The company operates an employee share ownership trust. The assets, liabilities, income and cost of the ESOP are incorporated into the financial statements of the Group.

Significant judgments, key assumptions and estimates

Application of certain Group accounting policies requires management to make judgments, assumptions and estimates concerning the future as detailed below.

Valuation of share-based payments - The fair value of share-based payments is determined using valuation models and is charged to the income statement over the vesting period. Estimations of vesting and satisfaction of performance criteria are required to determine fair value.

Impairment of goodwill - The carrying value of goodwill must be assessed for impairment annually. This requires an estimation of the value in use of the cash generating units to which goodwill is allocated. Value in use is dependent on estimations of future cash flows from the cash generating unit and the use of an appropriate discount rate to discount those cash flows to their present value.

Provision for impairment of trade receivables - The financial statements include a provision for impairment of trade receivables that is based on management's estimation of recoverability. There is a risk that the provision will not match the trade receivables that ultimately prove to be irrecoverable.

Provision for impairment of inventories - The financial statements include a provision for impairment of inventories that is based on management's estimation of recoverability. There is a risk that the provision will not match the inventories that ultimately prove to be impaired.

2. SEGMENTAL REPORTING

Primary reporting format – business segments

The segment results for the year ended 31 October 2007 are as follows:

Year ended 31 October 2007	**Agriculture Supply £000**	**Retail £000**	**Other £000**	**Total £000**
Revenue	**122,133**	**34,627**	**287**	**157,047**
Segment result	**1,832**	**1,311**	**(273)**	**2,870**
Share of results of associates and joint ventures	**194**	**26**	**512**	**732**
	2,026	**1,337**	**239**	**3,602**
Interest income				**298**
Interest expense				**(653)**
Profit before tax				**3,247**
Corporation taxes				**(935)**
Profit for the year attributable to equity shareholders				**2,312**
Segment assets	**9,820**	**17,803**	**6,980**	**34,603**
Unallocated net assets				**670**
Corporate net borrowings				**(6,884)**
Total Net Assets				**28,389**

The Group operates in one geographical segment being the UK.

2. **SEGMENTAL REPORTING (continued)**

Year ended 31 October 2006	**Agriculture Supply £000**	**Retail £000**	**Other £000**	**Total £000**
Revenue	77,968	32,665	250	110,883
Segment result	955	1,514	(213)	2,256
Share of results of associates and joint ventures	20	52	544	616
	975	1,566	331	2,872
Interest income				196
Interest expense				(426)
Profit before tax				2,642
Corporation taxes				(664)
Profit for the year attributable to equity shareholders				1,978
Segment assets	9,818	15,048	4,886	29,752
Unallocated net assets				786
Corporate net borrowings				(5,196)
Total Net Assets				25,342

The Group operates in one geographical segment being the UK.

3. FINANCE COSTS – NET

	2007 £000	2006 £000
Interest expense:		
Interest payable on borrowings	**(577)**	(335)
Interest payable on finance leases	**(61)**	(83)
Interest payable on other loans	**(15)**	(8)
Interest and similar charges payable	**(653)**	(426)
Interest income	**287**	188
Income from other fixed asset investments	**11**	8
Interest receivable	**298**	196
Finance costs net	**355**	230

4. GROUP OPERATING PROFIT

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

	2007 £000	2006 £000
Staff costs	**11,358**	9,834
Depreciation of property plant and equipment: - owned assets	**1,034**	824
- under finance leases	**235**	311
Impairment of goodwill	**256**	89
Loss/ (profit) on disposal of fixed assets	**(160)**	(27)
Other operating lease rentals payable – Property	**368**	313
Repairs and maintenance expenditure on plant, property and equipment	**646**	639
Trade receivables impairment	**182**	-

5. DIVIDENDS

	2007 £000	2006 £000
Final dividend paid for prior year	**408**	507
Interim dividend paid for current year	**235**	201
	643	708

The final dividend for the year ending 31 October 2005 paid on the 30 April 2006 of £507,000 was the full amount paid in relation to that Year. Interim dividend payments were introduced for the 2006 financial year. Subsequent to the year end it has been recommended in the Directors' Report that a dividend, at a rate of 3.625p net per ordinary share (2006: 3.5p net per ordinary share) be paid.

6. EARNINGS PER SHARE

	Basic earnings per share		**Diluted earnings per share**	
	2007	2006	**2007**	2006
	£000	£000	**£000**	£000
Earnings attributable to shareholders (£000)	**2,312**	1,978	**2,312**	1,986
Weighted average number of shares in issue during the year (No.'s)	**11,775**	10,344	**12,238**	12,052
Earnings per ordinary 25p share (pence)	**19.63**	19.12	**18.89**	16.48

Basic earnings per 25p ordinary share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding those held in the Employee Share Ownership Trust, which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares (share options and convertible loanstock). An adjustment to earnings is also made to recognise notional interest saved on convertible loanstock.

7. SHARE CAPITAL

	No.of shares	**2007**	No. of shares	2006
	000	**£000**	000	£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	**12,501**	**3,125**	11,467	2,867

During the year 90,788 shares (2006: 109,394) were issued with an aggregate nominal value of £22,697 (2006: £27,348) fully paid up for equivalent cash of £223,821 (2006: £250,361) to shareholders exercising their right to receive dividends under the Company's scrip dividend scheme.

A total of 925,212 (2006: 17,205) shares with an aggregate nominal value of £231,303 (2006: £4,301) were also issued for a cash value of £931,119 (2006: £8,602) to relevant employees exercising options. In addition 17,459 (2006: 1,590,752) shares were issued during the year for cash of £27,480 (2006: £397,688).

8. POST BALANCE SHEET EVENTS

a) **Share Placing.** On the 14 November 2007, the Group issued 493,000 new ordinary 25p shares to certain institutional investors at a price of £2.60 each. After expenses, a total of £1,214,000 was raised which will be used by the Group to fund its on-going acquisition activities.

b) **Acquisitions.** Since the year end the Group has completed three acquisitions. On the 10 December the Group purchased the goodwill and certain assets, including two agricultural retail outlets from Wrekin Country Stores Ltd, for an initial consideration of £40,000 plus stock at valuation estimated to be approximately £260,000 and expenses of £5,000. In the year to the 31 May 2007, these acquired activities generated revenues of approximately £1.6 million. On the 4 January 2008, the Group acquired the goodwill and certain assets, including an agricultural products distribution centre in Lancaster, of J. Hatton Agriculture for an initial consideration of £237,000, plus stock at valuation estimated to be approximately £100,000, plus expenses of £10,000. In the latest available financial statements of this business, the acquired activities generated revenues of £1.7 million in the year to December 2006.

An assessment of the combined fair value of these acquisitions is given below:

	£000
Property, plant and equipment	70
Other current assets	360
Net assets acquired	**430**
Goodwill arising on acquisition (provisional)	322
Consideration	**752**
Consideration satisfied by :	
Cash paid and expected to be paid	637
Expenses	15
Deferred consideration	100
	752

On the 11 January 2008 the Group acquired the entire share capital of Wilsons Pet Centres Ltd for a gross cash consideration of up to £5.85 million. After utilising cash acquired with the business of £696,000, as set out in the table below, the net consideration of up to £5.16 million was satisfied by £4.30 million paid in cash on completion and up to £0.86 million in deferred payments. Expenses of the transaction amounted to £100,000. For the financial year ending on the 28 October 2007, Wilsons Pet Centres generated a profit before tax of £669,000 on revenues of £6.8 million. The business currently operates a chain of 10 pet retail outlets which will be incorporated into the Group's pet retailing brand "Just for Pets". Details of the acquisition costs and net assets of Wilsons Pet Centres Ltd are given below:

8. **POST BALANCE SHEET EVENTS (continued)**

	Gross £000	**£000**	Net **£000**
Property, plant and equipment	669	-	669
Cash & cash equivalents	885	(696)	189
Other current assets	1,115	-	1,115
Other current liabilities	(973)	-	(973)
Net assets acquired	**1,696**	**(696)**	**1,000**
Goodwill arising on acquisition (provisional)	4,258	-	4,258
Consideration	**5,954**	**(696)**	**5,258**
Consideration satisfied by :			
Cash paid	4,994	(696)	4,298
Expenses	100	-	100
Deferred consideration	860	-	860
	5,954	**(696)**	**5,258**

9. **CASH FLOWS FROM OPERATING ACTIVITIES**

Reconciliation of operating profit to net cash inflow from operating activities:	Group **2007 £000**	2006 £000
Net profit	**2,312**	1,978
Adjustments for:		
Tax	**935**	664
Depreciation of tangible fixed assets	**1,269**	1,135
Amortisation of other intangible fixed assets	**257**	89
Profit on disposal of property, plant and equipment	**(160)**	(27)
Interest income	**(298)**	(196)
Interest expense	**653**	426
Share of results of joint ventures before taxation	**(732)**	(616)
Loans made to joint ventures	**(2,102)**	(1,500)
Share based payments	**89**	6
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):		
(Increase)/decrease in inventories	**(1,018)**	728
(Increase)/decrease in trade and other receivables	**(4,537)**	1,702
Increase/(decrease) in payables	**4,779**	(1,312)
Increase/(decrease) in provisions	**-**	(250)
Cash generated from operations	**1,447**	2,827

10. **STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**

Group	**Share capital £000**	**Share premium account £000**	**Loanstock redemption reserve £000**	**General reserves £000**	**Retained earnings £000**	**Total £000**
At 1 November 2005	2,438	4,253	3,153	1,582	12,195	23,621
Inventories fair value adjustment – IAS 41 (due to first time adoption of IFRS)	-	-	-	-	72	72
Share based payment adjustment (due to first time adoption of IFRS)	-	-	-	-	(100)	(100)
At 1 November 2005	2,438	4,253	3,153	1,582	12,167	23,593
Profit retained for the year	-	-	-	-	1,978	1,978
Shares issued during the year	429	3,420	(3,192)	-	-	657
Fair value reassessment of goodwill	-	-	39	-	-	39
Dividends					(708)	(708)
Adjustment in respect of ESOP	-	-	-	-	(217)	(217)
At 31 October 2006	**2,867**	**7,673**	**-**	**1,582**	**13,220**	**25,342**
Profit retained for the year	-	-	-	**-**	**2,312**	**2,312**
Shares issued during the year	**258**	**924**	**-**	**-**	**-**	**1,182**
Dividends	**-**	**-**	**-**	**-**	**(643)**	**(643)**
Adjustment in respect of share based payment	**-**	**-**	**-**	**196**	**-**	**196**
At 31 October 2007	**3,125**	**8,597**	**-**	**1,778**	**14,889**	**28,389**

11. **ANNUAL REPORT**

The Annual Report and Financial Statements will be posted to shareholders. Further copies will be available to the public, free of charge, at the Company's Registered office at Eagle House, Llansantffraid, Powys, SY22 6AQ. A copy will also be available on the Company's website (www.wynnstay.co.uk) from 31 January 2008.

12. **ANNUAL GENERAL MEETING**

The Annual General Meeting of the Company will be held at The Function Suite, Shrewsbury Town Football Club, Otley Road, Shrewsbury, Shropshire SY2 6ST on 18 March 2008 at 11.30a.m.