

8th August 2008



Wynnstay Group Plc

Acquisition of Welsh Feed Producers Ltd & Placing to raise £3 million

Following the announcement issued on 16 July 2008, Wynnstay, the agricultural and retail group, is pleased to report that it has today exchanged contracts to acquire the remaining 50% of the issued share capital of Welsh Feed Producers Limited ("WFP") not already owned by the Group. WFP is a manufacturer of ruminant animal feeds and Wynnstay has been involved with the business as a joint venture for nearly 10 years.

The Group is acquiring the balance of the issued share capital of WFP for a gross cash consideration of £1.43 million payable on completion. Additionally, existing loan stock of £1.34 million held by the vendors and others will be redeemed in tranches prior to 30 September 2008. The acquisition is expected to be completed on 15 August 2008.

WFP is based in Carmarthen in South-West Wales and is a leading supplier of ruminant animal feeds for dairy farmers in the region. As milk production in the UK has consolidated over recent years, South-West Wales has become an increasingly important milk producing area and tonnage at WFP's plant continues to increase. Production has also been helped by the capital investment made in the mill over the course of 2007 which has enhanced product quality and output. Full ownership of WFP will enable Wynnstay to integrate the business within its existing Feed Division and to introduce further operational efficiencies. For the year ended 30 September 2007, WFP recorded profit before tax of £133,300. As at 30 September 2007, WFP's net asset value was £349,400.

At the same time, Wynnstay is undertaking a placing to raise £3 million before expenses by the issue of 1,200,000 new ordinary Wynnstay shares at a placing price of 250p. The net proceeds of the Placing will be used both to finance the acquisition and for working capital purposes. The new ordinary Wynnstay shares will rank pari passu in all respects with the existing ordinary shares and their admission to trading on AIM is expected to take place on 14 August 2008.

Ken Greetham, Chief Executive of Wynnstay, said,

"We are delighted to be acquiring Welsh Feed Producers in full. WFP is a leading feed manufacturer in the increasingly important South Wales Milk Field and we look forward to working with the business to integrate it successfully within our existing Feed Division and to establish our core brand in the area.

The integration should bring benefits to both Wynnstay and WFP as we further strengthen our market share and widen our geographic distribution base."

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