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The Directors of Wynnstay Group plc, whose names appear on page 6 of this document, accept responsibility, individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document, which comprises a prospectus, has been drawn up in accordance with the Public Offers of Securities Regulations 1995 (as amended) ("the POS Regulations") and the AIM Rules. A copy of this document has been delivered to the Registrar of Companies in England and Wales for registration in accordance with regulation 4(2) of the POS Regulations.

At the date of this document, the Existing Ordinary Shares of Wynnstay Group plc are traded on OFEX. Application will be made for admission of the Existing Ordinary Shares and the Placing Shares to trading on AIM. It is expected that such admission will take place and that dealings in the Ordinary Shares will commence on 24 May 2004. Wynnstay Group plc will withdraw from OFEX upon the admission of the Ordinary Shares to AIM taking place. It is emphasised that no application is being made for the Ordinary Shares to be admitted to the Official List or to any other recognised investment exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.

Wynnstay Group plc

(Incorporated and registered in England and Wales under the Companies Act 1985 (as amended) with Registered Number 2704051)

Placing of 789,500 new Ordinary Shares at 190p per share Admission to trading on the Alternative Investment Market by Nominated Adviser and Broker W.H. Ireland Limited

SHARE CAPITAL IMMEDIATELY FOLLOWING COMPLETION OF THE PLACING

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
40,000,000	£10,000,000	Ordinary Shares of 25p each	8,679,584	2,169,896

The Placing Shares will, on Admission, rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with the Existing Ordinary Shares which will be in issue on Admission.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, Existing Ordinary Shares or Placing Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The Existing Ordinary Shares and Placing Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America or any province or territory of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to any national, citizen or resident of the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan.

W.H. Ireland, which is regulated by the Financial Services Authority, is acting as the Company's nominated adviser in connection with the Placing and Admission to AIM. Its responsibilities as nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

W.H. Ireland has not authorised the contents of any part of this document for the purposes of regulation 13(1)(g) of the POS Regulations or otherwise and no liability whatsoever is accepted by W.H. Ireland for the accuracy of any information or opinions contained in this document, for which the Directors are solely responsible, or for the omission of any information. **The whole text of this document should be read. The attention of prospective investors is drawn in particular to Risk and Other Factors set out in Part II of this document.**

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DEFINITIONS

The following words and expressions shall have the following meanings in this document, unless the context otherwise requires:

“the Act”	the Companies Act 1985 (as amended);
“Admission”	the admission of the Existing Ordinary Shares and the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
“AIM”	the Alternative Investment Market of the London Stock Exchange and known as AIM;
“AIM Rules”	the rules published by the London Stock Exchange from time to time governing the admission to and the operation of AIM;
“AMTRA”	Animal Medicines Training Regulatory Authority;
“Articles”	the articles of association of the Company, as amended from time to time;
“Board” or “Directors”	the directors of the Company as at the date of this document, whose names are set out on page 6 of this document;
“Company” or “Wynnstay”	Wynnstay Group plc;
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by CRESTCo Limited;
“DEFRA”	the Department for the Environment, Food and Rural Affairs;
“Eifionydd Farmers”	Eifionydd Farmers Association Limited, an industrial and provident society registered with number 4794R under the Industrial and Provident Societies Act, that transferred all its engagements, comprising all its business, assets and liabilities, to the Company pursuant to section 52 of the Industrial and Provident Societies Act;
“Existing Ordinary Shares”	the 7,890,084 Ordinary Shares in issue as at the date of this document;
“Group”	the Company and its subsidiaries;
“Industrial and Provident Societies Act”	Industrial and Provident Societies Act 1965 as amended by the Industrial and Provident Societies Act 2002;
“London Stock Exchange”	London Stock Exchange plc;
“OFEX”	the OFEX market, operated by OFEX plc which is authorised and regulated by the Financial Services Authority and which is a prescribed market under Section 118 of the Financial Services and Markets Act 2000 that provides a secondary market for the trading of unlisted and unquoted securities in the UK, off exchange;
“Official List”	the official list of the UK Listing Authority;
“Ordinary Shares”	the ordinary shares of £0.25 each in the capital of the Company;
“Placing”	the conditional placing of the Placing Shares pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 13 May 2004 between the Company (1), the Directors (2) and W.H. Ireland (3), a summary of which is set out in paragraph 11.7 of Part V of this document;
“Placing Price”	190p per Placing Share;

“Placing Shares”	up to 789,500 new Ordinary Shares which are the subject of the Placing;
“Prospectus”	this document dated 13 May 2004;
“POS Regulations”	the Public Offers of Securities Regulations 1995 (as amended);
“Shareholders” or “Members”	holders of Existing Ordinary Shares;
“UK”	United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority”	the Financial Services Authority acting in its capacity as a competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000, including where the context so permits any committee, employee or servant of such authority to whom any function of the UK Listing Authority may from time to time be delegated;
“Welsh Border Counties”	Shropshire, Cheshire, Herefordshire, Gloucestershire and Worcestershire;
“W.H. Ireland”	W.H. Ireland Limited.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication date of the Prospectus	13 May 2004
Admission effective and dealings in the Ordinary Shares commence	24 May 2004
CREST accounts credited	24 May 2004
Definitive share certificates dispatched by no later than	31 May 2004

KEY STATISTICS

Placing Price	190p
Number of Placing Shares	789,500
Number of Ordinary Shares in issue following the Placing	8,679,584
Placing Shares as a percentage of the enlarged issued share capital	9.1
Gross proceeds of the Placing	£1,500,000
Market capitalisation at the Placing Price	£16,491,209

DIRECTORS, SECRETARY AND ADVISERS

Directors	John Eric Davies Edwin Edward Hughes, JP Bernard Bromley Harris Bryan Paul Roberts, FCMA John Melvyn Jones Roger George Griffiths Robert Benjamin Jones-Perrott Edward Gareth Owen Jeffrey Charles Kendrick Lord Carlile of Berriew, QC	<i>Non-executive Chairman</i> <i>Non-executive Vice Chairman</i> <i>Managing Director</i> <i>Finance Director</i> <i>Sales Director</i> <i>Commercial Director</i> <i>Non-executive Director</i> <i>Non-executive Director</i> <i>Non-executive Director</i> <i>Non-executive Director</i>
Company Secretary	Bryan Paul Roberts, FCMA	
<i>all of</i>	Eagle House Llansantffraid ym Mechain Powys SY22 6AQ	
Registered Office	Eagle House Llansantffraid ym Mechain Powys SY22 6AQ	
Nominated Adviser and Broker to the Company	W.H. Ireland Limited 11 St James's Square Manchester M2 6WH	
Reporting Accountants	Alexander & Co 17 St Ann's Square Manchester M2 7PW	
Auditors to the Company	Whittingham Riddell LLP Belmont House Shrewsbury Business Park Shropshire SY2 6LG	
Solicitors to the Company	Neil Myerson The Cottages Regent Road Altrincham Cheshire WA14 1RX	
Solicitors to the Nominated Adviser and Broker	Halliwell Landau St James's Court Brown Street Manchester M2 2JF	
Principal Bankers	HSBC Bank plc The Cross Oswestry Shropshire SY11 2SR	
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA	

KEY POINTS

The information in this section is derived from, and should be read in conjunction with, the rest of this document.

Wynnstay is a rural agricultural supply business with three trading divisions, and interests in two associate companies and three joint ventures.

Wynnstay proposes to seek admission to trading on AIM and is seeking to raise £1.5 million to fund the expenses of the Admission, to provide additional working capital for the Group's business and partly to finance potential acquisitions.

It is the Directors' intention to continue to build its business by organic growth and complementary acquisitions to a £150 million turnover business within the next five years, which the Directors believe is achievable.

- The Group has interests in three joint ventures and two associate companies. These businesses bring diversity to the Group's business interests and some are complementary in nature to the existing activities of the Group.
- The principal operating divisions of the Group are:

Arable Division - supplies advisory services and a wide range of products, including seed, fertiliser and agro-chemicals to grain and grassland farmers.

Feeds Division - manufactures, distributes and markets a wide range of animal nutrition products and services and supplies for farm livestock throughout the Group's trading areas.

Stores Division - operates 24 stores that sell an extensive range of goods, including clothing, hardware, pet products and gardening products, as well as agricultural products to farmers and the general public.

- *Distribution and Transport*

The Group is involved in delivering many of its products, and those of its customers and operates a fleet of approximately 70 commercial vehicles to deliver product over its trading area.

- The Group intends to continue to develop its three trading divisions. As part of its five year corporate plan, it intends to expand these three key areas both organically and by suitable acquisition. The Directors believe they have the depth of expertise within the Company to continue to expand the business, as they have in the past. The Board has a number of acquisition targets under review.

The Company is proposing to raise £1.5 million before expenses, by way of the placing of 789,500 Placing Shares at 190p per share. The Placing Shares will represent approximately 9.1 per cent. of the Company's issued share capital following Admission. Application will be made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that trading in the Ordinary Shares will commence on 24 May 2004.

The net funds raised from the Placing will be utilised by the Company to cover the expenses of Admission, for working capital and for future acquisitions.

PART I

INFORMATION ON THE COMPANY

INTRODUCTION

Wynnstay is a broadly-based rural agricultural supply business trading in Wales, the Welsh Border Counties, the Midlands and Staffordshire. The Group operates through three trading divisions (Feeds, Arable and Stores) and has interests in two associate companies and three joint ventures.

The Company proposes to seek admission to trading on AIM and is seeking to raise £1.5 million by way of a placing of up to 789,500 Ordinary Shares to fund the expenses of the Admission, to provide additional working capital for the Group's business and partly to finance potential acquisitions. It is the Directors' intention to continue to build its business by organic growth and complementary acquisitions to a £150 million turnover business within the next five years.

The Group has demonstrated its ability to negotiate and integrate acquisitions, and has made a number of acquisitions in the last five years. It currently employs over 340 people and in the year to 31 October 2003 had a turnover of £85 million with pre-tax profits of £1.8 million.

Due to its origins, many of the Company's shareholders are farmers and are customers of the Group.

HISTORY

The Company was established in 1992 upon the conversion of Wynnstay and Clwyd Farmers Limited, then an industrial and provident society, into a public limited company.

Wynnstay Farmers Association Limited was formed as a farmers' co-operative society in Llansantffraid, Powys, Wales, in 1918, to purchase farm supplies as a group. In 1955 Wynnstay Farmers Association Limited merged with Montgomeryshire Farmers Association Limited, another farmers' co-operative, and became known as Wynnstay and Montgomeryshire Farmers Association Limited. In 1989, Wynnstay and Montgomeryshire Farmers Limited, as the co-operative had by then become known, amalgamated with the Vale of Clywd Farmers Limited to become Wynnstay and Clywd Farmers Limited. The Company was incorporated on 31 March 1992 as Wynnstay & Clywd Farmers Public Limited Company and changed its name to Wynnstay Group Plc on 20 February 2001. With effect from 1 August 2003 the trade of Eifionydd Farmers was transferred to the Company.

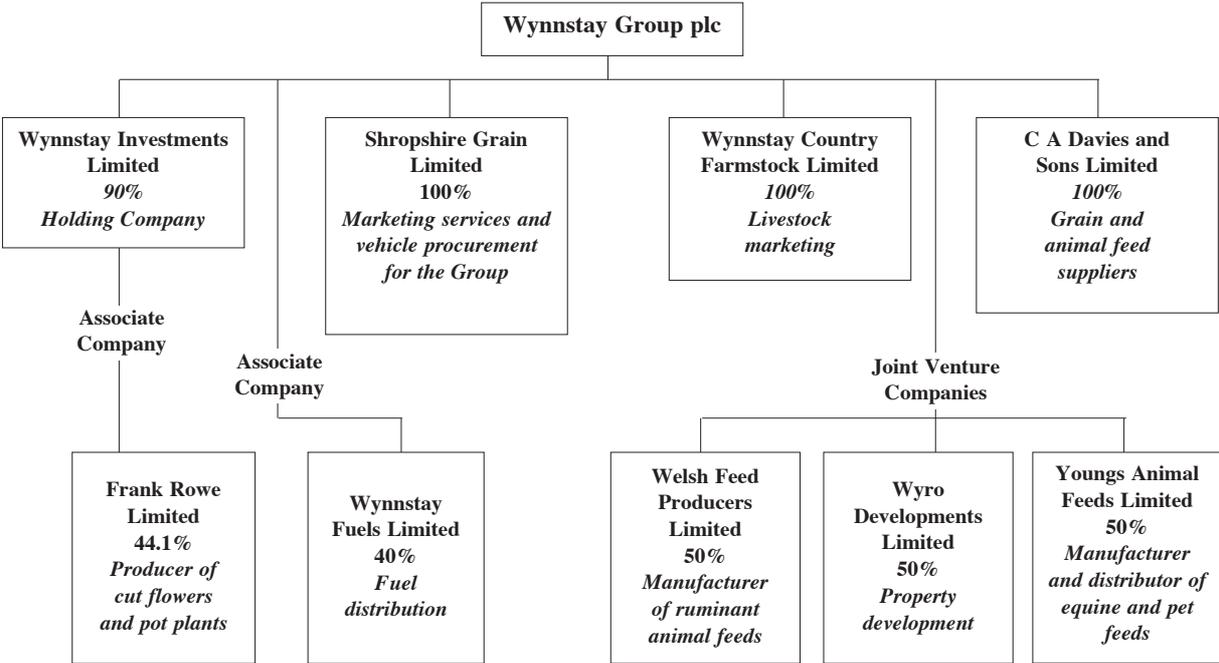
The Company joined OFEX in 1995 to provide a trading platform for its ordinary shares.

Over the past 15 years, the Group's business has grown both organically and by a series of acquisitions and its trading area now covers Wales, the Welsh Border Counties, the Midlands and Staffordshire. Outside its principal trading area, the Group also has contract manufacturing arrangements for feed in Somerset, Bedfordshire and Hampshire.

THE BUSINESS

The Group has three trading divisions and also has interests in five other businesses. The Group employs over 340 people and has its head office at Llansantffraid, Powys, Wales near to the Shropshire border.

The structure of the Wynnstey Group, comprising its principal operating companies, is as follows:



Operating Divisions

The principal operating divisions of the Group are:

Arable Division

This division supplies advisory services and a wide range of products, including seed, fertilizer and agro-chemicals, to grain and grassland farmers. The division is based at an eleven-acre site at Astley Park, near Shrewsbury, which houses a purpose-built, modern seed processing plant and extensive warehousing, including a dedicated agro-chemical store. It markets its seed products principally under the Company’s Ridley’s brand.

Shropshire Grain Limited is the Group’s trading arm for combinable crops (crops that are harvested by a combined harvester) and also operates from Astley Park. It provides a marketing service to arable crop producers and acts as a procurement vehicle for the Feed Division’s raw material requirements.

The Arable Division is one of the largest distributors of Kemira fertiliser products in the UK, and also supplies a range of other plant growth and protection products which is coupled with an advisory service designed to assist farmers in maximising yields.

Feeds Division

This division manufactures, distributes and markets a wide range of animal nutrition products and services, supplying feeds for farm livestock throughout the Group’s trading area. This involves transporting large quantities of feed products and the division operates approximately 70 vehicles to provide a customer delivery service.

Feed products are manufactured at the Group’s flagship feeds plant based at Llansantffraid, Powys. The plant has received substantial capital investment which the Directors believe should enable the Company to supply competitively priced products. The plant is compliant with industry standards. The Group’s interest in Welsh Feed Producers Limited also enables the division to supply animal feed to the South West Wales milk field at a competitive cost.

Feeds sold under the Wynnstey brand are produced at several additional sites under informal contract manufacturing arrangements, giving the division a cost-effective distribution network to cover its expanding geographical trading area.

The division also operates a raw materials wholesale business which supplies feed ingredients to farmers and to other manufacturers in England and Wales.

Stores Division

The Stores Division operates from locations in mid and North Wales, Shropshire, Staffordshire and Warwickshire. The stores sell an extensive range of goods, including clothing, hardware, pet products and gardening products, as well as agricultural products to farmers and the general public. This division is supported by a central distribution facility at the Group's Astley Park site near Shrewsbury. Purchasing is also controlled centrally from Wynnstay's Astley premises. Upon the transfer of the engagements of Eifionydd Farmers to the Company, the number of stores operated by the Group increased from 16 to 24.

In recent years, the division's pet food business has grown rapidly. The stores sell Wynnstay own-brand pet foods and other well known brands, together with related pet products. The division also sells Pharmacy and Merchants List ("PML") products that are dispensed by the Group's AMTRA qualified staff. The division has supply arrangements for PML products with multi-national pharmaceutical companies.

The Company has retail stores in the following locations:

Oswestry	Welshpool	Llanfair Caereinion
Newtown	Llanstantffraid	Ruthin
Uttoxeter	Shipston-on-Stour	Pwllheli
Penygroes	Rhosfawr	Llanfachfaeth
Tywyn	Shrewsbury	Llanrwst
Sarn	Llanidloes	Newport
Gaerwen	Pontesbury	Craven Arms
Dolgellau	St. Asaph	Market Drayton

Distribution and Transport

As the Group is involved in delivering many of its products, and those of its customers, the Directors believe efficient distribution is an important factor in the operation of the business. The Group operates a fleet of approximately 70 commercial vehicles to deliver product over its trading area.

Joint Ventures and Associate Companies

The Group has interests in three joint ventures and two associate companies. These businesses bring diversity to the Group's business interests and some are complementary in nature to the existing activities of the Group. The aggregate turnover for these companies, calculated by reference to their most recently available year end accounts, was in excess of £25 million. Their turnover is not consolidated into the accounts of Wynnstay. The Group's share of the operating profits of the associate companies and joint ventures for the year ended 31 October 2003 was £229,000.

Wyro Developments Limited (50 per cent. interest)

Wyro Developments Limited is a property development company, which has developed a former Wynnstay site and intends to develop some of the Group's sites that are surplus to its requirements. In addition, it intends to develop other recently acquired sites. Wynnstay holds 50 per cent. of the company's ordinary share capital.

Youngs Animal Feeds Limited (50 per cent. interest)

Youngs Animal Feeds Limited is a manufacturer and distributor of equine and pet feeds in the UK. Its customers are mainly pet shops and equine product distributors. It has a manufacturing facility at Congleton, Cheshire, and a distribution unit on Merseyside. Wynnstay holds 50 per cent. of the company's ordinary share capital.

Welsh Feed Producers Limited (50 per cent. interest)

Welsh Feed Producers Limited is a manufacturer of ruminant animal feeds and operates from Carmarthen, Dyfed. Wynnstay has a 50 per cent interest in its ordinary share capital and a 33.3 per cent. interest in its loan stock.

Wynnstay Fuels Limited (40 per cent. interest)

Wynnstay Fuels Limited is a distributor of agricultural, commercial and domestic fuel oils and had a turnover of approximately £8 million per annum in respect of its year ended 31 October 2003. It operates a fleet of approximately 7 vehicles. Wynnstay holds 40 per cent of its ordinary share capital and the balance is held by Morrey Oils Limited.

Jeffrey Kendrick is the principal shareholder of Morrey Oils Limited and is also a non-executive director of Wynnstay.

Frank Rowe Limited (44.1 per cent. interest)

Frank Rowe Limited is based in Somerset and is a producer of cut flowers and pot plants for major multiple retailers and garden centres. Wynnstay Investments Limited, a 90% subsidiary of the Company, holds 49 per cent of the shares of Frank Rowe Limited, giving the Company an interest of 44.1%.

MARKETS

In the market in which the Group operates, the Directors believe it is difficult to ascertain the size of the market or market share of its competitors. The following assessment is the Directors' best analysis, but must be considered an approximate indication only.

Arable Division

Seed

The Directors believe that the Group has in excess of 4 per cent of the UK agricultural seed processing market. In the area in which the Group operates, the Directors believe there is one other significant seed processing company.

Fertiliser

The Directors believe that the total market in the UK for fertiliser products in 2003 was approximately 4.1 million tonnes per annum of which the Group had approximately 4.5 per cent. In the Group's area of operation for sales of fertiliser, its market share was estimated by the Directors to be in excess of 20 per cent and in South Wales, the Group has an estimated market share of 37 per cent.

Feed Division

Market research by DEFRA states that the retail feed market in Great Britain for the year ended December 2003 was 9,375,000 tonnes of compound animal feed. In the Company's financial year ended 31 October 2003, its sales of compound animal feed were 203,720 tonnes. In the same periods, respectively, the market for sheep feed in Great Britain was 638,100 tonnes, and the Group's sales of sheep feed were 33,307 tonnes.

Stores Division

The Directors believe that the Company's market share for the general retail of non-Wynnstay branded products sold by the stores is not significant, due to the fragmented nature of the retail industry.

Pet Food

The stores division retails Wynnstay-branded pet food on an exclusive basis in addition to pet food products from other sources.

Animal Health - Product Distribution

The Group operates both as a wholesaler and retailer of products used for animal welfare. This extends to a wide range of farm animals and to pets and horses. The Group's sales of animal health products for the year ended 31 October 2003 were £4.7 million.

COMPETITION

Arable Division

Fertiliser

Kemira GrowHow UK Limited, for whom the Group is a main distributor, proposes to reduce the number of its other main distributors to serve the UK. Two competing fertiliser product distributors in the Group's area of operation are Masstock Dalgety and Agricultural Central Trading.

Seed

The Directors believe there is only one other seed processing plant in the Group's area of operation which is of a similar size to the Group's plant.

Feed Division

There are a number of significant feed producer/distributors in the area in which the Group operates which produce similar products to those produced by the Group.

In the last six years two major competitors have disposed of their feed businesses. One of these disposals has resulted in further fragmentation, whilst two other groups have been sold respectively to management and a smaller competitor.

The Group has good geographical cover with direct interests in two feed plants. It also has good relationships with a number of third party manufacturers giving it further capacity to allow it to continue to grow the business.

Stores Division

Though the retail sector is generally fragmented, the Directors believe that there are few competitors with retail chains offering the same diverse range of products sold from the Group's retail stores with the same geographical coverage. The Directors believe that competitive suppliers of animal welfare products in the Group's area are generally small family businesses which have less significant purchasing power.

STRATEGY

The Group intends to continue to develop its three trading divisions. As part of its five year corporate plan, it intends to expand these three key areas both organically and by suitable acquisition. The Directors believe they have the depth of expertise within the Company to continue to expand the business as they have in the past. The Board has a number of acquisition targets under review.

The Group's corporate plan envisages an expansion in turnover over the next 5 years towards a target of £150 million, which the Directors believe is achievable.

CURRENT TRADING AND PROSPECTS

Management accounts for the first quarter ended 31 January 2004 show overall Group turnover ahead of budget and operating profits in line with budget. The Stores Division in particular has performed well, which the Directors believe was as a result of an increased product offering and the addition of new customers.

The Eifionydd Farmers business, which is not yet fully integrated into the Group, has increased the Group's customer base and retail store base. The Directors believe that additional benefits such as increased purchasing power may come from its integration. In the first quarter ended 31 January 2004, Eifionydd Farmers contributed approximately £3 million to Group turnover.

Recently announced Common Agricultural Policy reforms will withdraw subsidy payments from agricultural production from 2005 onwards. The Directors believe this is likely to result in changes in farming practice and that farmers are likely to be encouraged to be more entrepreneurial and responsive to market trends. Recent industry surveys indicate that income from farming has risen in the last year as beef, sheep and grain prices have improved.

Recent acquisitions are expected to contribute to further sales growth in all major product groups. The Directors believe there is likely to be an increase in the number of "lifestyle" farmers. The Directors believe recently enlarged Stores Division is well placed to serve this growing market segment.

DIRECTORS

The Board of the Company as at the date of this document comprises 10 Directors, as follows:

John Eric Davies (Age 58), Non-executive Chairman

John joined the board of Wynnstay & Montgomeryshire Farmers Limited in 1980. He became chairman of the Company in 1992 and led the Board during the Company's expansion in the 1990s. He is a director of the Welsh Agricultural Organisation Society Ltd and a partner in a Wrexham-based haulage business. He is also chairman of the Welsh Meat Company Limited.

Edwin Edward Hughes, JP (Age 58), Vice Chairman

Edwin joined the board of the Vale of Clwyd Farmers Limited in 1982 and was instrumental in negotiating the merger with Wynnstay & Montgomeryshire Farmers Limited in 1989. He has held several senior positions with The National Farmers' Union. He sits as a Justice of the Peace on the Flintshire bench.

Bernard Bromley Harris (Age 56), Managing Director

Bernard joined the Board in 1995, having been appointed general manager of Wynnstay & Montgomeryshire Farmers Limited in 1987. He gained extensive marketing and management experience with both Unilever plc and Spillers Agriculture Limited before joining Wynnstay & Montgomeryshire Farmers Limited in 1980. He was instrumental in negotiating the merger of Wynnstay & Montgomeryshire Farmers Limited with the Vale of Clwyd Farmers Limited, and subsequently in leading the conversion of the organisation to a public limited company status in 1992. He is a Fellow of the Royal Agricultural Society.

Bryan Paul Roberts, FCMA (Age 41), Finance Director

Paul joined the Board in 1997 when he also became Company Secretary. He joined Wynnstay & Montgomeryshire Farmers Limited in 1987, having previously worked in the animal feed and leisure industries. He is a Fellow of the Chartered Institute of Management Accountants and was responsible for developing the financial systems necessary for the Company's growth over the last decade.

John Melvyn Jones (Age 56), Sales Director

Melvyn has spent his entire working life with the Group, having joined Wynnstay & Montgomeryshire Farmers Limited in 1964. He was appointed company sales manager in 1991 and joined the Board in 2001. He has been instrumental in developing the sales function of the Group, which has resulted in rapid sales turnover growth and geographical expansion during the last decade.

Roger George Griffiths (Age 55), Commercial Director

Roger joined the Board in 1997 after sixteen years service with the Company in a number of executive roles. He has been responsible for the development of the Company's fertiliser business. He now has responsibility for a wide range of commercial issues including the management of major supplier relationships, customer order fulfilment, and strategic planning. He is also a director of Shropshire Grain Limited.

Robert Benjamin Jones-Perrott (Age 62), Non-executive Director

Robert joined the board of Wynnstay & Montgomeryshire Farmers Limited in 1984. He is a former chairman and president of the Montgomeryshire branch of the Country Landowners Association. He retains many links with local agricultural and community organisations and his family were founder members of the original Wynnstay Farmers Association Limited in 1917.

Edward Gareth Owen (Age 55), Non-executive Director

Gareth joined the board of Wynnstay & Montgomeryshire Farmers Limited in 1985. He is a former chairman of the Federation of Welsh Grassland Societies, and an Associate of the Royal Welsh Agricultural Society.

Jeffrey Charles Kendrick (Age 56), Non-executive Director

Jeffrey joined the Board in 1988 and has been managing director of Wynnstay Fuels Ltd since it was established in 1989. He is a director and sole shareholder of Morrey Oils Limited, a specialist transport company in the fuel distribution industry.

Lord Carlile of Berriew, QC (Age 55), Non-executive Director

Lord Carlile joined the Board in 1998 following a period as chairman of the Company's Special Share Trust. He was called to the bar in 1970 and was appointed QC in 1984. From 1983 until he retired from the House of Commons in 1997 he was MP for Montgomeryshire and has been the Liberal Democrat spokesman on Trade and Industry. He was appointed to the House of Lords in 1999 and retains an active community role including sitting on the boards of a number of charitable trusts.

DETAILS OF THE PLACING

The Company is proposing to raise £1.5 million before expenses, by way of the placing of 789,500 Placing Shares at 190p per share. The Placing Shares will represent approximately 9.1 per cent. of the Company's issued share capital following Admission. The Placing Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares.

Application will be made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that trading in the Ordinary Shares will commence on 24 May 2004.

Wynnstay will withdraw from OFEX on the last business day before Admission of the Ordinary Shares to AIM. The Placing is conditional upon Admission taking place on or before 7 June 2004. Admission is not conditional upon the Placing. There is no minimum subscription for the Placing.

A summary of the Placing Agreement including details of commissions payable is set out in paragraphs 11.6 and 11.7 of Part V of this document.

CREST

The Ordinary Shares of the Company will be admitted to CREST and accordingly settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system, if the relevant shareholders so wish. CREST is a paperless settlement procedure, which allows securities to be evidenced without a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of Ordinary Shares under the CREST system.

CREST is a voluntary system and holders of the Ordinary Shares who wish to receive and retain certificates in respect of Ordinary Shares will be able to do so.

USE OF FUNDS

The net funds raised from the Placing will be utilised by the Company to cover the expenses of Admission, for working capital and for future acquisitions.

TAX RELIEFS AVAILABLE TO INVESTORS

For shareholders who are individuals, taper relief may apply depending on the length of ownership so that the effective rate of capital gains tax on any gain on a disposal by an individual shareholder may be reduced the longer the Ordinary Shares are held. Indexation allowance no longer applies in the case of individual shareholders. For corporate shareholders an indexation allowance (not taper relief) will be available on a disposal in respect of the subscription cost of the Ordinary Shares. An indexation allowance cannot be used to create or increase a loss for tax purposes.

CORPORATE GOVERNANCE

The Board recognises the importance of sound corporate governance whilst taking into account the size and nature of the Group. As the Group grows, the Directors intend that the Company should develop policies and procedures which reflect the Principles of Good Governance and Code of Best Practice, as published by the Committee on Corporate Governance (commonly known as the “Combined Code on Corporate Governance”) and which are appropriate for a Company of its size. The Board will take such measures, so far as is practicable, to comply with the Combined Code.

The Company has established an audit committee, a remuneration committee and a nomination committee. The audit committee will meet at least three times per annum and is responsible for ensuring *inter alia* the integrity of the financial information reported to shareholders and the systems of internal controls. This committee will provide an opportunity for reporting by the Company’s auditors. The Chairman and Finance Director will attend meetings by invitation. The remuneration committee will meet at least twice per annum to determine *inter alia* the terms of employment and total remuneration of the executive Directors, including the granting of share options. The objective of this committee will be to attract, retain and motivate executives capable of delivering the Company’s objectives. Both these committees will consist of the Chairman and a combination of the other non-executive Directors.

The nomination committee will meet at least once per annum to *inter alia* identify, consider and nominate candidates to fill vacancies to the Board and to review the composition of the Board. This committee will consist of a majority of Non-executive Directors.

The Company will ensure, in accordance with Rule 19 of the AIM Rules, that its Directors and applicable employees (as defined in the AIM Rules) do not deal in any of the Ordinary Shares during a close period (as defined in the AIM Rules) and will take all reasonable steps to ensure compliance by Directors and applicable employees.

DIVIDEND POLICY

The Company has a progressive dividend policy which seeks to reward shareholders. The Directors therefore intend to maintain a balance between retained profit and profit available for distribution to shareholders.

The Company has two different dividend schemes, these being the Company’s scrip dividend scheme and the Company’s dividend re-investment plan. Details of the scrip dividend scheme and the reinvestment plan are set out in Part V of this document.

FURTHER INFORMATION

Your attention is drawn to the remainder of this document, which provides additional information on the matters discussed above.

PART II

RISK AND OTHER FACTORS

In addition to the other relevant information set out in this document, the following specific risk factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. If you are in any doubt about the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

The Directors consider that the factors and risks described below are the most significant and should be carefully considered, together with all other information contained in this document, prior to investing in the Ordinary Shares. It should be noted that the risks described below are not the only risks faced by the Company; there may be additional risks that the Directors currently consider not to be material or of which they are currently unaware.

Possible volatility on the price of the Ordinary Shares

Following Admission, the market price of the Ordinary Shares may be subject to significant fluctuations in response to many factors, including: variations in the results of the Group; divergence in financial results from analysts' expectations; changes in earnings estimates by stock market analysts, and general economic conditions.

Requirement for further funds and further issues of shares

It may be necessary for the Company to raise further funds in the future, for example for the purposes of an acquisition, which may be by way of the issue of further Ordinary Shares or it may be necessary or desirable to issue further shares as consideration for the acquisition of other companies and businesses. Any such issue of Ordinary Shares would be on a non pre-emptive basis which could result in a dilution of the interests of the Shareholders at the time of such issue. There can be no guarantee that such a further fundraising would be successful.

Investment risk

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares.

Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise an investment in the Company than in a company whose shares are quoted on the Official List.

Potential investors should be aware that the value of the Ordinary Shares can rise or fall and that there may not be proper information available for determining the market value of an investment in the Company at all times. An investment in a share which is traded on AIM, such as the Ordinary Shares, is likely to be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise his/her investment in the Company and he/she may lose all his/her investment.

Economic, political, judicial, administrative, taxation or other regulatory matters

The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, as well as other unforeseen matters.

The European Union has proposed to make PML products (those items which the Company's AMTRA-registered staff may advise on and sell) into prescription-only medicines. At the date of this document, it is unclear as to how this will be implemented by the Government and what effect the implementation will have on the Company.

Attraction and retention of key employees

The Group depends on its executive Directors and other key personnel and whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed. The loss of the services of any of the executive Directors or other key employees could damage the Group's business.

Equally the ability to attract new employees with the appropriate expertise and skills cannot be guaranteed. The Group may experience difficulties in hiring appropriate employees and the failure to do so may have a detrimental effect upon the trading performance of the Group.

The Defined Contribution Executive Pension Scheme

The Company has guaranteed that the defined contribution executive pension scheme for one of its Directors will stand at £1.25 million at 14 May 2007. The most recent valuation as at 17 July 2003 was £752,770. If the Company's ongoing contributions and the capital growth of this fund is insufficient to meet the guaranteed amount the Company will be obliged on 14 May 2007 to contribute the difference between the size of the fund on that date and the guaranteed amount.

The Common Agricultural Policy ("CAP")

In June 2003 European Union farm ministers adopted The Mid Term Review. This is a fundamental reform of CAP. A key element of the reform is that subsidies need no longer be linked to production; so called "decoupling". Payments therefore are no longer reliant on the number of animals or hectares of crops. A majority of the subsidies will be combined into a 'Single Farm Payment'. Farmers will have greater flexibility when deciding what and how much to produce on their land. The payments will be dependant on farmers complying with a wide range of rules regarding good agricultural practice and environmental and animal welfare programmes.

The impact of CAP reform upon the Group's farmer and rural customer base cannot be quantified with certainty.

Dependency on key suppliers

The Feed Division of the Group is dependant upon two major suppliers that account for a substantial percentage of the Group's requirements for raw feed materials. The Group's ability to source and purchase raw materials may be seriously affected if either of these suppliers is unable to supply the Group.

The Company is currently dependent upon sourcing a substantial percentage of its fertiliser product requirements from Kemira GrowHow UK Limited. If this company was unable to supply fertiliser, the Company would have to find an alternative supplier of fertiliser products and, given the volume of Kemira products currently sold by the Group, the Company considers that it might be difficult to find an alternative supplier.

Miscellaneous

Loss of any of the Company's licences, registrations, certificates and approvals (Goods Vehicle Operators Licence; efsis Product Certification; Consumer Credit Licence; Wholesale Dealers' Licence issued by the Medicines and Healthcare Products Regulatory Authority; BASIS registration; registration with the Animals Medicines Inspectorate; registration with AMTRA; Justices' Off Licences; Poisons Act Licences; Explosives Act registrations and Petroleum Licences) could restrict the Company's business.

Legislative changes in the Group's sector; changes in the costs of raw materials; actual and future grain prices, and events and factors outside of the Group's control such as diseases and changes in climate that could have an effect on livestock and arable farming, are factors which could have adverse effects upon the Company's business.

The Company does not insure any of its stock against theft.

The Group enters into forward raw material purchase contracts on an on-going basis in the ordinary course of its business which, at any time, when taken together, constitute a significant future financial commitment on the part of the Group to acquire a material part of the Group's future raw material requirements.

Part III

Accountant's Report on the Group

ACCOUNTANT'S REPORT

The Directors
Wynnstay Group PLC
Llansantffraid-Ym-Mechain
Powys
SY22 6AQ

and

W H Ireland Limited
11 St James's Square
Manchester
M2 6WH

13 May 2004

Dear Sirs

WYNNSTAY GROUP PLC AND SUBSIDIARY COMPANIES ("WYNNSTAY" OR "THE COMPANY" OR "THE GROUP")

We report on the financial information of Wynnstay set out below. This financial information has been prepared for inclusion in the Prospectus dated 13 May 2004 of Wynnstay relating to the admission of the issued share capital of the Company to trading on AIM ("the Prospectus").

Basis of preparation

The financial information set out in this report is based on the audited consolidated financial statements of Wynnstay for the three years ended 31 October 2003 and has been prepared on the basis set out in paragraph 1 of page 23, after making such adjustments as we considered necessary, principally to restate trade debtors, trade creditors, and bank balances for errors identified in the course of our work. The amendments we considered necessary has no impact upon the Group's net assets as disclosed in the audited financial statements.

Whittingham Riddell, Chartered Accountants and Registered Auditors, were auditors to the Group for the two years ended 31 October 2002. Whittingham Riddell LLP, Chartered Accountants and Registered Auditors, were auditors to the Group for the year ended 31 October 2003. The auditor's address is Belmont House, Shrewsbury Business Park, Shropshire SY2 6LG. Each of the audit reports throughout the three years ended 31 October 2003 was unqualified.

Responsibility

Such financial statements are the responsibility of the Directors of Wynnstay who approved their issue.

The Directors of Wynnstay are responsible for the contents of the Prospectus dated 13 May 2004 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

ALEXANDER & CO
CHARTERED ACCOUNTANTS

17 ST. ANN'S SQUARE
MANCHESTER M2 7PW
TEL: 0161 832 4841
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ADRIAN H BERG STEPHEN VERBER STEPHEN JOLLEY GARY S KRAMRISCH ALAN J COHEN STEPHEN L CONN
Incorporating Leon & Herman & Co.

REGISTERED TO CARRY ON AUDIT WORK AND REGULATED FOR A RANGE OF INVESTMENT BUSINESS ACTIVITIES BY THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at 31 October 2003 and of its profit and cash flows for the three years then ended.

Consent

We consent to the inclusion of this report in the Prospectus and accept responsibility for this report for the purposes of paragraph 45(1)(b)iii of Schedule 1 to the Public Offers of Securities Regulations 1995, as amended.

WYNNSTAY GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

FOR THE THREE YEARS ENDED 31st OCTOBER 2003

	Notes	2003 £'000	2002 £'000	2001 £'000
Turnover	1, 2			
Continuing operations		80,219	80,357	78,544
Acquisitions in year	2	4,791	586	-
		<hr/>	<hr/>	<hr/>
Cost of sales		85,010 (69,009)	80,943 (66,472)	78,544 (64,552)
		<hr/>	<hr/>	<hr/>
Gross profit		16,001	14,471	13,992
Selling and distribution costs		(12,979)	(11,749)	(11,352)
Administrative expenses		(769)	(689)	(582)
Exceptional administrative expense	3	(585)	-	-
		<hr/>	<hr/>	<hr/>
Operating profit	3	1,668	2,033	2,058
Share of operating profit in joint ventures		151	100	-
Share of operating profit in associates		78	102	10
		<hr/>	<hr/>	<hr/>
Profit on ordinary activities before interest		1,897	2,235	2,068
Interest receivable		17	21	1
Interest payable	5	(110)	(109)	(168)
		<hr/>	<hr/>	<hr/>
Profit on ordinary activities before taxation		1,804	2,147	1,901
Tax on profit on ordinary activities	6	(552)	(649)	(556)
		<hr/>	<hr/>	<hr/>
Profit on ordinary activities after taxation		1,252	1,498	1,345
Dividends	7	(331)	(302)	(278)
		<hr/>	<hr/>	<hr/>
Retained profit for the year	19	921	1,196	1,067
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Earnings per share	7	65.34p	80.13p	72.60p
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fully diluted earnings per share	7	54.75p	64.06p	65.07p
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses other than those shown in the above profit and loss accounts.

The accompanying notes are an integral part of the financial information.

WYNNSTAY GROUP PLC

CONSOLIDATED BALANCE SHEETS AT 31st OCTOBER

	Notes	2003 £'000	2002 £'000	2001 £'000
Fixed assets				
Intangible assets	8	601	180	-
Tangible assets	9	8,445	5,486	5,536
Investments	10	1,616	1,230	1,082
		<u>10,662</u>	<u>6,896</u>	<u>6,618</u>
Current assets				
Stocks	12	7,228	4,584	3,700
Debtors	13	14,229	12,898	12,574
Cash at bank and in hand		1,903	-	-
		<u>23,360</u>	<u>17,482</u>	<u>16,274</u>
Creditors: amounts falling due within one year	14	<u>(17,141)</u>	<u>(11,012)</u>	<u>(10,732)</u>
Net current assets		<u>6,219</u>	<u>6,470</u>	<u>5,542</u>
Total assets less current liabilities		16,881	13,366	12,160
Creditors: amounts falling due after more than one year	15	(585)	(683)	(805)
Provision for liabilities and charges	16	(167)	(99)	(99)
Net assets		<u><u>16,129</u></u>	<u><u>12,584</u></u>	<u><u>11,256</u></u>
Capital and reserves				
Called up share capital	17	1,948	1,885	1,853
Share premium account	18	1,428	1,307	1,207
Reserves	19	10,313	9,392	8,196
Loan Stock conversion reserve	20	2,440	-	-
Shareholders' funds	21	<u><u>16,129</u></u>	<u><u>12,584</u></u>	<u><u>11,256</u></u>

The accompanying notes are an integral part of the financial information.

WYNNSTAY GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE THREE YEARS ENDED 31st OCTOBER 2003

	Notes	2003		2002		2001	
		£'000	£'000	£'000	£'000	£'000	£'000
Cash flow from operating activities	28i (a)	5,605		1,956		1,448	
Returns on investments and servicing of finance	28i (b)	(82)		(73)		(147)	
Taxation		(540)		(647)		(453)	
Capital expenditure and financial investment	28i (c)	(1,944)		(351)		(546)	
Acquisitions and disposals	28i (d)	(605)		(400)		-	
Equity dividends paid		(302)		(278)		(258)	
Cash inflow before use of liquid resources and financing			2,132		207		44
Financing - Issue of shares	28i (e)	184		132		29	
(Decrease)/increase in debt	28i (e)	(657)		(301)		480	
			(473)		(169)		509
Increase in cash in the period			<u>1,659</u>		<u>38</u>		<u>553</u>
Reconciliation of net cash flow to movement in net debt							
Increase in cash in the period	28ii	1,659		38		553	
Cash inflow from increase in debt and leasing financing		657		301		(480)	
Change in net debt resulting from cash flows			2,316		339		73
Loans and finance leases acquired with subsidiary			(821)		-		-
New finance leases and debt			(984)		(207)		(230)
Movement in net debt in the period			<u>511</u>		<u>132</u>		<u>(157)</u>
Opening net debt			<u>(1,399)</u>		<u>(1,531)</u>		<u>(1,374)</u>
Closing net debt			<u>(888)</u>		<u>(1,399)</u>		<u>(1,531)</u>

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

1. Accounting Policies

The financial information is prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

(a) Basis of accounting

These accounts have been prepared under the historical cost convention.

(b) Basis of consolidation and goodwill

Corporate and unincorporated joint ventures in which the Group has an investment representing not less than 20% of the voting rights, and over which it exerts significant influence, are treated as associated undertakings. The Group accounts include the appropriate share of these undertakings' profits based on the latest available audited accounts, and provide for an appropriate share of their losses, based on the latest available management accounts. Whilst this policy does not comply with the requirements of FRS 9 "Associates and Joint Ventures" the Directors consider any adjustments which may have been necessary had the standard been followed are not material. The results of subsidiary undertakings are consolidated on an acquisition accounting basis, with purchased goodwill arising prior to FRS 10 written off against reserves. Following the implementation of FRS 10, purchased goodwill is capitalised and written off over its estimated useful economic life.

(c) Turnover

Turnover represents the invoiced value of sales which fall within Wynnstay Group's ordinary activities and excludes Value Added Tax.

(d) Depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of the assets on a straight line basis over their useful economic lives as follows:

Freehold buildings	2.5% - 5% per annum
Plant and machinery/office equipment	10% - 33% per annum
Motor vehicles	20% - 30% per annum

(e) Stocks

Stocks are stated at the lower of cost and net realisable value.

(f) 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.

(g) Leased assets

Assets held under finance leases or being acquired under hire purchase contracts are capitalised in the balance sheet and depreciated over their useful economic lives, interest being charged to the profit and loss account over the period of the agreement. Operating lease rentals are charged to the profit and loss account as incurred.

(h) Pensions

The Company operates a defined contribution scheme. Contributions to this scheme are charged to the profit and loss account, as they are incurred in accordance with the rules of the scheme.

(i) Employee share ownership trust

The Company operates an employee share ownership trust. Contributions to this trust are charged to the profit and loss account on an accruals basis.

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

2. Turnover and segmental analysis

Turnover represents the amounts derived from the provision of goods which fall within the Group's ordinary activities, stated net of value added tax.

In the opinion of the Directors the Group operates in a single area of activity, and segmental analysis is not appropriate.

The acquired turnover during the year ended 31 October 2003 is attributable to Eifionydd Farmers Association Limited and C A Davies & Sons Limited.

The acquired turnover during the year ended 31 October 2002 is the Directors' estimate of that attributable to the seeds business of Wrekin Farmers Limited.

3. Operating profit

(a) Operating profit is stated after charging/(crediting)

	2003	2002	2001
	£'000	£'000	£'000
Depreciation of owned fixed assets	869	691	725
Depreciation of fixed assets held under finance leases or acquired under hire purchase contracts	162	108	104
Profit on sale of fixed assets	(25)	(16)	(59)
Amortisation of goodwill	161	45	-
Directors' remuneration	492	428	366
Auditors' remuneration - audit	29	27	24
- other services	18	13	10
Operating lease charges - other	113	129	115
Exceptional item (see below)	585	-	-
	869	691	725

The exceptional item in 2003 relates to a bad debt incurred during that year. The charge is considered exceptional by virtue of its size.

(b) The aggregate payroll costs charged in the accounts and the average number of 'full time equivalent' persons employed were as follows:

	2003	2002	2001
	£'000	£'000	£'000
Wages and salaries	5,956	5,356	5,004
Social security costs	570	478	464
Pension and other costs	332	354	290
	6,858	6,188	5,758
	No.	No.	No.
Administration	31	27	27
Production	37	37	38
Sales, distribution and retail	200	174	167
	268	238	232

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

4. Directors' emoluments

	2003	2002	2001
	£'000	£'000	£'000
Directors' emoluments	432	375	313
Company contributions to money purchase pension schemes	60	53	53
	492	428	366
	492	428	366
The remuneration of the highest paid Director included above was :			
Salary	109	103	100
Benefits	11	4	4
Bonus	33	29	18
Company contributions to pension scheme (note 25)	45	42	44
	198	178	166
	198	178	166

During the three years 4 Directors were accruing benefits under money purchase pension schemes.

During 2003 there were 4 Directors who exercised savings related or discretionary share options (2002: Nil, 2001: Nil).

5. Interest payable

	2003	2002	2001
	£'000	£'000	£'000
Finance lease charges	33	24	21
Bank loans and overdrafts wholly repayable within five years	60	63	116
Interest on loan capital	3	4	10
	96	91	147
Group interest payable and similar charges	8	11	-
Share of joint ventures' interest	6	7	21
	110	109	168
	110	109	168

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

6. Taxation on ordinary activities

	2003 £'000	2002 £'000	2001 £'000
Current tax			
Corporation tax based on the profit for the year at 30% (2002: 30%, 2001: 30%)	493	601	615
Prior year (over)/underprovision	(58)	9	(55)
	435	610	560
	435	610	560
Deferred tax			
Origination and reversal of timing differences	68	-	-
	68	-	-
Total deferred tax (Note 16)	68	-	-
	68	-	-
Total Group tax on profit on ordinary activities	503	610	560
Share of joint ventures' tax	29	21	-
Share of associates' tax	20	18	(4)
	552	649	556
	552	649	556

Factors affecting tax charge for the period

The differences between the total current tax shown above and the amount calculated by applying the standard rate of corporation tax in the UK (30%) to the profit before tax is as follows:

	2003 £'000	2002 £'000	2001 £'000
Profit on ordinary activities before tax	1,804	2,147	1,901
	1,804	2,147	1,901
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%, 2001: 30%)	541	644	570
	541	644	570
Effects of:			
Group share of (profit)/loss of associates and joint ventures	(72)	(57)	2
Unutilised/(Utilised) tax losses	40	(12)	(20)
Recognition of losses acquired	(26)	-	-
Capital allowances in excess of depreciation	(32)	-	-
Depreciation for the period in excess of capital allowances	-	22	8
Expenses not deductible for tax purposes	13	14	18
(Over)/under provision in prior years	(58)	9	(55)
Other items	29	(10)	37
	435	610	560
Current tax charge for period	435	610	560

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

7. Dividends and earnings per share

	2003 £'000	2002 £'000	2001 £'000
Proposed dividend	331	302	278
	<u> </u>	<u> </u>	<u> </u>

7a Earnings per share

Earnings per share has been calculated based on the profit on ordinary activities after taxation and the weighted average number of shares in issue. Earnings per share has also been calculated on a fully diluted basis taking account of options granted and not yet exercised.

7b Post share division earnings per share

The share capital of the Company has been sub-divided since 31 October 2003. Details of the subdivision are included at note 30 on page 41.

The earnings per share and fully diluted earnings per share taking account of the subdivision is restated as follows:

	2003	2002	2001
Basic earnings per share	16.33p	20.03p	18.15p
	<u> </u>	<u> </u>	<u> </u>
Fully diluted earnings per share	13.69p	16.01p	16.27p
	<u> </u>	<u> </u>	<u> </u>

8. Intangible fixed assets

Purchased goodwill

Goodwill
£'000

Cost

Additions year ended 31 October 2002	225
At 31 October 2002	225
Additions	582
At 31 October 2003	<u>807</u>

Amortisation

Charged year ended 31 October 2002	45
At 31 October 2002	45
Charged	161
At 31 October 2003	<u>206</u>

Net book value

31 October 2003	<u>601</u>
31 October 2002	<u>180</u>
31 October 2001	<u>-</u>

Goodwill is amortised over the following periods:

Wrekin Seeds	5 years commencing year ended 31 October 2002
C A Davies & Sons Limited	10 years commencing year ended 31 October 2003
Garners	1 year commencing year ended 31 October 2003
Shipston Mill	1 year commencing year ended 31 October 2003

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

9. Tangible fixed assets

	Freehold land and buildings £'000	Plant machinery and office equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 November 2000	4,837	4,564	2,473	11,874
Additions	148	357	418	923
Disposals	(434)	-	(258)	(692)
At 31 October 2001	4,551	4,921	2,633	12,105
Additions	92	363	306	761
Disposals	-	(26)	(142)	(168)
At 31 October 2002	4,643	5,258	2,797	12,698
Additions	1,745	1,542	734	4,021
Disposals	(2)	(3)	(211)	(216)
At 31 October 2003	<u>6,386</u>	<u>6,797</u>	<u>3,320</u>	<u>16,503</u>
Depreciation				
At 1 November 2000	1,132	3,190	1,701	6,023
Charged	140	327	362	829
Disposals	(35)	-	(248)	(283)
At 31 October 2001	1,237	3,517	1,815	6,569
Charged	128	339	332	799
Disposals	-	(22)	(134)	(156)
At 31 October 2002	1,365	3,834	2,013	7,212
Charged	133	458	440	1,031
Disposals	(2)	(3)	(180)	(185)
At 31 October 2003	<u>1,496</u>	<u>4,289</u>	<u>2,273</u>	<u>8,058</u>
Net book value				
31 October 2003	<u>4,890</u>	<u>2,508</u>	<u>1,047</u>	<u>8,445</u>
31 October 2002	<u>3,278</u>	<u>1,424</u>	<u>784</u>	<u>5,486</u>
31 October 2001	<u>3,314</u>	<u>1,404</u>	<u>818</u>	<u>5,536</u>

The net book value of plant and machinery and of motor vehicles above includes amounts of £595,171 (2003), £393,347 (2002) and £290,458 (2001) respectively, representing assets held under finance leases and being acquired under hire purchase contracts.

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

10. Investments

	2003 £'000	2002 £'000	2001 £'000
Joint ventures	473	358	290
Associates	470	278	199
Long term loan to associated undertaking	500	500	500
Other unlisted investments	173	94	93
	1,616	1,230	1,082

	Joint ventures £'000	Associates £'000	Long term loan to Associate £'000	Other unlisted investments £'000
At 1 November 2000	-	207	500	60
Additions	290	-	-	33
Share of results	-	(8)	-	-
	290	199	500	93
At 31 October 2001	290	199	500	93
Additions	-	-	-	1
Share of results	68	79	-	-
	358	278	500	94
At 31 October 2002	358	278	500	94
Additions	-	138	-	103
Provision	-	-	-	(24)
Share of results	115	54	-	-
	473	470	500	173
At 31 October 2003	473	470	500	173

Joint ventures

The above interests in joint ventures are represented by the following UK registered limited companies:

Limited company	Interest	Capital & Reserves at latest accounts date £	After tax Profit per latest accounts £	Business activity
Youngs Animal Feeds Limited	50%	500,533	137,256	Manufacture and distribution of equine feeds
Standon Mill, Standon, Stafford.				
Wyro Developments Limited	50%	444,800	92,356	Property development
Eagle House, Llansantffraid, Powys.				

For the purposes of consolidation, the following periods of account have been used for each of the joint ventures:

Company	Accounting period
Youngs Animal Feeds Limited	30 April 2003
Wyro Developments Limited	31 October 2003

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

10. Investments (continued)

Associates

The above interests in associated undertakings are represented by the following UK registered limited companies:

Limited company	Interest	Capital & Reserves at latest accounts date £	After tax Profit/(Loss) per latest accounts £	Business activity
Wynnstay Fuels Limited	40%	251,564	18,830	Supply of petroleum products
Welsh Feed Producers Limited (see below)	33%	(29,000)	157,944	Manufacture of compound animal feeds
Frank Rowe Limited	44%	63,734	68,709	Production and whole-sale of plants and flowers

Welsh Feed Producers Limited

In addition to shares subscribed for in Welsh Feed Producers Limited, the shareholders at 31 October 2003 had secured loanstock totalling £1.5 million of which Wynnstay's interest is £500,000. Such loanstock is repayable on 30th September 2008.

Subsequent to the 31 October 2003, Wynnstay Group plc has increased its interest in the equity share capital of Welsh Feed Producers Limited to 50%, but not its interest in the secured loanstock.

For the purposes of consolidation, the following periods of account have been used for each of the associated undertakings:

Company	Accounting period
Wynnstay Fuels Limited	31 December 2002
Welsh Feed Producers Limited	13 September 2003

The investment in Frank Rowe Limited is held via Wynnstay Investments Limited, a 90% subsidiary of Wynnstay Group plc.

Capital and reserves of Frank Rowe Limited are stated at 31 December 2002 before a restructuring of that company's share capital which resulted in the issue of further ordinary share capital and share premium of £250,000 (including the group's investment of £135,000) since that date.

The trading results of Frank Rowe Limited for the period 1 October 2003 to 31 October 2003 have not been incorporated on the grounds of non-materiality.

During the year Wynnstay Group Plc made sales to the above associated undertakings and joint ventures in aggregate of £445,656 (2003) £607,672 (2002) and £558,653 (2001) and also made purchases from them in aggregate of £2,589,692 (2003), £2,397,344 (2002) and £3,466,714 (2001).

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

11. Purchase of subsidiary undertakings and other acquisitions

Year ended 31st October 2003

- 11a On 1 January 2003 the Company acquired 100% of the issued share capital of C A Davies & Sons Limited for consideration comprising cash of £492,000 and deferred consideration of £200,000. The composition and fair value of the consideration for the acquisition is disclosed below.

Net assets acquired	C A Davies & Sons Limited £'000
Tangible fixed assets	389
Stock	154
Debtors	293
Cash at hand & in bank	1
Creditors	(375)
Loans and finance leases	(258)
	204
Goodwill	488
	692
Legal fees re acquisition	20
	712
Satisfied by	
Cash to vendors	492
Deferred consideration (Note 28)	200
Cash re legal fees	20
	712

- 11b With effect from 1 August 2003 the Company acquired the assets and trade of Eifionydd Farmers Association Ltd, an agricultural supply organisation registered under the Industrial & Provident Societies Acts 1965 to 2002. This transaction was effected using a Transfer of Engagements resolution under Section 52 of the 1965 Act. Consideration was in the form of £620,000 Convertible Loanstock in Wynnstay Group plc, which carries the right to convert into new ordinary shares in Wynnstay Group plc (see note 14). The loanstock attracts interest at 4% per annum. The fair values of assets and liabilities acquired, and of the consideration given, as estimated by the Directors, are set out in the following table.

The Company also separately acquired the business and assets of Shipston Mill, an agricultural trading division of Champion Services Limited, and the distribution business of Garners (Newcastle, Staffs) Limited. The consideration paid was £56,000 and £24,000 respectively. The assets and liabilities acquired are set out in the following table.

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

11. Purchase of subsidiary undertakings and other acquisitions (continued)

	Eifonydd Farmers Association Ltd £'000	Shipston Mill £'000	Garners £'000
Net assets acquired			
Tangible fixed assets	1,482	6	-
Investments	102	-	-
Stock	1,911	-	-
Debtors	1,744	-	-
Creditors	(1,170)	-	-
Provisions for redundancy and reorganisation	(346)	-	-
Bank overdrafts	(94)	-	-
Deferred taxation	(6)	-	-
Loan capital	(563)	-	-
	<hr/>	<hr/>	<hr/>
	3,060	6	-
Goodwill	-	50	24
	<hr/>	<hr/>	<hr/>
	3,060	56	24
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Satisfied by			
Convertible Unsecured Loanstock (Note 14)	620	-	-
Loanstock conversion premium	2,440	-	-
Cash	-	56	24
	<hr/>	<hr/>	<hr/>
	3,060	56	24
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11c On 30th September 2003, Wynnstay Investments Limited, a 90% subsidiary undertaking, subscribed for a new issue of ordinary shares in Frank Rowe Limited. The cost of the investment, including legal fees, was £138,491. As a result of the subscription Wynnstay Group plc has an interest in 44.1% of the issued ordinary share capital of Frank Rowe Limited.

During the year ended 31 October 2002, the trade and assets of Wrekin Farmers Limited's seed business were purchased by Wynnstay Group plc for total consideration of £400,000 representing fixed assets of £175,000 and goodwill of £225,000.

12. Stocks

	2003 £'000	2002 £'000	2001 £'000
Raw materials and consumables	413	386	605
Finished goods and goods for resale	6,815	4,198	3,095
	<hr/>	<hr/>	<hr/>
	7,228	4,584	3,700
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

13. Debtors

	2003 £'000	2002 £'000	2001 £'000
Trade debtors	13,029	11,964	11,284
Other debtors and prepayments	1,200	934	1,290
	14,229	12,898	12,574
	14,229	12,898	12,574

Amounts falling due after more than one year included above are:

	2003 £'000	2002 £'000	2001 £'000
Other debtors	-	165	143
	-	165	143
	-	165	143

14. Creditors: amounts falling due within one year

	2003 £'000	2002 £'000	2001 £'000
Convertible debt			
Convertible unsecured loanstock	620	-	-
	620	-	-
	620	-	-
Other creditors			
Trade creditors	12,438	8,360	7,388
Accruals and deferred income	365	145	167
Other creditors	1,107	933	1,591
Taxation and social security	170	133	122
Obligations under finance leases and hire purchase contracts	195	119	94
	14,275	9,690	9,362
	14,275	9,690	9,362
Bank loans and overdrafts (secured, note 15)	687	431	458
Loan capital (unsecured)	704	166	174
Corporation tax	324	423	460
Proposed dividend	331	302	278
Deferred consideration (Note 11a)	200	-	-
	16,521	11,012	10,732
	16,521	11,012	10,732

At 31 October 2003 each £1 of Convertible Unsecured Loanstock was convertible at the option of the holder into one £1 nominal fully paid ordinary share (four 25 pence nominal fully paid ordinary shares following the share subdivision referred to at note 30) between 1st September 2005 and 31st August 2006. At any date prior to 31st August 2006 this loanstock is redeemable at par at the option of the holder. After 31st August 2006 the loanstock is redeemable at par at the option of the company. Interest at 4% per annum is payable to the holders of the Convertible Unsecured Loanstock.

Bank loans and overdrafts include overdrafts totaling £496,000 relating to subsidiary companies, which are secured by debentures over the assets of those companies.

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

15. Creditors: amounts falling due after more than one year

	2003 £'000	2002 £'000	2001 £'000
Obligations under finance leases and hire purchase contracts	295	203	146
Bank loan	290	480	659
	585	683	805
	585	683	805

Obligations under finance leases and hire purchase contracts are wholly repayable within five years as follows:

	Bank loan		
	2003 £'000	2002 £'000	2001 £'000
1 - 2 years	202	190	179
2 - 5 years	88	290	480
	290	480	659
	290	480	659

	Finance lease and hire purchase		
	2003 £'000	2002 £'000	2001 £'000
1 - 2 years	169	94	70
2 - 5 years	126	109	76
	295	203	146
	295	203	146

The bank loan represents a term loan repayable by installments of £17,874 per month inclusive of fixed rate interest of 6.19% per annum. The loan is secured by a first legal charge over land at Shrewsbury dated 12th December 2000.

16. Provisions for liabilities and charges

Deferred taxation

	2003 £'000	2002 £'000	2001 £'000
Balance b/fwd	99	99	99
Charged to profit & loss account (Note 6)	68	-	-
	167	99	99
	167	99	99

Deferred taxation

The provision for deferred taxation comprises:

	2003 £'000	2002 £'000	2001 £'000
Amounts provided			
Accelerated capital allowances	228	110	119
Short term timing differences	(8)	(11)	(20)
Unutilised tax losses	(53)	-	-
	167	99	99
	167	99	99

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

16. Provisions for liabilities and charges (continued)

Amounts not provided:	£'000	£'000	£'000
Accelerated capital allowances	-	-	20
Short term timing differences	-	-	-
Unutilised tax losses	-	-	-
	<u>-</u>	<u>-</u>	<u>20</u>
	<u>-</u>	<u>-</u>	<u>20</u>

17. Share capital

	2003	2002	2001
	£'000	£'000	£'000
		Authorised	
Ordinary £1 shares	10,000	10,000	10,000
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
		Allotted, called up and fully paid	
	2003	2002	2001
	£'000	£'000	£'000
Ordinary £1 shares	1,948	1,885	1,853
	<u>1,948</u>	<u>1,885</u>	<u>1,853</u>

During the three years 37,130 (2003), 32,290 (2002) and 7,259 (2001) ordinary £1 shares were issued with aggregate nominal values of £37,130, £32,290, and £7,259 respectively, fully paid for equivalent cash of £157,802 (2003), £132,389 (2002) and £27,584 (2001) to shareholders exercising their right to receive dividends under the company's scrip dividend scheme. In addition a further 25,200 (2003) shares (2002: £Nil, 2001: £Nil) were issued to the company's Employee Share Ownership Trust, fully paid for equivalent cash of £25,200. The following options were exercised and outstanding at 31st October 2003 under the company's various option schemes;

Share Options 2002 and 2003

Discretionary Share Option Schemes

			Number of options		
			As at		As at
			1 November	Exercised	31 October
			2002	in year	2003
	Price per share & exercisable by				
	£				
Granted June 1993	1.60	June 2003	5,500	(5,500)	-
Granted June 1994	1.93	June 2004	15,000	(13,000)	2,000
Granted Feb 1995	3.00	Feb 2005	64,000	(58,000)	6,000
Granted June 1996	4.55	June 2006	16,000	(2,000)	14,000
Granted July 1997	4.65	July 2007	16,000	(2,000)	14,000
Granted May 2002	4.35	June 2005-June 2007	99,473	-	99,473
Granted May 2002	4.35	July 2005 - July 2007	75,000	-	75,000
			<u>290,973</u>	<u>(80,500)</u>	<u>210,473</u>

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

17. Share capital (cont'd)

Share Options 2002 and 2003 (cont'd)

Savings Related Share Option Scheme

			Number of options		
			As at 1 November 2002	Exercised in year	As at 31 October 2003
Price per share & exercisable by £					
Granted March 1998	4.65	Oct 2003	9,470	(9,470)	-
Granted March 1999	4.05	May 2004 - Oct 2004	5,411	(81)	5,330
Granted August 2000	3.08	Oct 2005 - Apr 2006	53,234	(2,519)	50,715
Granted June 2002	3.48	Aug 2007 - Jan 2008	110,009	(6,180)	103,829
			<u>178,124</u>	<u>(18,250)</u>	<u>159,874</u>
Total			<u>469,097</u>	<u>(98,750)</u>	<u>370,347</u>

Share Options 2001 and 2002

Discretionary

			Number of options		
			As at 1 November 2001	Granted (Exercised) in year	As at 31 October 2002
Price per share & exercisable by £					
Granted June 1993	1.60	June 2003	5,500	-	5,500
Granted June 1994	1.93	June 2004	17,000	(2,000)	15,000
Granted Feb 1995	3.00	Feb 2005	66,000	(2,000)	64,000
Granted June 1996	4.55	June 2006	16,000	-	16,000
Granted July 1997	4.65	July 2007	16,000	-	16,000
Granted May 2002	4.35	June 2005-June 2007	-	99,473	99,473
Granted May 2002	4.35	July 2005 - July 2007	-	75,000	75,000
			<u>120,500</u>	<u>170,473</u>	<u>290,973</u>

Savings Related Share Option Scheme

			Number of options		
			As at 1 November 2001	Movement	As at 31 October 2002
Price per share & exercisable by £					
Granted March 1997	4.65	Oct 2002	6,073	(6,073)	-
Granted March 1998	4.65	Oct 2003	10,303	(833)	9,470
Granted March 1999	4.05	May 2004 - Oct 2004	6,152	(741)	5,411
Granted August 2000	3.08	Oct 2005 - Apr 2006	53,453	(219)	53,234
Granted June 2002	3.48	Aug 2007 - Jan 2008	-	110,009	110,009
			<u>75,981</u>	<u>102,143</u>	<u>178,124</u>
Total			<u>196,481</u>	<u>272,616</u>	<u>469,097</u>

During the two years ended 31 October 2003 no Savings Related Options were exercised and satisfied by the issue of shares held by the Employee Share Ownership Trust operated by the Company. During 2001 219 (of the August 2000) options were exercised and satisfied by the issue of such shares. The change in the number of other savings related share options relates to members withdrawing from the scheme by leaving employment or closing the savings contract.

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

During the year ended 31 October 2002, 2,000 of the June 1994 and 2,000 of the February 1995 Executive Options were exercised and satisfied by the issue of shares held by the Employee Share Ownership Trust operated by the company. In May 2002, 99,473 options were issued to 3 executive Directors and 4 senior managers under the auspices of an Enterprise Management Incentive Scheme. At the same time 75,000 Inland Revenue unapproved options were issued to one executive Director under approval given by the shareholders in general meeting.

The number of shares subject to option is stated prior to the subdivision of the share capital referred to at note 30.

18. Share premium account

	2003	2002	2001
	£'000	£'000	£'000
Balance brought forward	1,307	1,207	1,186
Arising on shares issued during the year (note 17)	121	100	21
	<u>1,428</u>	<u>1,307</u>	<u>1,207</u>

19. Reserves

	General reserve	Profit and loss account	Total
	£'000	£'000	£'000
Balance brought forward at 1 November 2000	1,582	5,547	7,129
Retained profit for the year ended 31 October 2001	-	1,067	1,067
	<u>1,582</u>	<u>6,614</u>	<u>8,196</u>
Balance at 31 October 2001	1,582	6,614	8,196
Retained profit for the year ended 31 October 2002	-	1,196	1,196
	<u>1,582</u>	<u>7,810</u>	<u>9,392</u>
Balance at 31 October 2002	1,582	7,810	9,392
Retained profit for the year ended 31 October 2003	-	921	921
	<u>1,582</u>	<u>8,731</u>	<u>10,313</u>

20. Loanstock conversion reserve

	2003	2002	2001
	£'000	£'000	£'000
Premium on conversion	2,440	-	-
	<u>2,440</u>	<u>-</u>	<u>-</u>
Balance carried forward	2,440	-	-
	<u>2,440</u>	<u>-</u>	<u>-</u>

Note 14 refers to the conversion terms of the convertible unsecured loanstock issued during the year ended 31 October 2003. The loanstock conversion reserve represents the estimated fair value of the difference between the market value of shares issuable and the nominal value of the loanstock (the premium) which would arise on a conversion of all the loanstock based on Wynnstay's share price at 31 October 2003.

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

21. Reconciliation of movement in shareholders' funds

	2003 £'000	2002 £'000	2001 £'000
Balance brought forward	12,584	11,256	10,160
Retained profit for the year	921	1,196	1,067
Proceeds from shares issued	184	132	29
Loanstock conversion premium	2,440	-	-
	<u>16,129</u>	<u>12,584</u>	<u>11,256</u>

22. Commitments for capital expenditure

Capital commitments at 31st October for which no provision has been made in the financial information were as follows:

	2003 £'000	2002 £'000	2001 £'000
Contracts placed	40	146	55
	<u>40</u>	<u>146</u>	<u>55</u>

23. Operating lease commitments

At 31st October the group had annual commitments under non-cancellable operating leases as detailed below:

	Land and buildings		
	2003 £'000	2002 £'000	2001 £'000
In two to five years	31	31	80
	<u>31</u>	<u>31</u>	<u>80</u>
		Other	
	2003 £'000	2002 £'000	2001 £'000
Within one year	14	15	-
In two to five years	24	42	68
	<u>24</u>	<u>42</u>	<u>68</u>

24. Other financial commitments

The Group has guaranteed the bank overdrafts of four (2002: three, 2001: three) of its associated undertakings and joint ventures (note 10) to a maximum amount of £635,000 (2002: £425,000, 2001: £425,000).

The Group routinely enters into various forward contracts to purchase raw materials. As at 31st October 2003 the open commitments amounted to £11,791,633 (2002: £5,077,758, 2001: £3,963,000) with such forward transactions to form part of production costs in the following year's accounts.

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

25. Pensions

The Company operates defined contribution pension schemes which are administered on a separate basis to the Company. The pension and associated costs charge for the year was £332,086 (2002: £354,000, 2001:£291,000). The liability owed to the pension fund at 31 October 2003 was £24,000 (2002: £37,000, 2001: £65,000).

The Company has entered into a commitment to fund the highest paid Director's money purchase pension arrangement to a specified level. The pension cost charge for the year, included above, amounted to £45,000 (2002: £42,500, 2001: £44,500), and the Directors consider this to be a fair charge bearing in mind likely future returns. The funding requirement is subject to an annual review.

26. Employee share ownership trust

The Company operates an employee share ownership trust which is administered on a separate basis to the company. Contributions to the trust charged to the accounts were £20,000 (2003); £30,285 (2002); and £134,360 (2001). As at 31st October 2003 9,584 (2002: 13,500, 2001:14,874) ordinary £1 shares were held by the trust pending distribution to employees under the terms of the trust deed, with a market value of £57,983 (2002: £58,050, 2001: £55,034), although in the event that such shares are used to satisfy the exercise of the share options shown in note 18, their realisable value at £1.93 per share (2002 and 2001 £1.60per share) is £18,497 (2002: £21,600, 2001: £23,798). These shares have not been recognised in the company's balance sheet. This is not in accordance with the accounting recommendation of UITF 13, Accounting for ESOP Trusts, as in the opinion of the directors full compliance would not materially affect the view given by the accounts.

27. Directors interests

During the three years trading took place between the Company and some of the Directors. All transactions were carried out on an arms length basis, the total values of which were £224,522 (2003); £210,028 (2002); and £218,160 (2001).

	2003	2002	2001
	£	£	£
J E Davies	79,745	66,379	62,950
R B Jones - Perrott	12,937	16,218	17,569
E G Owen	55,653	55,909	58,927
J C Lowarch	-	-	10,687
B H Huxley	876	861	1,156
E E Hughes	68,069	66,631	63,324
B B Harris	4,319	2,639	2,096
B P Roberts	1,124	723	743
R G Griffiths	756	668	708
Lord Carlile Of Berriew	1,043	-	-
	<u>224,522</u>	<u>210,028</u>	<u>218,160</u>

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

28. Notes to the cash flow statement

(i)	2003	2002	2001
	£'000	£'000	£'000
a) Reconciliation of operating profit to operating cash flows			
Operating profit	1,897	2,235	2,065
Profit on disposals of fixed assets	(25)	(16)	(59)
Depreciation and amortisation	1,192	844	829
Group share of associates and joint ventures operating profit	(229)	(202)	(7)
Write down in value of investment	25	-	-
Movement in stocks	(579)	(884)	460
Movement in debtors	706	(324)	(2,011)
Movement in creditors	2,618	303	171
	<u>5,605</u>	<u>1,956</u>	<u>1,448</u>
b) Returns on investments and servicing of finance			
Interest paid	(96)	(91)	(147)
Interest receivable	14	18	-
	<u>(82)</u>	<u>(73)</u>	<u>(147)</u>
c) Capital expenditure and financial investment			
Purchase of tangible fixed assets	(1,786)	(379)	(693)
Purchase of investments	(140)	-	(321)
Proceeds from sale of fixed assets	56	28	468
Purchase of goodwill	(74)	-	-
	<u>(1,944)</u>	<u>(351)</u>	<u>(546)</u>
d) Acquisitions and disposals			
Intangible and tangible fixed assets and stocks	-	(400)	-
Purchase of subsidiary undertaking (Note 11)	(492)	-	-
Legal fees acquisition	(20)	-	-
Net overdrafts acquired with subsidiary and other acquisitions (Note 11)	(93)	-	-
	<u>(605)</u>	<u>(400)</u>	<u>-</u>
e) Financing			
Issue of ordinary share capital	184	132	29
Capital element of finance lease rental payments	(215)	(125)	(107)
Repayment of loan	(442)	(176)	(333)
Increase in loan	-	-	920
	<u>(473)</u>	<u>(169)</u>	<u>509</u>

WYNNSTAY GROUP PLC

NOTES TO THE FINANCIAL INFORMATION

28. Notes to the cash flow statement (continued)

(ii) Analysis of net debt

	Cash		Debt		Finance Leases £'000	Total £'000
	in hand £'000	Over-drafts £'000	more than one year £'000	less than one year £'000		
At 1 November 2000	-	(843)	(38)	(376)	(117)	(1,374)
Cash flow	-	553	(789)	202	107	73
Other non-cash changes	-	-	168	(168)	(230)	(230)
At 31 October 2001	-	(290)	(659)	(342)	(240)	(1,531)
Cash flow	-	38	(166)	342	125	339
Other non-cash changes	-	-	345	(345)	(207)	(207)
At 31 October 2002	-	(252)	(480)	(345)	(322)	(1,399)
Acquisition	-	-	-	(802)	(19)	(821)
Cash flow	1,903	(244)	190	252	215	2,316
Other non-cash changes	-	-	-	(620)	(364)	(984)
At 31 October 2003	1,903	(496)	(290)	(1,515)	(490)	(888)

29. Major non-cash transactions

Part of the consideration for the purchase of subsidiary undertakings that occurred during the year ended 31 October 2003 comprised loan notes and share for share loanstock redemption. Further details of the acquisitions are set out in note 11.

30. Subsequent Events

At the Company's annual general meeting on 25 March 2004, it was resolved to sub-divide the 10,000,000 issued and unissued ordinary shares of £1 each in the capital of the Company into 40,000,000 ordinary shares of £0.25 each ranking *pari passu* in all respects with each other.

Following the sub-division of the share capital, the number of shares subject to options detailed at note 17 and of shares issuable in the event that holders of convertible loanstock (notes 11 and 14) has increased fourfold. The aggregate nominal value of options and shares potentially issuable on conversion of the convertible loanstock is unaltered.

Yours faithfully

Alexander & Co
Chartered Accountants
Registered Auditors

PART IV

ACCOUNTANT'S REPORT ON EIFIONYDD FARMERS

ACCOUNTANT'S REPORT



17 ST. ANN'S SQUARE
MANCHESTER M2 7PW
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The Directors
Wynnstay Group PLC
Llansantffraid-Ym-Mechain
Powys
SY22 6AQ

W H Ireland Limited
11 St James's Square
Manchester
M2 6WH

13 May 2004

Dear Sirs

EIFIONYDD FARMERS ASSOCIATION LIMITED ("EFA" OR "THE SOCIETY")

We report on the financial information of EFA set out below. This financial information has been prepared for inclusion in the Prospectus dated 13 May 2004 of Wynnstay Group plc ("Wynnstay") relating to the admission of the issued share capital of Wynnstay to trading on AIM ("the Prospectus").

Basis of preparation

The financial information set out in this report is based on the audited financial statements of EFA for two years and eleven months ended 31 July 2003 and has been prepared on the basis set out in paragraph 1 of page 47, after making such adjustments as we considered necessary, principally to reflect members' loanstock funds within liabilities rather than shareholders' funds. We have also made amendments to disclosures included in the notes to the financial information since the disclosures in the audited financial statements were in compliance with the Industrial and Provident Societies Act 1965 and the Friendly and Industrial Provident Societies Act 1968 rather than the Companies Act 1985.

Whittingham Riddell, Chartered Accountants and Registered Auditors, were auditors to the Society for the two years ended 31 August 2002. Whittingham Riddell LLP, Chartered Accountants and Registered Auditors, were auditors to the Society for the eleven months ended 31 July 2003. The auditor's address is Belmont House, Shrewsbury Business Park, Shropshire SY2 6LG. Each of the audit reports throughout the two years eleven months ended 31 July 2003 was unqualified.

Responsibility

Such financial statements are the responsibility of the Directors of EFA who approved their issue.

The Directors of Wynnstay are responsible for the contents of the Prospectus dated 13 May 2004 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

ADRIAN H BERG STEPHEN VERBER STEPHEN JOLLEY GARY S KRAMRISCH ALAN J COHEN STEPHEN L CONN
Incorporating Leon & Herman & Co.

REGISTERED TO CARRY ON AUDIT WORK AND REGULATED FOR A RANGE OF INVESTMENT BUSINESS ACTIVITIES BY THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Society as at 31 July 2003 and of its loss and profits and cash flows for the two years eleven months then ended.

Consent

We consent to the inclusion of this report in the Prospectus and accept responsibility for this report for the purposes of paragraph 45(2)(b)iii of Schedule 1 to the Public Offers of Securities Regulations 1995, as amended.

EIFIONYDD FARMERS ASSOCIATION LIMITED

PROFIT AND LOSS ACCOUNTS

FOR THE TWO YEARS ELEVEN MONTHS ENDED 31st JULY 2003

	Notes	11 Months to 31 July 2003 £'000	Year ended 31 Aug 2002 £'000	Year ended 31 Aug 2001 £'000
Turnover	1	12,353	12,528	12,706
Cost of sales		(10,770)	(10,911)	(11,006)
Gross profit		<u>1,583</u>	<u>1,617</u>	<u>1,700</u>
Selling and distribution expenses		(250)	(264)	(301)
Administrative expenses		(1,308)	(1,296)	(1,241)
Exceptional administrative expenses	2	(346)	-	-
Operating (loss)/profit	3	<u>(321)</u>	<u>57</u>	<u>158</u>
Income from investments		29	26	26
Interest receivable		4	7	10
Interest payable	6	(13)	(6)	(7)
(Loss)/profit on ordinary activities before taxation		<u>(301)</u>	<u>84</u>	<u>187</u>
Tax on (loss)/profit on ordinary activities	7	-	1	(60)
(Loss)/profit on ordinary activities after taxation		<u>(301)</u>	<u>85</u>	<u>127</u>
Distributions	8	(30)	(54)	(51)
Retained (loss)/profit for the year	17	<u><u>(331)</u></u>	<u><u>31</u></u>	<u><u>76</u></u>

With effect from 1 August 2003 the trade of the company was transferred to Wynnstay Group plc.

There were no recognised gains or losses other than those shown in the above profit and loss accounts.

The accompanying notes are an integral part of the financial information.

EIFIONYDD FARMERS ASSOCIATION LIMITED

BALANCE SHEETS AT 31st JULY 2003 AND 31st AUGUST 2002 AND 2001

	Notes	31 July 2003 £'000	31 Aug 2002 £'000	31 Aug 2001 £'000
Fixed assets				
Tangible assets	9	1,482	1,458	1,572
Investments	10	102	123	117
		<u>1,584</u>	<u>1,581</u>	<u>1,689</u>
Current assets				
Stocks	11	1,911	1,825	1,815
Debtors	12	1,744	1,586	1,427
Cash at bank and in hand		1	190	197
		<u>3,656</u>	<u>3,601</u>	<u>3,439</u>
Creditors: amounts falling due within one year	13	(2,174)	(1,697)	(1,677)
		<u>1,482</u>	<u>1,904</u>	<u>1,762</u>
Net current assets				
		1,482	1,904	1,762
Total assets less current liabilities		3,066	3,485	3,451
Provision for liabilities and charges	14	(6)	(6)	(30)
		<u>3,060</u>	<u>3,479</u>	<u>3,421</u>
Net assets				
		3,060	3,479	3,421
Capital and reserves				
Share capital	15	620	708	682
Revaluation reserve	16	255	255	255
Revenue reserve	16	2,515	2,515	2,484
Profit and loss account	16	(330)	1	-
		<u>3,060</u>	<u>3,479</u>	<u>3,421</u>
Shareholders' funds	17	3,060	3,479	3,421

The accompanying notes are an integral part of the financial information.

EIFIONYDD FARMERS ASSOCIATION LIMITED

CASH FLOW STATEMENT

FOR THE TWO YEARS ELEVEN MONTHS ENDED 31st JULY 2003

	Notes	11 Months to 31 July 2003		Year ended 31-Aug 2002		Year ended 31-Aug 2001	
		£'000	£'000	£'000	£'000	£'000	£'000
Cash (outflow)/inflow from operating activities	21i (a)	(59)		146		90	
Returns on investments and servicing of finance	21i (b)	20		27		29	
Taxation		(22)		(31)		(16)	
Capital expenditure and financial investment	21i (c)	(180)		(125)		(204)	
Distributions paid		(54)		(53)		(50)	
Cash outflow before use of liquid resources and financing			(295)		(36)		(151)
Financing							
- (conversion)/issue of shares	21i (d)		(88)		26		13
- increase/(decrease) in debt	21i (d)		100		3		(6)
Decrease in cash in the period			(283)		(7)		(144)
Reconciliation of net cash flow to movement in net debt							
Decrease in cash in the period		(283)		(7)		(144)	
Cashflow from increase/(decrease) in debt		(100)		(3)		6	
Change in net debt resulting from cash flows			(383)		(10)		(138)
Movement in net debt in the period			(383)		(10)		(138)
Opening net debt			(274)		(264)		(126)
Closing net debt	21ii		(657)		(274)		(264)

EIFIONYDD FARMERS ASSOCIATION LIMITED

NOTES TO THE FINANCIAL INFORMATION

1. Accounting Policies

The financial information is prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

(a) Basis of accounting

These accounts have been prepared under the historical cost convention modified to incorporate the revaluation of investment properties.

(b) Turnover

Turnover represents the invoiced value of sales which fall within the company's ordinary activities and excludes Value Added Tax.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated at rates calculated to write off the cost or valuation of the fixed assets - less their estimated residual value over their expected useful lives as follows:

Freehold buildings	2% reducing balance
Plant and machinery	10% straight line
Motor vehicles	25% straight line

Investment properties are shown in the balance sheet at market value and are not depreciated in accordance with Statement of Standard Accounting Practice 19, Accounting for Investment Properties. This is a departure from the requirements of the Companies Act 1985 which requires all properties to be depreciated. However the Directors consider the departure is required for the financial information to show a true and fair view.

(d) Stock

Stocks are stated at the lower of cost and net realisable value.

(e) Deferred taxation

Provision is made for all material timing differences that have originated but not reversed by the balance sheet date in accordance with FRS 19, Deferred Tax.

(f) Leased assets

Assets held under finance leases or being acquired under hire purchase contracts are capitalised in the balance sheet and depreciated over their useful economic lives, interest being charged to the profit and loss account over the period of the agreement. Operating lease rentals are charged to the profit and loss account as incurred.

(g) Pensions

EFA operates a defined contribution scheme. Contributions to this scheme are charged to the profit and loss account, as they are incurred in accordance with the rules of the scheme.

2. Exceptional charges - administrative expenses

The exceptional item in 2003 relates to redundancy and reorganisation costs.

EIFIONYDD FARMERS ASSOCIATION LIMITED

NOTES TO THE FINANCIAL INFORMATION

3. Operating (loss)/profit

Operating (loss)/profit is after charging	11 Months to 31 July 2003 £'000	Year ended 31-Aug 2002 £'000	Year ended 31-Aug 2001 £'000
Depreciation of owned fixed assets	154	233	180
Auditors' remuneration - audit	7	6	6
- other services	7	-	1
Operating lease charges - other	1	1	1
Exceptional item (note 2)	346	-	-
	<u> </u>	<u> </u>	<u> </u>

4. Staff costs

The aggregate payroll costs charged in the accounts and the average number of persons employed in the period were as follows:

Wages and salaries	870	912	860
Social security costs	69	69	66
Pension and other costs	27	31	32
	<u> </u>	<u> </u>	<u> </u>
	966	1,012	958
	<u> </u>	<u> </u>	<u> </u>
	No.	No.	No.
Administration	16	16	16
Sales, distribution & retail	45	47	47
	<u> </u>	<u> </u>	<u> </u>
	61	63	63
	<u> </u>	<u> </u>	<u> </u>

5. Directors' emoluments

None of the EFA's directors received any remuneration in the periods under review.

6. Interest Payable

	11 Months to 31 July 2003 £'000	Year ended 31-Aug 2002 £'000	Year ended 31-Aug 2001 £'000
Bank loans and overdrafts wholly repayable within five years	13	6	3
Deferred payment interest	-	-	4
	<u> </u>	<u> </u>	<u> </u>
	13	6	7
	<u> </u>	<u> </u>	<u> </u>

EIFIONYDD FARMERS ASSOCIATION LIMITED

NOTES TO THE FINANCIAL INFORMATION

7. Taxation on ordinary activities

	11 Months to 31 July 2003 £'000	Year ended 31 Aug 2002 £'000	Year ended 31 Aug 2001 £'000
Corporation tax based on the (loss)/profit for the period	-	22	30
Prior year overprovision	-	1	-
	<u>-</u>	<u>23</u>	<u>30</u>
	<u>-</u>	<u>23</u>	<u>30</u>
Deferred tax			
Origination and reversal of timing differences	-	(24)	30
	<u>-</u>	<u>(24)</u>	<u>30</u>
Total deferred tax (Note 14)	-	(24)	30
	<u>-</u>	<u>(24)</u>	<u>30</u>
	<u>-</u>	<u>(1)</u>	<u>60</u>
Total tax on profit on ordinary activities	<u>-</u>	<u>(1)</u>	<u>60</u>

Factors affecting tax charge for the period

The differences between the total current tax shown above and the amount calculated by applying the standard rate of corporation tax in the UK (19%) to the profit before tax is as follows:

(Loss)/profit on ordinary activities before tax	(301)	84	187
	<u>(301)</u>	<u>84</u>	<u>187</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2002: 19%, 2001: 19.8%)	(57)	16	37
Effects of:			
Non Utilisation of tax losses	44	-	-
Depreciation for the period in excess of capital allowances	7	28	18
Interest on share and loan capital	(5)	(10)	(10)
Other items	11	(11)	(15)
	<u>44</u>	<u>18</u>	<u>2</u>
Current tax charge for period	-	23	30
	<u>-</u>	<u>23</u>	<u>30</u>

8. Distributions

	11 Months to 31 July 2003 £'000	Year ended 31 Aug 2002 £'000	Year ended 31 Aug 2001 £'000
Proposed interest on share and loan capital	30	54	51
	<u>30</u>	<u>54</u>	<u>51</u>

EIFIONYDD FARMERS ASSOCIATION LIMITED

NOTES TO THE FINANCIAL INFORMATION

9 Tangible fixed assets

	Freehold land and buildings £'000	Fixtures and Machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 September 2000	1,260	556	488	2,304
Additions	81	36	67	184
Disposals	(6)	(6)	(80)	(92)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2001	1,335	586	475	2,396
Additions	31	45	46	122
Disposals	-	-	(40)	(40)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2002	1,366	631	481	2,478
Additions	13	158	8	179
Disposals	-	(14)	(26)	(40)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2003	<u>1,379</u>	<u>775</u>	<u>463</u>	<u>2,617</u>
Depreciation				
At 1 September 2000	120	294	317	731
Charged	20	100	60	180
Disposals	(6)	(6)	(75)	(87)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2001	134	388	302	824
Charged	20	88	125	233
Disposals	-	-	(37)	(37)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2002	154	476	390	1,020
Charged	20	82	52	154
Disposals	-	(14)	(25)	(39)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2003	<u>174</u>	<u>544</u>	<u>417</u>	<u>1,135</u>
Net book value				
31 July 2003	<u>1,205</u>	<u>231</u>	<u>46</u>	<u>1,482</u>
31 August 2002	<u>1,212</u>	<u>155</u>	<u>91</u>	<u>1,458</u>
31 August 2001	<u>1,201</u>	<u>198</u>	<u>173</u>	<u>1,572</u>

Included within Freehold land and buildings are investment properties at a valuation of £260,000 (2003, 2002 and 2001). The investment properties valuation was estimated by the Directors.

The historic cost of the investment properties is £5,267 (2003, 2002 and 2001).

The surplus on revaluation, £254,733, has been credited to the Revaluation reserve (note 16).

EIFIONYDD FARMERS ASSOCIATION LIMITED

NOTES TO THE FINANCIAL INFORMATION

10 Investments

Unlisted investments comprise:

	31 July 2003 £'000	31 Aug 2002 £'000	31 Aug 2001 £'000
CWS Ltd	41	38	35
Welsh Farm Supplies Ltd	40	40	40
Wynnstay Group PLC	-	23	21
Welsh Meat Company Ltd	21	21	20
Other	-	1	1
	<u>102</u>	<u>123</u>	<u>117</u>

11 Stocks

Goods for resale	<u>1,911</u>	<u>1,825</u>	<u>1,815</u>
------------------	--------------	--------------	--------------

12 Debtors

Trade debtors	1,643	1,496	1,329
Prepayments and accrued income	101	90	98
	<u>1,744</u>	<u>1,586</u>	<u>1,427</u>

13 Creditors: amounts falling due within one year

Bank overdraft	94	-	-
Trade creditors	933	992	959
Corporation tax	-	22	30
Accruals and deferred income	457	62	89
Taxation and social security	96	103	85
Members loanstock	564	464	461
Proposed interest on shares & loans	30	54	53
	<u>2,174</u>	<u>1,697</u>	<u>1,677</u>

14. Provisions for liabilities and charges

Deferred taxation

Balance b/fwd	6	30	-
(Credit)/charge to profit & loss account (Note 7)	-	(24)	30
	<u>6</u>	<u>6</u>	<u>30</u>

Deferred taxation

The provision for deferred taxation comprises:

Accelerated capital allowances	6	6	30
	<u>6</u>	<u>6</u>	<u>30</u>

EIFIONYDD FARMERS ASSOCIATION LIMITED

NOTES TO THE FINANCIAL INFORMATION

15. Share capital	31 July 2003 £'000	31 Aug 2002 £'000	31 Aug 2001 £'000
Balance brought forward	708	682	669
Interest	26	34	33
Contributions	-	3	6
Transfers (to)/from loanstock	(91)	4	3
Withdrawals	(23)	(15)	(29)
	<u>620</u>	<u>708</u>	<u>682</u>
	<u><u>620</u></u>	<u><u>708</u></u>	<u><u>682</u></u>
16. Reserves	2003 £'000	2002 £'000	2001 £'000
Investment property revaluation reserve			
Balance carried forward	255	255	255
	<u>255</u>	<u>255</u>	<u>255</u>
	<u><u>255</u></u>	<u><u>255</u></u>	<u><u>255</u></u>
Revenue reserve			
Balance brought forward	2,515	2,484	2,408
Transfer from Profit & Loss account	-	31	76
	<u>2,515</u>	<u>2,515</u>	<u>2,484</u>
	<u><u>2,515</u></u>	<u><u>2,515</u></u>	<u><u>2,484</u></u>
Profit and loss account			
Balance brought forward	1	-	1
(Loss)/profit for the year	(331)	32	75
	<u>(330)</u>	<u>32</u>	<u>76</u>
Transfer to Revenue Reserve	-	(31)	(76)
	<u>(330)</u>	<u>1</u>	<u>-</u>
	<u><u>(330)</u></u>	<u><u>1</u></u>	<u><u>-</u></u>
17. Reconciliation of movement in shareholders' funds	31 July 2003 £'000	31 Aug 2002 £'000	31 Aug 2001 £'000
Balance brought forward	3,479	3,421	3,333
(Loss)/profit for the period before distributions	(301)	85	127
Distributions	(30)	(54)	(51)
	<u>3,148</u>	<u>3,452</u>	<u>3,409</u>
(Decrease)/increase in share capital	(88)	27	12
	<u>3,060</u>	<u>3,479</u>	<u>3,421</u>
	<u><u>3,060</u></u>	<u><u>3,479</u></u>	<u><u>3,421</u></u>

18 Commitments for capital expenditure

The society had no capital commitments at the balance sheet dates in this financial information.

EIFIONYDD FARMERS ASSOCIATION LIMITED

NOTES TO THE FINANCIAL INFORMATION

19 Pensions

The society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the society in an independently administered fund. Contributions are charged to the profit & loss account as they become payable. Contributions to the scheme were:

	2003 £'000	2002 £'000	2001 £'000
Pension cost	27	31	32

20 Directors' interests

The society carried out the following transactions with committee members during the year:

	2003 £'000	2002 £'000	2001 £'000
Sales	309	366	376
Debtors at end of period	39	28	30

All transactions were on an arm's length basis.

21 Notes to the cash flow statement

(i)

	11 Months to 31 July 2003 £'000	Year ended 31 Aug 2002 £'000	Year ended 31 Aug 2001 £'000
a) Reconciliation of operating (loss)/profit to operating cash flows			
Operating (loss)/profit	(321)	57	158
Depreciation	154	233	180
Loss on investments	22	-	-
Loss on disposal of fixed assets	1	-	-
Increase in stock	(86)	(10)	(173)
Increase in debtors	(158)	(159)	(105)
Increase in creditors	329	25	30
Net cash flow from operating activities	(59)	146	90
b) Returns on investments and servicing of finance			
Investment property rental income	29	26	26
Interest paid	(13)	(6)	(7)
Interest receivable	4	7	10
Net cash flow from returns on investments and servicing of finance	20	27	29

EIFIONYDD FARMERS ASSOCIATION LIMITED

NOTES TO THE FINANCIAL INFORMATION

21	Notes to the cash flow statement (continued)	11 Months to 31 July 2003 £'000	Year ended 31 Aug 2002 £'000	Year ended 31 Aug 2001 £'000	
	c) Capital expenditure and financial investment				
	Purchase of tangible fixed assets	179	122	184	
	Purchase of investments	1	6	25	
	Proceeds from sale of fixed assets	-	(3)	(5)	
		-----	-----	-----	
	Net cash outflow from capital expenditure and financial investment	180	125	204	
		=====	=====	=====	
	d) Financing				
	Net (conversion)/issue of share capital	(88)	26	13	
	Increase/(decrease) in members loanstock	100	3	(6)	
		-----	-----	-----	
	Net cash inflow from financing	12	29	7	
		=====	=====	=====	
	(ii) Analysis of net debt				
		Cash in hand £'000	Overdrafts £'000	Debt Members Loanstock £'000	Total £'000
	At 1 September 2000	341	-	(467)	(126)
	Cash flow	(144)	-	6	(138)
		-----	-----	-----	-----
	At 31 August 2001	197	-	(461)	(264)
	Cash flow	(7)	-	(3)	(10)
		-----	-----	-----	-----
	At 31 August 2002	190	-	(464)	(274)
	Cash flow	(189)	(94)	(100)	(383)
		-----	-----	-----	-----
	At 31 July 2003	1	(94)	(564)	(657)
		=====	=====	=====	=====

22 Subsequent Events

With effect from 1 August 2003, the assets, liabilities and trade of the society was transferred to Wynnstay Group plc. The transaction was effected using a Transfer of Engagements Resolution under Section 52 of the Industrial & Provident Societies Act 1965.

Each eligible member received £1 convertible loanstock in Wynnstay Group plc in consideration for each £1 ordinary share held in the society.

Yours faithfully

Alexander & Co
Chartered Accountants
Registered Auditors

PART V

ADDITIONAL INFORMATION

1. The Company

- 1.1 The Company was incorporated in England and Wales on 31 March 1992 under the Act as a public limited company, registered with number 2704051 and with the name Wynnstay & Clwyd Farmers Public Limited Company. The Company changed its name to Wynnstay Group plc on 20 February 2001. The liability of the members of the Company is limited.
- 1.2 The principal legislation under which the Company operates is the Act and the regulations made under the Act.
- 1.3 The Company's registered office and principal place of business in the United Kingdom is at Eagle House, Llansantffraid ym Mechain, Powys SY22 6AQ.

2. Share Capital

- 2.1 On incorporation of the Company, the authorised share capital was £10,000,000 divided into 10,000,000 ordinary shares of £1.00 each ("Old Ordinary Shares") of which 2 were in issue, fully paid.
- 2.2 The Articles were adopted on 18 March 2003. The Articles provide that the shares and any right to subscribe for, or to convert any security into, shares in the Company for the time being (other than the subscriber shares shown in the Memorandum of Association of the Company or shares allotted in pursuance of an employees' share scheme) may be allotted to such persons, at such times, in such proportions, upon such terms (other than at a discount) and with such rights or restrictions, including but without limit as to differentiation between members of calls, as the Directors shall think fit, subject to the Articles, to the pre-emption rights in Section 89 of the Act and to Part V of the Act. The Directors are authorised to exercise the power of allotment of the Company subject as aforesaid generally and unconditionally, but so that such authority will expire on the date of the fifth anniversary of the adoption of the Articles, except that thereafter the Directors may exercise the said power of allotment in pursuance of an offer or agreement made by the Company before such date or in pursuance of any authority given in accordance with the Act. The maximum amount of shares that may be allotted is the nominal amount for the time being, but only until the date of the fifth anniversary aforesaid, of the authorised but unissued share capital of the Company.
- 2.3 On 25 March 2004 by resolutions passed at the annual general meeting of the Company, it was resolved that:
 - 2.3.1 from the date of the passing of the resolution, the Directors be generally and unconditionally authorised pursuant to section 95 of the Act to allot, issue, grant options or rights over, or rights to convert securities into, or otherwise dispose of shares of the Company up to a maximum nominal amount of £250,000 pursuant to the authority conferred on them for the purposes of section 80 of the Act by Article 3 of the Articles as if section 89(1) of the Act did not apply to any such transaction, and to do so in such a manner and to such persons at such times and at such consideration as the Directors in their absolute discretion determine, provided that the authority shall expire on the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require the Company to allot, issue, grant options or rights over, or right to convert securities into, or otherwise dispose of shares after such expiry and the Directors may do so in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. Such authority to replace all existing authorities conferred on the Directors pursuant to section 95 of the Act in respect of the allotment, issue, granting of options or rights over, or right to convert securities into, or other disposal of shares to the extent that the same have not previously been utilised;
 - 2.3.2 from the date of the passing of the resolution, the Directors be generally and unconditionally authorised pursuant to Article 4 of the Articles and in accordance with section 166 of the Act to make one or more market purchases (within the meaning of section 163 of the Act) of the shares of the Company up to a maximum nominal amount of £200,000 provided that:

- (a) the minimum price which may be paid for such shares is the nominal value for such shares (exclusive of tax and expenses) and the maximum price which may be paid for such shares shall be not more than 5% above the average of the market values for such share as derived from the relevant market or list (being the OFEX Market if the shares are trading on OFEX or the Alternative Investment Market Appendix of the Daily Official List of the London Stock Exchange if the shares are trading on AIM) for the five business days immediately preceding the date on which such share is purchased (exclusive of tax and expenses);
 - (b) such authority to expire on the conclusion of the next annual general meeting of the Company or, if earlier, 18 months from the date the resolution is passed save that the Company may before such expiry make an offer or agreement which would or might require the Company to purchase shares after such expiry and the Directors may do so in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and
 - (c) such authority to replace all existing authorities conferred on the Directors in respect of the market purchase of shares to the extent that the same have not previously been utilised; and
- 2.3.3 the 10,000,000 Old Ordinary Shares be sub-divided into 40,000,000 Ordinary Shares each ranking *pari passu* in all respects with all other Ordinary Shares.
- 2.4 On 13 May 2004, the authorised share capital of the Company was £10,000,000 divided into 40,000,000 Ordinary Shares of which 7,890,084 such shares were issued and are fully paid.
- 2.5 Save as disclosed in paragraphs 7 and 9 of this Part V:
- 2.5.1 no share or loan capital of the Company, or of any other company within the Group, is under option or has been agreed, conditionally or unconditionally, to be put under option; and
 - 2.5.2 save in respect of the Placing Shares, there is no present intention to issue any of the authorised but unissued share capital of the Company.
- 2.6 At the date of this document and immediately following Admission, so far as the Directors are aware, the only persons (other than the Directors and their immediate families' interests) who are directly or indirectly interested (within the meaning of section 208 of the Act) in 3% or more of the Ordinary Shares (other than the Placing Shares) in the Company are as follows:

Shareholder	At the date of this document		Immediately following Admission	
	Number of Ordinary Shares	Percentage of issued ordinary share capital	Number of Ordinary Shares	Percentage of issued ordinary share capital in the Company
BBHISL Nominees Limited	278,804	3.53	703,804	8.1

- 2.7 Save as disclosed above, the Directors are not aware of any person who, directly or indirectly, is or will be following Admission interested in 3% or more of the Company's issued ordinary share capital.
- 2.8 *The Scrip Dividend Scheme*
- The members of the Company at the close of business on the record date for a dividend may elect to receive either a cash dividend payment or Ordinary Shares credited as fully paid, subject to the following rules.
- 2.8.1 a member may only make an election in respect of the whole of his shareholding;
 - 2.8.2 it is at the Directors' discretion whether to offer new shares in respect of each such dividend and whether such offer shall apply to the whole of each such dividend or merely a proportion;
 - 2.8.3 the basis of allotment of new shares is in accordance with the net amount of each relevant dividend per share, the number of shares held by the relevant member and the price for each new share, such price being notified to the Company by its auditors;
 - 2.8.4 the Company may modify, suspend or terminate the scrip dividend scheme at any time without notice to participants.

2.9 *The Dividend Re-investment Plan*

The dividend re-investment plan gives members the opportunity to reinvest their dividend payments into existing Ordinary Shares.

3. **Subsidiaries**

The Company has the following subsidiary companies, all of which are incorporated in England and Wales as private companies limited by shares, and whose registered office addresses are Eagle House, Llansantffraid ym Mechain, Powys SY22 6AQ:

	Wynnstay percentage shareholding	Issued Share Capital Fully Paid (£)
Shropshire Grain Limited	100%	5,000
Wynnstay Country Farmstock Limited	100%	4,000
C A Davies Limited	100%	10,000
Wynnstay Investments Limited	90%	135,000
Griffiths & Simpson Limited	100%	174,410
L N Jones (Tattenhall) Limited	100%	10,000
E W Webster Limited	100%	20,000
Wynnstay & Clwyd Farmers Limited	100%	2
Eifionydd Farmers Limited	100%	1

4. **Memorandum of Association**

The Company's principal objects are set out in clause 4 of the Company's memorandum of association and are to carry on any trade or business including for the benefit of its members the businesses of manufacturers, processors, wholesale and retail dealers in, and agents for the sale of agricultural requirements, farm and garden produce and any other trades, industries or businesses which may seem calculated to conduce to the more profitable working of farms, smallholdings or householders.

5. **Articles of Association**

The Articles include provisions to the following effect:

5.1 *Share Capital*

5.1.1 The Company may, in accordance with and subject to Part V of the Act and all other provisions (if any) in force for the time being:

- (a) issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder of such shares;
- (b) purchase its own shares, including its own redeemable shares; and
- (c) make a payment in respect of the redemption or purchase of any of its own paid-up shares out of the distributable profits of the Company or the proceeds of a fresh issue of shares, and as to redemption on such date or dates (which are to be fixed prior to the issue of such shares) and terms and in such manner as may be determined at any time or times by the Directors, provided that the amount to be paid on such redemption shall be fixed on, and by the terms of, the issue of the shares

provided that any shares purchased or redeemed by the Company shall be treated as cancelled.

5.1.2 The Company may, by ordinary resolution:

- (a) increase its authorised share capital;
- (b) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- (c) subject to the provisions of the Act, sub-divide all or any of its shares into shares of smaller amount and determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and

(d) cancel shares which have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

5.1.3 Subject to the provisions of the Act, the Company may, by special resolution, reduce its share capital, any capital redemption reserve and any share premium in any way.

5.1.4 The Company may pay a commission, not exceeding 10% of the price at which the shares of the Company attracting the commission are issued, to any person in respect of subscribing, whether conditionally or not, for those shares, subject to section 97 of the Act, and the Company may pay lawful brokerage.

5.2 *Variation of Rights*

Wherever the share capital of the Company is divided into different classes of shares, the special rights attaching to any class may, subject to sections 125 and 127 of the Act, be modified, abrogated or varied, either with the consent in writing of the holders of three-quarters of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.

5.3 *Transfer of Shares*

5.3.1 Title to any securities of the Company may be transferred without a written instrument in accordance with statutory regulations from time to time made under the Act and any other relevant legislation, and the Directors shall have power to implement any arrangements they may think fit for such evidencing and transfer which accord with those regulations.

5.3.2 Subject to paragraph 5.3.1 of this Part V, the instrument of transfer of any shares may be in any usual form or in any other form which the Directors may approve and shall be signed by or on behalf of the transferor and, unless the share is fully paid-up, by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof.

5.3.3 The Directors may decline to recognise an instrument of transfer unless it is duly stamped; lodged at the office or at such other place as the Directors may appoint, accompanied by the certificate for the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and in respect of only one class of share.

5.3.4 The registration of transfers of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the Directors may determine.

5.3.5 If the Directors require a member to indicate the capacity in which the member holds any shares, so long as the requisitioned member does not identify the absolute beneficial owner of the shares, so far as the Directors shall think fit, the member shall not be entitled to transfer those shares or any of them or receive any distribution in respect of them.

5.4 *Votes of Members*

5.4.1 Subject to any special rights and restrictions as to voting attached to any class of shares, at every general meeting of the Company, every member who is present in person or by proxy has one vote and, in the case of a poll, every member present in person or by proxy has one vote for every share of which he is the registered holder.

5.4.2 No holder of a share in the Company is entitled to vote at a general meeting, whether personally or by proxy, in respect of that share if he is in default of a call on such share (or interest payable thereon), or if he fails to give any information with respect to the shares under sections 211 and 212 of the Act. In addition, if a member does not indicate the capacity in which he holds shares (referred to in paragraph 5.3.5 of this Part V), the member shall not be entitled to receive notice of, attend (whether personally or by proxy), speak or vote at any general meeting.

5.4.3 The vote of any member whose name stands first in the register in respect of shares held jointly shall be accepted to the exclusion of the votes of the other joint holders.

5.4.4 A member may appoint one or more proxies to attend on the same occasion by an instrument in writing in any usual form or in any other form which is approved by the Directors and signed by or on behalf of the appointor. A member may attend and vote at the meeting or at any adjournment of the meeting, notwithstanding deposit of an instrument of proxy.

5.5 *Directors*

- 5.5.1 There is no maximum number of Directors (unless fixed by the Company). The minimum number of Directors is two.
- 5.5.2 At every annual general meeting, one-third of the Directors, or the number nearest to but not exceeding one-third, shall retire from office.

5.6 *Dividends*

- 5.6.1 The members in general meeting may declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors or as permitted by the Act.
- 5.6.2 The Directors may pay interim dividends out of profits of the Company available for distribution. If the share capital of the Company is divided into different classes of shares, the Directors may pay interim dividends on shares which confer deferred or non-preferred rights as to dividends, as well as on shares which confer preferential rights as to dividends. Interim dividends shall not be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Directors may also pay, at intervals settled by them, any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 5.6.3 All dividends resolved to be recommended, declared or paid, any bonus and any sum resolved to be capitalised, and the assets of the Company to be divided on a winding-up, shall be distributed in proportion to the nominal amount of shares held by the members entitled to such distribution, whether or not such shares are fully-paid-up.
- 5.6.4 The Directors may deduct from any dividend or any other monies payable to any member in respect of a share any monies which are payable by him to the Company in respect of shares of the Company. The Company may also withhold dividends payable on shares in the circumstances set out in paragraph 5.3.5 of this Part V.
- 5.6.5 A general meeting declaring a dividend may, upon the recommendation of the Directors, direct that it shall be satisfied wholly or in part by the distribution of assets of any form or nature, and the Directors shall settle the same.
- 5.6.6 If the Directors consider it appropriate, they shall be authorised to offer any holders of ordinary shares one or more of the following options:
- (a) instead of taking the net cash amount due to them in respect of all or any part of any dividend declared or payable on any shares held by them, either to invest the cash in subscribing for unissued shares, payable in full or by instalments, or in paying up in full or by instalments any unpaid or partly-paid shares held by them; or
 - (b) instead of taking the net cash amount due to them of all or any part of any dividend declared or payable on any shares held by them, to elect to receive new shares credited as fully-paid; or
 - (c) to forego their entitlement to all or any part of any dividend declared or payable on any shares held by them, and to take instead fully-paid bonus shares; or
 - (d) any other option in respect of all or any part of any dividend on any shares held by them as the Directors determine.

5.7 *Winding Up*

In the winding-up or in connection with the dissolution otherwise of the Company, any part of its assets may, with the sanction of a special resolution, be divided among the members in specie, or may, with the like sanction, be vested in trustees for the benefit of the members, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets whereon there is any liability.

5.8 *Trading of Shares in CREST*

The Articles contain provisions for the Company to trade its shares in CREST.

6. Directors' interests

6.1 *Directors' interests in the Company's issued ordinary share capital*

6.1.1 At the date of this document and immediately following the Placing, the interests of the Directors (including persons connected with them within the meaning of section 346 of the Act) in the issued ordinary share capital of the Company, which have been notified to the Company pursuant to sections 324 or 328 of the Act and which are shown in the register of directors' interests maintained under section 325 of the Act are as follows:

Director	At the date of this document		Immediately following the Placing	
	Number of Ordinary Shares	Percentage of issued ordinary share capital	Number of Ordinary Shares	Percentage of issued ordinary share capital
J E Davies	58,727	0.74	58,727	0.68
B B Harris	152,224	1.93	152,224	1.75
B P Roberts	69,752	0.88	69,752	0.80
J M Jones	94,903	1.20	94,903	1.09
R G Griffiths	129,909	1.65	129,909	1.50
E E Hughes	53,638	0.68	53,638	0.62
R B Jones-Perrott	43,696	0.55	43,696	0.50
E G Owen	21,246	0.27	21,246	0.24
J C Kendrick	8,465	0.11	8,465	0.10
Lord Carlile of Berriew	26,850	0.34	26,850	0.31

6.1.2 In addition, options over Ordinary Shares have been granted to Directors as set out in paragraph 7 of this Part V.

6.1.3 All the above interests of the Directors are beneficial.

6.1.4 Save as disclosed above, the Directors are not aware of any interests of persons connected with them which would, if such a connected person were a director, be required to be notified to the Company pursuant to sections 324 or 328 of the Act and would be required to be entered in the register of directors' interests pursuant to section 325 of the Act.

6.1.5 Save as disclosed above and at paragraph 2 of this Part V, the Directors are not aware of any person other than the Directors and their immediate families, who, immediately following Admission, will, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

6.1.6 Save as disclosed above, none of the Directors has any interest, beneficial or non-beneficial, in the share or loan capital of the Company.

6.1.7 Save as disclosed in this document, no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company and no contract or arrangement exists in which a Director is materially interested and which is significant in relation to the business of the Company.

6.2 *Directors' remuneration and service agreements*

6.2.1 The aggregate remuneration and benefits in kind of the Directors in respect of the financial year ended 31 October 2003 was £492,035. The aggregate remuneration and benefits in kind of the Directors in respect of the financial year ending 31 October 2004 under the arrangements in force at the date hereof is expected to be £484,669.

6.2.2 Service contracts (or in the case of the Chairman and other Non-executive Directors, letters of appointment) have been entered into between the Company and the Directors, the principal terms of which are summarised below:

Executive Director	Effective date of contract (commencement of employment)	Details
B.B Harris	1.1.1995 (1.2.1980)	Managing Director Salary: £113,700 Bonus: 1.22% p.a of Company's net profit before tax Pension: see paragraph 6.2.8 of this Part V Company car and other benefits
B.P Roberts	1.4.1997 (18.3.1987)	Finance Director Salary: £54,888 Bonus: 0.77% of Company's net profit before tax Pension: 6.5% p.a. of gross annual salary Company car and other benefits
R.G. Griffiths	1.4.1997 (1.5.1981)	Commercial Director Salary: £51,492 Bonus: 0.375% of Group's total net profits before tax Pension: 9.5% p.a. of gross annual salary Company car and other benefits
J.M. Jones	22.9.1997 (20.4.1964)	Sales Director Salary: £51,492 Bonus: 0.375% of Group's total net profits before tax Pension: 13.5% p.a. of gross annual salary Company car and other benefits

6.2.3 The current annual fees payable to the Non-executive Directors are as follows:

J E Davies	£21,500
Lord Carlile	£17,096
E E Hughes	£10,000
J C Kendrick	£5,000
E G Owen	£5,000
R B Jones-Perrott	£5,000

Non-executive Directors are also entitled to reasonable out-of-pocket expenses incurred in carrying out their duties.

6.2.4 The executive Directors' service agreements are terminable by the Company giving twelve months notice in writing to the Director and by the Director giving six months notice in writing to the Company.

6.2.5 There are no service agreements existing or proposed between the Directors and the Company or any other member of the Group which are not terminable by giving twelve months written notice by the relevant company without payment of compensation (other than statutory compensation).

6.2.6 There is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

- 6.2.7 The executive Directors are entitled, as part of their remuneration and benefits in kind, to the following:
- (a) participation in the Company's profit related pay scheme;
 - (b) share options (details of which are set out in paragraph 7 of this Part V);
 - (c) private health insurance;
 - (d) permanent health insurance cover.
- 6.2.8 B B Harris also benefits from life assurance which provides for a lump sum to be paid to his nominated beneficiaries equal to four times his salary. In addition, the Company has established a defined contribution executive pension scheme in the name of B B Harris and it is the Company's intention to fund this scheme to an extent that, at 14 May 2007, his combined pension funds amount to £1,250,000. The pension scheme is treated as a defined benefit scheme.
- 6.2.9 R G Griffiths and J M Jones have the benefit of a senior management early retirement scheme. The normal retirement dates for the purposes of this scheme are the sixty-fifth birthdays of R G Griffiths and J M Jones. The early retirement scheme can only be exercised by the Company with the approval of the Directors. The Company may implement the retirement of R G Griffiths and/or J M Jones at any time after their sixtieth birthdays by giving the relevant director three months' notice in writing to that effect. Upon the Company exercising the early retirement scheme to the relevant director a lump sum severance payment is payable to a relevant director, a further lump sum is calculated by reference to an agreed formula is paid to him or his pension scheme and he has the option to sell shares held by him in the Company to the Employees Share Ownership Trust.
- 6.2.10 The service agreements with the executive Directors contain post-termination restrictive covenants for a period of one year after the termination of the service agreement (for any reason) in relation to the non-solicitation of directors, senior management or relevant employees (as appropriate) and clients or customers of the Company.
- 6.2.11 The Non-executive Directors terms of engagement provide for, *inter alia*, the following:
- (a) the appointment is terminable by either party on giving three months written notice provided that the Company may terminate the appointment in accordance with the Articles and the Company also has the right to terminate the appointment without payment of compensation immediately upon written notice in certain circumstances:
 - (b) in order to be eligible for re-election as a non-executive Director, their age at the date of re-election must be under 65; and
 - (c) they may be required to be a member of its Remuneration, Nomination or Audit Committees and to meet from time to time with executive Directors.

6.3 *Loans and guarantees*

There are no loans or guarantees provided by any member of the Group for the benefit of any Director.

6.4 *Directors' interests in transactions*

- 6.4.1 No Director has or has had any interest in any transaction which is of an unusual nature, contains unusual terms or is significant in relation to the business of the Group and which was effected during the current or immediately preceding financial year or during any earlier financial year and remains in any respect outstanding or unperformed.
- 6.4.2 The Company makes sales to and purchases from the Directors in the ordinary course of business. No preferential terms are extended to the Directors in respect of those sales and/or purchases. Sales made to the Directors for the year ended 31 October 2003 amounted to £224,522.

6.5 *Directorships*

6.5.1 In addition to the Company, the Directors hold and have previously held, in the past five years, the following directorships and partnerships:

Director	Current	Previous
J E Davies	Pickering & Davies (partnership) Pickering & Davies Haulage Contractors 1992 (partnership) WAOS Limited L.N. Jones (Tattenhall) Limited The Welsh Meat Company Limited Bryn Knolt Estates T E Davies & Sons (partnership)	Shropshire Grain (Farm Supplies) Limited (dissolved)
B B Harris	Griffiths & Simpson Limited L.N. Jones (Tattenhall) Limited E.W. Webster Limited Shropshire Grain Limited Wynnstay & Clwyd Farmers Limited Wynnstay Investments Limited Wynnstay Fuels Limited Wynnstay Country Farmstock Limited Welsh Feed Producers Limited Border Distribution 2000 Limited Wyro Developments Limited C.A. Davies & Sons Limited Welsh Farm Suppliers Limited Dyfed Seeds Limited Eifionydd Farmers Limited	High Peak Poultry Company Limited (dissolved) Shropshire Grain (Farm Supplies) Limited (dissolved)
B P Roberts	Griffiths & Simpson Limited L.N. Jones (Tattenhall) Limited Shropshire Grain Limited Wynnstay & Clwyd Farmers Limited C.A. Davies & Sons Limited Wynnstay Investments Limited Youngs Animal Feeds Limited Eifionydd Farmers Limited	Shropshire Grain (Farm Supplies) Limited (dissolved)
J M Jones	C.A. Davies & Sons Limited	None
R G Griffiths	L.N. Jones (Tattenhall) Limited Shropshire Grain Limited Frank Rowe Limited	Shropshire Grain (Farm Supplies) Limited (dissolved)
E E Hughes	Frank Rowe Limited E. E. & J. M. Hughes (partnership)	None
R B Jones-Perrott	Wyro Developments Limited	None
E G Owen	Youngs Animal Feeds Limited E.G and C.E Owen (partnership)	None
J C Kendrick	Wynnstay Fuels Limited PDC Fuels (Cymru) Limited Questbrown Limited Morrey Oils Limited P.D.C. Fuels (Chester) Limited Wynnstay Investments Limited (IOM)	None
Lord Carlile of Berriew	Rekindle Home White Ensign Association Limited Nuffield Trust 5 Bell Yard Limited Oriel Davies Gallery Mid Wales Opera Limited	NACRO Limited The Crime Concern Trust Limited The National Association for the Care and Resettlement of Offenders The United Kingdom Committee for UNICEF Hope House - The Bradburys Children's Respite Hospice

- 6.5.2 Save as disclosed in this Part V, as at the date of this document none of the Directors has:
- (a) been a director or partner at any time in the previous five years;
 - (b) any unspent convictions in respect of indictable offences;
 - (c) been a bankrupt or entered into an individual voluntary arrangement;
 - (d) been a partner of any partnership at the time of or within 12 months of any compulsory liquidation, administration or partnership voluntary arrangement;
 - (e) owned an asset over which a receiver has been appointed;
 - (f) been a partner of any partnership at the time of or within 12 months of receivership of any assets of the partnership;
 - (g) been subject to any public criticisms by any statutory or regulatory authority (including recognised professional bodies);
 - (h) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; and
 - (i) been a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangements with its creditors generally or any class of its creditors.

7. Share Options and Employee Share Ownership Trust.

7.1 The Company operates the share option schemes summarised below.

7.2 *Enterprise Management Incentive Share Options ("EMI Share Options")*

7.2.1 The Company has granted EMI Share Options to certain Directors and employees to acquire Ordinary Shares of the Company pursuant to the provisions of the EMI Scheme (as laid out in Schedule 5 Income Tax (Earnings and Pensions) Act 2003).

7.2.2 As at the date of this document EMI Share Options over 397,892 Ordinary Shares have been granted on the same terms to Directors and employees. The Company has granted the following EMI Share Options to Directors:

Director	Date granted	Number of Ordinary Shares under option	Option period during which option can be exercised	Exercise price per Ordinary Share (£)
B P Roberts	22.5.02	65,964	1.6.05 - 31.5.07	1.0875
J M Jones	22.5.02	65,964	1.6.05 - 31.5.07	1.0875
R G Griffiths	22.5.02	65,964	1.6.05 - 31.5.07	1.0875

7.2.3 The Directors' EMI Share Options may only be exercised as long as a Director to whom an EMI Share Option has been granted is still in the Company's employment at the date of exercise of the EMI Share Option.

7.3 *Unapproved Executive Incentive Share Option Scheme (the "Unapproved Share Scheme")*

7.3.1 The Company operates an Unapproved Share Scheme for B B Harris, the provisions of which are similar to the Company's EMI Share Options, save that the Ordinary Shares issued pursuant to the Unapproved Share Scheme will not qualify for any tax reliefs that may be available pursuant to Schedule 5 Income Tax (Earnings and Pensions) Act 2003.

7.3.2 On 31 May 2002, B.B. Harris was granted an option pursuant to the Unapproved Share Scheme to acquire 300,000 Ordinary Shares at an exercise price of £1.0875 per ordinary share. The option can be exercised between 1 June 2005 and 31 May 2007. The option may only be exercised while B B Harris remains in the Company's employment. In the event of his death prior to 31 May 2007, the option may be exercised by his personal representative within one year of his death. No further options have been granted under the Unapproved Share Scheme.

7.4 *Inland Revenue-Approved Share Save Scheme (the “Share Save Scheme”)*

- 7.4.1 The Company’s Share Save Scheme is an Inland Revenue-Approved Savings-Related Share Option Scheme and was approved on 4 April 2003. The Share Save Scheme will lapse on the tenth anniversary of its approval.
- 7.4.2 The Share Save Scheme provides income tax relief for participants. Under the Share Save Scheme, eligible employees and Directors can be given the right to acquire Ordinary Shares at a fixed price and at a particular time (a “Share Save Option”). When a Share Save Option is granted to an eligible person, he must enter into a savings contract to save a fixed amount of money not exceeding £250 per month. At the end of the savings contract, the option holder will receive, in addition to the money actually saved by him pursuant to the savings contract, a tax-free bonus payment to put towards the purchase of up to a maximum of the number of shares in his Share Save Option at the price per share which was fixed when the Share Save Option was granted. A Share Save Option must be exercised within six months of the end of the bonus date.
- 7.4.3 The exercise price per share of any Share Save Option is determined by the Company but can not be less than 80% of the market value (as defined in the rules of the Share Save Scheme) on the date of issue of an invitation to join the Share Save Scheme.
- 7.4.4 A Share Save Option may not be transferred by an option holder.
- 7.4.5 The number of Ordinary Shares in respect of which Share Save Options may be granted on a given day may not exceed such number of shares of the Company as represents 25% of the issued ordinary share capital of the Company on that day, taking into account:
- (a) the number of Ordinary Shares in respect of which Share Save Options have previously been granted; and
 - (b) the number of issued Ordinary Shares of the Company and in respect of which any rights to subscribe for shares have previously been in that year and the preceding years since 4 April 2003 (not exceeding nine years) under any other employee share schemes of the Company.
- 7.4.7 If the Option holder ceases to be an employee of the Company then, unless he has resigned, his Share Save Option may be exercised during the period of six months commencing on the date upon which he ceased to be an employee. If he resigns or it is not exercised within that period, then the Share Save Option will lapse.
- 7.4.8 If the Option holder reaches the age of 65 but continues to be an employee, the Share Save Option may be exercised during the period of six months commencing on his 65th birthday.
- 7.4.9 If the Option holder dies, his personal representatives may exercise the Share Save Option if he dies before the bonus date, during the period of twelve months commencing on the date of his death or if he dies within the period of six months after the bonus date, during the period of twelve months commencing on the bonus date.
- 7.4.10 As at the date of this document, no Share Save Options have been granted. The Company intends to offer a Share Save Option to all the Group’s employees later in its current financial year, after Admission.
- 7.4.11 In the event of the Company becoming the subject of a Court-sanctioned reconstruction or scheme of arrangement, a change of control after a general offer to acquire such an interest has been made, a takeover offer under which a person becomes entitled or bound to acquire shares of the Company under sections 428 to 430F of the Act or a members’ notice that it be wound-up on a voluntary basis, an option holder may exercise his Share Save Option during a period of six months following the occurrence of such an event (but not in any event within six months of his bonus date). A Share Save Option will lapse on the commencement of a winding-up of the Company.

7.5 *Savings-Related Share Option Scheme (“Old Share Save Scheme”)*

- 7.5.1 The Old Share Save Scheme was adopted by the Company in March 1993 and lapsed in March 2003. The Scheme received Inland Revenue approval on 5 March 1993.

7.5.2 Options over 628,084 Ordinary Shares remain outstanding under the Old Share Save Scheme. Old Share Save Scheme options over 21,320 of these Ordinary Shares have been exercised and such shares will be issued following Admission. The Company has granted the following outstanding options under the Old Share Save Scheme to Directors:

Director	Start date	Number of Ordinary Shares under option	Date/option period during which option can be exercised	Exercise price per Ordinary Share (£)
B B Harris	1.10.00	8,764	1.10.05	0.77
B P Roberts	1.5.99	1,664*	1.5.04 to 31.10.04	1.0125
B P Roberts	1.10.00	2,188	1.10.05	0.77
B P Roberts	1.8.02	3,804	1.8.07	0.87
J M Jones	1.5.99	6,664*	1.5.04 to 31.10.14	1.0125
J M Jones	1.10.00	4,380	1.10.05	0.77
R G Griffiths	1.10.00	21,912	1.10.05	0.77

* Options exercised but shares not issued.

7.5.4 The Old Share Save Scheme was set up in order to provide income tax relief for employees who participate in the Scheme. Each employee who was granted an option under this Scheme (an “ Old Share Save Option”) has been given the right to acquire a certain number of shares of the Company at a fixed price and at a particular time. Each employee to whom such an Old Share Save Option has been granted has entered into a savings contract in order to save a fixed amount of money per month, the maximum being £250, for a fixed period. At the end of such a savings contract, the holder of such an Old Share Save Option will receive, in addition to the money actually saved by him pursuant to the savings contract, a tax-free bonus payment which he will then be able to put towards the purchase of the largest whole number of Ordinary Shares subject to his Old Share Save Option at the price per share which was fixed when the Old Share Save Option was granted to him.

7.5.5 No Old Share Save Option may be transferred, assigned or charged.

7.5.6 An Old Share Save Option may be exercised in whole or in part at any time following the first of the following events:

- (a) the relevant bonus date relating to the savings contract taken out in respect of that Old Share Save Option;
- (b) the death of the holder of the Old Share Save Option;
- (c) the holder of an Old Share Save Option ceasing to be a director or employee of any member of the Group by reason of injury, disability, redundancy or retirement on reaching the age of 60;
- (d) the holder of an Old Share Save Option ceasing to be a director or employee of any member of the Group by reason of his office or employment being with a company over which the Company ceases to have control, or the office or employment relates to a business or part of a business which is transferred to a person not controlled by the Company;
- (e) the holder of an Old Share Save Option ceasing to be a director or employee of any member of the Group more than three years after the date of grant of the Old Share Save Option to him for any reason.

7.5.7 An Old Share Save Option will lapse on the earliest of the following events:

- (a) except where the holder of the Old Share Save Option has died, the expiry of six months following the relevant bonus date;
- (b) where the holder of an Old Share Save Option died during six months after the bonus date, the first anniversary of the bonus date;
- (c) where the holder of the Old Share Save Option has died before the bonus date, the first anniversary of his death;

- (d) unless the holder of the Old Share Save Option has died, the expiry of six months after the option has become exercisable by virtue of him ceasing to be a director or employee of any member of the Group by reason of injury, disability, redundancy or retirement;
 - (e) the expiry of six months after the Option has become exercisable by virtue of the Option holder ceasing to be a director or employee of any member of the Group more than three years after the date of grant of the Old Share Save Option to him for any reason whatsoever, or the holder of an Old Share Save Option ceasing to be a director or employee of any member of the Group by reason of his office or employment being with a company over which the Company ceases to have control;
 - (f) the holder of an Old Share Save Option ceasing to be a director or employee of any member of the Group in circumstances in which the Old Share Save Option does not become exercisable; or
 - (g) the holder of an Old Share Save Option being adjudged bankrupt.
- 7.5.8 If the holder of an Old Share Save Option continues to be employed by a member of the Group after he reaches retirement age (age 60), he may exercise any Old Share Save Option within six months after that date.
- 7.5.9 In the event of the Company becoming the subject of a Court-sanctioned reconstruction or scheme of arrangement, a change of control after a general offer to acquire a controlling interest has been made, or a members' voluntary winding-up, the holder of an Old Share Save Option may exercise the Option during the period of six months following the occurrence of such an event. Where the Company becomes the subject of a takeover offer under which any person becomes bound or entitled to purchase shares of the Company under Sections 428-430F of the Act, each Old Share Save Option is exercisable during the period any person is so bound or entitled.

7.6 *Approved Company Share Option Plan ("Company Share Option Plan")*

- 7.6.1 The Company Share Option Plan was adopted on 18 March 2003 and replaced the Company's Approved Executive Share Option Scheme.
- 7.6.2 Under the Company Share Option Plan, eligible persons may be given the right to purchase a certain number of shares at a fixed price and at a certain time (a "Company Share Option").
- 7.6.3 Full time Directors and any employee of the Group ("Eligible Employees") are eligible to take part in the Company Share Option Plan.
- 7.6.4 Eligible Employees must not already own or have options over more than 10% of the ordinary shares of the Company and the total value of Ordinary Shares over which such Eligible Employees can hold options must not exceed £30,000 at any time.
- 7.6.5 No Company Share Options may be granted after the tenth anniversary of its approval by the Inland Revenue.
- 7.6.6 A Company Share Option may not be exercised more than ten years after the date of its grant and are non-transferable.
- 7.6.7 A Company Share Option may not be exercised earlier than the third anniversary of the date of grant or such later specified time. This rule is subject to certain exceptions whereby an employee or his personal representatives can exercise a Company Share Option for a limited period of time should he have to leave the Company on a non-voluntary basis before or after the end of this period.
- 7.6.8 The number of Ordinary Shares in respect of which Company Share Options may be granted on a given day in any year, when added to the number of Ordinary Shares in respect of which Company Share Options have previously been granted and may become exercisable, may not exceed such number of Ordinary Shares as represents 5% of the issued ordinary share capital of the Company.

7.6.9 In the event of the Company becoming the subject of a Court-sanctioned reconstruction or scheme of arrangement, a change of control after a general offer to acquire such an interest has been made, a takeover offer under which a person becomes entitled or bound to acquire shares of the Company under sections 428 to 430F of the Act or a members' notice that it be wound-up on a voluntary basis, an Eligible Employee holding a Company Share Option may exercise his Company Share Option during a period of six months following the occurrence of such an event, even if any performance-related conditions or criteria have not been satisfied. A Share Save Option will lapse on the commencement of a winding-up of the Company.

7.6.10 As at the date of this document, no Company Share Options have been granted to any person.

7.7 *Wynnstay & Clwyd Farmers plc Approved Executive Share Option Scheme ("Executive Share Option Plan")*

7.7.1 The Approved Executive Share Option Scheme was established in March 1993 and lapsed in March 2003. The Scheme received Inland Revenue approval on 26 March 1993.

7.7.2 Options over 128,000 Ordinary Shares remain outstanding under the Executive Share Option Plan. The Company has granted the following outstanding options under the Executive Share Option Plan to Directors all of which may now be exercised:

Director	Date of grant of option	Number of Ordinary Shares under option	Date by which option must be exercised	Exercise price per Ordinary Share (£)
B P Roberts	June 1996	8,000	June 2006	1.1375
B P Roberts	July 1997	8,000	July 2007	1.1625
J M Jones	June 1996	8,000	June 2006	1.1375
J M Jones	July 1997	8,000	July 2007	1.1625
R G Griffiths	June 1996	8,000	June 2006	1.1375
R G Griffiths	July 1997	8,000	July 2007	1.1625

7.7.3 The exercise of the Executive Share Options that have been granted gives the Executive Share Option holders the right to purchase a certain number of Ordinary Shares at a fixed price, at a certain time. The exercise of an Executive Share Option is not conditional upon the satisfaction of any performance condition or criteria.

7.7.4 As the Executive Share Option Scheme has been approved by the Inland Revenue, no income tax is payable by an Executive Share Option holder upon exercise of an Executive Share Option.

7.7.5 No Executive Share Option may be transferred, assigned or charged.

7.7.6 An Executive Share Option may be exercised in whole or part at any time following the earliest of:

- (a) the third anniversary of the date of grant of the Executive Share Option;
- (b) the death of the holder of an Executive Share Option; or
- (c) the holder of an Executive Share Option ceasing to be a director or employee of any member of the Group.

7.7.7 An Executive Share Option will lapse on the earliest of the following events:

- (a) the tenth anniversary of the date of grant of the Executive Share Option;
- (b) the first anniversary of the death of an Executive Share Option holder;
- (c) six months following an Executive Share Option holder ceasing to be a director or employee of any member of the Group, other than by reason of death;
- (d) six months after the Executive Share Option has become exercisable in the event of a takeover or liquidation occurring, unless a release has been effected, or the Executive Share Option holder is adjudged bankrupt;
- (e) the commencement of a winding-up of the Company.

7.7.8 In the event of the Company becoming the subject of a Court-sanctioned reconstruction or scheme of arrangement, a change of control after a general offer to acquire a controlling interest has been made, a takeover offer under which a person becomes entitled or bound to acquire shares under Sections 428-430F of the Act, or a notice that it be wound-up upon a voluntary basis, an Executive Share Option holder may exercise his Executive Share Option during the period of six months following the occurrence of such an event.

7.8 *Employee Share Ownership Trust (“ESOP Trust”)*

7.8.1 The trustees of the Company’s ESOP Trust are the Directors of the Company. The purpose of the ESOP Trust is to acquire securities of the Company to be held for the benefit of past, present and future employees of the Group and their families. The ESOP Trust is a discretionary trust.

7.8.2 If the capital and income of the ESOP Trust is not ultimately disposed-of for any reason, the trust fund is to be held in trust for the trustees the Company’s Health Trust (a trust that provides benefits to employees in periods of illness and sickness).

7.8.3 Contributions to the ESOP Trust in the current financial year amount to £16,970 and in the financial year ending 31 October 2003 amounted to £20,000. As at the date of this document, 22,838 Ordinary Shares are held by the ESOP Trust.

7.9 *The Employee Share Participation Scheme*

Once an employee has completed 12 months service he/she is gifted 200 Ordinary Shares by the ESOP Trust.

8. Property

8.1 The Group occupies thirty-six properties. Activities carried on at the properties are as follows:

- (a) twenty-four operational properties, being retail stores, farm stores, offices, two mills, one seed plant and one garage. Certain operational properties, including the Company’s head office at Llansantffraid, combine more than one of these trading activities. Nineteen of these properties are freehold and four are short leasehold;
- (b) seven market offices or site sheds are occupied by the Company on informal licence arrangements; and
- (c) five investment properties, with parts of two of the operational properties also being held for investment purposes. Activities at the investment properties include a commercial nursery operation (Mayne Lane Nursery, Ash Martock) and residential property.

8.2 The Company has contingent liabilities under its four short-leasehold operational properties, all of which are held by the Company on full repairing and insuring leases. Three of the four leases have expired but the Company remains in occupation pursuant to the Security of Tenure provisions of Part II of the Landlord and Tenant Act 1954.

8.3 On 6 June 2003, the Company granted a lease in respect of the property known as Mayne Lane Nursery, Ash, Martock, Somerset, to Frank Rowe Limited for a term of fifteen years, commencing on 6 June 2003, on full repairing terms at an initial rent of £72,500 per annum (subject to five-yearly review).

9. Transfer of Engagements of Eifionydd Farmers

9.1 The Company has acquired the business, assets and liabilities of Eifionydd Farmers by way of a statutory transfer of engagements (the “Transfer of Engagements”) pursuant to section 52 of the Industrial and Provident Societies Act 1965 as amended by section 1 of the Industrial and Provident Societies Act 2002 (“s52 IPSA 1965”).

9.2 The Company constituted and created Convertible Unsecured Loan Stock 2003 (the “Loan Stock”) on 13 October 2003 for a nominal amount of £620,000. The Loan Stock was created for the purposes of facilitating the Transfer of Engagements. The Company has issued all the Loan Stock at par fully paid to each former eligible member of Eifionydd Farmers equal to the nominal value of the shares held by them in Eifionydd Farmers.

- 9.3 The Loan Stock is convertible into Ordinary Shares at a rate of four Ordinary Shares for each £1 nominal value of Loan Stock, during the period between 1 September 2005 and 31 August 2006 (inclusive) by the holders of the Loan Stock giving notice to the Company. Other terms of the Loan Stock are as follows:
- 9.3.1 interest is payable on the Loan Stock at a rate of 4% per annum;
- 9.3.2 the Company may, at any time after 31 August 2006, repay at par the whole or any part of the Loan Stock for the time being outstanding, together with interest;
- 9.3.3 each holder of Loan Stock may, upon giving not less than one month's notice in writing to the Company, demand repayment at any time at par, together with interest on the whole or any part of the Loan Stock held by him;
- 9.3.4 the Loan Stock is non-transferable and no public offer of the Loan Stock may be made, or application to the London Stock Exchange, or UK Listing Authority, or elsewhere, for permission to deal in or for an official or other quotation in respect of the Loan Stock; and
- 9.3.5 in the event of the Company consolidating or sub-dividing its ordinary share capital. The rate of conversion of Loan Stock into ordinary shares is to be adjusted in such manner as the Company's Auditors certify to be fair and reasonable.

10. Joint Ventures and Associate Companies

10.1 *Frank Rowe Limited, Registered Number 3708575 ("Frank Rowe")*

- 10.1.1 On 30 September 2003, Wynnstay Investments Limited ("Wynnstay Investments") entered into a shareholders agreement with Martin Wyndham-Rowe and Frank Rowe in respect of Frank Rowe. Particulars of Frank Rowe are as follows:

Shareholder	Ordinary Shares	Preference Shares
Brian David Rowe	nil	351,598
Martin Wyndham Rowe	156,122	nil
Wynnstay Investments Limited	150,000	nil

- 10.1.2 Wynnstay Investments and Martin Wyndham-Rowe shareholder have agreed certain restrictive covenants that will apply to Wynnstay Investments during the period it is a Frank Rowe shareholder and for a period of one year following the date on which it ceases to be a Frank Rowe shareholder. Such restrictions include a restriction preventing Wynnstay Investments from being engaged or interested in any business competing in the UK or Northern Ireland with the business of Frank Rowe.

10.2 *Wyro Developments Limited, Registered Number 4259738 ("Wyro")*

- 10.2.1 On 2 October 2003 the Company entered into a joint venture agreement with S. J. Roberts Construction Limited in respect of Wyro. The shareholders of Wyro are S.J. Roberts Construction Limited and the Company, who each hold one ordinary share of £1 each.
- 10.2.2 The primary objective of Wyro is to carry on the business of residential and commercial property development.
- 10.2.3 The Wyro shareholders have agreed that, whilst shareholders and, for a period of one year from the date they cease to be shareholders, they will not develop any property without first giving Wyro the opportunity to develop it.
- 10.2.4 The Wyro Shareholders have agreed that no dividend will be declared for a period of three years from the date of the Wyro joint venture agreement.

10.3 *Youngs Animal Feeds Limited, Registered Number 4128486 ("Youngs Feeds")*

- 10.3.1 On 27 April 2001, the Company entered into a joint venture agreement with Dollin & Morris Limited ("Dollin & Morris") and Youngs Feeds in relation to Youngs Feeds. The shareholders of Youngs Feeds are Dollin & Morris, which holds 140,000 "B" ordinary shares of £1, and the Company, which holds 140,000 "A" ordinary shares of £1.

- 10.3.2 Youngs Feeds carries on the business of distributing equine and pet feed from its sites in Congleton and Huyton. In addition, it manufactures its own brand of pet food known as “Molichop” .
- 10.3.3 On 30 April 2003, Dollin & Morris, the Company and Youngs Feeds entered into an agreement that provides either shareholder may at any time following 30 April 2004 serve a notice on the other shareholder requiring the other to agree to either buy out all the shares of Youngs Feeds or sell its shares in Youngs Feeds.
- 10.4 *Welsh Feed Producers Limited, Registered number 03570238 (“Welsh Feed”)*
- 10.4.1 On 6 October 1998, the Company entered into a joint venture agreement with Clynderwen & Cardiganshire Farmers Limited (“CCF”), ABN Limited (now known as ABNA Limited) (“ABNA”) and Welsh Feed in relation to Welsh Feed. Particulars of the current shareholders and loan stockholders are as follows:
- | Shareholder | “A” ordinary shares | “B” ordinary shares | Loan Stock |
|--------------------------------------------|----------------------------|----------------------------|-------------------|
| Clynderwen & Cardiganshire Farmers Limited | Nil | 150,000 | £500,000 |
| The Company | 150,000 | Nil | £500,000 |
| ABNA Limited | Nil | Nil | £500,000 |
- 10.4.2 Welsh Feed is a manufacturing joint venture arrangement under which the Company agreed that during each year it is a shareholder of Welsh Feed it will contract with Welsh Feed pursuant to agreed terms to place orders with Welsh Feed to contract manufacture on behalf of the Company an agreed quantity of ruminant animal feedstuff products.
- 10.4.3 ABNA also agreed to contract with Welsh Feed to place orders with Welsh Feed to contract manufacture its full and complete requirements of feed for use in defined geographical areas in South West Wales.
- 10.4.4 In December 2003, ABNA sold its ruminant compound feed business to a third party. Upon the sale ABNA ceased to have a requirement to purchase foodstuff products. The third party purchaser continues to trade with Welsh Feed but is not contractually obliged to do so on a long term basis.
- 10.4.5 The loan stock set out in paragraph 10.4.1 above is repayable on 30 September 2008. There are interest arrears of £90,000 owed by Welsh Feed to the loan stock holders (one third of which is owed to the Company).
- 10.4.6 The Company may not within a defined geographical area in South West Wales be interested in the manufacture or production of compound feedstuff products.
- 10.5 *Wynnstay Fuels Limited, Registered Number 01033539 (“Wynnstay Fuels”)*
- 10.5.1 The shareholders of Wynnstay Fuels are Morrey Oils Limited which holds 72 ordinary shares of £1 and the Company which holds 48 ordinary shares of £1.
- 10.5.2 Wynnstay Fuels carries on the business of distribution of agricultural, commercial and domestic fuel oils.

11. Material Contracts

- 11.1 Save as set out in this paragraph 11, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by a member of the Group in the two years prior to the date hereof and which are, or may be, material.
- 11.2 On 2 January 2003 the Company acquired C. A. Davies & Sons Limited, suppliers of grain and animal feeds. On 30 January 2004 the Company acquired R Williams & Son, an animal health and general agricultural supply business. Deferred consideration amounting to no more than £252,000 will be payable in respect of these two acquisitions following the date of this document.

- 11.3 On 18 July 2003, the Company entered into a shareholders agreement with Kevin Marley in relation to Wynnstay Investments Limited.
- 11.4 By a letter of engagement dated 26 November 2003, the Company appointed W. H. Ireland as financial adviser in connection with the Admission. W.H. Ireland will receive pursuant to the engagement a fee of £50,000 plus legal costs not to exceed £15,000 plus reimbursement of expenses and VAT. On Admission, W. H. Ireland shall be issued a warrant to subscribe at any time during the three years following the date of Admission for 120,000 Ordinary Shares at the Placing Price. On Admission, the Company shall appoint W. H. Ireland as nominated adviser to the Company.
- 11.5 By an appointment letter dated 11 May 2004 the Company agreed to appoint W.H. Ireland Nominated Adviser to the Company for the purposes of the AIM rules. The appointment letter provides, *inter alia*, that W. H. Ireland shall be paid an annual advisory fee of £10,000 plus VAT and disbursements.
- 11.6 By an appointment letter dated 11 May 2004 the Company has appointed W. H. Ireland as broker to the Company in connection with the Admission and the Placing. The appointment letter provides, *inter alia*, as follows:
- 11.6.1 W. H. Ireland will be paid a success fee of £25,000 plus VAT upon Admission, an annual retaining fee of £10,000 plus VAT and reasonable out-of-pocket expenses and commission at the rate of 2% of the aggregate value of the Ordinary Shares at the Placing Price which are the subject of the Placing and a further 3% in respect of which W. H. Ireland have procured subscribers; and
- 11.6.2 if the Broker Appointment Letter is terminated, the success fee of £25,000 is still payable to W. H. Ireland if the Company (or any affiliate of it) completes or part-completes its admission to AIM or the Official List within twelve months of termination.
- 11.7 Pursuant to the Placing Agreement, W. H. Ireland has agreed to use its reasonable endeavours to procure subscribers on behalf of the Company for the Placing Shares at the Placing Price. W. H. Ireland is under no obligation to subscribe for Placing Shares for which it is unable to procure subscribers. The Directors have given certain warranties and indemnities as to the accuracy of the information contained in this document and other matters in relation to the Company and its business. The Placing Agreement contains indemnities and warranties from the Company and the Directors in favour of W. H. Ireland together with provisions which enable W. H. Ireland to terminate the Placing Agreement prior to Admission on certain circumstances. The Placing Agreement is conditional *inter alia* upon Admission taking place on or before 7 June 2004.
- 11.8 On 12 February 2004, the Company entered into a distribution agreement with Kemira GrowHow UK Limited for the supply of Kemira fertiliser products to the Company. This agreement is for an initial term of three years, and may be terminated by either party giving not less than twelve months notice to the other at any time.
- 11.9 On 25 April 2003, 20 May 2003 and 5 May 2003 respectively, the Company entered into three separate agreements with the British Society of Plant Breeders Limited (the “BSPB”). Under these agreements, the Company is required to collect, and account to the BSPB for royalties arising from the sales of various crop seeds made by the Group. The Company collects, and accounts to the BSPB for a substantial amount of royalties each year.
- 11.10 The property lease referred to in paragraph 8.3 of this Part V.
- 11.11 The Loan Stock relating to Eifionydd Farmers referred to in paragraph 9 of this Part V.
- 11.12 The joint venture agreements referred to in paragraph 10 of this Part V.
- 11.13 The guarantees and loan agreements referred to in paragraphs 12 and 13 of this Part V.
- 11.14 Approximately £141,000 is owed to persons who were members of the Company when it was an industrial and provident society (the “Wynnstay Unsecured Loan Capital”). The Company’s rules relating to the Wynnstay Unsecured Loan Capital provide that Wynnstay Unsecured Loan Capital is provided on a continuous basis and not for a fixed period, interest is payable on it at half-yearly intervals at the highest base rate of HSBC plc in the first six months of each year, and it is repayable by the Company or the holder on giving six months notice.
- 11.15 Approximately £563,000 of unsecured loan capital is outstanding to former members of Eifionydd Farmers (“the Eifionydd Unsecured Loan Capital”). The Eifionydd Unsecured Loan Capital is treated on the same basis as the Wynnstay Unsecured Loan Capital set out in paragraph 11.14 above.

12. Guarantees given by the Company

- 12.1 The Company has entered into various guarantees and indemnities to support the obligations and liabilities of other members of the Group, its joint ventures and associate companies.
- 12.2 Pursuant to a guarantee dated 31 October 2003, the Company has guaranteed to Barclays plc (“Barclays”) all monies and liabilities which shall now or at any time be due, owing or incurred to Barclays by Frank Rowe Limited on any account. The amount recoverable under the guarantee is limited to £150,000 plus interest, charges, costs and expenses. On 20 June 2003 the Company has provided a guarantee and indemnity to Barclays in respect of a loan agreement entered into by Frank Rowe for £60,000 in respect of all monies and liabilities which shall for the time being be due, owing or incurred to Barclays under the loan agreement.
- 12.3 Pursuant to a guarantee dated 29 August 2001, the Company has guaranteed to Barclays the monies and liabilities which shall, from time to time, be due, owing or incurred by Welsh Feed to Barclays on any account. This guarantee is limited to £100,000 plus interest, charges, costs and expenses. The Company is obliged to pay to ABNA an amount equal to 50% of any liability that is incurred by ABNA under a guarantee given by ABNA to Barclays in respect of Welsh Feed.
- 12.4 The Company has (jointly and severally with Morrey Oils Limited) guaranteed to HSBC Bank plc (“HSBC”) all monies and liabilities whatever, whenever and howsoever incurred, whether now or in the future, due or becoming due from Wynnstay Fuels to HSBC, including any loans or facilities, any other guarantee and indemnity, discount commission and other lawful charges and expenses and interest. The amount recoverable pursuant to the guarantee is limited to £200,000 plus interest at 3% above HSBC’s base rate computed and compounded monthly, and fees, and costs.
- 12.5 Pursuant to a guarantee dated 27 April 2001, the Company has guaranteed to HSBC all monies and liabilities whatever, whenever and howsoever incurred, whether now or in the future, due or becoming due from Youngs Feeds to HSBC, including any loans or facilities, any other guarantee and indemnity, discount commission and other lawful charges and expenses and interest. The amount recoverable pursuant to the guarantees is limited to £125,000 plus interest at 3% above HSBC’s base rate computed and compounded monthly, and fees, and costs.

13. Loans made by the Company to third parties

- 13.1 On 1 November 2003 the Company made a loan of £550,000 to Wyro for the acquisition of the Long Meadow, Abermule Site by Wyro. The loan is secured by a fixed charge over the Abermule Site. Interest on the loan is to accrue at 1.5% per annum above HSBC’s base rate.
- 13.2 On 1 March 2004 the Company made a further loan of £1,473,556 to Wyro to enable Wyro to acquire a further site in Abermule. The loan is repayable on demand and is secured by a fixed charge over this site.
- 13.3 The Company holds £500,000 of Loan Stock of Welsh Feed. Further information is set out in paragraph 10.4.5 of this Part V.
- 13.4 The Company made a loan of £178,040 to R & R Pigs Limited on 3 July 2001. As at the date of this document, £110,000 is outstanding to the Company,. A bad debt provision of £55,000 has been made in the Company’s latest statutory accounts. The Company has been granted a debenture over the assets of R & R Pigs Limited as security for this loan.

14. Compliance

The Company has the following licences, certificates, registrations and approvals which are essential to its business:

- 14.1 Goods Vehicle Operators’ Licences;
- 14.2 efsis Product Certification - the Company is an approved producer against the requirements of the UKASTA Feed Assurance Standard: Compound Feedingstuffs - Medicated;
- 14.3 Consumer Credit Licences to carry on consumer credit, consumer hire and credit brokerage;
- 14.4 Wholesale Dealer’s Licence issued by the Medicines and Healthcare Products Regulatory Authority (Department of Health) to distribute by way of wholesale dealing within the EEA the medicinal products specified in part I of the Medicines Act 1968 (subject to the provisions specified in part II of that Act);

- 14.5 BASIS registered distributor to store and supply pesticides;
- 14.6 registration with the Animal Medicines Inspectorate Department of the Royal Pharmaceutical Society of Great Britain to sell specified animal medicines;
- 14.7 registration of employees with AMTRA;
- 14.8 Justices' Off-Licences for certain stores;
- 14.9 licences to sell non-medicinal poisons included in part II of the Poisons List under the Poisons Act 1972;
- 14.10 licences to keep Petroleum Spirit and Petroleum Mixtures;
- 14.11 registrations to keep explosives pursuant to the Explosives Acts 1875-1976; and
- 14.12 approval for the storage of certain fertilisers.

15. Litigation

There are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) against, or being brought by, the Company or any member of the Group which are having or may have a significant effect on the Company's financial position.

16. Intellectual Property Rights

- 16.1 Save as referred to in paragraph 11.9 of this Part V and below, there are no patents or intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.
- 16.2 The Company has registered the trade mark "Ewemaster" for foodstuffs for ewes in the UK.
- 16.3 The Company's seed business is branded as "Ridleys Seeds".
- 16.4 The Company promotes "Wynnstay Feed" as a brand. In addition, the Company trades under the other divisional names "Wynnstay Arable" and "Wynnstay Stores". However, "Wynnstay" is not a name unique to the Company.

17. Working Capital

The Directors are of the opinion that, taking into account the proceeds of the Placing and having made due and careful enquiry, the working capital available to the Group will, from the time the Ordinary Shares are admitted to AIM, be sufficient for their present requirements, that is for at least twelve months from the date of Admission.

18. Taxation

18.1 Introduction

- 18.1.1 The information in this section is based on the Directors' understanding of current tax law and Inland Revenue practice. The following should be regarded as a summary and should not be construed as constituting advice. Prospective shareholders are strongly advised to take their own independent tax advice but certain potential tax benefits are summarised below in respect of an individual resident in the UK for tax purposes.
- 18.1.2 On issue, the Ordinary Shares will not be treated as either "listed" or "quoted" securities for tax purposes. Provided that the Company remains one which does not have any of its shares quoted on a recognised stock exchange (which for these purposes does not include AIM) and assuming that the Company remains a trading company or the holding company of a trading group for UK tax purposes, the Ordinary Shares should continue to be treated as unquoted securities qualifying for certain reliefs from UK taxation.
- 18.1.3 The following information is based upon the laws and practice currently in force in the UK and may not apply to persons who do not hold their Ordinary Shares as investments.

18.2 Capital Gains Tax ("CGT")

18.2.1 Disposals

Changes were made to the rules relating to the holdings of shares from 6 April 1998 so that the "pooling" of shares (i.e. treating them as one asset) no longer applies. Generally, any disposal of shares is treated on a last in, first out basis for the purposes of calculating gains which are chargeable to tax.

18.2.2 *Taper Relief*

- (a) On 5 April 1998, “taper relief” was introduced which applies to individual investors and trustees (but not to corporate investors). Taper relief reduces the chargeable gain assessable to CGT in relation to the period the investment is held and the scales of relief depend upon whether the investment is a “business” or “non-business” asset. The scale of relief is enhanced for those assets which qualify as “business” assets.
- (b) Business assets include shares in qualifying unquoted trading companies or holding companies of trading groups. For these purposes, prospective investors should note that companies admitted to trading on AIM are regarded as unquoted.

18.3 *Inheritance Tax (“IHT”)*

Shares in qualifying trading companies can attract 100 per cent. business property relief from IHT provided that the shares are held for at least two years before a chargeable transfer for IHT purposes. Business Property Relief may be restricted where a trading company has excepted assets (assets held for investment purposes). Business Property Relief would also apply to shares in an AIM company if that company were a trading company or holding company of a trading group.

18.4 *Income Tax*

18.4.1 *Taxation of Dividends*

- (a) The statements that follow assume that no dividends paid by the Company will be treated as foreign income dividends pursuant to the provisions of the Finance Act 1997. Since 1999 the Company cannot elect to pay any foreign income dividends under the provisions contained in the Finance Act 1994.
- (b) Under current UK tax legislation, no tax is now withheld from dividends paid by the Company. Advance Corporation Tax (“ACT”) has been abolished since 6 April 1999.
- (c) UK resident individual shareholders are treated as having received income of an amount equal to the sum of the dividend and its associated tax credit, the tax credit for dividends paid from 6 April 1999 being 10 per cent. of the combined amount of the dividend and the tax credit (i.e. the tax credit will be one ninth of the dividend). The tax credit will effectively satisfy a UK resident individual shareholder’s lower and basic rate (but not higher rate) income tax liability in respect of the dividend. UK resident individual shareholders who are subject to tax at the higher rate (currently 40 per cent.) will have to account for additional tax. The special rate of tax set for higher rate taxpayers who receive dividends is 32.5 per cent. After taking account of the 10 per cent. tax credit, such a taxpayer would have to account for additional tax of 22.5 per cent. i.e. an effective rate of 25 per cent on the amount of the dividend. In determining what tax rates apply to a UK resident individual shareholder, dividend income is treated as his top slice of income.
- (d) Prior to 6 April 1999, in appropriate cases, individuals and charities were able to reclaim all or part of the tax credit attaching to a dividend in cash from the Inland Revenue. From 6 April 1999 they are no longer able to do so. Over a transitional period to 2003/04, charities (but not individuals) will be able to claim a compensatory payment calculated as a percentage payment of their dividend income.
- (e) A UK resident (for tax purposes) corporate shareholder will generally not be liable to UK corporation tax on any dividend received and will be entitled for tax purposes to treat any such dividend and the related tax credit as franked investment income.
- (f) A UK pension fund, as defined in Section 231A Income and Corporation Taxes 1988, is restricted from claiming a repayment of the tax credit.
- (g) Shareholders not resident in the UK are generally not taxed in the UK on dividends received by them (unless, exceptionally, the investment is managed by a UK investment manager acting, broadly, on arm’s length terms). By virtue of double taxation agreements between the UK and other countries, some overseas shareholders are able to claim payment of all or part of the tax credits carried by the dividends they receive from UK companies. Persons who are not resident in the UK should consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming repayment and what relief or credit may be claimed in respect of such tax credit in the jurisdiction in which they are resident.

18.4.2 *Loss Relief*

If a loss arises on the arms length disposal of shares in a qualifying trading company or a holding company of a trading group, such shares being originally acquired on a subscription for new shares, the loss may be relieved against income of that year or the previous year (with priority for relief in the current year where income of both years is utilised). Any loss remaining after claiming relief against income, may be available for relief against capital gains in either the current or subsequent years.

18.5 *Stamp duty and stamp duty reserve tax (“SDRT”)*

Transfers or sales of Ordinary Shares will be subject to ad valorem stamp duty (payable by the purchaser and generally at the rate of 50p per £100 or part thereof rounded up to the nearest £5 and an unconditional agreement to transfer such shares, if not completed by a duly stamped stock transfer form within two months of the day on which such agreement is made or becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at that rate). However, if within 6 years of the date of the agreement an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid.

18.6 *Enterprise Investment Scheme (“EIS”)*

The amount of the Company’s gross assets and its current structure and activities would not enable it to meet the requirements of a qualifying company under the EIS.

18.7 *Summary*

This paragraph 19 is a summary of certain aspects of current law and practice in the UK. Any person who is in any doubt as to his tax position, and in particular any person who is subject to taxation in a jurisdiction other than the United Kingdom is strongly advised to consult his professional adviser.

19. General

19.1 Save as disclosed in this paragraph 19.2 of this Part V, no person (other than professional advisers named in this document and trade suppliers dealing with members of the Group) has:

19.1.1 received, directly or indirectly, from the Company or any other member of the Group within the twelve months preceding the application for Admission; or

19.1.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company or any other member of the Group on or after Admission any of the following:

- (a) fees totalling £10,000 or more;
- (b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
- (c) any other benefit with the value of £10,000 or more at the date of Admission.

19.2 During the period of 12 months prior to Admission, the Company has incurred the following professional fees:

(a) fees totalling £23,236 inclusive of VAT in respect of legal services provided to members of the Group by Harrisons Solicitors;

(b) fees totalling £17,000 exclusive of VAT in respect of legal advice given by Parry Davies Clwyd Jones Solicitors to Eifionydd Farmers in connection with the transfer of engagements of Eifionydd Farmers.

(c) fees totalling £12,386 (exclusive of VAT) to Anglo American Services in respect of consultancy services provided to the Company.

19.3 The estimated amount of the expenses of the Placing, which are all payable by the Company is £413,000 (excluding VAT). This amount includes an estimated commission of £48,000 payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or of his procuring or agreeing to procure subscriptions for such securities.

19.4 There is no minimum amount which, in the opinion of the Directors, must be raised by the Company pursuant to the Placing in order to provide the sums required pursuant to paragraph 21 of Schedule 1 of the POS Regulations.

- 19.5 With reference to and for the purposes of paragraph 45(1)(b)(iii) and 45(2)(b)(iii) of Part VII of Schedule 1 of the POS Regulations, Alexander & Co. of 17 St Ann's Square, Manchester M2 7PW, the Reporting Accountants, have given and not withdrawn their written consent to the inclusion of their name in the form and context in which it appears and their reports in this document.
- 19.6 The financial information contained in this document does not constitute full statutory accounts as referred to in section 240 of the Act
- 19.7 Save as disclosed in this document there has been no significant change in the financial or trading position of the Group since 31 October 2003, the date to which the latest audited financial statements were made up.
- 19.8 The Placing is not underwritten.
- 19.9 Save as disclosed in this document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.
- 19.10 The net proceeds of the Placing receivable by the Company are estimated at £1,087,000.
- 19.11 The accounting reference date of the Company is 31 October and the current accounting reference period of the Company will end on 31 October 2004.
- 19.12 The Placing Price represents a premium over the nominal value of £1.65 pence per Placing Share.
- 19.13 The Ordinary Shares of the Company will be traded on OFEX until the close of business on the last day OFEX is open for trading prior to the date of Admission.
- 19.14 Monies received from applicants pursuant to the Placing will be held in accordance with the terms of the placing letters issued by W. H. Ireland until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 7 June 2004, application monies will be refunded to applicants at their risk without interest.
- 19.15 The Existing Ordinary Shares and the Placing Shares will be in registered form and will be in uncertificated form in CREST. Definitive share certificates are not expected to be despatched to those placees who have elected to receive Ordinary Shares in uncertificated form if, and only if, that person is a "system member" (as defined in the Uncertificated Securities Regulations 2001) in relation to CREST. For those placees who elect to receive Ordinary Shares to be issued pursuant to the Placing in certificated form, share certificates are expected to be despatched to such applicants by post at their own risk within seven days of Admission. Temporary documents of title will not be issued in connection with the Placing.
- 19.16 The arrangements for paying for the Placing Shares are set out in the placing letters to placees. All monies received from applicants will be sent by cheque crossed "a/c Payee Only" in favour of the first named applicant. Any monies returned will be sent by first class post at the risk of the addressee within three days of the completion of the Placing. Share certificates will, where relevant, will be sent to successful applicants by first class post at the risk of the applicant within ten days of the completion of the Placing.

20. Publication of Prospectus

Copies of this document will be available free of charge to the public at the offices of Neil Myerson, The Cottages, Regent Road, Altrincham, Cheshire WA14 1RX, and W. H. Ireland, 11 St James' Square, Manchester M2 6WH, until one month after Admission.

21. Documents Available for Inspection.

Copies of the following documents may be inspected at the offices of Neil Myerson Solicitors, The Cottages, Regent Road, Altrincham, Cheshire WA14 1RX, and W. H. Ireland, 11 St James' Square, Manchester M2 6WH during the usual business hours on any weekday (weekends and public holidays excepted) for the period from the date of this document up to the date being fourteen days after Admission:

- 21.1 the Memorandum and Articles of Association of the Company;
- 21.2 the audited accounts of the Company for the period ended 31 October 2003;
- 21.3 the Reporting Accountant's reports by Alexander & Co. on the Company and Eifionydd Farmers reproduced in Parts III and IV of this document;
- 21.4 the Directors' service agreements and letters of appointment referred to in paragraph 6 above;
- 21.5 the share option schemes and the Employee Share Ownership Trust referred to in paragraph 7 above;
- 21.6 the material contracts referred to in paragraph 11 above;
- 21.7 the written consents referred to in paragraph 7 above.

Date: 13 May 2004

