

22nd October 2008



Wynnstay Group plc

Trading Update

Wynnstay, the agricultural and retail group, is pleased to provide the following trading update for the financial year to 31 October 2008.

After a very buoyant first half, which benefited from an outperformance by the Group's raw materials trading activity and increased feed and fertiliser volumes, trading in the second half of the financial year across Wynnstay's agricultural and retail operations has continued strongly. As a result, the Board now expects profit before taxation and earnings per share for the financial year to be substantially ahead of consensus market forecasts.

Within Wynnstay's agricultural businesses, animal feed sales volumes to the end of September were ahead of last year and were further increased by the acquisition, in August 2008, of the remaining 50% of the issued share capital of Welsh Feed Producers Limited not already owned. Fertiliser sales remained extremely strong despite some tailing off in demand with the poor weather at the end of the summer. Both feed and fertiliser margins improved as higher raw material costs were recovered in the market place. The Group's raw material trading business benefited from early buying and subsequent higher selling prices, but these benefits are unlikely to be repeated. However the tight supply situation in the UK suggests that margins in the Group's added value manufacturing activities should remain above historical levels.

Wynnstay's retailing activities have delivered results above their budgeted financial performance. This has been driven by Wilsons Pet Centres, the chain of pet superstores acquired in January 2008 and now re-branded "Just for Pets". The pet supplies business has made good progress in identifying new pet store outlets and a number of new openings are expected to be made over the course of the next financial year. Sales from Wynnstay's network of traditional Country Stores have shown a satisfactory like-for-like increase in the second half to date, with overall results from Country Stores supported by very good contributions from the newly acquired outlets, which benefited from the Group's broader product portfolio. Results from the Group's horticulture business, Foxmoor, were adversely affected by the inclement weather and, as a result, the business will require further re-structuring next year. The costs associated with the planned reduction in the number of production sites will be charged to profit before tax in the current year and are expected to be in the region of £600,000. The Group remains interested in pursuing a successful horticultural offering, especially through its newer distribution channels, including TV shopping and internet marketing.

As expected, the total share of profits from Wynnstay's joint venture companies and its associate company will be below last year's level. This principally reflects a lower contribution from Wyro Developments Limited, which develops residential housing.

Looking ahead, the general agricultural and commodity outlook remains positive. Therefore, while the Board does not expect that certain one-off benefits experienced in the current financial year, including very buoyant raw materials trading, will be repeated in the financial year ending 31 October 2009, the Directors remain confident about growth prospects into 2009.

Results for the year will be reported in mid January 2009 and the Board looks forward to updating shareholders on Wynnstay's continuing progress.

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