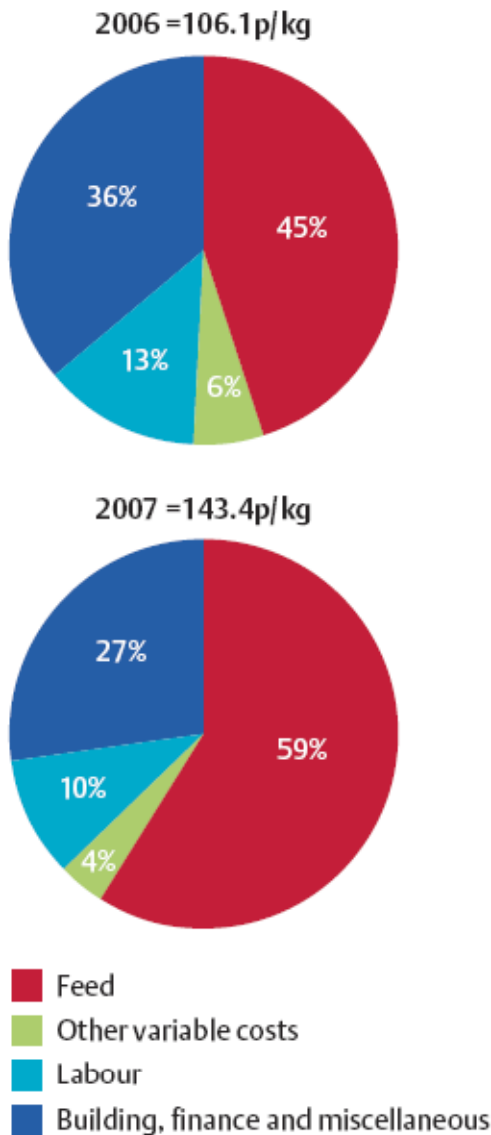
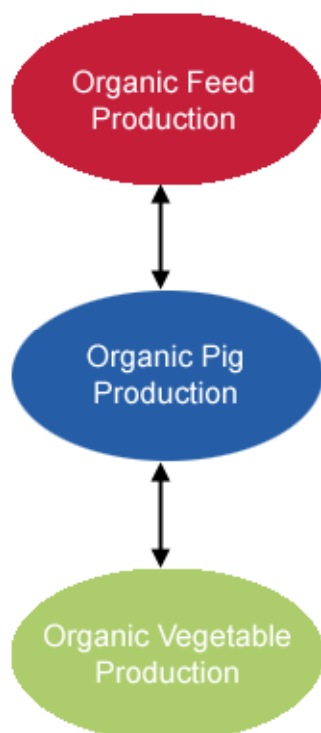


The typical UK cost of producing a pig



Swithland Agricultural Holdings Vertical Integration Strategy



Review of pig production costs

Swithland Agricultural Holdings has carefully analysed the national average costs of producing a pig.

The key cost elements are feed, buildings and finance.

Over the past 4 years, there has been a massive increase in the cost of feed which mainly comprises wheat & soya products. The reasons for such increases have been the cost of fuel for crop production, transportation and Bio Diversification (especially in Soya growing countries in Central and South America).

Whilst the threats of increased feed costs have had a significant impact on the head of pork over recent years (dropping from 802,000 in 1997 to 454,000 in 2007), we consider this to be a massive opportunity, especially when the UK's demand for Free Range Pork products are at an all time high.

Coupled with strategic land management (i.e. growing crops that will support the development of the Free Range Pork business, and eliminating non-organic chemicals) and making full use of the Swithland Groups distribution networks around the United Kingdom the risks outlined above can be virtually eliminated.

Avoid feed cost risks for a profitable business

Careful analysis of core producing costs is one of the main ways to eliminate production losses.

Vertical Diversification and integration are the key to control costs, especially with the production of pork that has benefited from very little retail price increases in recent years despite the sharp cost increases in production.

Diversification includes the growing of cereal crops that can be used as feed for the animals. Whilst some would argue that it is not possible to grow soy in the United Kingdom, it is very straight forward to grow other Legumes that not only will provide the required protein for the cereal feed mix, but will also fix a significant amount of nitrogen in the soil that will dramatically benefit the other organic Asian vegetable production and the next season cereal crops.

Clearly, it is unlikely to be 100% self sufficient for the production of our own feed, but we believe that with careful ongoing planning and management we can make a substantial contribution towards the feed costs of our Free Range Pig business.