NWF GROUP PLC INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 NOVEMBER 2004

NWG Group plc ("NWF"), the diversified sales and distribution business, today announces interim results for the six months ended 30 November 2004.

Commenting on the results, Roy Willis, Chairman said: "The six months ended 30 November 2004 have been very busy for the Group with several developments taking place which will serve us well in future years. The Board has again pursued its progressive dividend policy by approving an interim dividend of 4.3p per share (2003: 4.2p), which will be paid on 2 May 2005 to shareholders on the register on 1 April 2005. The shares will trade ex-dividend on 30 March 2005."

Financial highlights (comparative figures for six months to 30 November 2003):

- Turnover increased by 22% to £108.6m (2003: £89.3m)
- Profit before tax and exceptional item £1.3m (2003: 1.5m)
  Basic earnings per share, before exceptional item, 10.6p (2003: 13.2p)
  Interim dividend 4.3p (2003: 4.2p)

Divisional highlights:

- **Distribution -** 19,000 pallet warehouse at Deeside, Chester now fully utilised benefiting from new contract with Patak's Food
- **Feeds** increased its market share with volumes of 137,000 tonnes in a reduced market, improved margins and successfully acquired JGW Thomas & Son, feed manufacturer in Umberleigh, Devon
- **Fuels** increased volumes by 12% with all depots contributing to this performance
- **Garden Centres (previously Retail)** suffered from poor summer weather and a late start to Christmas; completed the disposal of its six Country Stores and acquired Victoria Garden Centre in Yorkshire.

On the outlook for the coming months Roy Willis added: "The Board remains confident about prospects for the second half year when the majority of the Group's profit is normally earned and looks forward to the full benefits of the various actions we have taken, in future years."

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NWF Group plc
Interim Report 2004/05
Chairman's statement

For the six months ended 30 November 2004

I am pleased to report NWF Group's interim results for the six months ended 30 November 2004. This has been a very busy half year for the Group with several developments taking place which will serve us well in future years. During the period, the Group acquired Victoria Garden Centre based in Yorkshire, disposed of its six Country Stores and leased a new warehouse near Chester. Additionally, in December 2004, the Group acquired JGW Thomas & Son Limited, a feed manufacturer based in Devon.

For the six months to 30 November 2004, operating profit was £1,619,000 (2003: £1,749,000) on turnover up by 22% to £109 million (2003: £89 million). In addition, the Group incurred an exceptional loss of £330,000 (2003: £nil) on the disposal of the Country Stores, after writing off goodwill amounting to £780,000 which had previously been transferred directly to reserves. Excluding this exceptional loss, profit before taxation was £1,293,000 and basic earnings per share were 10.6 pence; including the exceptional loss these figures become £963,000 (2003: £1,521,000) and 6.7 pence (2003: 13.2 pence) respectively.

The Board has again pursued its progressive dividend policy by approving an interim dividend of 4.3p per share (2003: 4.2p) which will be paid on 2 May 2005 to shareholders on the register on 1 April 2005. The shares will trade ex-dividend on 30 March 2005.

The **Distribution** business saw operating profit fall from £811,000 to £664,000 on increased turnover of £11m (2003: £8m). The reason for this lay partly in the one-off start-up costs associated with taking on the lease of a 19,000 pallet warehouse at Deeside, just outside Chester. This warehouse is now fully utilised with the recently announced contract with Patak's Food Limited accounting for most of this volume in conjunction with HP Foods. We will shortly review our medium term strategy for the location of distribution sites, having recently been granted planning permission to build additional warehouses at Wardle.

Feeds increased its market share yet again by maintaining volume at around 137,000 tonnes in a reduced market. Margins recovered from last year with lower raw material prices and improved efficiencies leading to a higher operating profit of £649,000 (2003: £253,000). The installation of the blends lines at Wardle and at Kirkbride were completed as was the construction of extra storage bins at the Wardle mill. In December, we announced the acquisition of JGW Thomas & Son Ltd, an animal feed manufacturer based in Umberleigh, Devon. This move gives us comprehensive access to the major dairy farming areas from Central Scotland to Cornwall.

Fuels had to contend with abnormally high product prices and poor margins early in the half year but this situation improved in the later months. Fuel is still trading at historically high prices. Volumes were 12% higher than in 2003, particularly on road fuel with heating oil demand flat in a mild Autumn. Operating profit was an excellent £761,000 (2003: £644,000) given the difficult market conditions. All depots contributed well to this performance, including those from our most recent acquisition at Nottingham and Birmingham.

In the three **Garden Centres** which we operated throughout the period, local contributions were markedly down on last year because of poor summer weather and a late start to Christmas. The result for the whole division, named Retail in previous periods, was further reduced by the costs of exiting our Country Stores and the overall operating loss was £455,000 (2003: £41,000 profit).

This includes some £140,000 of margin losses and other costs incurred in the run-up to closing the Isle of Man store in September. In November, we completed the sale of our five remaining Country Stores resulting in an overall exceptional loss before taxation of £330,000 on exiting this sector, after recognising the non-cash write-down of historic goodwill acquired several years ago. At the same time, we announced the acquisition of Victoria Garden Centre, a major site in Yorkshire, with annual sales in excess of £4m. These moves underline our strategy of focusing our retail business exclusively on large garden centres.

I am delighted that Graham Scott has agreed to remain as Chief Executive until at least the end of 2006. Alan Fulker, Finance Director for 15 years, retired in August with our gratitude for his lengthy period of excellent stewardship of the Group's finances. As announced earlier in the year, Paul Grundy became Finance Director on 1 September 2004. Mike Guest left the company in November with our thanks for his success in building our Distribution business.

The Board remains confident about prospects for the second half year when the majority of the Group's profit is normally earned and looks forward to the full benefits of the various actions described above in future years.

Roy Willis
Chairman
31 January 2005

Group profit and loss account
Half year to 30 November 2004

	Unaudited Half year to 30 Nov 2004	Unaudited Half year to 30 Nov 2003	Audited Year to 31 May 2004
	£'000	£'000	£'000
Turnover	**108,565**	89,279	198,770
Operating costs	**(106,946)**	(87,530)	(193,055)
Operating profit	**1,619**	1,749	5,715
Exceptional item – loss on disposal of operation:			
Surplus over net tangible assets	**450**	-	-
Less: goodwill previously written off	**(780)**	-	-
	(330)	-	-
Interest payable	**(326)**	(228)	(546)
Profit on ordinary activities before taxation	**963**	1,521	5,169
Taxation	**(429)**	(472)	(1,740)
Profit after taxation	**534**	1,049	3,429
Equity dividends payable	**(342)**	(334)	(1,298)
Profit transferred to reserves	**192**	715	2,131
Earnings per share (see note 1)			
Basic before exceptional item	**10.6p**	13.2p	43.1p
Basic	**6.7p**	13.2p	43.1p
Diluted	**6.5p**	12.9p	42.0p
Dividends per share	**4.3p**	4.2p	16.3p

Summarised group balance sheet
At 30 November 2004

	Unaudited 30 Nov 2004	Unaudited 30 Nov 2003	Audited 31 May 2004
	£'000	£'000	£'000
Intangible assets	**5,187**	3,443	3,348
Tangible assets	**22,483**	19,377	18,610
Stocks	**5,708**	5,846	5,899
Debtors	**28,745**	22,463	22,516
Cash and bank balances	**36**	26	25
Creditors: amounts falling due within one year	**(31,637)**	(27,396)	(25,696)

Total assets less current liabilities	**30,522**	23,759	24,702
Creditors: amounts falling due after more than one year	**(9,157)**	(4,913)	(4,353)
Provision for liabilities and charges	**(950)**	(819)	(906)
Net assets	**20,415**	18,027	19,443
Total equity shareholders' funds	**20,415**	18,027	19,443

Reconciliation of movements in equity shareholders' funds

Half year to 30 November 2004

	Unaudited Half year to 30 Nov 2004	Unaudited Half year to 30 Nov 2003	Audited Year to 31 May 2004
	£'000	£'000	£'000
Profit after taxation	**534**	1,049	3,429
Dividends	**(342)**	(334)	(1,298)
Share capital issued including premium	**-**	1	1
Goodwill resurrected on disposal of operation	**780**	-	-
Net addition to equity shareholders' funds	**972**	716	2,132
Opening equity shareholders' funds	**19,443**	17,311	17,311
Closing equity shareholders' funds	**20,415**	18,027	19,443

Summarised group cash flow statement

Half year to 30 November 2004

	Unaudited Half year to 30 Nov 2004	Unaudited Half year to 30 Nov 2003	Audited Year to 31 May 2004
	£'000	£'000	£'000
Operating profit	**1,619**	1,749	5,715
Goodwill amortisation	**91**	81	175
Depreciation	**1,210**	1,095	2,260
(Increase)/decrease in working capital	**(3,033)**	(1,228)	49
Other	**(48)**	(15)	(103)
Operating cash (outflow)/inflow	**(161)**	1,682	8,096
Interest	**(357)**	(226)	(520)
Taxation	**(834)**	(1,036)	(1,949)
Equity dividends	**(963)**	(860)	(1,195)
Purchase of tangible fixed assets	**(2,012)**	(2,741)	(3,183)
Sale of tangible fixed assets	**72**	5	139
Acquisitions including bank overdraft acquired	**(3,061)**	(926)	(925)
Disposals of businesses	**1,258**	-	-
Deferred acquisition payments	**(400)**	(509)	(509)
Net cash (outflow)/inflow before financing	**(6,458)**	(4,611)	(46)
Term loan and HP finance movements	**(529)**	(512)	(1,052)
Medium term loan received	**3,000**	1,400	1,400
Issue of ordinary share capital	**-**	1	1
(Decrease)/increase in cash in the period	**(3,987)**	(3,722)	303

Reconciliation of net cash flow to movement in net debt

Half year to 30 November 2004

	Unaudited Half year to 30 Nov 2004	Unaudited Half year to 30 Nov 2003	Audited Year to 31 May 2004
	£'000	£'000	£'000
(Decrease)/increase in cash per cash flow statement	**(3,987)**	(3,722)	303
Cash (inflow) from (increase) in HP and debt financing	**(2,471)**	(888)	(348)
Change in net debt resulting from cash flows	**(6,458)**	(4,610)	(45)
HP and lease finance acquired with acquisition	**-**	(174)	(174)
Net debt brought forward	**(8,119)**	(7,900)	(7,900)
Net debt carried forward	**(14,577)**	(12,684)	(8,119)
Analysis of net debt:			
Cash and bank balances	**36**	26	25
Overdrafts	**(6,679)**	(6,707)	(2,681)
HP and lease finance due within one year	**(45)**	(45)	(45)
Debt due within one year	**(787)**	(1,045)	(1,065)
HP and lease finance due after one year	**(102)**	(126)	(103)
Debt due after one year	**(7,000)**	(4,787)	(4,250)
	(14,577)	(12,684)	(8,119)

Segmental analysis

Half year to 30 November 2004

	Unaudited Half year to 30 Nov 2004	Unaudited Half year to 30 Nov 2003	Audited Year to 31 May 2004
	£'000	£'000	£'000
Turnover			
Distribution	**10,998**	8,108	16,683
Feeds	**22,036**	20,850	49,837
Fuels	**68,179**	52,582	114,969
Garden centres (including Country Stores)	**7,352**	7,739	17,281
	108,565	89,279	198,770
Operating profit			
Distribution	**664**	811	1,586

Feeds	**649**	253	1,278
Fuels	**761**	644	2,066
Garden centres (including Country Stores)	**(455)**	41	785
	1,619	1,749	5,715
Net operating assets			
Distribution	**11,289**	10,384	9,803
Feeds	**9,076**	9,146	8,690
Fuels	**5,371**	3,839	3,933
Garden centres (including Country Stores)	**7,721**	5,919	4,789
	33,457	29,288	27,215

Notes:

1. The calculations of basic earnings per share for the half year are based on profit after taxation before exceptional item of £843,000 (2003: £1,049,000), on profit after taxation after exceptional item of £534,000 (2003: £1,049,000) and on 7,961,123 (2003: 7,960,278) ordinary shares representing the weighted average number of shares in issue during the period.

   The calculation of the diluted earnings per share for the half year is based on the figures shown above amended for the weighted average dilutive effect (241,322 shares) of share options outstanding through the period (2003: 196,660).

2. The Group acquired the trade and certain assets of Victoria Garden Centre on 2 November 2004 for a consideration of £6.1 million, of which £3.2 million is deferred and payable in equal instalments over the next three years. The book value of net assets acquired amounted to £4.2 million, resulting in goodwill of £1.9 million. The results for the period since acquisition are not material.

3. The Group closed its Country Store located on the Isle of Man on 30 September 2004 and disposed of the trade and certain assets of its UK Country Stores on 1 November 2004.

4. The comparative figures for the year to 31 May 2004 are an abridged version of the accounts filed with the Registrar of Companies on which an unqualified audit opinion has been given.

5. The above statements have been prepared on the basis of accounting policies set out in the 2004 Annual Report and Accounts.

2005 Financial calendar

Interim dividend paid	2 May 2005
Financial year end	31 May 2005
Preliminary announcement of full year results	August 2005
Publication of Annual Report and Accounts	September 2005
Annual General Meeting	30 September 2005
Final dividend paid	1 November 2005

Copies of the Interim Report will be sent to shareholders on Friday 4 February 2005. Further copies can be obtained from the Company Secretary at NWF Group plc, Wardle, Nantwich, Cheshire, CW5 6BP.