NWF GROUP PLC INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 NOVEMBER 2005

NWF Group plc ("NWF"), the diversified sales and distribution business, today announces interim results for the six months ended 30 November 2005.

Commenting on the results, Roy Willis, Chairman said: "Both turnover and profit before taxation have shown significant improvement compared to the previous half year and the Group has traded in line with management's expectation during the period with all four businesses ahead of the same period last year."

Financial highlights (comparative figures for six months to 30 November 2004*):

- Turnover increased by 23% to £134m (2004: £109m)
- Profit on ordinary activities before taxation increased by 87% to £1.8m (2004: £1.0m)
- Basic earnings per share increased by 117% to 15.2p (2004: 7.0p)
- Interim dividend increased by 7% to 4.6p (2004: 4.3p)
- Raised £5.7m through equity share placing in December

*Comparatives above restated to reflect the adoption of FRS 17 and FRS 21

Divisional highlights:

- **Distribution:** all three warehousing sites fully and profitably occupied throughout the six months; appointed a Primary Consolidation Centre for Somerfield in August; preparation for the £15m building programme at Wardle well in hand and expected to be completed by early 2007
- **Feeds:** 45% volume increase in a competitive market, of which 30% came from expansion into the South West; established new blend plants at Ayr, Penrith and Exeter during the period
- **Fuels:** turnover increased by 21% to £83 million on volumes up 9% to 145 million litres; Broadland Fuels acquired in August
- **Garden Centres:** benefits of new focus and contribution from 2004 Victoria acquisition; operating result improved by 81%; acquisition of Woodford Park Garden Centre announced today

On the outlook for the coming months Roy Willis added: "The Board joins me in expressing confidence that the improvement in the Group's trading performance achieved in the first six months will continue in the second half of the year and beyond."

NWF Group plc	**Tavistock Communications**
Graham Scott	John West
Chief Executive	Clare Melly
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Chairman's Statement

I am delighted to report the interim results for NWF Group for the six months ended 30 November 2005. Both turnover and profit before taxation have shown significant improvement compared to the previous half year and the Group has traded in line with management's expectation during the period with all four businesses ahead of the same period last year.

Where applicable, comparatives referred to below have been restated to reflect the two financial reporting standards which the Group has adopted for the first time during this period, relating to pensions (FRS17) and dividends unapproved at the balance sheet date (FRS21).

Profit before taxation of £1.8 million is a significant uplift from last year's level of £1.0 million which was depressed by a number of non-recurring restructuring items. The steps taken last year (notably the move into the Deeside warehouse, the Country Stores disposal and the acquisitions of Victoria Garden Centre and of JGW Thomas & Son Ltd) have laid the foundations for further growth in the Group.

During the reporting period, we have strengthened the Group again in a number of areas. The acquisitions of Broadland Fuels Ltd and Nutrition Express Ltd both took place in August. Boughey Distribution was appointed as a Primary Consolidation Centre by Somerfield Stores Ltd and new feed blending plants were established at Ayr, Penrith and Exeter. We have also separately announced today the acquisition of Woodford Park Garden Centre in south Manchester. In addition, after the period end, shareholders approved the placing of 1,071,843 new shares with a number of institutions to raise £5.7 million net of expenses in conjunction with the funding of new warehouses at Wardle in 2006/07.

Results

Group turnover for the six months to 30 November 2005 increased by 23% from £109 million to £134 million. Operating profit increased to £2.4 million (2004: £1.7 million). Before goodwill amortisation of £0.2 million (2004: £0.1 million), pre-tax profit was £2.1 million (2004: £1.1 million).

Basic earnings per share before goodwill amortisation were 17.9 pence (2004: 8.1 pence), basic earnings per share were 15.2 pence (2004: 7.0 pence) and diluted earnings per share were 14.9 pence (2004: 6.8 pence).

The adoption of FRS17 and FRS21 has not had a material impact on the above results, the divisional operating performances referred to below or the restated comparative figures.

Dividend

The Board has maintained its progressive dividend policy by approving an interim dividend per share of 4.6 pence (2004: 4.3 pence) which will be paid on 2 May 2006 to shareholders on the register on 31 March 2006. The shares will trade ex-dividend on 29 March 2006.

Operations

The **Distribution** business saw operating profit increase by 32% from £708,000 to £934,000 on turnover up by 24% to £14 million (2004: £11 million). All three warehousing sites (Wardle, Deeside and Winsford) were fully and profitably occupied throughout the six months. The division was appointed a Primary Consolidation Centre for Somerfield Stores Ltd in August 2005. Preparation for the £15 million building programme at Wardle, due to start in early summer 2006, is well in hand and expected to be completed by early 2007.

Feeds saw a 45% volume increase in a competitive market, of which 30% came from our expansion into the South West. Turnover rose by 40% from £22 million to £31 million while operating profit improved slightly from £691,000 to £716,000. Firmer raw material prices by the end of the period dampened earlier progress on margins and thus profits. The division established new blend plants at Ayr (Scotland), Penrith (Cumbria) and Exeter (Devon) during the period.

Fuels operated against a backdrop of continuing high product prices, with turnover increasing by 21% from £68 million to £83 million on a volume increase of 9% to 145 million litres. Operating profit was £823,000 compared to £782,000 last time. All depots performed well with Broadland Fuels in East Anglia, acquired in August 2005, having an immaterial effect on results during the period.

Garden Centres benefitted from a new focus on this activity and from the contribution of Victoria Garden Centre, acquired in November 2004. Turnover was £6 million (2004: £7 million, which included £2 million from the now discontinued Country Stores operations). The operating loss of £83,000 showed a significant turnround of 81% from a loss of £448,000 last year. Garden centres are normally expected to make the majority of their profits in our second half year. The Group has also separately announced the acquisition of Woodford Park Garden Centre for an estimated total consideration of £1.95 million, including stock of approximately £700,000, and has entered into a new 35 year property lease with an initial annual rent of £600,000, reviewable every five years. Woodford Park has been developed over the past decade and has grown to be one of the UK’s largest destination garden centres with unaudited turnover of £6.4 million for the year ending 31 January 2005. The total site measures 9.5 acres and the garden centre has won a number of industry awards over the years. The centre lies on the A5102, the major road running between Wilmslow and Stockport.

Board and prospects

I would like to restate my AGM announcements that I will be retiring after this year's AGM to be succeeded by Mark Hudson, currently Deputy Chairman, and that Graham Scott has agreed to extend his period of office as Chief Executive until at least the end of 2007.

The Board joins me in expressing confidence that the improvement in the Group's trading performance achieved in the first six months will continue in the second half of the year and beyond.

Roy Willis

Chairman

2 February 2006

Group profit and loss account

Half year ended 30 November 2005

	Half year to 30 Nov 2005	Half year to 30 Nov 2004	Year to 31May 2005
	£'000	£'000 Restated	£'000 Restated
Turnover	**133,616**	108,565	235,648
Operating costs before provisions release	**(131,226)**	(106,832)	(231,313)
Release of provisions no longer required	**-**	-	1,066
Operating costs	**(131,226)**	(106,832)	(230,247)
Operating profit	**2,390**	1,733	5,401
Exceptional item – loss on disposal of business:			
Surplus over net tangible assets	**-**	450	595
Less: goodwill previously written off	**-**	(780)	(780)
	-	(330)	(185)
Interest payable	**(485)**	(326)	(850)
Other finance costs – FRS17	**(64)**	(91)	(181)
Profit on ordinary activities before taxation	**1,841**	986	4,185
Taxation	**(625)**	(429)	(1,312)
Profit after taxation	**1,216**	557	2,873
Dividends paid (note 5)	**(1,000)**	(963)	(1,305)
Profit/(loss) transferred to/(from) reserves	**216**	(406)	1,568
Earnings per share (note 1)			
Basic before goodwill amortisation	**17.9p**	8.1p	39.9p
Basic	**15.2p**	7.0p	36.1p
Diluted	**14.9p**	6.8p	35.0p
Proposed dividend per share	**4.6p**	4.3p	16.7p

Summarised group balance sheet

At 30 November 2005

	30 Nov 2005	30 Nov 2004	31 May 2005
	£'000	£'000 Restated	£'000 Restated
Intangible assets	**8,199**	5,187	7,300
Tangible assets	**23,858**	22,483	23,591
Stocks	**6,332**	5,708	5,372
Debtors	**37,979**	28,745	29,843
Cash and bank balances	**54**	36	36
Creditors: amounts falling due within one year	**(38,587)**	(31,295)	(27,537)
Total assets less current liabilities	**37,835**	30,864	38,605
Creditors: amounts falling due after more than one year	**(13,821)**	(9,157)	(15,012)
Provision for liabilities and charges	**(813)**	(902)	(837)
Net assets excluding pension liability	**23,201**	20,805	22,756
Pension liability (note 5)	**(4,399)**	(3,516)	(4,403)
Net assets including pension liability	**18,802**	17,289	18,353
Total equity shareholders' funds	**18,802**	17,289	18,353

Reconciliation of movements in equity shareholders' funds

Half year ended 30 November 2005

	Half year to 30 Nov 2005	Half year to 30 Nov 2004	Year to 31 May 2005
	£'000	£'000 Restated	£'000 Restated
Opening equity shareholders' funds as previously stated	**21,648**	19,443	19,443
Prior year adjustment – FRS17 (note 5)	**(4,283)**	(3,469)	(3,469)
Prior year adjustment – FRS21 (note 5)	**988**	963	963
Opening equity shareholders' funds as restated	**18,353**	16,937	16,937
Profit after taxation	**1,216**	557	2,873
Dividends paid	**(1,000)**	(963)	(1,305)
Share capital issued including premium	**236**	-	6
Goodwill resurrected on disposal of business	**-**	780	780
Actuarial loss on group pension scheme (note 5)	**-**	-	(1,341)
Taxation associated with group pension scheme	**(3)**	(22)	403
Closing equity shareholders' funds	**18,802**	17,289	18,353

Summarised group cash flow statement

Half year ended 30 November 2005

	Half year to 30 Nov 2005	Half year to 30 Nov 2004	Year to 31 May 2005
	£'000	£'000 Restated	£'000 Restated
Operating profit before provision releases	**2,390**	1,733	4,335
Release of provisions no longer required	**-**	-	1,066
Goodwill amortisation	**217**	91	300
Depreciation charge	**1,447**	1,210	2,515
Increase in working capital	**(2,104)**	(3,033)	(5,160)
Other	**(68)**	(162)	(350)
Operating cash inflow/(outflow)	**1,882**	(161)	2,706
Interest	**(457)**	(357)	(863)
Taxation	**(752)**	(834)	(1,519)
Dividends	**(1,000)**	(963)	(1,305)
Purchase of tangible fixed assets	**(1,241)**	(2,012)	(2,790)
Sale of tangible fixed assets	**32**	72	98
Acquisitions including (cash)/bank overdraft acquired	**(916)**	(3,061)	(5,272)
Disposal of business	**-**	1,258	1,561
Deferred acquisition payments	**(1,030)**	(400)	(400)
Net cash outflow before financing	**(3,482)**	(6,458)	(7,784)
Term loan and HP finance movements	**(311)**	(529)	(2,361)
Medium term loan received	**-**	3,000	9,000
Issue of ordinary share capital	**236**	-	6
Decrease in cash in the period	**(3,557)**	(3,987)	(1,139)

Reconciliation of net cash flow to movement in net debt

Half year ended 30 November 2005

	Half year to 30 Nov 2005	Half year to 30 Nov 2004	Year to 31 May 2005
	£'000	£'000	£'000
Decrease in cash per cash flow statement	**(3,557)**	(3,987)	(1,139)
Cash outflow/(inflow) from decrease/(increase) in HP and debt financing	**311**	(2,471)	(6,639)
Change in net debt resulting from cash flows	**(3,246)**	(6,458)	(7,778)
HP and lease finance acquired with acquisition	-	-	-
Net debt brought forward	**(15,897)**	(8,119)	(8,119)
Net debt carried forward	**(19,143)**	(14,577)	(15,897)

Analysis of net debt:

Cash and bank balances	**54**	36	36
Overdrafts	**(7,406)**	(6,679)	(3,831)
HP and lease finance due within one year	**(45)**	(45)	(45)
Debt due within one year	**(600)**	(787)	(600)
HP and lease finance due after one year	**(46)**	(102)	(57)
Debt due after one year	**(11,100)**	(7,000)	(11,400)
	(19,143)	(14,577)	(15,897)

Segmental analysis

Half year ended 30 November 2005

	Half year to 30 Nov 2005	Half year to 30 Nov 2004	Year to 31 May 2005
	£'000	£'000 Restated	£'000 Restated
Turnover			
Distribution	**13,632**	10,998	22,000
Feeds	**30,809**	22,036	53,090
Fuels	**82,734**	68,179	145,486
Garden centres	**6,441**	7,352	15,072
	133,616	108,565	235,648
Operating profit			
Distribution	**934**	708	1,197
Feeds	**716**	691	1,851
Fuels	**823**	782	2,633
Garden centres	**(83)**	(448)	(280)
	2,390	1,733	5,401
Net operating assets			
Distribution	**11,806**	11,336	12,150
Feeds	**17,121**	9,113	12,795
Fuels	**5,761**	6,876	8,391
Garden centres	**12,678**	11,367	11,420
	47,366	38,692	44,756

Notes:

1. The calculation of basic earnings per share before goodwill amortisation for the half year is based on profit after taxation and before goodwill amortisation of £1,433,000 (2004: £648,000, as restated – see note 4) and on 8,025,568 (2004: 7,961,123) ordinary shares representing the weighted average number of shares in issue during the period.

   The calculation of basic earnings per share for the half year is based on profit after taxation of £1,216,000 (2004: £557,000, as restated – see note 4) and on 8,025,568 (2004: 7,961,123) ordinary shares representing the weighted average number of shares in issue during the period.

   The calculation of diluted earnings per share for the half year is based on the figures shown above amended for the weighted average dilutive effect (162,396 shares) of share options outstanding through the period (2004: 241,322 shares).

2. The Group acquired Broadland Fuels Limited on 17 August 2005 for a consideration of £0.7 million. The book value of net assets acquired amounted to £0.2 million, resulting in provisional goodwill of £0.5 million. The results for the period since acquisition are not material.

3. The Group acquired Nutrition Express Limited on 19 August 2005 for a consideration of £0.5 million, of which £0.2 million is deferred depending on certain financial targets being met. The book value of net assets acquired amounted to £nil, resulting in provisional goodwill of £0.5 million. The results for the period since acquisition are not material.

4. The figures for the half year ended 30 November 2005 and the comparative figures for the half year ended 30 November 2004 are unaudited. The comparative figures for the year ended 31 May 2005 are based on an abridged version of the accounts for that year filed with the Registrar of Companies, on which an unqualified audit opinion has been given, and then adjusted for certain changes in accounting policies. Details of the changes in accounting policies are given in notes 5 to 7 below.

5. The above financial statements have been prepared on the basis of accounting policies set out in the 2005 Annual Report and Accounts with the following exceptions. For the financial year beginning on 1 June 2005, the Group has adopted the new Financial Reporting Standard FRS21 (“Events after the balance sheet date”) and also implemented in full the requirements of FRS17 (“Retirement benefits”) where previously the Group had only adopted the required transitional disclosure requirements. The comparative figures for the year ended

31 May 2005 and for the half year ended 30 November 2004 have been restated to reflect the impact of these two standards (see notes 6 and 7).

6. The adoption of FRS 21 has meant that the Group is no longer able to recognise dividends approved after the balance sheet date as a liability within the financial period to which they relate. As a consequence, the opening reserves at 1 June 2005 have been increased by £988,000 (2004: £963,000) and the profit transferred to reserves for the half years ended 30 November 2005 and 30 November 2004 have been reduced by £617,000 and £621,000 respectively. The retained profit for the year ended 31 May 2005 has increased by £25,000.

7. The full implementation of FRS 17 requires the deficit within the Group's defined benefit pension scheme to be recognised on the balance sheet net of the related deferred tax asset. As a result, the opening reserves at 1 June 2005 have been reduced by £4,283,000 (2004: £3,469,000). The impacts of full implementation on the profit and loss accounts and on the total recognised gains and losses for the half years ended 30 November 2005 and 30 November 2004 are not material. The profit and loss effect for the year ended 31 May 2005 is a decrease in operating costs of £349,000, an increase in other finance costs of £181,000, an increase in taxation of £44,000 and therefore an increase in profit after taxation of £124,000. The total recognised gains and losses for the year ended 31 May 2005 have reduced by £938,000.

8. Copies of the Interim Report will be sent to shareholders on 6 February 2006. Further copies may be obtained from the Company Secretary at NWF Group plc, Wardle, Nantwich, Cheshire, CW5 6BP.

2006 Financial calendar

Interim dividend paid	2 May 2006
Financial year end	31 May 2006
Preliminary announcement of full year results	August 2006
Publication of Annual Report and Accounts	September 2006
Annual General Meeting	26 September 2006
Final dividend paid	1 November 2006