

NWF GROUP PLC

(“NWF”, “The Company” or “The Group”)

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2007

NWF Group plc (“NWF”), the diversified sales and distribution business, today makes the preliminary announcement of its audited results for the year ended 31 May 2007.

Commenting on the results, Mark Hudson, Chairman, said: “In this, my first statement as your new Chairman, I am delighted to report another good year for NWF in which all four businesses developed strongly.”

Commenting on the outlook for the current year he added: “There is no doubt that the prolonged wet weather of this summer has had adverse effects on both our garden products trading and on the prices of feeds raw materials. However, looking at the year as a whole, we are confident of continuing our growth and will in particular have built up the turnover of our new distribution warehouses.”

Financial Highlights (comparative figures for year to 31 May 2006):

- **Turnover up 9% to £320m (2006: £293m)**
- **Pre-tax profit before goodwill amortisation up 7% to £6.4m (2006: £6.0m)**
- **Pre-tax profit up 7% to £5.9m (2006: £5.5m)**
- **Basic earnings per share 41.2p (2006: 41.7p)**
- **Full year dividend per share up 8% to 19.4p (2006: 18.0p)**
- **Initial use of new warehouse development**

Divisional Highlights:

- **Distribution** – turnover down 1% to £27.0 million (2006: £27.2 million) due to a major customer change with construction and first use of one of the three new warehouses at Wardle in May.
- **Feeds** – volumes exceeded 500,000 tonnes, a 12% increase on 2006, turnover up 13% to £81.5 million (2006: £71.9 million), record year with continuing growth and efficiency.
- **Fuels** – operating profit up 11% to £3.1 million (2006: £2.8 million) best ever performance under tough market conditions with growth in market share.
- **Garden Centres** – turnover up 38% to £21.5 million (2006: £15.6 million), operating profits up 130% to £0.7 million (2006: £0.3 million), six destination sites in operation by the end of the year.

Graham Scott, Chief Executive, further added: “This has been another satisfactory year of development for the Group. We have seen a year of significant investment, mainly in revenue generating fixed assets and we have continued to lay foundations for further growth, which will emerge as we fill our new capacities in several areas.”

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NWF Group plc
Report & Accounts 2007
Chairman's Statement

2007 Highlights

- **Turnover up 9% to £320m (2006: £293m)**
- **Pre-tax profit before goodwill amortisation up 7% to £6.4m (2006: £6.0m)**
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- **Initial use of new warehouse development**

In this, my first statement as your new Chairman, I am delighted to report another good year for NWF in which all four businesses developed strongly and in which our market capitalisation has exceeded £100 million for the first time.

Turnover increased by 9% from £293million last year to £320million. Operating profit was 5% higher at £7.1million (2006: £6.7million). This result would have been higher but for the temporary loss of Distribution business at one warehouse earlier in the year and for the poor weather for Garden Centres in the last month of the financial year. Profit before taxation before goodwill amortisation was £6.4million (2006: £6.0million) and reported profit before taxation was £5.9million (2006: £5.5million). The weighted average number of shares in issue during the year was increased by the 1 million share placing mid way through the previous year. This has been invested in fixed assets which have yet to be taken into fully profitable use, resulting in a marginal reduction in basic earnings per share to 41.2p (2006: 41.7p)

Cash flows and funding

The Group generated £12.0million (2006: £9.1million) net cash from operating activities and the net cash outflow before financing was £16.0million (2006: £1.9million). Uses of funds included £20.0million of net capital investment (2006: £2.7million) and £3.5million in acquisition payments (2006: £4.1million), including deferred payments of £1.8million (2006: £1.0million) relating to previous transactions. Interest cover (excluding FRS17 finance cost) was 5.7 times (2006: 6.2 times) and year end gearing was, as planned, higher than historic levels at 97% (2006: 46%).

Dividend

We propose a final dividend per share of 14.5 pence (2006: 13.4 pence) which will bring the total for the year to 19.4 pence (2006: 18.0 pence), an increase of 8% and which equates to dividend cover of 2.1 times (2006: 2.2 times). Subject to shareholder approval, the final dividend will be paid on 1 November 2007 to shareholders on the register at the close of business on 24 August 2007 and the shares will trade ex dividend on 22 August 2007.

Divisional overview

The main activity for **Distribution** was the construction and first use of the three new warehouses at Wardle which will be the driver for further profitable business in the future. In **Feeds**, a record result was achieved under the adverse conditions of high world commodity prices, by continuing growth and efficiency. **Fuels** also turned in a best-ever performance under similar conditions of high product prices by increasing its market share. The **Garden Centre** division ended the year with six large destination sites and with a much improved performance compared to 2006.

Acquisitions and investments

The sole operating company acquisition in the year was that of Browns of Burwell Ltd, a fuel distributor in Suffolk which was acquired in July 2006 for £1.4million. The major capital investments in the year have been £14.9million in the new Distribution warehouses and their ancillary infrastructure and £3.7million in the new Garden Centre at Ashton Park in East Manchester, following the purchase of Arthur A Gent & Sons Ltd (a dormant company holding a lease and planning permission) in July 2006 for a net consideration of £0.4million.

Board changes

Shareholders will join me in reiterating our thanks to Roy Willis, who retired at the 2006 AGM after nine years as your Chairman and service as a Director since 1980. We look forward to welcoming Richard Whiting, who will join us on 1 October 2007 to succeed Graham Scott on his retirement as Chief Executive of the Group. Richard joins us from Heywood Williams plc where he was Group Finance Director.

Outlook for the current year

There is no doubt that the prolonged wet weather of this summer has had adverse effects on both our garden products trading and on the prices of feeds raw materials. However, looking at the year as a whole, we are confident of continuing our growth and will in particular have built up the turnover of our new distribution warehouses which are expected to be fully operational in the summer of 2008. My thanks go to all who have supported NWF through the year both inside and outside the company. I look forward to updating shareholders on the Group's progress at the time of the Annual General Meeting in October.

Mark Hudson

Chairman

14 August 2007

Chief Executive's Review

This has been another satisfactory year of development for the Group, with profit before tax before goodwill up by 7.5% to £6.4million (2006: £6.0million) on turnover of £320.4million, an increase of 9.4% on £292.9million last year. Three of the businesses improved their profits over 2006 while the fourth, Distribution, suffered from a well-publicised customer loss which was replaced within the year but nevertheless caused a profit downturn in 2007. We have continued to lay foundations for further growth within the Group, which will emerge as we fill our new capacities in several areas.

We have seen a year of significant investment, mainly in revenue generating fixed assets, with a 10.1% increase in overall net assets to £30.4million (2006: £27.6million). There has been a predicted rise in interest costs and gearing, which will continue in the short term as revenues and profits from these investments gradually build to planned levels.

Distribution

This has been an exceptionally busy year for Distribution. The warehouse investment project at Wardle has dominated the year and the first of the three new warehouses was taken into use in May in line with our mid-year update. The other two will be commissioned in the course of the summer. The rate of acquiring new business is in line with our previous expectation of filling all 60,000 new pallet places by the end of May 2008. A major customer at Deeside, HP Foods, was acquired by Heinz and its logistics taken in house by the new owner. The space was taken by Typhoo Tea but not before several months of excess capacity had elapsed. The year's turnover was consequently down, by 1% from £27.2million to £27.0million and operating profits fell by 32% from £2.1million to £1.4million. Profits were also affected, as expected, by various start-up costs associated with the new development.

Feeds

Feeds moved forward again on total volumes which exceeded 500,000 tonnes for the first time, increasing by 12% over last year in a market for ruminant feeds which was around 7% larger in the same period. Much of the market growth was in blends, a segment in which we saw a 26% increase. Turnover was 13% up, reflecting the effect of the higher priced raw material base, at £81.5million compared to £71.9million last year. Operating profit reached a new record for the division at £1.9million (2006: £1.5million), up by 21%. We were particularly pleased by a strong performance in the South West, an area that we only entered less than three years ago, making NWF a national player in this market. We will create further blends and raw material storage capacity at Wardle in time for winter 2007/08.

Fuels

The Fuels business added another record year to its string of year-on-year improvements. Despite high world oil prices and a mild winter which cut back on heating oil demand, the division posted an operating profit of £3.1million compared to £2.8million in 2006, an increase of 11%. Total volumes on a like-for-like basis were unchanged at around 320 million litres, with extra diesel sales making up for the heating oils shortfall. Browns of Burwell, the fuel depot acquired in August 2006, was quickly assimilated into the operations, distributing 15 million litres in the

period since acquisition and making a useful initial contribution to total operating profit. The fuel card marketing operation made further progress.

Garden Centres

Like for like, the four more established garden centres enjoyed a 10% uplift on sales compared to 2006. This would have been higher but for the disappointing weather in May, the busiest month for the entire industry. Woodford Park had a full year in the NWF fold, adding £6.1million further turnover while Ashton Park, completed as a green field new build on time in March 2007, added a further £0.5million sales. Total turnover for the division was 38% up, taking sales from £15.6million last year to £21.5million this year. Operating profits were 130% up at £0.7million (2006: £0.3million). Average margins were improved year-on-year and several new concessions were introduced at various sites. The new Gourmet food halls at two centres traded well and this concept will be extended to other sites.

Accounting standards

In accordance with the London Stock Exchange rules for AIM listed companies, we will be adopting new International Financial Reporting Standards (IFRS) in our financial statements for the 2007/08 financial year onwards. This will apply to our interim results due to be published in early 2008, which will also include an explanation of the effects of changing to IFRS from existing UK based standards at the date of transition (1 June 2006).

Outlook for 2007/08

We are looking for further improvement in the new year. **Distribution** should benefit from the absence of last year's problems (major customer loss, start-up costs) while filling its new space. **Feeds** is expected to continue to grow its market share and benefit from further utilisation of blending capacity. **Fuels** will look to expand its geographic coverage even further and optimise operations within existing depot catchment areas. **Garden Centres** should enjoy the benefits of six large units with new buying and operations management while improving its offer and margins.

I would like to add my own welcome to Richard Whiting, who will succeed me as Chief Executive in the first half of this new year. I would also like to thank all of my colleagues in NWF and the friends of NWF outside the Group who have been so supportive over the 12 years that we have been on AIM and who have together built up the business to its present scale and reputation.

Graham Scott

Chief Executive

14 August 2007

NWF GROUP PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	2007	2006
		<u>£'000</u>	<u>£'000</u>
TURNOVER	1	320,365	292,873
COST OF SALES		(293,492)	(270,229)
GROSS PROFIT		26,873	22,644
ADMINISTRATIVE EXPENSES		(19,822)	(15,922)
OPERATING PROFIT	1	7,051	6,722
Interest payable		(1,244)	(1,088)
Other finance costs – FRS17		69	(127)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,876	5,507
Taxation on ordinary activities	2	(2,105)	(1,958)
PROFIT FOR THE FINANCIAL YEAR		3,771	3,549
Earnings per share			
Basic	3	41.2p	41.7p
Diluted	3	40.4p	40.8p

All of the Group's turnover is derived from continuing operations.

NWF GROUP PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2007

CONSOLIDATED BALANCE SHEET

	2007	2007	2006	2006
	£'000	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets		9,254		9,285
Tangible assets		44,296		25,005
		53,550		34,290
CURRENT ASSETS				
Stocks	8,063		7,094	
Debtors	40,027		39,515	
Cash and bank balances				
		66		945
	48,156		47,554	
	(47,547)		(34,646)	
CREDITORS - Amounts falling due within one year				
NET CURRENT ASSETS		609		12,908
TOTAL ASSETS LESS CURRENT LIABILITIES		54,159		47,198
CREDITORS - Amounts falling due after more than one year		(20,077)		(15,219)
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation		(1,197)		(1,112)
NET ASSETS EXCLUDING PENSION LIABILITY		32,885		30,867
Pension liability		(2,455)		(3,223)
NET ASSETS INCLUDING PENSION LIABILITY		30,430		27,644
		30,430		27,644
CAPITAL AND RESERVES				
Equity share capital		2,286		2,285
Share premium		6,234		6,231
Revaluation reserve		1,396		1,421
Other reserves		302		302
Profit and loss account		20,212		17,405
TOTAL EQUITY SHAREHOLDERS' FUNDS		30,430		27,644

NWF GROUP PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2007 CONSOLIDATED CASH FLOW STATEMENT

	Note	2007	2007	2006	2006
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	4		12,045		9,111
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid			(1,617)		(1,210)
TAXATION					
Corporation tax paid			(1,868)		(1,598)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible fixed assets		(20,230)		(2,822)	
Sale of tangible fixed assets		<u>188</u>		<u>99</u>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE ACQUISITIONS AND DISPOSALS			(20,042)		(2,723)
Acquisition of businesses		(2,486)		(3,050)	
Cash / (bank overdraft) acquired with businesses		847		(25)	
Deferred payment for businesses acquired in prior years		(1,830)		(1,030)	
Deferred receipt for business disposal in prior years		<u>592</u>		-	
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS			(2,877)		(4,105)
EQUITY DIVIDENDS PAID			<u>(1,673)</u>		<u>(1,421)</u>
NET CASH OUTFLOW BEFORE FINANCING FINANCING			(16,032)		(1,946)
Medium term loan received			5,972		2,000
Medium term loan repayments					

Hire purchase finance repayments	-	(1,300)
Shares issued for cash consideration including premium	(347)	(161)
	<u>4</u>	<u>5,983</u>
(DECREASE) / INCREASE IN CASH IN THE YEAR	<u>(10,403)</u>	<u>4,576</u>

NWF GROUP PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2007

NOTES

1. SEGMENTAL INFORMATION

Business	Turnover	Turnover	Operating profit	Operating profit	Net operating assets	Net operating assets
	2007	2006	2007	2006	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000
Distribution	26,985	27,226	1,411	2,072	26,267	11,737
Feeds	81,522	71,911	1,861	1,543	17,463	16,866
Fuels	190,402	178,151	3,126	2,823	7,771	8,674
Garden Centres	21,456	15,585	653	284	14,891	12,046
	320,365	292,873	7,051	6,722	66,392	49,323

2. TAXATION

	2007	2006
	£'000	£'000
UK Corporation tax at 30% (2006 - 30%)	1,961	1,819
Deferred tax charge – deferred tax provision	53	80
Deferred tax charge – FRS 17 deferred tax asset	35	-
	2,049	1,899
Prior year - current tax charge / (credit)	50	(58)
- deferred tax charge	6	117
Total tax charge	2,105	1,958

3. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit after tax for the financial year of £3,771,000 (2006: £3,549,000), divided by 9,142,000 ordinary shares being the weighted average number of ordinary shares in issue (2006 – 8,520,000).

Earnings per ordinary share is adjusted to a fully diluted basis by adding to the weighted number of shares in issue in the calculation, the weighted average number of 193,000 (2006 - 169,000) dilutive ordinary shares in respect of outstanding share options.

4. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007	2007	2006	2006
	£'000	£'000	£'000	£'000
Operating profit		7,051		6,722
Goodwill amortisation		545		468
Depreciation charge		3,091		2,728
Profit on sale of tangible assets		(97)		(40)
Increase in stocks	(844)		(1,014)	
Increase in debtors	(677)		(8,786)	
Increase in creditors	3,025		9,161	
Difference between pension charge and cash contributions	(49)		(128)	
		<u>1,455</u>		<u>(767)</u>
Net cash inflow from operating activities		<u>12,045</u>		<u>9,111</u>

5. ANALYSIS OF NET DEBT

	At 31 May		Other	At 31 May
	2006	Cash flow	non-cash	2007
	£'000	£'000	changes	£'000
Cash and bank balances	945	(879)	-	66
Bank overdraft	(164)	(9,524)	-	(9,688)
	<u>781</u>	<u>(10,403)</u>	<u>-</u>	<u>(9,622)</u>
Hire purchase liabilities due within one year	(248)	347	(409)	(310)
Debt due after one year	(12,700)	(5,972)	-	(18,672)
Hire purchase liabilities due after one year	(644)	-	(211)	(855)

Total	(12,811)	(16,028)	(620)	(29,459)
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6. ACCOUNTING POLICIES

The financial statements for the year ended 31 May 2007 have been prepared in accordance with applicable accounting standards, using the same principal accounting policies as set out in the Annual Report for the year ended 31 May 2006.

7. FINANCIAL CALENDAR

Annual Report to be published	24 August 2007
Annual General Meeting	4 October 2007
Dividend:	
- ex-dividend date	22 August 2007
- record date	24 August 2007
- payment date	1 November 2007

8. ANNUAL REPORT

This preliminary announcement does not constitute the Group's statutory accounts. The figures shown in this release have been extracted from the Group's full audited financial statements which, for the year ended 31 May 2006, have been delivered, and, for the year ended 31 May 2007 will be delivered, to the Registrar of Companies. Both carry an unqualified audit report.

After 24 August 2007, copies of the Annual Report can be obtained from the Company's registered office at Wardle, Nantwich, Cheshire, CW5 6BP or viewed on the Company's Website: www.nwf.co.uk