

NWF GROUP PLC

PLACING OF 1,071,843 NEW ORDINARY SHARES AT 560 PENCE PER SHARE

NWF Group plc (“NWF” or “the Company”), the diversified sales and distribution business, announces that, subject inter alia to the approval of its shareholders, it proposes to raise approximately £6.0 million by way of a Placing of 1,071,843 new Ordinary Shares (“Placing Shares”) at a price of 560 pence per Ordinary Share.

Graham Scott, Chief Executive of NWF commented: “This fundraising is an important milestone in the Group’s development as it will widen our institutional shareholder base and enable us to significantly increase capacity and meet growing demand within our Distribution business. The Group will maintain its programme of developing all four divisions which we believe is the best strategy to continue the future growth and success of the Group.”

Background and reasons for the Placing

The Group has previously announced that it has obtained planning permission to build three new warehouses and associated infrastructure at its Wardle site to enable the expansion of the Distribution division’s storage capabilities. The proposed development will increase the Distribution division’s capacity by approximately 42,000 pallets, which represents a 54 per cent. increase in the division’s on and off-site capacity.

The three new warehouses will be built on 18.5 acres of land adjoining the existing Wardle site, over which the Group has an option to acquire for a consideration of approximately £1.8 million. The Board anticipates that this freehold land (including a further small parcel of land required to improve site access) will be acquired prior to the end of the Group’s current financial year. It is expected that the proposed development work will commence in the first half of 2006 with an anticipated completion date of early 2007.

The total cost of the proposed development, including fees and other related infrastructure costs, is estimated at £15 million. The proceeds of the Placing, together with the financing facilities with the Royal Bank of Scotland Group, further details of which are outlined below, will be used to provide the funds required for the proposed development. The financing facilities will also provide additional working capital facilities for the Group.

Financing

The Group has entered into new facility agreements with the Royal Bank of Scotland Group which provide the Group with banking facilities of £52.7 million. The new facilities comprise:

- £7 million term loan for the development (repayable on or by 30 November 2008);
- £9 million revolving credit facility (available until 30 November 2008);
- £2.7 million term loan (repayable on or by 30 November 2008);
- £25 million invoice discounting facility (available until 30 November 2008);
- £5 million overdraft facilities; and
- £4 million of asset lease facilities.

Current trading and prospects

The Board's stated strategy is to deliver growth through the continued expansion of its four separate operating divisions through ongoing development of the existing operations or through appropriate acquisitions.

The proposed development of the Wardle site will increase the Distribution division's storage capacity by 54 per cent. and will add significant scale to this division. The Board is confident that it can gain further customers to utilise the three new warehouses, as well as providing increased ambient storage facilities for its existing customers. Continued demand exists for the Distribution division's services from both grocery food suppliers and supermarkets. The division has recently won a new contract with Somerfield Stores Limited, as announced on 11 August 2005, and the Deeside warehouse is now fully utilised as a result of contracts with Patak's Food Limited, HP Foods and others.

The Feeds division is continuing to increase its market share and has increased its combined production capacity of compound feeds at Wardle (Cheshire) and Wixland (Devon) to around 400,000 tonnes per annum. In addition to producing compound feeds the division also manufactures blended feeds at Wardle and Wixland and new blend plants have been established at Ayr (Scotland), Penrith (Cumbria) and Exeter (Devon). The Feeds division, with its two major feed mills and three satellite operations, is able to provide an increased service to its livestock farming customers located on the western side of Britain.

The Fuels division continues to trade in line with the Board's expectations and the acquisition of Broadland Fuels Limited, based in Norfolk, in August 2005 extends the division's geographical reach to East Anglia.

The Garden Centre division, despite trading conditions remaining tough, is trading ahead of the prior year period with improved margins and profits. The division has continued with its strategy of developing its existing sites during the current year and the Board is satisfied with the progress of Victoria Garden Centre, acquired during November 2004.

As a result the Board is confident of the financial and trading prospects and outlook of the Group for the short, medium and longer term.

Details of the Placing

The Company is proposing to raise £5.7 million (net of expenses), by way of a placing of 1,071,843 new Ordinary Shares at 560 pence per Ordinary Share. Charles Stanley, as agent for the Company, has conditionally agreed to use its reasonable endeavours to procure subscribers for the Placing Shares. The Placing Shares will represent 11.7 per cent. of the issued share capital of the Company as enlarged by the Placing. The Placing Price of 560 pence per share represents a 10.0 per cent. discount to the middle market closing price of 622.5 pence per Ordinary Share on 24 November 2005 (the latest practicable date prior to the announcement of the Placing).

The Board considers that it would be in the Group's and shareholders' best interests for the funds to be raised by the Placing. An offer to allow all existing shareholders to subscribe for the Placing Shares would have necessitated the production of a prospectus at significant additional cost, diversion of management time and a delay in the Company receiving the proceeds of the Placing.

The Placing is conditional, inter alia, on the passing of the resolution at the Extraordinary General Meeting (referred to below) and Admission.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading will commence on 22 December 2005.

The Placing Shares will, when issued and fully paid, rank pari passu in all respects with the Company's existing Ordinary Shares, including the right to receive any dividend or other distribution thereafter declared, made or paid.

It is expected that the Placing Shares will be delivered in CREST on 22 December 2005 and that share certificates for the Placing Shares to be held in certificated form will be despatched by 5 January 2006.

Extraordinary General Meeting

In order to give effect to the Placing, an Extraordinary General Meeting of the Company, to be held at the offices of Brabners Chaffe Street LLP, 1 Dale Street, Liverpool L2 2ET, is being convened at 11.00 a.m on 21 December 2005.

Timetable

| | |
|---|--------------------------------|
| Latest time and date for receipt of Forms of Proxy for use at the EGM | 11.00 a.m. on 19 December 2005 |
| Extraordinary General Meeting | 11.00 a.m. on 21 December 2005 |
| Expected date of admission and commencement of trading of the New Ordinary Shares | 8.00 a.m. on 22 December 2005 |
| CREST member accounts expected to be credited | 22 December 2005 |

A circular setting out details of the Placing has been posted to shareholders today. Copies of the circular will be available free of charge during normal business hours on weekdays (excluding public holidays) from the date hereof until the date falling one month after the date of Admission from the offices of Charles Stanley & Co. Limited, 25 Luke Street, London EC2A 4AR.

NWF Group plc
Graham Scott
Chief Executive

Tavistock Communications
John West
Clare Melly

Charles Stanley & Co.
Mark Taylor

01829 260 260

020 7920 3150

020 7739 8200

Charles Stanley & Co. Limited, which is authorised and regulated in the United Kingdom by The Financial Services Authority, is acting for NWF Group plc in connection with the Placing and for no one else in connection with the Placing and will not be responsible to anyone other than NWF Group plc for providing the protections afforded to customers of Charles Stanley & Co. Limited nor for giving advice to any other person on the contents of this document or in relation to the Placing generally.

