

NWF Group plc

Disposal of Country Stores and Acquisition of Victoria Garden Centre

NWF Group plc ("NWF Group" or the "Group"), the diversified sales and distribution company, announces the completion of the sale of the business of its five Country Stores to Countrywide Farmers plc and the acquisition of Victoria Garden Centre.



The Country Stores are located at Wardle (Cheshire), Whitchurch (Shropshire), Market Drayton (Shropshire), Melton Mowbray (Leicestershire) and Wrexham (North Wales). The Whitchurch and Wrexham sites are freehold while the Wardle site remains in the ownership of NWF with a lease granted to Countrywide. A sixth Country Store on the Isle of Man has already been closed.

The aggregate initial consideration for the five Country Stores is approximately £1.8 million (determined by stock valuation) in cash, with a further £0.6 million of deferred consideration payable on 1 November 2006. The closure of Managrakem on the Isle of Man and the disposal of the five Country Stores will incur goodwill write-offs of £0.8 million, which will result in an exceptional net loss for the Group of approximately £0.6 million in the current financial year.

At the same time, NWF Group announces the acquisition of Victoria Garden Centre ("Victoria") which is located near Wakefield in Yorkshire. Victoria was established ten years ago. The consideration for the business and its assets is estimated at £6.1 million (determined by stock valuation) of which £3.2 million is deferred, spread equally over the next three years. This acquisition will be financed by bank borrowings.

In the year ended 30 April 2003, Victoria's unaudited management accounts showed revenues of £4.1 million, profit before taxation of £0.7 million and net assets of £1.3 million.

The exit from the Country Stores and the acquisition of Victoria underline the Board's strategy of focusing investment in the Group's retail division in the expanding garden centre market.

Graham Scott, Chief Executive of NWF Group, commented "I am delighted that we have succeeded in repositioning our Retail division by the sale of our Country Stores while at the same time demonstrating our commitment to building a major force in the garden centre sector where we have expertise and where we believe there are substantial opportunities for growth."

For further information please visit www.nwf.co.uk or contact:

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