NWF GROUP PLC INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 NOVEMBER 2006

NWF Group plc (“NWF”), the diversified sales and distribution business, today announces interim results for the six months ended 30 November 2006.

Commenting on the results, Mark Hudson, Chairman said: “ We have continued to invest in each of our businesses during the period under review, the benefits of which should supplement the growth we have seen from similar measures taken last year. These have resulted in a significant uplift in our first half results this year .”

Financial highlights:

- Turnover increased by 17% to £156 million (2005: £134 million)
- Profit on ordinary activities before taxation increased by 27% to £2.3 million (2005: £1.8million)
- Basic earnings per share increased by 9% to 16.5p (2005: 15.2p)
- Interim dividend increased by 7% to 4.9p (2005: 4.6p)
- Net assets rose by 49% to £27.9 million (2005: £18.8 million)
- All four businesses have performed better than in the same period last year
- Warehouse building project at Wardle under way

Divisional highlights:

- **Distribution:** - turnover up 6% to £14.5 million (2005: £13.6 million) with operating profit of £958,000 (2005: £934,000) and all sites fully and profitably occupied.
- **Feeds:-** turnover rose by 22% to £37.6 million (2005: £30.8 million) with operating profit up 28% to £913,000 (2005: 716,000) and an 18% volume increase.
- **Fuels:-** turnover increased 13% to £93.7 million (2005: £82.7 million) with operating profits up 17% to £963,000 (2005: £823,000) and recent East Anglian acquisitions contributing well.
- **Garden Centres:-** turnover of £9.9 million (2005: £6.4 million) with operating profit of £49,000 from an operating loss of £83,000 last year. Building in progress at new Ashton Park centre.

On the outlook for the coming months Mark Hudson added: “Overall, the Board remains confident of the Group’s trading prospects for the year as a whole and that the ongoing investments and recent acquisitions will underpin its planned growth in this financial year and beyond.”

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Chairman’s Statement

I am pleased to report record interim results for NWF Group for the six months ended 30 November 2006. Both turnover and profit before taxation at Group level have shown significant improvement compared to the previous half year and all four of our businesses have performed better than in the same period in 2005.

We have continued to invest in each of our businesses during the period under review, the benefits of which should supplement the growth we have seen from similar measures taken last year. These have resulted in a significant uplift in our first half results this year.

Results

Group turnover for the six months to 30 November 2006 increased by 17% from £134 million to £156 million. Operating profit increased by 21% to £2.9 million (2005: £2.4 million). Pre-tax profit before goodwill amortisation was up 27% to £2.6 million (2005: £2.1 million) and, after goodwill amortisation of £0.3 million (2005: £0.2 million), was 27% higher at £2.3 million (2005: £1.8 million).

Basic earnings per share before goodwill amortisation were up by 8% at 19.4 pence (2005: 17.9 pence), basic earnings per share after goodwill amortisation rose by 9% to 16.5 pence (2005: 15.2 pence) and diluted earnings per share increased from 14.9 pence to 16.2 pence.

Net assets rose by 49% to £27.9 million (2005: £18.8 million). The significant capital expenditure during the period of £8.5 million (2005: £1.2 million) related principally to the Distribution warehouse investment at Wardle and the construction of a new garden centre at Ashton under Lyne. This contributed as planned to an overall cash outflow before financing of £12.1 million (2005: £3.5 million). Despite this, gearing at the period end was 91% (2005: 102%).

In accordance with London Stock Exchange rules for AIM listed companies, the Group will be adopting International Financial Reporting Standards within its financial statements for its 2007/08 financial year onwards. We are in the process of evaluating the implications of moving away from existing UK accounting standards.

Dividend

The Board has approved an interim dividend per share of 4.9 pence (2005: 4.6 pence), up by 7%, which is in line with its progressive dividend policy. This will be paid on 1 May 2007 to shareholders on the register on 30 March 2007. The shares will trade ex-dividend on 28 March 2007.

Operations

Operating profit in the **Distribution** business increased by 3% from £934,000 to £958,000 on turnover up by 6% to £14.5 million (2005: £13.6 million). All three warehousing sites (Wardle, Deeside and Winsford) were fully and profitably occupied for most of the six months. The warehouse building programme at Wardle is well in hand with the first of the three warehouses now expected to be completed in the first half of 2007 and all three handed over during the summer. The new warehouse capacity has been raised from the original 42,000 pallets to nearly 60,000 pallets by the partial introduction of mobile racking.

Feeds saw an 18% volume increase in a competitive market, with similar tonnage uplifts being achieved in the North and in the South. Turnover rose by 22% from £30.8 million to £37.6 million while operating profit improved by 28% from £716,000 to £913,000. This has been a period of consolidation of the steps taken last year by utilising much of the new capacity established, particularly in blended feeds.

Against a backdrop of continuing high product prices, Fuels' turnover increased by 13% from £82.7 million to £93.7 million on a volume increase of 9% to 158 million litres. Operating profit was £963,000 compared to £823,000 last time, an increase of 17%. Most depots performed well with Broadland Fuels in Norfolk (acquired in August 2005) contributing strongly and Browns of Burwell in Suffolk (acquired in July 2006) trading in line with initial expectations.

Garden Centres operated five locations during the half year, including Woodford Park (acquired in February 2006) for the first time. Turnover was £9.9 million (2005: £6.4 million) of which Woodford Park accounted for £2.9 million, leaving a 9% increase in sales from the remaining four centres. The operating profit of £49,000 showed a welcome turnround from a loss of £83,000 last year with a like-for-like improvement in collective contribution. Garden centres are normally expected to make substantially all of their annual profits in our second half year. Building is in progress at Ashton Park, a greenfield site in a retail park in East Manchester acquired in June 2006. This new garden centre is expected to open by Easter 2007 with little effect on this financial year's trading.

Board and prospects

I would like to take this opportunity to thank Roy Willis, who retired after the 2006 Annual General Meeting, for his long and dedicated service and guidance to the Group since joining the Board in 1980 and as Chairman since 1997.

The Distribution division's second half performance will be impacted by the fact that in the autumn of 2006, a significant customer at Deeside was lost through acquisition when the new owner, for economic reasons, consolidated their logistics in-house. However, a new contract is due to be signed with a major branded grocery supplier to distribute their products nationwide, which should fill the spare capacity at Deeside by the end of May. The outlook for the remainder of the Group is in line with our expectations.

Overall, the Board remains confident of the Group's trading prospects for the year as a whole and that the ongoing investments and recent acquisitions will underpin its planned growth in this financial year and beyond.

Mark Hudson

Chairman

31 January 2007

Group profit and loss account **Half year ended 30 November 2006**	Half year to 30 Nov 2006 **£'000**	Half year to 30 Nov 2005 £'000	Year to 31 May 2006 £'000
Turnover (note 1)	**155,735**	133,616	292,873
Operating costs	**(152,852)**	(131,226)	(286,151)
Operating profit (note 1)	**2,883**	2,390	6,722

Interest payable	**(574)**	(485)	(1,088)
Other finance costs – FRS17	**34**	(64)	(127)
Profit on ordinary activities before taxation	**2,343**	1,841	5,507
Taxation	**(835)**	(625)	(1,958)
Profit for the financial period	**1,508**	1,216	3,549
Earnings per share (note 2)			
Basic before goodwill amortisation	**19.4p**	17.9p	47.1p
Basic	**16.5p**	15.2p	41.7p
Diluted	**16.2p**	14.9p	40.8p
Proposed dividend per share	**4.9p**	4.6p	18.0p

Summarised Group balance sheet **As at 30 November 2006**	30 Nov 2006 **£'000**	30 Nov 2005 £'000	31 May 2006 £'000
Intangible fixed assets	**9,528**	8,199	9,285
Tangible fixed assets	**33,529**	23,858	25,005
Stocks	**7,665**	6,332	7,094
Debtors	**41,019**	37,979	39,515
Cash and bank balances	**59**	54	945
Creditors: amounts falling due within one year	**(44,259)**	(38,587)	(34,646)
Total assets less current liabilities	**47,541**	37,835	47,198
Creditors: amounts falling due after more than one year	**(15,213)**	(13,821)	(15,219)
Provision for liabilities and charges	**(1,245)**	(813)	(1,112)
Net assets excluding pension liability	**31,083**	23,201	30,867
Pension liability	**(3,152)**	(4,399)	(3,223)
Net assets including pension liability	**27,931**	18,802	27,644
Total equity shareholders' funds	**27,931**	18,802	27,644

Reconciliation of movements in equity shareholders' funds

Half year ended 30 November 2006

	Half year to 30 Nov 2006 **£'000**	Half year to 30 Nov 2005 £'000	Year to 31 May 2006 £'000
Opening equity shareholders' funds as previously	**27,644**	21,648	21,648

reported			
Prior year adjustment – FRS17	**-**	(4,283)	(4,283)
Prior year adjustment – FRS21	**-**	988	988
Opening equity shareholders' funds as restated	**27,644**	18,353	18,353
Profit after taxation	**1,508**	1,216	3,549
Dividends paid	**(1,225)**	(1,000)	(1,421)
Share capital issued including premium	**4**	236	5,984
Actuarial gain on group pension scheme	**-**	-	1,685
Deferred taxation associated with group pension scheme	**-**	(3)	(506)
Closing equity shareholders' funds	**27,931**	18,802	27,644

Summarised Group cash flow statement

Half year ended 30 November 2006

	Half year to 30 Nov 2006	Half year to 30 Nov 2005	Year to 31 May 2006
	£'000	£'000	£'000
Operating profit	**2,883**	2,390	6,722
Goodwill amortisation	**270**	217	468
Depreciation charge	**1,517**	1,447	2,728
Increase in working capital	**(2,912)**	(2,104)	(639)
Other	**(103)**	(68)	(168)
Operating cash inflow	**1,655**	1,882	9,111
Interest paid	**(508)**	(457)	(1,210)
Taxation paid	**(862)**	(752)	(1,598)
Dividends paid	**(1,225)**	(1,000)	(1,421)
Purchase of tangible fixed assets	**(8,518)**	(1,241)	(2,822)
Sale of tangible fixed assets	**135**	32	99
Acquisitions including cash acquired	**(1,517)**	(916)	(3,075)
Deferred acquisition payments	**(1,830)**	(1,030)	(1,030)
Deferred disposal proceeds receipts	**592**	-	-
Net cash outflow before financing	**(12,078)**	(3,482)	(1,946)
Term loan and HP finance movements	**811**	(311)	(1,461)
Medium term loan received	-	-	2,000
Issue of ordinary share capital	**4**	236	5,983
(Decrease)/increase in cash in the period	**(11,263)**	(3,557)	4,576

Reconciliation of net cash flow to movement in net debt

Half year ended 30 November 2006

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	Half year to 30 Nov 2006	Half year to 30 Nov 2005	Year to 31 May 2006
	£'000	£'000	£'000
(Decrease)/increase in cash per cash flow statement	**(11,263)**	(3,557)	4,576
Cash (inflow)/outflow from (increase)/decrease in HP and debt financing	**(811)**	311	(539
Change in net debt resulting from cash flows	**(12,074)**	(3,246)	4,037
HP finance acquired with acquisition	**(13)**	-	(220)
New HP agreements entered into	**(606)**	-	(731)
Net debt brought forward	**(12,811**	(15,897)	(15,897)
Net debt carried forward	**(25,504)**	(19,143)	(12,811)

Analysis of net debt:

Cash and bank balances	**59**	54	945
Overdrafts	**(10,541)**	(7,406)	(164)
HP finance due within one year	**(359)**	(45)	(248)
Debt due within one year	-	(600)	-
HP finance due after one year	**(1,000)**	(46)	(644)
Debt due after one year	**(13,663)**	(11,100)	(12,700)
Total net debt	**(25,504)**	(19,143)	(12,811)

Notes:

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1. **Segmental information**

	Half year to 30 Nov 2006	Half year to 30 Nov 2005	Year to 31 May 2006
	£'000	£'000	£'000
Turnover			
Distribution	**14,499**	13,632	27,226
Feeds	**37,596**	30,809	71,911
Fuels	**93,734**	82,734	178,151
Garden Centres	**9,906**	6,441	15,585
	155,735	133,616	292,873
Operating profit			
Distribution	**958**	934	2,072
Feeds	**913**	716	1,543
Fuels	**963**	823	2,823
Garden Centres	**49**	(83)	284

	2,883	2,390	6,722
Net operating assets			
Distribution	**12,719**	11,806	11,737
Feeds	**19,324**	17,121	16,866
Fuels	**7,574**	5,761	8,674
Garden Centres	**13,389**	12,678	12,046
	53,006	47,366	49,323

- **Earnings per share**

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 £1,778,000 (2005: £1,433,000) and on 9,142,000 (2005: 8,026,000) 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 £1,508,000 (2005: £1,216,000) and on 9,142,000 (2005: 8,026,000) 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 (193,000 shares) of share options outstanding through the period (2005: 162,000 shares).

- **Acquisitions**

The Group acquired Arthur A Gent & Sons Limited on 13 July 2006 for a consideration of £0.9 million. This company has planning permission to build a new garden centre in Ashton under Lyne, Manchester, which is in the process of being constructed. The book value of net assets acquired, after provisional fair value adjustments, amounted to £0.9 million. The results for the period since acquisition are not material.

The Group acquired Browns of Burwell Limited, a fuel distribution business based near Newmarket, on 31 July 2006 for a consideration of £1.4 million. The book value of net assets at the date of acquisition amounted to £0.9 million, resulting in provisional goodwill of £0.5 million. The results for the period since acquisition are not material.

- **Comparative figures**

The figures for the half year ended 30 November 2006 and the comparative figures for the half year ended 30 November 2005 are unaudited. The comparative figures for the year ended 31 May 2006 are an abridged version of the accounts for that year filed with the Registrar of Companies, on which an unqualified audit opinion has been given.

- **Accounting policies**

The above financial statements have been prepared on the basis of accounting policies set out in the 2006 Annual Report and Accounts.

- **Interim Report**

Copies of the Interim Report are due to be sent to shareholders on 5 February 2007. Further copies may be obtained from the Company Secretary at NWF Group plc, Wardle, Nantwich, Cheshire, CW5 6BP.

2007 Financial calendar

Interim dividend paid	1 May 2007
Financial year end	31 May 2007
Preliminary announcement of full year results	August 2007
Publication of Annual Report and Accounts	August 2007
Annual General Meeting	4 October 2007
Final dividend paid	1 November 2007

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