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NWF GROUP PLC
("NWF", "the Company" or "the Group")

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2008

NWF Group plc, the specialist distribution business, today makes the preliminary announcement of its audited results for the year ended 31 May 2008.

Commenting on the results, Mark Hudson, Chairman, said: "I am pleased to report that in spite of a number of challenges in a year of transition, NWF has made good progress in the second half of the financial year, after a disappointing first half, in delivering revised market expectations. We also made the decision during the year to focus the Group as a specialist distributor and sell our Garden Centre division."

Commenting on the outlook for the current year he added: "The overall economic outlook for the Group remains uncertain due primarily to the unpredictability of feed commodity prices and demand for fuels in the light of recent record oil prices. The key development for the Group will be the full efficient utilisation of the additional warehouse capacity in the Distribution division."

Financial highlights - continuing operations (excluding Garden Centres, 2007 figures restated):

- Turnover increased by 20.8% to £361.2 million (2007: £298.9 million)
- Operating profit £5.8 million (2007: £6.5 million)
- Profit before taxation £4.2 million (2007: £5.8 million)
- Basic earnings per share 6.0p (2007: 8.8p*)
- Full year dividend per share unchanged at 3.9p (2007: 3.9p*)
- Completion of £19 million new warehouse development

*restated for the bonus issue of ordinary shares (4 for 1) on 4 October 2007

Divisional highlights:

- **Distribution** – turnover up 21.9% to £32.9 million (2007: £27.0 million) as continued progress is made in filling the new warehouse capacity. 100,000 pallet spaces were utilised at the year end
- **Feeds** – record volumes in excess of 500,000 tonnes, turnover up 22.8% to £100.1 million (2007: £81.5 million), a record year benefiting from raw material purchasing and an improved agriculture and dairy market
- **Fuels** – record volumes up 3.7% to 347 million litres, turnover up 19.9% to £228.2 million (2007: £190.4 million)

Richard Whiting, Chief Executive, further added: "We are looking for further developments in the Group in 2008/9, most significantly the improved performance that will result from increased volumes in our expanded Distribution business. Our capable, experienced management teams are expected to continue to perform well, albeit in volatile and uncertain markets."

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

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I am pleased to report that in spite of a number of challenges in a year of transition, NWF has made good progress in the second half of the financial year, after a disappointing first half, in delivering revised market expectations. We also made the decision during the year to focus the Group as a specialist distributor and sell our Garden Centre division, whose results are therefore presented as a discontinued operation and whose assets and liabilities at the year end are classified as being held for sale.

Results from continuing operations

Turnover increased by 20.8% to £361.2 million from £298.9 million last year. Operating profit was down £0.7 million at £5.8 million (2007: £6.5 million). A record year in Feeds was offset by reductions in both Distribution and Fuels. Profit before taxation was £4.2 million (2007: £5.8 million) and profit after taxation was £2.8 million (2007: £4.0 million). The Group completed a bonus issue of shares in the year (4 for 1) with the restated weighted average number of shares in issue being 46.9 million shares (2007: 45.7 million shares). Basic earnings per share were 6.0p, down from 8.8p in 2007.

Cash flows and funding

The Group absorbed £0.8 million (2007: generated £8.5 million) net cash from operating activities. £6.7 million of working capital was absorbed (2007: £1.3 million generated) due to the impact of significant price increases in Feeds' and Fuels' raw materials. Cash used to fund net capital expenditure reduced to £6.7 million (2007: £20.0 million) as the major investment in Distribution warehousing was completed. The Group also arranged new funding facilities, amounting to £59.7 million, with the Royal Bank of Scotland Group. As a result of the above, there was a net decrease in cash and cash equivalents of £10.5 million (2007: £10.4 million). Interest cover for the year was 3.2 times (2007: 9.3 times) and at 31 May 2008 gearing was 171% (2007: 133%).

Dividend

We are proposing an unchanged final dividend for the year of 2.9p (2007: 2.9p*) per share which, if approved at the Annual General Meeting, will be payable on 3 November 2008 to shareholders on the register at 22 August 2008 and shares will be ex div from 20 August 2008. Together with the interim dividend paid during the year of 1.0p (2007: 1.0p*) per share, this will result in a total dividend for the year of 3.9p per share (2007: 3.9p*) amounting to a total cost of £1.8 million (2007: £1.7 million).

Divisional overview

The main activity for Distribution was the completion and commissioning of the three new warehouses at Wardle and the build up of new customers to fill the additional 58,000 pallet storage and distribution capacity of the business. In Feeds, a record result was achieved as the business was able to pass on the cost of higher raw material prices. Fuels also delivered a strong performance in the adverse environment of volatile and record oil prices.

During the year the Board made the decision to sell the Garden Centre division of the Group to focus on its specialist distribution activities and strengthen the balance sheet.

Board changes

Shareholders will join me in reiterating our thanks to Graham Scott who retired at the end of 2007 following 13 years of outstanding service to the Group. I was pleased to welcome Richard Whiting who joined the Group on 1 October 2007 and succeeded Graham as Chief Executive on 1 November 2007.

Outlook for the current year

The overall economic outlook for the Group remains uncertain due primarily to the unpredictability of feed commodity prices and demand for fuels in the light of recent record oil prices. The key development for the Group will be the full efficient utilisation of the additional warehouse capacity in the Distribution division. Progress to date has been satisfactory and our recent decision to exit from the leased facility at Winsford and consolidate volume at the Wardle and Deeside locations will create valuable savings. Feeds and Fuels have started the year positively, but are influenced by significant changes in their raw material markets. We are making good progress with the sale of the Garden Centre division and plan to utilise the proceeds to strengthen the balance sheet.

My thanks go to all who have supported NWF through the year both inside and outside the Group. I look forward to updating shareholders on the Group's progress at the time of the Annual General Meeting in October.

Mark Hudson
Chairman
13 August 2008

* restated for the bonus issue of ordinary shares (4 for 1) on 4 October 2007

This has been a year of significant transition for the Group. Profit before tax from continuing operations of £4.2 million declined by 27.6% (2007: £5.8 million). This result excludes the discontinued Garden Centre division. As expected the performance in the second half of the year was significantly ahead of the first half with profit before taxation from continuing operations of £2.6 million (H1: £1.6 million). During the year we completed the construction and commissioning of three new warehouses at our Wardle site, adding 58,000 additional pallet spaces and nearly doubling the capacity of our Distribution business. In addition we made the decision to sell the Garden Centre division and are making good progress towards completing a sale later in the year. Key raw material costs in both Feeds and Fuels increased at unprecedented rates and with greater volatility than previously observed. However, the Group has performed well against this backdrop and the performance for the year was slightly ahead of revised market expectations.

Investment continued in the year as the warehouse development was completed and improvements made to infrastructure in our Feeds and Fuels divisions. This significant programme is now completed and capital expenditure should return to more normal levels for the Group.

We have renewed our banking facilities with the Royal Bank of Scotland in the year and are now well positioned for the future development of the Group.

Distribution

This was a year of significant development for the Distribution business and saw the completion of the Group's largest capital investment project to date. Turnover increased to £32.9 million (2007: £27.0 million) as revenue was generated from the additional volumes gained in the year. At the end of May 2008 100,000 pallet spaces were utilised, which compares to a starting position of 72,000 pallet spaces. Operating profit fell to £0.5 million (2007: £1.3 million) as the new higher cost base of the business was in place from November and, as indicated in our interim statement, higher than expected additional costs were incurred from new customer start ups and the one off costs incurred in reorganising stock across warehouses to optimise locations.

The £19 million Wardle development project was completed in November adding 58,000 pallet spaces of storage capacity and integrated transport and administration offices into a single facility. This was complemented by the addition of 60 new MAN tractor units to the fleet with on line telemetry systems. During the year an additional 121 people joined the business to support the increase in warehouse size and future anticipated growth.

Early in the year we completed the integration of new client Typhoo into the Deeside facility and service levels in excess of 99.5% were maintained during this process.

Additional business in excess of 25,000 pallets storage was won from new customers, principally G Costa (12,000) and Kinnertons (4,000). Princes Foods, the divisions' largest customer, was successfully re-organised into a single zone and a new three year contract was agreed with additional volumes. The division re-engaged with Tesco for outbound haulage and more return business with improved rates and protection against fuel cost increases. The Somerfield pre consolidation centre was also extended with the introduction of 15 smaller customers.

The Group has decided to exit the leased facility at Winsford, in line with a break option in the lease, and to consolidate the 12,500 pallets at Wardle and Deeside. This action, which will incur some one off costs in the current year, takes a more prudent view of the future and ensures that with our current customers we are largely at capacity and are therefore able to focus on improving operating efficiencies without being reliant on new customers to deliver the planned level of profitability in the future.

Feeds

This was an excellent year for Feeds in a market place which has seen record increases and volatility in raw material prices. Turnover increased by 22.8% to £100.1 million (2007: £81.5 million), with volume ahead by 1% at over 500,000 tonnes. Operating profit of £3.1 million is up 55.0% on the prior year (2007: £2.0 million).

The increases in milk prices received by our customers have allowed the higher raw materials costs we have faced to be passed on through necessary price increases. Profit has also improved as a result of the forward purchases of raw materials for production, which were at lower than spot prices as the year progressed. The trading desk, which supplies farmers with products including molasses, minerals, milk powders and grain, performed very strongly managing margins and the positions on inputs required by feed customers.

The sales team has been enhanced with experienced team members in both the Northern and Southern regions and the raw material management team has been expanded. Capacity in blended products has been improved with extended facilities at Wardle. We have also secured a small protected protein manufacturing plant which will be installed in Wardle this year for the production of rumen by-pass protein which will be used by both our compound and blend facilities across the UK.

Fuels

This has been a volatile year for the division with the price of crude oil significantly increasing and this is reflected in the turnover growth of 19.9% to £228.2 million (2007: £190.4 million).

Overall sales volumes increased by 3.7% to 347 million litres, with the balance between automotive and heating fuels being maintained. While petrol sales were down by 3.5%, diesel sales were up by 5.8%, reflecting a nationwide move from petrol to diesel vehicles.

A milder than normal winter had an adverse effect on demand for heating oil and, with the rise in refined oil prices, placed pressure on trading margins. This resulted in operating profit decreasing by 31.3% to £2.2 million (2007: £3.2 million). However, as we gained a significant number of new customers from our competitors, domestic heating oil sales showed an increase of 8.2%.

As ever we continue to review acquisition opportunities as they present themselves against clearly defined criteria.

We are continuing our programme of capital expenditure to upgrade our oil storage depots in order to meet modern industry standards. A significant investment has been made at Yate depot (Bristol) this year. We have also received industry recognition, with all our depots achieving high pass marks in the oil industry depot audit scheme. Our depot at Burwell (Newmarket) also won the O.F.T.E.C. regional depot of the year award.

Following a management review, two senior depot managers have been promoted into new roles as General Managers, North and South. This will enable the further controlled expansion of our Fuels business in the years ahead with a more centralised reporting structure.

Garden Centres (discontinued operation)

Following a review of the Garden Centre business the Board took the decision in the year to actively market the division to potential buyers. A full sale process is underway working alongside KPMG's experienced corporate finance team in Manchester. We expect to complete a sale later this year.

There are four key reasons for the sale:

1. The opportunity to rationalise and focus NWF on its three specialist distribution divisions and exit the retail market;

2. Historic low returns achieved by the Garden Centre division;

3. The high levels of capital required to invest in additional centres; and

4. The opportunity to reduce the current high level of Group debt.

The loss after tax for the division of £0.3 million compares to a profit after tax of £0.2 million in the prior year.

Outlook

We are looking for further developments in the Group in 2008/9, most significantly the improved performance that will result from increased volumes in our expanded Distribution business. Our capable, experienced management teams are expected to continue to perform well, albeit in volatile and uncertain markets.

With renewed banking facilities and the period of general economic uncertainty we are witnessing, the Group will look to reduce gearing and strengthen its balance sheet as a result of the expected sale of the Garden Centres division. The remaining specialist distribution businesses are well placed to weather a challenging economic environment and have several platforms for development which the Group will continue to work on.

I would also like to add my thanks and appreciation to Graham Scott who handed over to me in November 2007, after 13 years of excellent performance in leading the Group.

Richard Whiting
Chief Executive
13 August 2008

Finance Director's Review

Group results	2008 £m	2007 £m
Continuing operations		
Revenue	**361.2**	298.9
Operating profit	**5.8**	6.5
Finance costs (net)	**(1.6)**	(0.7)
Profit before tax from continuing operations	**4.2**	5.8
Income tax expense	**(1.4)**	(1.8)
Profit for the year from continuing operations	**2.8**	4.0
(Loss)/profit from discontinued operations	**(0.3)**	0.2
Profit for the year	**2.5**	4.2

Group revenue from continuing operations increased by 20.8% to £361.2 million (2007: £298.9 million). Operating profit from continuing operations was £5.8 million (2007: £6.5 million), a 10.8% decrease.

Following the Board's decision during the year to dispose of the Group's Garden Centre operations, negotiations with several interested parties are taking place. This division, which is expected to be sold within 12 months of the financial year end, has therefore been classified as a discontinued operation at 31 May 2008.

Net finance costs increased from £0.7 million in 2007 to £1.6 million in 2008, principally due to the increase in average borrowings from £27.3 million in 2007 to £42.4 million in 2008 to finance the completion of the new distribution warehouses, other capital investments and additional working capital. Interest cover (excluding IAS 19 finance income) fell to 3.2 times (2007: 9.3 times).

The tax charge on profit from continuing operations, including full provision for deferred tax, was £1.4 million (2007: £1.8 million), resulting in an effective rate of 33.3% (2007: 31.0%). As a result of the reduction on 1 April 2008 in the U.K. corporation tax rate from 30% to 28%, corporation tax has been calculated at an average implicit rate of 29.7% (2007: 30.0%). The Group's future underlying rate of tax is expected to remain above the standard rate due to its ongoing level of disallowable expenditure.

On 4 October 2007, the Company undertook a 4 for 1 bonus issue of shares by way of capitalisation of reserves. This resulted in the issue of 37.5 million new ordinary shares. The Company also issued 1.2 million shares* during the year in order to satisfy the exercise of savings related share options.

Basic and diluted earnings per share from continuing operations were each 6.0 pence per share (2007: 8.8 pence* and 8.6 pence* respectively).

* restated for the bonus issue of ordinary shares (4 for 1) on 4 October 2007

Balance sheet summary	**2008**	2007
	£m	£m
Tangible and intangible fixed assets	**43.1**	63.8
Assets held for sale (net of liabilities)	**15.3**	-
Net working capital	**19.5**	11.6
Short term borrowings	**(4.9)**	(10.0)
Medium term borrowings	**(37.1)**	(30.0)
Current tax liabilities	**-**	(1.0)
Deferred tax liabilities (net)	**(1.0)**	(0.2)
Pension provision	**(4.4)**	(3.5)
Other long term liabilities	**-**	(0.6)
Net assets	**30.5**	30.1

Group net assets increased to £30.5 million (2007: £30.1 million). Included within this figure at 31 May 2008 is £15.3 million in respect of net assets held for sale in respect of the Garden Centre division, which comprises £24.6 million tangible and intangible fixed assets, £0.8 million net working capital, cash at bank and in hand of £0.5 million and obligations under finance leases of £10.6 million.

Capital expenditure on tangible and intangible assets during the year amounted to £7.8 million (2007: £23.0 million), of which £4.6 million (2007: £14.9 million) related to the investment in Distribution warehousing at Wardle.

Within net working capital, trade and other receivables increased to £51.4 million at 31 May 2008 (2007: £39.9 million), due mainly to the impact of significantly increased prices for both raw materials in Feeds and oil related products in Fuels. There was a small reduction in overall debtor days.

The deficit on the Group's defined benefit pension scheme increased from £3.5 million to £4.4 million. The associated actuarial loss of £1.1 million (2007: gain £1.0 million) principally arose due to a further strengthening in the mortality assumption.

Total Group net debt at 31 May 2008 was £52.1 million (2007: £39.9 million) and total Group gearing was 171% (2007: 133%).

Cash flow and banking facilities	**2008**	2007
	£m	£m
Operating cash flow before working capital	**10.7**	11.4
Working capital movements	**(6.7)**	1.3
Interest paid	**(3.5)**	(2.3)
Tax paid	**(1.3)**	(1.9)
Net cash (absorbed by)/generated from operating activities	**(0.8)**	8.5
Capital expenditure (net of receipts from disposals)	**(6.7)**	(20.0)
Acquisitions of businesses (net of cash acquired)	**-**	(1.7)
Deferred acquisition payments (net of deferred sale proceeds)	**(1.3)**	(1.2)
Net cash used before financing activities	**(8.8)**	(14.4)
Net increase in bank borrowings	**-**	6.0
Dividends paid	**(1.8)**	(1.7)
Other financing cash flows	**0.1**	(0.3)
Net decrease in cash and cash equivalents	**(10.5)**	(10.4)

Cash management continues to be a major focus of the Group.

Net cash absorbed by operating activities was £0.8 million (2007: £8.5 million generated). Operating cash flow before working capital movements reduced slightly from £11.4 million to £10.7 million. However, there was an adverse overall movement in working capital of £6.7 million (2007: favourable £1.3 million) mainly as a result of the impact of significant increased prices in Feeds and Fuels on the Group's trade receivables as noted above.

Cash used to fund capital expenditure (net of disposal proceeds) reduced to £6.7 million (2007: £20.0 million) as the significant capital investment programme in Distribution warehousing was completed.

Payments in respect of acquisitions completed in prior years amounted to £1.3 million (2007: £1.8 million). There are £0.6 million of similar payments outstanding at 31 May 2008 (2007: £1.9 million), all of which fall due (2007: £1.3 million) within the following twelve months.

During the year, the Group arranged new committed and uncommitted banking facilities with the Royal Bank of Scotland Group, which resulted in £15.0 million (2007: £nil) of short term facilities being replaced with medium term loan finance.

There was an overall net decrease in cash and cash equivalents of £10.5 million (2007: £10.4 million).

At 31 May 2008, the Group had total available bank facilities of £56.5 million (2007: £51.0 million). Headroom under these facilities at 31 May 2008 was £19.3 million (2007: £22.7 million).

Treasury policy and financial risk management

The Group's policy in respect of treasury risk has not changed in the year ended 31 May 2008. There is no significant foreign exchange risk in respect of the Group's operations and the Group has not entered into any currency hedging arrangements.

Price risk

The Group is exposed to commodity price risk, principally for certain raw materials in its Feeds business and oil related products in the Fuels business.

The Feeds division enters into forward supply contracts in order to manage the impact of price movements on its gross margin. At 31 May 2008, there were open forward supply contracts with a principal value of £18.5 million (2007: £22.7 million). The fair value of forward supply contracts recognised in the balance sheet in accordance with IAS 39 'Financial instruments: Recognition and measurement' is £0.2 million (2007: £0.1 million). The Group has not designated any of these contracts as hedging instruments during the year. As a result, changes in the fair value of non-hedging forward supply contracts amounting to £0.1 million have been credited (2007: £0.1 million credited) to the income statement in the year.

The Fuels division's oil-related products are subject to changes in the world commodity price for crude oil. However, the relatively low stockholding maintained and daily price monitoring systems used to determine selling prices enable the business to effectively manage the risk of gross margin erosion. Forward supply contracts are not utilised by this business.

Interest rate risk

The Group uses interest rate derivatives to manage its exposure to interest rate increases on its borrowings. The Group's policy is to hedge approximately 50% of the forecast level of debt over an ongoing three year period.

At 31 May 2008, the Group had one (2007: one) interest rate cap in place and held three (2007: none) interest rate swaps.

At 31 May 2008, the fair value of the interest rate cap is £nil (2007: £0.1 million asset). The interest rate cap is not designated and is not effective as a cash flow hedge. Changes in the fair value of the interest rate cap amounting to £0.1 million have been charged (2007: £0.1 million credited) to the income statement in the year.

The total fair value of swaps held at 31 May 2008 is estimated at £0.1 million in the Group's favour (2007: £nil). Certain swaps are designated and effective as cash flow hedges. Changes in the fair value of non-hedging interest rate swaps amounting to £0.1 million (2007: £nil) have been credited to the income statement in the year.

Accounting policies and standards

The Group financial statements for the year ended 31 May 2008 have been prepared under International Financial Reporting Standards ('IFRS') for the first time. The comparative figures in respect of 2007 have been restated from UK Generally Accepted Accounting Practice (‘UK GAAP’) to comply with IFRS.

There were no other changes in accounting policies or standards that had any significant impact on the Group’s reported performance and financial position during the year.

Going concern

The Board confirms that it has a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason the Board continues to adopt the going concern basis in preparing the financial statements.

Share price

After adjusting for the effect of the bonus issue of shares as noted above, the market price per share of the Company’s shares at 31 May 2008 was 145 pence (2007: 196 pence) and the range of market prices during the year was between 106 pence and 238 pence.

Paul Grundy
Finance Director
13 August 2008

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2008
CONSOLIDATED INCOME STATEMENT

	Note	2008 £m	2007 £m
Continuing operations			
Revenue	4	**361.2**	298.9
Operating expenses		**(355.4)**	(292.4)
Operating profit	4	**5.8**	6.5
Net finance costs		**(1.6)**	(0.7)
Profit before tax		**4.2**	5.8
Income tax expense	5	**(1.4)**	(1.8)
Profit for the year from continuing operations		**2.8**	4.0
Discontinued operations			
(Loss)/profit for the year from discontinued operations		**(0.3)**	0.2
Profit for the year attributable to equity shareholders		**2.5**	4.2

Earnings per share (pence)

	Note	2008	2007
From continuing operations			
Basic	6	**6.0**	8.8*
Diluted	6	**6.0**	8.6*
From continuing and discontinued operations			
Basic	6	**5.3**	9.2*
Diluted	6	**5.3**	9.0*

* *Restated for the 4 for 1 bonus issue of ordinary shares on 4 October 2007 (see note 9).*

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	2008 £m	2007 £m
Actuarial (loss)/gain on defined benefit pension scheme	**(1.1)**	1.0
Deferred tax relating to defined benefit pension scheme	**0.3**	(0.3)
Net (charge)/income recognised directly in equity	**(0.8)**	0.7
Profit for the year attributable to equity shareholders	**2.5**	4.2
Total recognised income for the year	**1.7**	4.9

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2008
CONSOLIDATED BALANCE SHEET

	2008 **£m**	2007 £m
Assets		
Non current assets		
Property, plant and equipment	**37.6**	53.7
Intangible assets	**5.5**	10.1
Deferred income tax assets	**1.2**	1.1
	44.3	64.9
Current assets		
Inventories	**4.6**	8.1
Trade and other receivables	**51.4**	39.9
Derivative financial instruments	**0.9**	0.2
Cash and cash equivalents	**-**	0.1
Assets held for sale	**30.4**	-
	87.3	48.3
Total assets	**131.6**	113.2
Liabilities		
Current liabilities		
Trade and other payables	**(36.8)**	(36.7)
Current income tax liabilities	**-**	(1.0)
Borrowings	**(4.9)**	(10.0)
Derivative financial instruments	**(0.6)**	-
Liabilities directly associated with assets held for sale	**(15.1)**	-
	(57.4)	(47.7)
Non current liabilities		
Trade and other payables	**-**	(0.6)
Borrowings	**(37.1)**	(30.0)
Deferred income tax liabilities	**(2.2)**	(1.3)
Retirement benefit obligations	**(4.4)**	(3.5)
	(43.7)	(35.4)
Total liabilities	**(101.1)**	(83.1)
Net assets	**30.5**	30.1
Equity		
Share capital	**11.7**	2.3
Share premium	**-**	6.2
Other reserves	**-**	0.3
Retained earnings	**18.8**	21.3
Total shareholders’ equity	**30.5**	30.1

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2008
CONSOLIDATED CASH FLOW STATEMENT

	Note	2008 £m	2007 £m
Net cash (absorbed by)/generated from operating activities	7	**(0.8)**	8.5
Cash flows from investing activities			
Acquisitions of businesses net of cash acquired		**-**	(1.7)
Purchase of intangible assets		**(0.3)**	(0.2)
Purchase of property, plant and equipment		**(6.5)**	(20.0)
Proceeds on sale of property, plant and equipment		**0.1**	0.2
Deferred acquisition payments		**(1.3)**	(1.8)
Deferred disposal proceeds		**-**	0.6
Net cash absorbed by investing activities		**(8.0)**	(22.9)
Cash flows from financing activities			
Proceeds on issue of ordinary shares		**0.5**	-
Proceeds from bank borrowings		**0.2**	6.0
Bank loan issue costs		**(0.2)**	-
Finance lease and hire purchase payments		**(0.4)**	(0.3)
Dividends paid		**(1.8)**	(1.7)
Net cash (absorbed by)/generated from financing activities		**(1.7)**	4.0
Net decrease in cash and cash equivalents		**(10.5)**	(10.4)

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2008
NOTES

1. General information

NWF Group plc ('the Company') is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 1985. The principal activities of NWF Group plc and its subsidiaries (together 'the Group') are the warehousing and distribution of ambient groceries, the manufacture and sale of animal feeds, the distribution of fuel oils and the operation of large retail garden centres.

The address of the Company's registered office is NWF Group plc, Wardle, Nantwich, Cheshire, CW5 6BP.

The Company has its primary listing on the Alternative Investment Market ('AIM') of the London Stock Exchange.

2. Basis of preparation of financial statements

The Group full audited financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ('IFRS'), International Financial Reporting Interpretation Committee ('IFRIC') interpretations and those provisions of the Companies Act 1985 applicable to companies reporting under IFRS. The Group financial statements have been prepared on the historical cost convention modified for the revaluation of certain financial instruments.

The Group full audited financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Principles for the year ended 31 May 2007 and previous accounting periods. With effect from 1 June 2007, the Group financial statements have been prepared, for the first time, on the basis of IFRS accounting policies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, which are outlined in note 10 below. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3. Group annual report and statutory accounts

This preliminary announcement does not constitute the Group's annual report and 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 2007, have been delivered, and, for the year ended 31 May 2008 will be delivered, to the Registrar of Companies. Both carry an unqualified audit report.

After 26 August 2008, 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

4. Segmental information

	2008 £m	2007 £m
Revenue		
Distribution	**32.9**	27.0
Feeds	**100.1**	81.5
Fuels	**228.2**	190.4
Revenue from continuing operations	**361.2**	298.9
Discontinued operations	**21.8**	21.5
	383.0	320.4
Operating profit from continuing operations		
Distribution	**0.5**	1.3
Feeds	**3.1**	2.0
Fuels	**2.2**	3.2
	5.8	6.5
Net assets		
Distribution	**30.5**	26.3
Feeds	**19.2**	17.7
Fuels	**13.5**	7.8
Garden Centres (reclassified as assets held for sale at 31 May 2008)	**-**	24.8
Unallocated corporate net liabilities (see below)	**(48.0)**	(46.5)
Continuing operations	**15.2**	30.1
Assets held for sale	**15.3**	-
	30.5	30.1

Unallocated corporate net liabilities comprise deferred income tax assets, deferred and current income tax liabilities, borrowings, retirement benefit obligations and certain derivative financial instruments.

5. Income tax expense

	2008 £m	2007 £m
Current tax		
U.K. corporation tax on profits for the year	**0.9**	1.7
Adjustment in respect of prior years	**(0.4)**	-
Current tax expense	**0.5**	1.7
Deferred tax		
Origination and reversal of temporary differences	**0.5**	0.1
Adjustment in respect of prior years	**0.4**	-
Deferred tax expense	**0.9**	0.1
Total income tax expense	**1.4**	1.8

Corporation tax for the year ended 31 May 2007 was calculated at 30% of the estimated assessable profit for the year. During the year ended 31 May 2008, as a result of the change in the U.K. corporation tax rate, effective from 1 April 2008, corporation tax has been calculated at an effective rate of 29.67%.

6. Earnings per share

From continuing operations

	Basic earnings per share		**Diluted earnings per share**	
	2008	2007	**2008**	2007
Earnings attributable to equity shareholders (£m)	**2.8**	4.0	**2.8**	4.0
Weighted average number of shares in issue during the year (000's)	**46,900**	45,712	**46,900**	45,712
Weighted average dilutive effect of share options (000's)	**-**	-	**65**	965
Adjusted weighted average number of shares in issue during the year (000's)	**46,900**	45,712	**46,965**	46,677
Earnings per ordinary share (pence)	**6.0**	8.8	**6.0**	8.6

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NOTES (CONTINUED)

6. Earnings per share (continued)

From continuing and discontinued operations

	Basic earnings per share		**Diluted earnings per share**	
	2008	2007	**2008**	2007
Earnings attributable to equity shareholders (£m)	**2.5**	4.2	**2.5**	4.2
Weighted average number of shares in issue during the year (000's)	**46,900**	45,712	**46,900**	45,712
Weighted average dilutive effect of share options (000's)	**-**	-	**65**	965
Adjusted weighted average number of shares in issue during the year (000's)	**46,900**	45,712	**46,965**	46,677
Earnings per ordinary share (pence)	**5.3**	9.2	**5.3**	9.0

Restatement of 2007 earnings per share

The 2007 basic and diluted earnings per share figures shown above, from continuing and discontinued operations, have been restated for the impact of the bonus issue (see note 9), from 45.5p and 44.6p respectively.

7. Net cash (absorbed by)/generated from operating activities

	2008 £m	2007 £m
Operating profit	**6.8**	8.1
Depreciation of property, plant and equipment	**3.7**	3.4
Amortisation of other intangible assets	**0.3**	0.1
Profit on sale of property, plant and equipment	**(0.1)**	(0.1)
Difference between pension charge and cash contributions	**-**	(0.1)
Operating cash flows before movements in working capital	**10.7**	11.4
Movements in working capital:		
Increase in inventories	**(1.0)**	(0.9)
Increase in receivables	**(13.0)**	(0.8)
Increase in payables	**7.3**	3.0
Net cash generated from operations	**4.0**	12.7
Interest paid	**(3.5)**	(2.3)
Income tax paid	**(1.3)**	(1.9)
Net cash (absorbed by)/generated from operating activities	**(0.8)**	8.5

8. Reconciliation of movements in shareholders' equity

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m
At 1 June 2006	2.3	6.2	0.3	18.1	26.9
Profit for the year	-	-	-	4.2	4.2
Dividends paid	-	-	-	(1.7)	(1.7)
Actuarial gain on defined benefit pension scheme	-	-	-	1.0	1.0
Deferred tax on defined benefit pension scheme	-	-	-	(0.3)	(0.3)
At 1 June 2007	2.3	6.2	0.3	21.3	30.1
Profit for the year	-	-	-	2.5	2.5
Dividends paid	-	-	-	(1.8)	(1.8)
Ordinary shares issued	0.1	0.4	-	-	0.5
Bonus shares issued	9.3	(6.6)	(0.3)	(2.4)	-
Actuarial loss on defined benefit pension scheme	-	-	-	(1.1)	(1.1)
Deferred tax on defined benefit pension scheme	-	-	-	0.3	0.3
At 31 May 2008	**11.7**	**-**	**-**	**18.8**	**30.5**

9. Bonus issue of ordinary shares

On 4 October 2007, the Company's shareholders approved a bonus issue of four new ordinary shares of 25 pence each ("new ordinary shares") for each existing ordinary share held by a shareholder on the share register at the close of business on 4 October 2007. This resulted in the issue of 37.5 million new ordinary shares with a total nominal value of £9.3 million.

In order to effect the bonus issue described above, £9.3 million was capitalised from reserves, comprising £6.6 million from share premium, £0.3 million from other reserves and £2.4 million from retained earnings.

10. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are discussed below.

Estimated impairment of goodwill
The Group annually tests whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates, both in arriving at expected future cash flows and a suitable discount rate in order to calculate the present value of these flows.

Estimated impairment of trade receivables
The Group regularly reviews the recoverability of trade receivables. A provision for impairment is made where the Group believes that it will not be able to collect amounts due according to the original terms of sale. Provisions for impairment are estimates of future events and as such are therefore uncertain.

Defined benefit pension scheme valuation assumptions
The balance sheet carrying values of the defined benefit pension scheme surplus or deficit are calculated using independently commissioned actuarial valuations. These valuations are based on a number of assumptions, including the most appropriate mortality rates to apply to the profile of scheme members and the financial assumptions regarding discount rates and inflation. All of these are estimates of future events and are therefore uncertain.

Estimated fair value of derivatives and other financial instruments
The fair value of financial instruments that are not in an active market (trading contracts) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date. Further details can be found in the Finance Director's Review.

Disposal groups
Disposal groups are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The Directors are required to use their judgement as to whether carrying value is in excess of anticipated recoverable amounts through sale.

11. Financial calendar

Annual Report to be published	26 August 2008
Annual General Meeting	2 October 2008
Dividend:	
- ex dividend date	20 August 2008
- record date	22 August 2008
- payment date	3 November 2008