

## **Annual General Meeting, 4 October 2007 Chairman's Trading Update**

The Annual General Meeting of NWF Group plc will be held at 10.30 am today at The Swan Hotel, 50 High Street, Tarporley, Cheshire where the Chairman will make the following statement:

"As I promised in my statement in August at the time of our Preliminary Results' announcement for 2006/07, I am today giving shareholders an update on trading for the first quarter of the new financial year.

For the Group as a whole, 2007/08 was expected to be a year of further growth but with its results very much skewed towards the second half, even more so than in previous years. With the gradual commissioning of the Wardle warehouse development for Distribution, our planned pre-tax profit for the first half accounts for only 29% of the full year plan, with only 8% of this relating to the first quarter.

We have been disappointed by the start to our financial year. The very wet weather of June and July has led to lower sales figures in our Garden Centres and normal cattle feeding patterns for our Feeds business have been affected by high commodity prices. Our Distribution and Fuels' divisions have also seen slow initial starts to their years.

Our confidence in the future remains high, although earnings growth is running behind expectation so far this year. The full year should still, however, show growth on 2006/07 with our longer-term ambitions undiminished. The acquisition of new customers for Distribution is proceeding at a better than expected pace, which we anticipate will benefit the second half-year. Price increases have been applied in Feeds to recover the currently exceptionally high rises in raw material costs. Fuels has an enviable track record of profitability which, given a more normal series of winter temperatures than experienced last year, is expected to progress again. Garden Centres has a strengthened management team, improved sales in August and September in line with management's expectations and the twin peak periods of Christmas and next Spring to look forward to.

I will provide a further update at the time of our Interim Statement in early February".

**Mark Hudson**  
**Chairman**