

NWF Group plc

Annual report and accounts 2007

2264971

Distribution

Feeds

Fuels

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COMPANIES HOUSE

Garden Centres

Welcome to NWF

The NWF Group dates from 1871 when it was formed to supply farmers' needs. Since then, it has grown to become a PLC with a wide shareholding listed on the Alternative Investment Market of the London Stock Exchange. Its present four separate activities have been successfully developed from their common roots.

Distribution

storing and distributing grocery products for supermarkets and other outlets

Feeds

manufacturing animal feeds and supplying other farm products and services

Fuels

providing fuels to service stations, businesses and households

Garden Centres

operating six large garden centres

Our strategy is simple, effective and proven to deliver value to shareholders by the continued growth and development of profitable businesses in each of our four trading divisions through a combination of organic growth, capital investment and acquisition.

Highlights

Turnover

up **9%** 
to £320m
(2006 £293m)

Profit before tax before goodwill amortisation

up **7%** 
to £6.4m
(2006 £6.0m)

Net assets

up **10%** 
to £30.4m
(2006 £27.6m)

Full year dividend per share

up **8%** 
to 19.4p
(2006 18.0p)

- all four businesses **developed strongly**
- initial use of new **warehouse development**
- **record results** for Feeds and Fuels
- **£100m market capitalisation** exceeded for the first time

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Chairman's statement

www.nwf.co.uk

Mark Hudson Chairman

In this, my first statement as your new Chairman, I am delighted to report another good year for NWF in which all four businesses developed strongly and in which our market capitalisation has exceeded £100m for the first time.

Turnover increased by 9% from £293m last year to £320m. Operating profit was 5% higher at £7.1m (2006 £6.7m). This result would have been higher but for the temporary loss of Distribution business at one warehouse earlier in the year and for the poor weather for Garden Centres in the last month of the financial year. Profit before taxation before goodwill amortisation was £6.4m (2006 £6.0m) and reported profit before taxation was £5.9m (2006 £5.5m). The weighted average number of shares in issue during the year was increased by the 1m share placing midway through the previous year. This has been invested in fixed

assets which have yet to be taken into fully profitable use, resulting in a marginal reduction in basic earnings per share to 41.2p (2006 41.7p).

Cash flows and funding

The Group generated £12.0m (2006 £9.1m) net cash from operating activities and the net cash outflow before financing was £16.0m (2006 £1.9m). Uses of funds included £20.0m of net capital investment (2006 £2.7m) and £3.5m in acquisition payments (2006 £4.1m), including deferred payments of £1.8m (2006 £1.0m) relating to previous transactions. Interest cover (excluding FRS17 finance cost) was 5.7 times (2006 6.2 times) and year end gearing was, as planned, higher than historic levels at 97% (2006 46%).

Dividend

We propose a final dividend per share of 14.5 pence (2006 13.4 pence) which will bring the total for the year to 19.4 pence (2006 18.0 pence), an increase of 8% and which equates to dividend cover of 2.1 times (2006 2.2 times). Subject to shareholder approval, the final dividend will be paid on 1 November 2007 to shareholders on the register at the close of business on 24 August 2007 and the shares will trade ex dividend on 22 August 2007.

Divisional overview

The main activity for **Distribution** was the construction and first use of the three new warehouses at Wardle which will be the driver for further profitable business in the future. In **Feeds**, a record result was achieved under the adverse conditions of high world commodity prices, by continuing growth and efficiency. **Fuels** also turned in a best-ever performance under similar conditions of high product

169	199	236	293		5 0	5 2	4 2*	5 5		42 6	43 1	34 5	41 7		14 8	16 3	16 7	18 0	
03	04	05	06	07	03	04	05	06	07	03	04	05	06	07	03	04	05	06	07
Turnover (£m)					Profit before tax (£m)					Earnings per share (pence)					Dividend per share (pence)				
					before loss on disposal of business														

prices by increasing its market share. The **Garden Centre** division ended the year with six large destination sites and with a much improved performance compared to 2006.

Acquisitions and investments

The sole operating company acquisition in the year was that of Browns of Burwell Ltd, a fuel distributor in Suffolk which was acquired in July 2006 for £1.4m. The major capital investments in the year have been £14.9m in the new Distribution warehouses and their ancillary infrastructure and £3.7m in the new Garden Centre at Ashton Park in East Manchester, following the purchase of Arthur A Gent & Sons Ltd (a dormant company holding a lease and planning permission) in July 2006 for a net consideration of £0.4m.

Board changes

Shareholders will join me in reiterating our thanks to Roy Willis, who retired at the 2006 AGM after nine years as your Chairman and service as a Director since 1980. We look forward to welcoming Richard Whiting, who will join us on 1 October 2007 to succeed Graham Scott on his retirement as Chief Executive of the Group. Richard joins us from Heywood Williams plc where he was Group Finance Director.

Outlook for the current year

There is no doubt that the prolonged wet weather of this summer has had adverse effects on both our garden products trading and on the prices of feeds raw materials. However, looking at the year as a whole, we are confident of continuing our growth and will in particular have built up the turnover of our new distribution warehouses which are expected to be fully operational in the summer of 2008. My thanks go to all who have supported NWF through the year both inside and outside the Company. I look forward to updating shareholders on the Group's progress at the time of the Annual General Meeting in October.

Mark Hudson

Chairman

14 August 2007

Chief Executive's review

www.nwf.co.uk

Graham Scott Chief Executive

This has been another satisfactory year of development for the Group, with profit before tax before goodwill up by 7.5% to £6.4m (2006: £6.0m) on turnover of £320.4m, an increase of 9.4% on £292.9m last year.

Three of the businesses improved their profits over 2006 while the fourth, Distribution, suffered from a well-publicised customer loss which was replaced within the year but nevertheless caused a profit downturn in 2007. We have continued to lay foundations for further growth within the Group, which will emerge as we fill our new capacities in several areas.

We have seen a year of significant investment, mainly in revenue generating fixed assets, with a 10.1% increase in overall net assets to £30.4m (2006: £27.6m). There has been a predicted rise in interest costs and gearing, which will continue in the short term as revenues and profits from these investments gradually build to planned levels.

Distribution

This has been an exceptionally busy year for Distribution. The warehouse investment project at Wardle has dominated the year and the first of the three new warehouses was taken into use in May in line with our mid-year update. The other two will be commissioned in the course of the summer.

The rate of acquiring new business is in line with our previous expectation of filling all 60,000 new pallet places by the end of May 2008. A major customer at Deeside, HP Foods, was acquired by Heinz and its logistics taken in-house by the new owner. The space was taken by Typhoo Tea but not before several months of excess capacity had elapsed. The year's turnover was consequently down, by 1% from £27.2m to £27.0m and operating profits fell by 32% from £2.1m to £1.4m. Profits were also affected, as expected, by various start-up costs associated with the new development.

Feeds

Feeds moved forward again on total volumes which exceeded 500,000 tonnes for the first time, increasing by 12% over last year in a market for ruminant feeds which was around 7% larger in the same period. Much of the market growth was in blends, a segment in which we saw a 26% increase. Turnover was 13% up, reflecting the effect of the higher priced raw material base, at £81.5m compared to £71.9m last year. Operating profit reached a new record for the division at £1.9m (2006: £1.5m), up by 21%. We were particularly pleased by a strong performance in the South West, an area that we only entered less than three years ago, making NWF a national player in this market. We will create further blends and raw material storage capacity at Wardle in time for winter 2007/08.

Fuels

The Fuels business added another record year to its string of year-on-year improvements. Despite high world oil prices and a mild winter which cut back on heating oil demand, the division posted an operating profit of £3.1m compared to £2.8m in 2006, an increase of 11%. Total volumes on a like-for-like basis were unchanged at around 320m litres, with extra diesel sales making up for the heating oils shortfall. Browns of Burwell, the fuel depot acquired in July 2006, was quickly assimilated into the operations, distributing 15m litres in the period since acquisition and making a useful initial contribution to total operating profit. The fuel card marketing operation made further progress.

Garden Centres

Like-for-like, the four more established garden centres enjoyed a 10% uplift on sales compared to 2006. This would have been higher but for the disappointing weather in May, the busiest month for the entire industry. Woodford

Park had a full year in the NWF fold, adding £6.1m further turnover while Ashton Park, completed as a greenfield new build on time in March 2007, added a further £0.5m sales. Total turnover for the division was 38% up, taking sales from £15.6m last year to £21.5m this year. Operating profits were 130% up at £0.7m (2006: £0.3m). Average margins were improved year-on-year and several new concessions were introduced at various sites. The new Gourmet food halls at two centres traded well and this concept will be extended to other sites.

Accounting standards

In accordance with the London Stock Exchange rules for AIM-listed companies, we will be adopting new International Financial Reporting Standards (IFRS) in our financial statements for the 2007/08 financial year onwards. This will apply to our interim results due to be published in early 2008, which will also include an explanation of the effects of changing to IFRS from existing UK-based standards at the date of transition (1 June 2006).

Outlook for 2007/08

We are looking for further improvement in the new year. Distribution should benefit from the absence of last year's problems (major customer loss, start-up costs) while filling its new space. Feeds is expected to continue to grow its market share and benefit from further utilisation of blending capacity. Fuels will look to expand its geographic coverage even further and optimise operations within existing depot catchment areas. Garden Centres should enjoy the benefits of six large units with new buying and operations management while improving its offer and margins.

I would like to add my own welcome to Richard Whiting, who will succeed me as Chief Executive in the first half of this new year. I would also like to thank all of my colleagues in NWF and the friends of NWF outside the Group who have been so supportive over the 12 years that we have been on AIM and who have together built up the business to its present scale and reputation.

Graham Scott

Chief Executive
14 August 2007

Business profiles

www.nwf.co.uk

Distribution

www.boughey.co.uk

Keith Forster Managing Director

Boughey Distribution's market consists primarily of ambient grocery products which require storage and shared delivery to the regional distribution centres of the major supermarket groups. Growth in consumer choice implies increasing need for the services offered by Distribution whereby even the smallest products in sales terms can enjoy the benefits of efficient full-load logistics.

Boughey began originally by collecting milk from farms and has grown today to become a leading national distributor in the grocery industry. It has its own fleet of rigid and articulated vehicles and trailers based at the 48 acre Group main site at Wardle, Cheshire. This site can store around 105,000 pallets in ambient racked warehousing. Customers' products are stored prior to daily order-picking for delivery, usually by the Boughey fleet, in mixed consolidated loads contributing to the modern efficient grocery distribution chain. Capacity at Wardle is supplemented by leased warehousing locally at Winsford (12,500 pallets) and Deeside, Chester (19,000 pallets) making 136,500 pallets capacity in total. Certain warehousing capacity is also temperature regulated.

Sophisticated stock control systems ensure correct rotation of products and full traceability from point of receipt to delivery. Goods are held on behalf of around 200 customers who are either manufacturers or importers of branded and private label products. Deliveries are made nationally to a full range of supermarket, wholesale and speciality chains.

A versatile packing department is located at Wardle whose facilities include labelling, shrinkwrapping, flowwrapping, sleeving and barcoding plus inspection and promotional packing services. Together with customer/supplier e-links, Boughey Distribution offers a complete service centred on a single site.

Feeds

www.nwfagriculture.co.uk

David Warrington Managing Director

The market for this division consists primarily of the 10,000 British dairy farmers who have invested in continuing to supply a large part of the nation's need for milk and milk products. Despite decades of restructuring among milk producers, the demand for manufactured dairy feeds, compounds and blends, remains largely constant at around 3 million tonnes per annum.

NWF Agriculture represents the original business of the Group and has grown to become a leading national manufacturer of animal feeds, mainly for dairy cattle but also for beef and sheep farmers, throughout the livestock farming areas of Western Britain from Argyll to Cornwall. We trade in the South West mainly as J G W Thomas & Sons, an expanding business acquired by NWF Agriculture in 2004.

The core activities are the manufacture of around 400,000 tonnes per annum of compound animal feeds in mills at Wardle in Cheshire and Wixland in Devon plus over 100,000 tonnes per annum of blended feeds from plants in Ayr, Penrith, Wardle and Exeter. NWF's market share has grown dramatically in the last decade to around 16% today. The feed mills have been continuously updated to the highest standards of quality, efficiency, compliance and traceability. Around 10,000 tonnes per annum of specialised and bagged compounds are outsourced in addition to the manufactured volume.

NWF Agriculture also markets further ranges of feeds, seeds and silage additives to farmers. Nutrition Express is a complementary business which offers milk powders, milk replacer feeding machines, minerals and protected fats. The extensive field staff, which has access to the latest technology, can advise farmers on milk and meat production and on the optimal balance of choices for the farm enterprise.

Business profiles

www.nwf.co.uk

Fuels

www.nwffuels.co.uk

Kevin Kennerley Managing Director

This division's market focus is led by oil-fired domestic heating where there are still some one million homes and businesses relying on this fuel. The geography of NWF Fuels' chain of depots reflects this interest in countryside locations. In addition, to balance the seasonality of heating and gas oils, petrol and diesel are supplied to a number of rural service stations.

NWF Fuels began by servicing farmers' needs but has grown to become one of the largest independent distributors of Texaco fuels in the UK and is also a major distributor of Conoco and Total products, with a reputation for competitive prices and fast, efficient customer service.

With a 50 strong modern tanker fleet and a strategically located depot network, NWF Fuels supplies a comprehensive range of oil products coast to coast throughout England and Wales. The Company offers heating fuels for domestic, industrial and agricultural users and automotive fuels for the transport sectors. Petrol and diesel are supplied to around 80 retail Service Stations under contract using the Texaco and other brands where

appropriate. Over 300 million litres of product are delivered to nearly 20,000 customers each year.

Additionally, NWF Fuels is one of the fastest growing fuel card marketing companies and offers a full range of lubricants. Storage tanks can be supplied and fitted, in addition to a boiler breakdown service and insurance package.

The majority of the sales and distribution depots benefit from having their own product storage and delivery facilities and are based at Wardle (Cheshire), Leaton (Shropshire), Stoke-on-Trent (Staffordshire), Burnley (Lancashire), Nottingham, Bangor (Gwynedd), Dyserth (Denbighshire), Kingsbury (Warwickshire), Boston (Lincolnshire), Yate (Gloucestershire), Ammanford (Carmarthenshire), Acle (Norfolk) and Burwell (Suffolk). In certain areas the trading names of Dragon Petroleum, Knutsford Domestic Fuel Oils, Malpas Oils, J W Keep, Bassett Fuels, G Thomas, T Splitt, Fuel Oil Supplies, Lincolnshire Fuels, Broadland Fuels and Browns of Burwell are used.

Garden Centres

www.nwfretail.co.uk

Ian Barnes Managing Director

The garden and leisure market is growing with sustained interest in gardening and recreational activities and with an ageing population who have time, enthusiasm and income to spare. Large destination garden centres of the type operated by NWF provide an attractive environment to the shopper with their year-round appeal and facilities such as easy parking, advice, restaurants and ever-changing product ranges.

NWF has been involved in retail almost since its founding having had Country Stores, primarily for farmers, since the 1880's. In the 1990's the first moves were made into garden centres, this being a related sector with much more attractive growth prospects.

NWF now operates six significantly sized garden centres **Rivendell** and **Woodford Park** in Cheshire, **Wheatcroft** and **Dukenes** in Nottinghamshire, **Victoria** in Yorkshire and, opened in March 2007, **Ashton Park** in Lancashire. Each is the major destination garden centre in its locality and each has a large site with extensive car parking space and both indoor and outdoor retail areas. Customer facilities include attractive restaurants and, at several centres, we have recently introduced Gourmet food halls featuring locally sourced quality products. The product ranges cover wide varieties of plants and garden and leisure requisites of all types, changing by the season. Rivendell and Dukenes, in addition, have their own nurseries which provide high quality plants for their customers. Each garden centre has well qualified staff who can advise on gardening issues and many special events are held around the year. At most sites, there are also specialised concessions whose offerings complement the core garden centre product ranges and help smooth out extreme seasonality.

Directors and advisers

www.nwf.co.uk

Mark Hudson Chairman

John Acomley Non Executive

David Southworth Non-Executive

Graham Scott Chief Executive

Paul Grundy Finance Director

Richard Whiting Chief Executive Designate
Due to join on 1 October 2007

Rob Andrew Company Secretary

Non-Executive

Mark Hudson

Chairman of the Board

Joined the Board in 1985, became Chairman in 2006. An agricultural business adviser and dairy farmer. Past President of the CLA, chairman of the Game Conservancy Trust and member of council, Duchy of Lancaster. Age 60

John Acornley

Chairman of Audit Committee

Senior Non-Executive Director

Joined the Board in 2001. Extensive public and private company experience at Board level. Currently non-executive chairman of two privately owned companies. Age 53

David Southworth

Chairman of Remuneration Committee

Appointed in May 2006. Previously chief executive and chairman of Skillsgroup plc. Currently non-executive chairman of three businesses in diverse market sectors. Age 58

The Audit Committee and Remuneration Committee comprise the Non-Executive Directors only

Executive

Graham Scott

Chief Executive

Joined as Chief Executive in 1995, having previously worked in international food and agribusiness industries with Unilever and BP. Currently non-executive chairman of Dee Valley Group plc and sole non-executive director of a private petfood business. Age 62

Paul Grundy

Finance Director

Joined as Finance Director in 2004. Previously group financial controller of N Brown Group plc and director of finance with Hilti (GB) Ltd. Age 50

Richard Whiting

Chief Executive Designate

Due to join on 1 October 2007. Previously group finance director of Heywood Williams Group plc, after joining as business development director from Brand-Rex Ltd, where he was managing director of the datacom division. Age 43

Rob Andrew

Company Secretary

Joined as Company Secretary in 2004. An experienced chartered secretary, previously assistant company secretary of Iceland Frozen Foods plc. Age 44

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Registered no

2264971

Directors' report

for the year ended 31 May 2007

www.nwf.co.uk

The Directors present their report together with the audited financial statements for the year ended 31 May 2007

Principal activities

The principal activities of the Group are the warehousing and distribution of grocery products, the manufacture and merchandising of animal feeds, the sale and distribution of fuel oils and the sale of garden centre products

Results and dividends

The profit after tax for the year ended 31 May 2007 amounted to £3,771,000 (2006 £3,549,000)

The Directors recommend a final dividend for the year of 14.5p (2006 13.4p) per share which, if approved at the Annual General Meeting, will be payable on 1 November 2007. Together with the interim dividend paid during the year of 4.9p (2006 4.6p) per share, this will result in a total dividend of 19.4p per share (2006 18.0p) amounting to £1,808,000 (2006 £1,645,000)

Business review and future developments

A review of the Group's operations is covered in the Chief Executive's Review

Financial risk management

The Group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk. Given the size of the Group, the Directors have not established a sub-committee of the Board to monitor financial risk management, but have established policies that are implemented and monitored by the Executive Directors

Price risk

The Group is exposed to commodity price risk, principally for certain raw materials in its Feeds division which enters into forward supply contracts in order to manage the impact of price movements on its gross margin. The use of these contracts is not speculative. The Directors estimate the fair value of open contracts at 31 May 2007 to be £1,197,000 (2006 £658,000)

The Fuels division 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 division to effectively manage the risk of

gross margin erosion. Forward supply contracts are not utilised by this division

The extent of these risks is regularly reviewed and assessed by the Executive Directors and reported back to the Board. This process is considered to be effective given the size and nature of the risks involved, but will be reviewed in the future should circumstances change

Credit risk

Where appropriate, relevant credit checks are performed on potential customers before sales are made. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by divisional management and, in the case of a financially material value, by the Executive Directors. In addition, the Fuels division maintains credit insurance for certain higher value accounts in order to manage the potential financial loss incurred on certain bad debts

Liquidity risk

The Group actively maintains a mixture of long-term and short-term debt finance, which is designed to ensure that it has access to sufficient available funds for ongoing working capital needs as well as planned capital investment and expansion generally. The amount of debt finance required is reviewed at least annually by the Directors

Interest rate risk

The Group has interest bearing debt liabilities. During the year, given the planned significant increase in the level of debt finance resulting from the investment in additional warehousing by the Distribution division, the interest rate policy was amended such that approximately 50% of the forecast level of debt over an ongoing three year period is to be subject to an appropriate financial instrument that will limit the impact of rising interest rates during that period. The Directors will review the appropriateness of this policy on at least an annual basis

Purchase of businesses

On 13 July 2006 the Group acquired Arthur A Gent & Sons Limited, a garden centre business based in Ashton under Lyne, Manchester, for a total consideration of £1,041,000

On 31 July 2006 the Group acquired Browns of Burwell Limited, a fuel distribution business based near Newmarket, for a total consideration of £1,445,000

Directors and their interests

The Directors holding office during the year and their interests in the share capital of the company at 31 May 2007 and 31 May 2006 were as follows

	Ordinary shares		Share options	
	2007 Number	2006 Number	2007 Number	2006 Number
JK Acornley	2,000	2,000	—	—
P Grundy	400	400	—	—
MH Hudson	115,520	115,520	—	—
GR Scott	115,228	115,228	8,575	8,575
DR Southworth	—	—	—	—
JR Willis (resigned 28 September 2006)	n/a	172,552	n/a	—

The market price of the Company's shares at the end of the financial year was 980p and the range of market prices during the year was between 723p and 1,002p

Mr GR Scott held an option over 8,575 shares under the Group's "Save As You Earn" scheme during the year at a price of 193p per share and exercisable from 1 June 2007 or on his normal retirement date, if earlier. This option was exercised on 1 June 2007

Mr JK Acornley and Mr GR Scott retire by rotation at the forthcoming Annual General Meeting and, being eligible, will submit themselves for re-election

Further details of related party transactions with Directors are given in note 22

Substantial shareholdings in the Company

As at 2 August 2007, the Company has been notified of declarable interests in its issued Ordinary share capital by Atorka Group, an Icelandic investment group, amounting to 20.4%

Creditor payment policy

Whilst no formal code or standard of payment practice is followed, the Group policy is to settle terms of payment with creditors when agreeing the terms of each transaction and to abide by the agreed terms of payment. There are no creditors subject to special arrangements outside of suppliers' terms and conditions. The Group has complied with this policy during the year. The parent company has no trade creditors

The Group's average credit payment period at 31 May 2007 was 39 days (2006: 39 days)

Employees

The Group has established communication procedures for keeping its employees informed about the Group itself and the individual business operations in which they work. The Group also has a "Save As You Earn" Share Option Scheme to encourage employees' further participation in the business

The Group recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to such persons, including any employee who becomes disabled, having regard to their particular aptitudes and abilities. Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board

SR Andrew
Secretary



Wardle
Nantwich
Cheshire
CW5 6BP

Registered no: 2264971
14 August 2007

Corporate governance statement

www.nwf.co.uk

The Board is committed to achieving high standards of corporate governance, integrity and business ethics for all of the activities of the Group. Under the rules of the Alternative Investment Market, the Group is not required to comply with the Combined Code. Nevertheless, the Board has taken steps to comply with the Code in so far as it can be applied practically and appropriately, given the size of the Group and the nature of its operations. The main ways in which it does this are described below.

Board of Directors

The Board currently comprises two Executive and three Non-Executive Directors. The roles of Chairman and Chief Executive are separated and clearly understood. The Chief Executive is responsible for the operating performance of the Group. A formal schedule of matters requiring Group Board approval is maintained, covering such areas as Group strategy, approval of budgets, financial results, Board appointments and dividend policy. The Board normally meets once a month and additional meetings are called when required. Directors are able, if necessary, to take independent professional advice in the furtherance of their duties at the Company's expense. Due to the infrequency of senior appointments, the Board does not maintain a standing Nomination Committee but will form one as appropriate when required.

All Directors are subject to retirement by rotation every three years and their re-election is a matter for shareholders.

The service contracts of Executive Directors require one year's notice or less.

Audit Committee

The Audit Committee consists of all three Non-Executive Directors. It meets formally twice a year, with additional meetings as required.

The Audit Committee has terms of reference in place which have been formally approved by the Board and will be made available at the AGM and on the Company's website. Its primary responsibilities include reviewing the

effectiveness of the Group's internal control systems and monitoring the integrity of the Group's financial statements and external announcements of the Group's results. The Board has appointed a Group Risk Assurance manager through which the various risks to which the Group's operations are exposed are assessed and monitored. This function reports through the Audit Committee to the Board twice per year on various aspects of the Group's internal control systems.

The Audit Committee regularly reviews the effectiveness of the Group Risk Assurance function. It also approves the appointment and remuneration of the Group's external auditors and satisfies itself that they maintain their independence regardless of any non-audit work performed by them.

Remuneration Committee

The Remuneration Committee consists of all three Non-Executive Directors. Its remit is to determine, on behalf of the Board, appropriate short and long-term total reward packages for the Executive Directors of the Group and its subsidiaries. The Remuneration Committee will also satisfy itself that good practices apply to all Group employees through the relevant management structures. Its terms of reference will be made available at the AGM and on the Company's website.

Non-Executive Directors

The Non-Executive Directors have received appointment letters setting out their terms of reappointment. Appointment of new Non-Executive Directors is initially for one year with renewal for three-year terms if performance is satisfactory. The Chairman has served for more than nine years on the Board and, whilst this does not comply with the Code's definition of independence, the Board considers that his experience is invaluable to the Group. The Board considers that the other two Non-Executive Directors meet the tests of independence.

The appointment of new Non-Executive Directors to the Board is considered by the whole Board.

Internal control

The Board has overall responsibility for ensuring that the Group maintains a system of internal control, to provide it with reasonable assurance regarding the reliability of financial information that is used within the business and for publication and the safeguarding of assets. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Board operates a formal risk management programme throughout the Group with responsibility for assessing key risks and maintaining adequate controls delegated to directors and managers at all levels. The Group's organisational structure has clear lines of responsibility. Operating and financial responsibility for subsidiary companies is delegated to operational management.

The Group has a comprehensive budgeting and financial reporting system which, as a matter of routine, compares actual results to the budgets approved by the Group Board. Management accounts are prepared for each subsidiary company and for the Group on a monthly basis. Significant variances from budget are thoroughly investigated. In addition, updated profitability forecasts are prepared to reflect actual performance and revised outlook as the year progresses.

Cash flow forecasts are prepared regularly, to ensure that the Group has adequate funds for the foreseeable future.

Investment policy, acquisition proposals and major capital expenditure projects are authorised and monitored by the Group Board.

Shareholders

The Chairman and the Non-Executive Directors will always make themselves available to meet with shareholders. Each AGM is a particular opportunity for this. Normal relationships with shareholders are maintained by the Executive Directors who brief the Board on shareholder issues and who relate the views of the Group's advisers to the Board.

Going concern

The Board confirms that it has a reasonable expectation that the Company and the 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.

Statement of Directors' responsibilities

www.nwf.co.uk

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss and cash flows of the Group for that period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). In addition, they are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 May 2007 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and of the Group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors intend to publish the accounts on the Group's website www.nwf.co.uk. The Directors are responsible for the maintenance and integrity of the accounts on the website in accordance with UK legislation governing the preparation and dissemination of accounts. Access to the website is available from outside the UK, where comparable legislation may be different.

Independent auditors' report to the members of NWF Group plc

We have audited the Group and company financial statements (the "financial statements") of NWF Group plc for the year ended 31 May 2007 which comprise the consolidated profit and loss account, the statement of group total recognised gains and losses, the note of historical cost profits, the consolidated and company balance sheets, the consolidated cash flow statement, the reconciliation of movements in equity shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, the Chief Executive's Review,

the Directors' Report and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the company's affairs as at 31 May 2007 and of the Group's profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Manchester

14 August 2007

Consolidated profit and loss account

for the year ended 31 May 2007

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	Note	2007 £'000	2006 £'000
Turnover	2	320,365	292,873
Cost of sales		(293,492)	(270,229)
Gross profit		26,873	22,644
Administrative expenses		(19,822)	(15,922)
Operating profit	2	7,051	6,722
Interest payable	5	(1,244)	(1,088)
Other finance income/(costs) — FRS17	21	69	(127)
Profit on ordinary activities before taxation	3	5,876	5,507
Taxation on profit on ordinary activities	6	(2,105)	(1,958)
Profit for the financial year		3,771	3,549
Earnings per share			
Basic	8	41 2p	41 7p
Diluted	8	40 4p	40 8p

All of the Group's turnover is derived from continuing operations

The notes on pages 25 to 43 form part of these financial statements

Statement of group total recognised gains and losses

for the year ended 31 May 2007

	Note	2007 £'000	2006 £'000
Profit for the financial year		3,771	3,549
Actuarial gain on pension scheme	21	978	1,685
Movement on deferred tax relating to pension liability		(294)	(506)
Total gains recognised for the year		4,455	4,728

Note of historical cost profits

for the year ended 31 May 2007

	Group		Parent company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	5,876	5,507	3,629	1,936
Depreciation on revaluation surplus	25	25	25	25
Historical cost profit on ordinary activities before taxation	5,901	5,532	3,654	1,961
Historical cost profit for the year after taxation	3,796	3,574	3,484	1,998

The notes on pages 25 to 43 form part of these financial statements

Consolidated balance sheet

as at 31 May 2007

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	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Intangible assets	12		9,254		9,285
Tangible assets	9		44,296		25,005
			53,550		34,290
Current assets					
Stocks	13	8,063		7,094	
Debtors	14	40,027		39,515	
Cash and bank balances		66		945	
		48,156		47,554	
Creditors amounts falling due within one year	15	(47,547)		(34,646)	
Net current assets			609		12,908
Total assets less current liabilities			54,159		47,198
Creditors amounts falling due after more than one year	16		(20,077)		(15,219)
Provisions for liabilities and charges					
Deferred taxation	17		(1,197)		(1,112)
Net assets excluding pension liability			32,885		30,867
Pension liability	21		(2,455)		(3,223)
Net assets including pension liability			30,430		27,644
Capital and reserves					
Equity share capital	18		2,286		2,285
Share premium	19		6,234		6,231
Revaluation reserve	19		1,396		1,421
Other reserves	19		302		302
Profit and loss account	19		20,212		17,405
Total equity shareholders' funds			30,430		27,644

The financial statements on pages 18 to 43 were approved by the Board of Directors on 14 August 2007 and were signed on its behalf by

MH Hudson — P. Grundy

MH Hudson
Director

P Grundy
Director

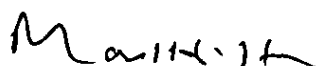
The notes on pages 25 to 43 form part of these financial statements

Company balance sheet

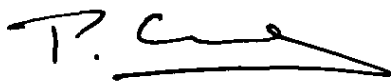
as at 31 May 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Tangible assets	9		22,174		9,138
Investments	10		8,667		8,667
			30,841		17,805
Current assets					
Debtors	14	12,197		19,279	
Cash and bank balances		1,826		75	
		14,023		19,354	
Creditors, amounts falling due within one year	15	(5,545)		(5,636)	
Net current assets			8,478		13,718
Total assets less current liabilities			39,319		31,523
Creditors: amounts falling due after more than one year	16		(18,672)		(12,700)
Provision for liabilities and charges					
Deferred taxation	17		(547)		(513)
Net assets			20,100		18,310
Capital and reserves					
Equity share capital	18		2,286		2,285
Share premium	19		6,234		6,231
Revaluation reserve	19		1,396		1,421
Other reserves	19		302		302
Profit and loss account	19		9,882		8,071
Total equity shareholders' funds			20,100		18,310

The financial statements on pages 18 to 43 were approved by the Board of Directors on 14 August 2007 and were signed on its behalf by



MH Hudson
Director



P Grundy
Director

The notes on pages 25 to 43 form part of these financial statements

Consolidated cash flow statement

for the year ended 31 May 2007

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	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Net cash inflow from operating activities	(a)		12,045		9,111
Returns on investments and servicing of finance					
Interest paid			(1,617)		(1,210)
Taxation					
Corporation tax paid			(1,868)		(1,598)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(20,230)		(2,822)	
Sale of tangible fixed assets		188		99	
Net cash outflow from capital expenditure			(20,042)		(2,723)
Acquisitions and disposals					
Acquisition of businesses	11	(2,486)		(3,050)	
Cash/(bank overdraft) acquired with businesses	11	847		(25)	
Deferred payment for businesses acquired in prior years		(1,830)		(1,030)	
Deferred receipt for business disposal in prior years		592		—	
Net cash outflow from acquisitions and disposals			(2,877)		(4,105)
Equity dividends paid			(1,673)		(1,421)
Net cash outflow before financing			(16,032)		(1,946)
Financing					
Medium term loan received			5,972		2,000
Medium term loan repayments			—		(1,300)
Hire purchase finance repayments			(347)		(161)
Shares issued for cash consideration including premium			4		5,983
(Decrease)/increase in cash in the year	(b)		(10,403)		4,576

The notes on pages 25 to 43 form part of these financial statements

Consolidated cash flow statement notes

for the year ended 31 May 2007

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2007	2007	2006	2006
	£'000	£'000	£'000	£'000
Operating profit		7,051		6,722
Goodwill amortisation		545		468
Depreciation charge		3,091		2,728
Profit on sale of tangible fixed assets		(97)		(40)
Increase in stocks	(844)		(1,014)	
Increase in debtors	(677)		(8,786)	
Increase in creditors	3,025		9,161	
Difference between pension charge and cash contributions	(49)		(128)	
		1,455		(767)
Net cash inflow from operating activities		12,045		9,111

(b) Reconciliation of net cash flow to movement in net debt

	Note	2007	2006
		£'000	£'000
(Decrease)/increase in cash		(10,403)	4,576
Cash inflow from net increase in debt		(5,972)	(700)
Repayment of hire purchase liabilities		347	161
Change in net debt resulting from cash flows		(16,028)	4,037
Hire purchase finance acquired with acquisition		(13)	(220)
New hire purchase agreements entered into		(607)	(731)
Net debt at 31 May 2006		(12,811)	(15,897)
Net debt at 31 May 2007	(c)	(29,459)	(12,811)

(c) Analysis of net debt

	At 31 May		Other non-cash	At 31 May
	2006	Cash flows	changes	2007
	£'000	£'000	£'000	£'000
Cash and bank balances	945	(879)	—	66
Bank overdraft	(164)	(9,524)	—	(9,688)
	781	(10,403)	—	(9,622)
Hire purchase liabilities due within one year	(248)	347	(409)	(310)
Hire purchase liabilities due after one year	(644)	—	(211)	(855)
Debt due after one year	(12,700)	(5,972)	—	(18,672)
Total	(12,811)	(16,028)	(620)	(29,459)

Reconciliation of movements in equity shareholders' funds

for the year ended 31 May 2007

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	Group		Parent company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Opening equity shareholders' funds	27,644	18,353	18,310	11,774
Profit after taxation	3,771	3,549	3,459	1,973
Dividends paid	(1,673)	(1,421)	(1,673)	(1,421)
Share capital issued including premium	4	5,984	4	5,984
Actuarial gain on pension scheme (note 21)	978	1,685	—	—
Deferred taxation on actuarial gain	(294)	(506)	—	—
Closing equity shareholders' funds	30,430	27,644	20,100	18,310

Notes to the financial statements

for the year ended 31 May 2007

1 Accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis under the historical cost convention, modified by the revaluations of certain freehold land and buildings, and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. The principal policies, which have been applied consistently throughout the year, are set out below.

Principles of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings after eliminating all inter-company transactions. The accounts of all members of the Group are made up to 31 May. The acquisition method of accounting has been adopted. Under this method the results of acquisitions are included in the consolidated financial statements from the effective date of acquisition and the results of discontinued activities are included up to the effective date of termination.

Turnover

Turnover is the net amount received and receivable in respect of goods and services supplied to customers in the normal course of business and excludes Value Added Tax. Turnover is recognised on delivery of goods and services.

Distribution costs

Distribution costs have been included within cost of sales since most of the Group's business is concerned with distribution.

Dividends

Interim dividends are recognised when paid and final dividends are booked as a liability when they are approved by the Company's shareholders. Dividends paid are not disclosed on the face of the profit and loss account but as a distribution out of profit and loss reserves.

Investment in subsidiary undertakings

In the balance sheet of the Company, investments in Group undertakings and participating interests are stated at cost,

unless their value has been impaired in which case they are valued at the lower of their realisable value or value in use.

Goodwill

In accordance with FRS10, goodwill arising on the acquisition of subsidiary undertakings or businesses is amortised on a straight-line basis over its estimated useful economic life up to a maximum of twenty years, subject to any adjustments arising from impairment reviews which are performed in accordance with FRS11 should they be required. Goodwill represents the fair value of consideration payable for subsidiaries or businesses in excess of the fair value of the net tangible assets acquired. Prior to 1999 goodwill was written off against reserves in the year of acquisition.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation. In accordance with FRS15, the book values of certain assets which were the subject of past revaluations have been retained. Depreciation is calculated to write off the cost or valuation of fixed assets over their useful economic life on a straight-line basis as follows:

Freehold and long leasehold buildings	50 years
Garden centres and greenhouses	13 years
Plant and machinery	3 to 10 years
Cars	4 years
Commercial vehicles	6 to 10 years

Freehold land is not depreciated. Assets under construction are not depreciated until they are put into use.

Finance costs that are directly attributable to the construction of significant assets are capitalised.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and includes appropriate overheads.

Notes to the financial statements continued

for the year ended 31 May 2007

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Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board. No timing differences are recognised in respect of revalued tangible fixed assets or fair value adjustments to acquired tangible fixed assets where there is no commitment to sell the asset. The deferred tax assets and liabilities are not discounted.

Pensions

The Group operates pension arrangements providing benefits based on final pensionable pay as well as separate money purchase arrangements for certain staff.

The Group operates a defined benefit pension scheme. The pension liability recognised in the balance sheet is the value of the scheme's assets less the present value of the scheme's liabilities.

The pension cost for the scheme is analysed between current service cost, past service cost and net return on pension scheme assets. Current service cost is the actuarially calculated present value of the benefits earned by the active employees in each period. Past service costs, relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits, are recognised in the profit and loss account on a straight-line basis over the period in which the increase in benefits vests.

Net expected return on the pension asset comprises the expected return on the pension scheme assets less interest on scheme liabilities. The actuarial gains and losses which arise from a valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are taken to the statement of total recognised gains and losses for the period. The attributable deferred taxation is shown separately in the statement of total recognised gains and losses. The pension liability is shown on the balance sheet net of the related deferred taxation asset.

Contributions to the money purchase scheme are charged to the profit and loss account as incurred.

Leased assets

Hire costs in respect of operating leases are charged against profits during the year in which they are incurred. Assets held under hire purchase contracts are included as tangible fixed assets at purchase price and depreciated over the asset life. The obligations related to hire purchase contracts (net of finance charges allocated to future years) are included as appropriate under creditors due within or after one year. The finance element of the repayments is charged to the profit and loss account in proportion to the reducing capital element outstanding.

Government grants

Grants are credited to the profit and loss account as related revenue expenditure is incurred.

2 Segmental information

Division	Turnover		Operating profit		Net operating assets	
	2007	2006	2007	2006	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000
Distribution	26,985	27,226	1,411	2,072	26,267	11,737
Feeds	81,522	71,911	1,861	1,543	17,463	16,866
Fuels	190,402	178,151	3,126	2,823	7,771	8,674
Garden Centres	21,456	15,585	653	284	14,891	12,046
	320,365	292,873	7,051	6,722	66,392	49,323

The total figures for Fuels in 2007 include the following amounts relating to the acquisition of Browns of Burwell Limited during the year Turnover £6,327,000, Operating profit £126,000, Net operating assets £1,185,000

The total figures for Garden Centres in 2007 include the following amounts relating to the acquisition of Arthur A Gent & Sons Limited during the year Turnover £528,000, Operating loss £251,000, Net operating assets £3,266,000

Net operating assets exclude corporation tax, deferred taxation, dividends, pensions, deferred acquisition debtors and creditors, cash, borrowings and inter-group balances. All of the Group's turnover is derived from continuing operations within the United Kingdom

Notes to the financial statements continued

for the year ended 31 May 2007

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3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Depreciation		3,091		2,728
Goodwill amortisation		545		468
Auditors' remuneration				
<i>Audit services</i>				
— Audit of parent company and consolidated accounts	9		8	
<i>Other services</i>				
— Audit of Company's subsidiaries pursuant to legislation	72		78	
— Tax services	44		43	
— Other services	3		4	
		128		133
Staff costs (including Directors)				
Wages and salaries	24,888		22,782	
Social security costs	1,916		1,732	
Other pension costs	866		871	
		27,670		25,385
Profit on sale of fixed assets		(97)		(40)
Operating lease rentals				
— Land and buildings		2,216		1,700
— Other		1,901		1,976
Government grants		(5)		(20)

In addition to remuneration received for services provided to the Group, the auditors received £5,000 (2006 £4,000) for the audit of the Group's defined benefit pension scheme

The average number of persons employed by the Group during the year was

	2007 Number	2006 Number
Distribution	456	446
Feeds	171	164
Fuels	129	119
Garden Centres	514	357
	1,270	1,086

4 Remuneration of Directors

	2007	2006
	£'000	£'000
Aggregate emoluments	458	564
Highest paid Director	2007	2006
	£'000	£'000
Salary and benefits	202	182
Performance related bonus	20	135
	222	317

At 31 May 2007, the highest paid Director had an accrued pension of £20,000 under the Group's defined benefit pension scheme (2006 £18,000)

	Number	Number
Number of Directors with retirement benefits accruing under defined contribution pension scheme at the year end	1	1
Number of Directors with retirement benefits accruing under defined benefit pension scheme at the year end	1	1

Details of Directors' options to subscribe for ordinary shares in the Company and those share options exercised during the year are provided in the Directors' Report on page 13

5 Interest payable

	2007	2006
	£'000	£'000
Bank interest payable	1,651	1,054
Less amount capitalised within tangible fixed assets	(490)	—
	1,161	1,054
Interest payable under hire purchase agreements	83	34
	1,244	1,088

Notes to the financial statements continued

for the year ended 31 May 2007

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6 Taxation

	2007 £'000	2006 £'000
UK Corporation tax at 30% (2006 30%)	1,961	1,819
Adjustment in respect of prior periods	50	(58)
Total current tax charge	2,011	1,761
Deferred tax charge — deferred tax provision	53	80
Deferred tax charge — FRS17 deferred tax asset	35	—
Adjustment in respect of prior periods	6	117
Total deferred tax charge	94	197
Taxation charge on profit on ordinary activities	2,105	1,958

The tax charge for the period is higher (2006 higher) than the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	5,876	5,507
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30% (2006 30%)	1,763	1,652
Effects of		
Adjustments in respect of prior period	50	(58)
Pension cost charge in excess of pension cost relief	(35)	—
Expenses not deductible for tax	286	247
Short-term timing differences	(19)	—
Accelerated capital allowances	(34)	(80)
Total current tax charge	2,011	1,761

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The main changes which will affect the Group are the proposed reduction in the standard rate of Corporation tax from 30% to 28% and the abolition of Industrial Building Allowances ('IBAs'). Given that these changes have not been substantively enacted at the balance sheet date and as further guidance from HM Revenue and Customs is anticipated, their impact on the Group's taxation balances will be determined in due course.

The Directors expect that the Group's higher than standard tax charge will continue as a result of the level of the Group's disallowable expenses, primarily goodwill amortisation.

7 Equity dividends paid

	2007 £'000	2006 £'000
Final 2006, 13 4p per share (2005 12 4p)	1,225	1,000
Interim 2007, 4 9p per share (2006 4 6p)	448	421
	1,673	1,421

The Directors propose a final dividend of £1,360,000 for the year ended 31 May 2007 (2006 £1,224,000). The dividend will be recommended for formal approval at the Annual General Meeting on 4 October 2007. These financial statements do not reflect this dividend payable which will be accounted for as an appropriation of retained earnings in the period ending 31 May 2008.

8 Earnings per share

	Basic earnings per share		Diluted earnings per share	
	2007	2006	2007	2006
Earnings attributable to shareholders (£'000)	3,771	3,549	3,771	3,549
Weighted average number of shares in issue during the year ('000s)	9,142	8,520	9,142	8,520
Weighted average dilutive effect of share options ('000s)	—	—	193	169
Adjusted weighted average number of shares in issue during the year ('000s)	9,142	8,520	9,335	8,689
Earnings per ordinary share (pence)	41.2	41.7	40.4	40.8

9 Tangible fixed assets

Group	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Plant and machinery £'000	Cars and commercial vehicles £'000	Assets under construction £'000	Total £'000
Cost or valuation						
At 1 June 2006	16,860	2,090	17,279	7,476	463	44,168
Additions	187	3,132	2,206	951	14,852	21,328
Acquisition of businesses (note 11)	—	902	108	135	—	1,145
Disposals	—	—	(155)	(1,096)	—	(1,251)
At 31 May 2007	17,047	6,124	19,438	7,466	15,315	65,390
Depreciation						
At 1 June 2006	3,226	516	11,149	4,272	—	19,163
Charge for the year	365	126	1,625	975	—	3,091
Disposals	—	—	(152)	(1,008)	—	(1,160)
At 31 May 2007	3,591	642	12,622	4,239	—	21,094
Net book amount						
At 31 May 2007	13,456	5,482	6,816	3,227	15,315	44,296
At 31 May 2006	13,634	1,574	6,130	3,204	463	25,005

Notes to the financial statements continued

for the year ended 31 May 2007

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9 Tangible fixed assets continued

The cost or valuation of freehold land and buildings includes £7,170,000 (2006 £7,170,000) held at a valuation carried out in 1995

The historical cost amounts of Group freehold land and buildings at 31 May 2007 are £15,927,000 (2006 £15,740,000) cost, £3,850,000 (2006 £3,510,000) accumulated depreciation, £12,077,000 (2006 £12,230,000) net book value

The net book amount of tangible assets includes £1,240,000 (2006 £1,116,000) in respect of assets under hire purchase contracts

Finance costs capitalised within the cost of assets under construction and long leasehold land and buildings amounted to £490,000 (2006 £nil)

	Freehold land and buildings	Plant and machinery	Cars and commercial vehicles	Assets under construction	Total
Parent company	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 June 2006	10,383	453	15	463	11,314
Additions	26	163	—	13,096	13,285
Disposals	—	(20)	(2)	—	(22)
Group transfers	—	—	5	—	5
At 31 May 2007	10,409	596	18	13,559	24,582
Depreciation					
At 1 June 2006	1,823	341	12	—	2,176
Charge	218	32	1	—	251
Disposals	—	(20)	—	—	(20)
Group transfers	—	—	1	—	1
At 31 May 2007	2,041	353	14	—	2,408
Net book amount					
At 31 May 2007	8,368	243	4	13,559	22,174
At 31 May 2006	8,560	112	3	463	9,138

The cost or valuation of freehold land and buildings includes £7,170,000 (2006 £7,170,000) held at a valuation carried out in 1995

The historical cost amounts of parent company freehold land and buildings at 31 May 2007 are £9,289,000 (2006 £9,263,000) cost, £2,300,000 (2006 £2,107,000) accumulated depreciation, £6,989,000 (2006 £7,156,000) net book value

Finance costs capitalised within the cost of assets under construction amounted to £415,000 (2006 £nil)

10 Investments in subsidiary undertakings

Parent company	£'000
Cost	
At 1 June 2006 and 31 May 2007	11,311
Provision for impairment	
At 1 June 2006 and 31 May 2007	(2,644)
Net book amount	
At 31 May 2007 and 31 May 2006	8,667

The Company directly owns the whole of the issued ordinary shares of the following subsidiary undertakings

Company	Business activity
Stention Limited	Sale of plants and garden products
NWF Agriculture Holdings Limited	Holding Company — Feed operations
NWF Distribution Holdings Limited	Holding Company — Distribution operations
NWF Fuels Holdings Limited	Holding Company — Fuel operations
NWF Retail Holdings Limited	Holding Company — Garden Centre operations
Bassett Fuels Limited	Dormant
Dragon Petroleum Limited	Dormant
Lincolnshire Fuels Limited	Dormant
North Western Farmers Limited	Dormant
NWF Limited	Dormant
Wheatcroft Garden Centre Limited	Dormant

The Company also indirectly owns the whole of the issued ordinary shares of the following subsidiary undertakings

Boughey Distribution Limited	Warehousing and distribution
NWF Agriculture Limited	Supplier of animal feedstuffs, seeds and fertilisers
NWF Fuels Limited	Fuel distribution
NWF Retail Limited	Garden Centre management services
Rivendell Garden Centre Limited	Sale of plants and garden products
Rivendell Nurseries Limited	Plant production and sales
Arthur A Gent & Sons Limited	Sale of plants and garden products
Browns of Burwell Limited	Fuel distribution
Nutrition Express Limited	Dormant
Broadland Fuels Limited	Dormant
JGW Thomas & Son Limited	Dormant
Fuel Oil Supply Co Limited	Dormant
Knutsford Domestic Fuel Oil Company Limited	Dormant
Wheatcroft Nurseries Limited	Dormant

All of the above companies are registered and operate in England and Wales

During the year, Managrakem Limited, a dormant company registered in the Isle of Man and indirectly wholly owned by the Company, was liquidated

Notes to the financial statements continued

for the year ended 31 May 2007

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11 Acquisition of businesses

On 13 July 2006 the Group acquired Arthur A Gent & Sons Limited, a garden centre business based in Ashton under Lyne, Manchester, for a consideration of £1,041,000. The book value of net assets acquired equated to their provisional fair value.

On 31 July 2006 the Group acquired Browns of Burwell Limited, a fuel distribution business based near Newmarket, for a consideration (including acquisition costs) of £1,445,000. The book value of net assets acquired equated to their provisional fair value.

Details of consideration payable and assets acquired are shown below.

	Arthur A Gent £'000	Browns of Burwell £'000	Total £'000
Consideration			
Cash in current year	1,041	1,445	2,486
Less			
Provisional fair value of net assets acquired			
Tangible fixed assets	383	762	1,145
Stock	—	125	125
Debtors	—	427	427
Cash	664	183	847
Creditors	(6)	(527)	(533)
Net obligations under hire purchase contracts	—	(13)	(13)
Deferred taxation	—	(26)	(26)
	1,041	931	1,972
Goodwill	—	514	514

The goodwill is being amortised over 20 years, being the period over which the Directors consider the Group will benefit from that goodwill.

12 Intangible assets

Group	Goodwill £'000
Cost	
At 1 June 2006	10,453
Additions	514
At 31 May 2007	10,967
Amortisation	
At 1 June 2006	1,168
Charge for the year	545
At 31 May 2007	1,713
Net book amount	
At 31 May 2007	9,254
At 31 May 2006	9,285

13 Stocks

	Group	
	2007	2006
	£'000	£'000
Raw materials and consumables	1,041	682
Finished goods and goods for resale	7,022	6,412
	8,063	7,094

The parent company had no stocks at 31 May 2007 (2006 £nil)

14 Debtors

	Group		Parent company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Trade debtors	36,423	36,012	—	—
Amounts owed by Group undertakings	—	—	10,672	18,140
Prepayments and accrued income	2,889	2,128	457	171
Corporation tax recoverable	—	—	853	968
VAT recoverable	715	783	215	—
Deferred consideration receivable	—	592	—	—
	40,027	39,515	12,197	19,279

15 Creditors, amounts falling due within one year

	Group		Parent company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Bank overdraft	9,688	164	—	1,116
Obligations under hire purchase contracts	310	248	—	—
Trade creditors	30,195	27,476	—	—
Amounts owed to Group undertakings	—	—	3,090	3,737
Corporation tax	977	834	—	—
Other taxes and social security costs	794	1,075	28	63
Accruals and deferred income	4,258	3,019	2,427	720
Deferred acquisition consideration	1,325	1,830	—	—
	47,547	34,646	5,545	5,636

The Group's bank overdraft balance includes £6,169,000 (2006 £nil) which is provided under an invoice discounting arrangement with The Royal Bank of Scotland and secured by way of a fixed and floating charge against the Group's trade debtors. Interest is charged at a variable rate of 1.0% above the National Westminster Bank base rate. In addition, it also includes an amount of £1,731,000 (2006 £nil) which has been drawn down against a bridging facility provided by a financing company to specifically fund the construction of certain fixed assets. This facility is expected to be converted to a financing lease arrangement upon the completion of their construction. Interest is charged on these borrowings at a variable rate of 1.0% above the National Westminster Bank base rate.

The remaining bank overdraft of £1,788,000 (2006 £164,000) is repayable on demand and interest is charged at a variable rate of 1.0% above the National Westminster Bank base rate.

Notes to the financial statements continued

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16 Creditors: amounts falling due after more than one year

		Group		Parent company	
		2007	2006	2007	2006
		£'000	£'000	£'000	£'000
Medium-term bank loans					
Repayable within	1–2 years	18,672	—	18,672	—
	2–5 years	—	12,700	—	12,700
		18,672	12,700	18,672	12,700
Obligations under hire purchase contracts		855	644	—	—
Deferred acquisition consideration payable in					
1–2 years		550	1,325	—	—
2–5 years		—	550	—	—
		20,077	15,219	18,672	12,700

Hire purchase contracts are due to be repaid over the following years

Group	2007	2006
	£'000	£'000
Within 1 year	374	303
Between 1–5 years	928	715
Less finance charges allocated to future years	(137)	(126)
	1,165	892
Included within creditors falling due within one year	(310)	(248)
Included within creditors falling due after more than one year	855	644

The parent company has no obligations under hire purchase contracts

There are three medium-term bank loans. Term loans of £2,700,000 and £7,000,000 are both at a variable interest rate of 1% above National Westminster Bank base rate and are both repayable on 30 November 2008. A loan of £9,000,000 is drawn under a revolving credit facility of £9,000,000, at a variable rate of 0.95% above LIBOR and is repayable no later than 30 November 2008.

The medium-term bank loans are stated net of unamortised issue costs of £28,000 (2006: £nil). These costs are allocated to the profit and loss account over the term of the loans.

The bank overdrafts and term loans amounting to £28,360,000 (2006: £12,864,000) are secured by way of unscheduled mortgage debentures provided by the parent company and certain subsidiaries within the Group to National Westminster Bank PLC which incorporate a fixed charge over their book debts and floating charges over all their other assets.

17 Deferred taxation

Group	Provision	
	2007	2006
	£'000	£'000
Timing differences between capital allowances claimed and depreciation provided	1,197	1,112
Parent company		
Timing differences between capital allowances claimed and depreciation provided	547	513

The movement on the deferred tax provision during the year was as follows

Provision	Group	Parent company
	£'000	£'000
At 1 June 2006	1,112	513
Charge to the profit and loss account (see note 6)	59	34
On acquisition of subsidiaries (see note 11)	26	—
At 31 May 2007	1,197	547

The potential amount of deferred tax on revalued land and buildings has not been shown since it is the intention of the Directors to retain these properties in the business

18 Equity share capital

Group and parent company	2007	2006	2007	2006
	Number	Number	£'000	£'000
	(000)	(000)		
Authorised				
Ordinary shares of 25 pence each	20,000	20,000	5,000	5,000
Allotted and fully paid				
Ordinary shares of 25 pence each	9,142	9,140	2,286	2,285

During the year 2,113 shares (2006 4,316 shares) were issued under the Company's approved Save As You Earn share option scheme

The total number of options granted under the Company's approved share option schemes and outstanding at 31 May 2007 amounted to 243,729 shares (2006 244,758 shares), of which options over 235,840 shares were exercised subsequent to the year end. Options over the remaining 7,889 shares are outstanding and are exercisable in the period up to 31 December 2007 at £1.93 per share.

The aggregate nominal value of shares issued in the year was £528 and the consideration received was £4,078. The aggregate nominal value of the shares issued subsequent to the year end was £58,960 and the consideration received was £455,171.

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19 Reserves

Group	Share premium £'000	Revaluation reserve £'000	Other reserves £'000	Profit and loss £'000
At 1 June 2006	6,231	1,421	302	17,405
Profit for the year	—	—	—	3,771
Dividends paid	—	—	—	(1,673)
Premium on shares issued in year	3	—	—	—
Transfer from revaluation reserve	—	(25)	—	25
Actuarial gain on pension scheme	—	—	—	978
Movement on deferred taxation relation to pension movement	—	—	—	(294)
At 31 May 2007	6,234	1,396	302	20,212

Cumulative goodwill written off directly against Group reserves to date amounts to £5,090,000 (2006 £5,090,000)

Parent company	Share premium £'000	Revaluation reserve £'000	Other reserves £'000	Profit and loss £'000
At 1 June 2006	6,231	1,421	302	8,071
Profit for the year	—	—	—	3,459
Dividends paid	—	—	—	(1,673)
Premium on shares issued in year	3	—	—	—
Transfer from revaluation reserve	—	(25)	—	25
At 31 May 2007	6,234	1,396	302	9,882

The parent company has not presented its own profit and loss account as permitted by Section 230 (1), of the Companies Act 1985. The parent company's profit after taxation for the year was £3,459,000 (2006 £1,973,000)

20 Commitments for capital expenditure

	2007 £'000	2006 £'000
Authorised but not contracted for	615	13,199
Contracts placed	6,458	2,545

21 Pension costs

The Group operates a defined benefit pension scheme (the NWF Group Benefits Scheme) providing benefits based on final pensionable earnings. The assets of the scheme are held separately from those of the Group in an independently administered fund. The scheme was closed to new members during the 2001/2002 financial year. Consequently, under the projected unit method the current service costs will increase as the members of the scheme approach retirement.

Contributions to the scheme have been determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method.

The companies within the Group also operate money purchase schemes and contributions to those schemes in the year amounted to £161,000 (2006: £126,000).

The valuation used for FRS17 disclosures has been based on the most recent actuarial valuation at 1 January 2005 and updated by KPMG LLP to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 May 2007. Scheme assets are stated at their market value at 31 May 2007.

Table of assumptions

	At 31 May 2007	At 31 May 2006	At 31 May 2005
Rate of increase in salaries	4.60%	4.25%	4.30%
Rate of increase in pensionable salaries	3.07%	2.75%	2.70%
Inflation assumption	3.10%	2.75%	2.70%
Discount rate	5.60%	5.08%	5.12%

The assets in the scheme and the expected rates of return were

	Long-term rate of return expected			Value	Value	Value
	at 31 May 2007	at 31 May 2006	at 31 May 2005	at 31 May 2007	at 31 May 2006	at 31 May 2005
				£'000	£'000	£'000
Equities	7.50%	6.75%	6.50%	21,198	17,924	14,182
Bonds	4.50%	4.25%	4.00%	1,669	1,269	1,374
Property	7.50%	7.50%	7.25%	927	808	674
Cash	5.50%	4.50%	4.75%	1,264	1,203	973
Total market value of assets				25,058	21,204	17,203
Present value of liabilities				(28,566)	(25,808)	(23,493)
Deficit in the scheme				(3,508)	(4,604)	(6,290)
Related deferred taxation				1,053	1,381	1,887
Net pension liability				(2,455)	(3,223)	(4,403)

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21 Pension costs continued

	2007	2006
	£'000	£'000
Analysis of amounts charged to operating profit		
Current service cost	705	619
Analysis of amounts charged to other finance expense		
Expected return on pension scheme assets	(1,386)	(1,080)
Interest on pension scheme liabilities	1,317	1,207
Net (credit)/charge	(69)	127
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	2,244	2,647
Changes in assumptions underlying the present value of the scheme liabilities	(1,266)	(962)
Actuarial gain recognised in STRGL	978	1,685

	2007	2006
	£'000	£'000
Movement in deficit during the financial year to 31 May		
Deficit in scheme at beginning of year	(4,604)	(6,290)
Actuarial gain	978	1,685
Current service cost	(705)	(619)
Employer contributions	754	747
Other finance income/(expense)	69	(127)
Deficit in scheme at end of year	(3,508)	(4,604)

Details of experience gains and losses for the year to 31 May

	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets					
Amount (£'000)	2,244	2,647	1,158	593	(2,790)
Percentage of scheme assets	9%	12%	7%	4%	(22%)
Experience gains and losses on scheme liabilities					
Amount (£'000)	—	—	328	(2)	152
Percentage of scheme liabilities	—	—	1%	—	1%
Total amount recognised in statement of total recognised gains and losses					
Amount (£'000)	978	1,685	(1,341)	1,594	(5,056)
Percentage of scheme liabilities	3%	7%	(6%)	8%	(26%)

The mortality in retirement assumptions underlying this disclosure are based on PA92

22 Related party transactions

Two Directors, Mr MH Hudson and Mr JR Willis, have purchased, in the normal course of business and under normal terms and conditions, goods to the value of £18,000 (2006 £3,000) and £21,000 (2006 £15,000) respectively as customers of the Group in the year ended 31 May 2007. At 31 May 2007 amounts outstanding were £nil (2006 £nil) and £2,000 (2006 £nil) respectively. During the year, the highest amounts outstanding totalled £3,000 (2006 £2,000) and £7,000 (2006 £6,000) respectively.

Details of movements in Directors' shareholdings and in Directors' share option entitlements are provided in the Directors' Report.

23 Contingent liabilities

The parent company is a participant in a Group banking arrangement under which cash balances are offset against borrowings. The parent company has given a guarantee in respect of the net bank borrowings within the Group under this arrangement amounting at 31 May 2007 to £28,360,000 (2006 £12,864,000).

The parent company has also given certain guarantees to third parties in respect of operating lease commitments for property and motor vehicles due from various subsidiary companies.

24 Annual commitments under operating leases

The Group is committed at 31 May 2007 to making annual payments on operating leases with the following expiry dates:

	Land and buildings 2007 £'000	Land and buildings 2006 £'000	Other 2007 £'000	Other 2006 £'000
Group				
Within one year	—	1,028	209	998
Within 2 to 5 years inclusive	1,060	12	1,585	572
Over 5 years	1,204	1,199	—	—
	2,264	2,239	1,794	1,570
			Other 2007 £'000	Other 2006 £'000
Parent company				
Within one year			9	—
Within 2 to 5 years inclusive			14	26
			23	26

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25 Financial instruments

Financial liabilities

The book value, fair value and interest rate profile of the Group's financial liabilities, other than non-interest bearing short-term creditors, for which book value equates to fair value, were as follows

	Total book value £'000	Total fair value £'000	Fixed interest rate
At 31 May 2007			
Floating rate overdraft	9,688	9,688	—
Floating rate medium term loans	18,672	18,672	—
Hire purchase contracts repayable			
By May 2008	310	307	5.48%–7.60%
Within 1–2 years	291	283	5.56%–7.40%
Within 2–5 years	564	534	5.56%–6.50%
No interest			
Deferred acquisition payments payable			
Within 1–2 years	550	506	—
	30,075	29,990	

	Total book value £'000	Total fair value £'000	Fixed interest rate
At 31 May 2006			
Floating rate overdraft	164	164	—
Floating rate term loans repayable	12,700	12,700	—
Hire purchase contracts repayable			
By May 2007	248	249	5.48%–7.90%
Within 1–2 years	198	199	5.48%–7.60%
Within 2–5 years	446	448	5.56%–7.40%
No interest			
Deferred acquisition payments payable			
Within 1–2 years	1,325	1,231	—
Within 2–5 years	550	494	—
	15,631	15,485	

Financial assets

The book value, fair value and interest rate profile of the Group's financial assets, other than non-interest bearing short-term debtors, for which book value equates to fair value, were as follows

	Total book value £'000	Total fair value £'000	Fixed interest rate
At 31 May 2007			
No interest			
Cash at bank and in hand	66	66	—
	Total book value £'000	Total fair value £'000	Fixed interest rate
At 31 May 2006			
No interest			
Cash at bank and in hand	945	945	—

Notes to the financial statements continued

for the year ended 31 May 2007

25 Financial instruments continued

Fair values of deferred consideration and the fixed rate term loans have been calculated by discounting at prevailing market rates

All financial instruments for 2007 and 2006 were denominated in sterling. There is no foreign exchange risk in respect of these instruments and the Group has not entered into any hedging arrangements

The Group is exposed to commodity price risk, principally for certain raw materials in its Feeds division which enters into forward supply contracts in order to manage the impact of price movements on its gross margin. The use of these contracts is not speculative. The Directors estimate the fair value of open contracts at 31 May 2007 to be £1,197,000 (2006 £658,000)

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group's financial instruments comprise medium-term borrowings, overdrafts and some cash in hand. The main purpose of these financial instruments is to raise finance for the Group's operations

The Group has interest bearing debt liabilities. During the year, given the planned significant increase in the level of debt finance resulting from the investment in additional warehousing by the Distribution division, the interest rate policy was amended such that approximately 50% of the forecast level of debt over an ongoing three year period is to be subject to an appropriate financial instrument that will limit the impact of rising interest rates during that period. At 31 May 2007 the Group has one (2006: none) interest rate cap in place, the effect of this instrument is to cap the interest payable on £14,700,000 of the Group's debt at 5.5%. The fair value of this interest rate cap at 31 May 2007 is £126,000 (2006: £nil) in the Group's favour. The Directors will review the appropriateness of this policy on at least an annual basis.

The Group monitors its exposure to interest rate risk primarily through sensitivity analysis. On the basis of the Group's analysis, it is estimated that a rise of one percentage point in interest rates on floating rate borrowings would have reduced 2007 profit before tax by approximately £208,000 (2006: £198,000)

The Group has a number of committed borrowing facilities which were partly drawn down at 31 May 2007, in respect of which all conditions precedent had been met at that date

	2007		2006	
	Facility	Amount drawn	Facility	Amount drawn
	£'000	£'000	£'000	£'000
Expiring within 1 year	5,258	3,519	5,000	164
Expiring between 1 and 2 years	45,700	24,841	—	—
Expiring between 2 and 5 years	—	—	43,700	12,700
	50,958	28,360	48,700	12,864

The facility expiring within 1 year includes £2,258,000 (2006: £nil) in respect of the bridging facility referred to in Note 15

Interest on all of the above facilities, which are at floating rates, is payable at 1.0% over bank base rate, other than the Group's £9,000,000 revolving credit facility which is payable at 0.95% over LIBOR

Notice of Annual General Meeting

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Notice is hereby given that the 136th Annual General Meeting of NWF Group plc will be held at **The Swan Hotel, 50 High Street, Tarporley, Cheshire on Thursday, 4 October 2007 at 10.30 a.m.** for the following purposes

Ordinary Business

- 1 To receive the Company's annual accounts for the financial year ended 31 May 2007 together with the Directors' report and the auditors' report on those accounts
- 2 To declare a final dividend for the year ended 31 May 2007
- 3 To re-elect Mr JK Acornley as a Director of the Company who retires by rotation in accordance with Article 24 of the Articles of Association of the Company
- 4 To re-elect Mr GR Scott as a Director of the Company who retires by rotation in accordance with Article 24 of the Articles of Association of the Company
- 5 To reappoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration

By order of the Board

SR Andrew

Secretary

24 August 2007

Registered Office

Wardle

Nantwich

Cheshire

CW5 6BP

Notes

- 1 A member entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy (or proxies) to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company.
- 2 A form of proxy is enclosed. To be effective, it must be deposited at the office of the Company's registrars so as to be received not later than 48 hours before the time appointed for holding the Annual General Meeting. Completion of the proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.
- 3 The register of interests of the Directors and their families in the share capital of the Company and copies of contracts of service of Directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the Company during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the AGM.
- 4 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 10.30 a.m. on Tuesday 2 October 2007 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend and vote at the meeting.

Financial calendar

Annual General Meeting	4 October 2007
Final dividend paid	1 November 2007
Preliminary announcement of half year results	Early February 2008
Publication of Interim Report	Early February 2008
Interim dividend paid	1 May 2008
Financial year end	31 May 2008
Preliminary announcement of full year results	Mid August 2008
Publication of Annual Report and Accounts	Early September 2008

Divisional contacts

Distribution	Tel 01829 260704 www.boughey.co.uk
Feeds	Tel 0800 262397 www.nwfagnculture.co.uk
Fuels	Tel 01829 260900 www.nwffuels.co.uk
Garden Centres	Tel 01829 261561 www.nwffretail.co.uk

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