Final Results
RNS Number : 7973Q
NWF Group PLC
10 August 2010

ï»¿

NWF Group plc

For release 10 August 2010

NWF Group plc ('NWF' or 'the Group')

NWF Group plc: Preliminary results for the year ended 31 May 2010

NWF Group plc, the specialist distribution business, today makes the preliminary announcement of its audited results for the year ended 31 May 2010.

Commenting on the results, Mark Hudson, Chairman, said: "I am pleased to report a record year in the continuing development of the Group. We have delivered an excellent result demonstrating the resilience of the Group in a difficult economic environment."

Richard Whiting, Chief Executive, added: "NWF is now a focused and specialist distributor of food, feed and fuel. We are operating in large resilient markets which we understand well. Our trading divisions have scale, good market positions, are profitable and cash generative. "

Financial highlights

- Revenue[1] £379.8 million (2009: £380.6 million)
- Operating profit[1] up 1.1% to £9.0 million (2009: £8.9 million)
- Profit before taxation[1] up 14.5% to £7.1 million (2009: £6.2 million)
- Headline basic earnings per share[1, 2] of 10.4p (2009: 10.4p)
- Full year dividend increased by 4.9% to 4.3p per share (2009: 4.1p)
- Reduction in net debt of 28.0% to £13.9 million (31 May 2009: £19.3 million)
- Debt to EBITDA at 1.1 times (31 May 2009: 1.6 times)
- New £51.0 million banking facilities in place to October 2013

[1] From continuing operations only, excluding Garden Centres disposed of in October 2008.

[2] Excluding £Nil (2009: £3.5 million) exceptional deferred tax charge arising from the phased withdrawal of industrial buildings allowances.

Divisional highlights:

- **Food** - record operating profit of £3.1 million (2009: £2.0 million) delivering on the investment made in doubling the warehousing and distribution capacity in 2008, growing outbound activity, increasing backloads and delivering further operating efficiencies.

- **Feeds** - operating profit of £2.1 million (2009: £2.8 million) as the business delivered a strong performance in the second half, after a poor autumn due to good grazing conditions and increased competition.
- **Fuels** - outstanding result following a record performance in the prior year. Operating profit of £3.8 million (2009: £4.1 million) with excellent customer service, delivering improved margins in the cold winter, from a strong depot-based management team.

Commenting on the outlook for 2011, Mark Hudson added: "It is encouraging that the markets for the Group's products and services remain resilient and robust. Our spread of activities with a large and diverse customer base delivers consistent performance in challenging economic times. We continue to review all our markets and development opportunities, and have a very stable operational and financial platform for the future development of the Group. "

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

Richard Whiting, Chief Executive	John West/ Andrew Dunn	Mark Taylor
Johnathan Ford, Finance Director	**Tavistock Communications**	**Charles Stanley Securities**
NWF Group plc	Tel: 020 7920 3150	(Nominated Advisor)
Tel: 01829 260 260		Tel: 020 7149 6000

Chairman's Statement

Financial highlights

- Revenue[1] £379.8 million (2009: £380.6 million)
- Operating profit[1] up 1.1% to £9.0 million (2009: £8.9 million)
- Profit before taxation[1] up 14.5% to £7.1 million (2009: £6.2 million)
- Headline basic earnings per share[1, 2] of 10.4p (2009: 10.4p)
- Full year dividend increased by 4.9% to 4.3p per share (2009: 4.1p)
- Reduction in net debt of 28.0% to £13.9 million (31 May 2009: £19.3 million)
- Debt to EBITDA at 1.1 times (31 May 2009: 1.6 times)
- New £51.0 million banking facilities in place to October 2013

I am pleased to report a record year in the continuing development of the Group. We have delivered an excellent result demonstrating the resilience of the Group in a difficult economic environment. Our strategy to be a specialist distributor of food, feed and fuel, coupled with an increased focus on improving operations has helped each division achieve full year expectations.

Results

Revenue[1] in the year was £379.8 million (2009: £380.6 million) and operating profit[1] was up 1.1% to £9.0 million (2009: £8.9 million).

The record performance in Food is of particular note, demonstrating a return on the significant investment made by the Group in doubling the warehousing and distribution capacity in 2008. Fuels exceeded our expectations as a result of outstanding customer service during an exceptionally cold winter period and Feeds recovered from a disappointing first half year, to deliver on full year expectations.

Profit before taxation[1] was a record for the Group, up 14.5% to £7.1 million (2009: £6.2 million) and profit after taxation[1, 2] was £4.9 million (2009: £4.9 million). The Group profit for the year attributable to equity shareholders was £4.9 million. This compares to a loss of £2.3 million in 2009 which was after an exceptional deferred tax charge of £3.5 million and a loss on disposal of the Garden Centre division of £3.7 million.

Basic and diluted earnings per share[1] were 10.4p (2009: 3.0p). Headline basic earnings per share[1, 2]were 10.4p, in line with prior year.

[1] From continuing operations only, excluding Garden Centres disposed of in October 2008.

[2] Excluding £Nil (2009: £3.5 million) exceptional deferred tax charge arising from the phased withdrawal of industrial buildings allowances.

Cash flows and funding

The Group generated £10.9 million (2009: £14.5 million) net cash from operating activities. This included a net cash inflow of £2.0 million (2009: £5.6 million) from reduced working capital, as a result of continued management focus. Cash used to fund capital expenditure, net of receipts from disposals, was £3.6 million (2009: £1.8 million) as the Group continued to invest in necessary replacement of equipment, fleet and IT systems. As a result of this net debt is 28% lower at £13.9 million (2009: £19.3 million).

Debt to EBITDA at 31 May 2010 was 1.1 times (2009: 1.6 times). Interest cover (excluding IAS 19 net pension finance cost) for the year was 6.4 times (2009: 3.3 times).

With effect from 1 July 2010, the Group has a new agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £51.0 million. With the exception of the bank overdraft facility of £1.0 million, which is renewed annually, these facilities are committed through to October 2013.

Dividend

We are proposing an increased final dividend for the year of 3.3p (2009: 3.1p) per share which, if approved at the Annual General Meeting, will be payable on 1 November 2010 to shareholders on the register at 20 August 2010 and shares will be ex div from 18 August 2010. Together with the interim dividend paid during the year of 1.0p (2009: 1.0p) per share, this will result in a total dividend for the year of 4.3p per share (2009: 4.1p), a 4.9% increase amounting to a total cost of £2.0 million (2009: £1.9 million).

Outlook for the current year

Progress in the new financial year has been satisfactory with all divisions starting as planned. It isencouraging that the markets for the Group's products and services remain resilient and robust. Our spread of activities with a large and diverse customer base delivers consistent performance in challenging economic times. We continue to review all our markets and development opportunities, and have a very stable operational and financial platform for the future development of the Group.

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 on 23 September.

Mark Hudson
Chairman
10 August 2010

Business and Financial Review

This has been a year of strong operational performance for NWF. The strategy to focus the Group as a specialist distributor of food, feed and fuel has delivered record results with very strong performances from Food and Fuels in particular. The Group delivered operating profits[1] of £9.0 million (2009: £8.9 million) and a record profit before taxation[1], up 14.5% to £7.1 million (2009: £6.2 million).

The record performance in Food delivers on the £19.0 million investment programme in doubling the warehousing and distribution capacity in 2008. The outstanding performance in Fuels was as a result of delivering exceptional customer service, particularly during the harsh winter period. Although it is difficult to quantify exactly, we estimate that the one-off benefit of the cold winter to Fuel's operating profits was approximately £0.8 million. Our continued focus on cash generation and retention resulted in a reduction in net debt of 28.0% to £13.9 million (2009: £19.3 million). This has been achieved through improved profitability and reductions in working capital, albeit we have been careful to maintain an appropriate level of capital expenditure to ensure continued organic development within the Group.

[1] From continuing operations only, excluding Garden Centres disposed of in October 2008.

Food

This was the second full year of operations since the significant capacity expansion at Wardle. Revenue increased 7.7% to £42.2 million (2009: £39.2 million) as additional sales were generated from greater outbound activity levels and increased backloads. Storage fill overall was at an average of 100,000 pallets (2009: 103,000 pallets), 87% of total capacity (2009: 90%). This lower overall storage volume resulted from customers focusing on working capital and reducing stock holdings. Demand, measured in outbound loads, was 8% higher and therefore resulted in greater stock-turns.

Operating profits of £3.1 million (2009: £2.0 million) represent a record for the division and starts to deliver a return on the significant investment made in the business in 2008. This performance is the result of a number of factors: the increase in outbound activity; a 41% increase in backloads which more than offset the lower average storage volumes; more efficient warehouse operations; and an improvement in load consolidation.

Significantly, service levels (cases delivered on time) were at an average of 99.6% through the year (2009: 99.5%) and enabled the business to earn service level bonuses from some key customers.

During the period we won additional business from, and renewed significant contracts with existing customers. The division continues to look for new business to both continue its development and to constantly improve the returns on the significant assets deployed in the business.

Demand for our customers' products continues to remain stable and the outlook for most product categories handled is resilient with some small levels of growth anticipated. The business operates in a competitive supply chain and needs to continually demonstrate the value and service that it provides to food manufacturers and importers. The business now has a leading position in consolidating ambient grocery products in the North West, with high service levels and a strong operating performance being key components in continuing to develop this business.

Feeds

This was a satisfactory year for Feeds, which faced challenging market conditions in the autumn with lower customer demand as a result of good grazing conditions and falling raw material prices. Revenue decreased by 10.5% to £93.7 million (2009: £104.7 million) as a result of lower volumes but more significantly the lower raw material input prices. Operating profits fell to £2.1 million (2009: £2.8 million) with total volume down 1.8% to 449,000 tonnes (2009: 457,000 tonnes). However, direct sales to farmers of compounds were up 5.6% on prior year, which is a key objective of the business in building strong relationships with farmers.

Milk prices were stable during the year with an average price of 23.4p per litre in May 2010 (2009: 23.3p per litre). Milk production increased slightly to 11.1 billion litres (2009: 11.0 billion litres). Overall ruminant feed volumes were higher at 4.7%; most of the gain was in sheep feed due to high sheep prices. The key compound market for dairy was 0.2% down on volume for the year.

Raw materials fell by an average 9% over the period which was the key factor in reduced revenue for the year, although volatility remains and recently increases have been seen in most key raw materials.

The business has focused on building its relationships with dairy farmers and continues to increase sales coverage in the South where it has some significant development opportunities.

The work on protected feeds continued with the launch of Ultra Starch-W (protected wheat) to complement the protected rape and soya products in the offering. The protected feeds allow them to pass through the cows rumen largely undigested into the abomasum which supports a healthy rumen and increased milk yield.

The Feeds division has a very broad customer base with over 4,000 farmers working with NWF. This broad base and the underlying robust demand for milk and dairy products results in a reasonably stable overall demand for feed.

Fuels

This has been an outstanding year for the division which demonstrated that the continuing focus on high levels of customer service delivers improved margins. This was particularly true during the cold winter conditions experienced this year. It was the coldest winter for over 30 years, with an average winter temperature of 1.6 ^{o}C, which created challenging conditions across the depot network and we are delighted with the outcome.

Revenue increased 3.0% to £243.9 million (2009: £236.7 million) as a result of product mix changes. Overall sales volumes were stable at 350 million litres (2009: 355 million litres), with a reduction of just over

5 million litres of unleaded fuel being offset by an increase in diesel.

The average Brent Crude oil price in the year was $76 per barrel, consistent with the average in the prior year but with much reduced volatility. In the past year the range has been from $60 - $90 per barrel, compared to the unprecedented volatility of $36 - $144 per barrel in the previous year.

Operating profits were £3.8 million (2009: £4.1 million), which was significantly ahead of expectations. The business benefited from the exceptional cold winter conditions which allowed our commitment to customer service and the depot based operating model to deliver a one-off additional margin of approximately £0.8 million. In the prior year it was highlighted that the exceptional volatility in oil prices and a cold winter delivered a one-off gain of approximately £1.0 million at the operating profit level.

This outstanding performance was experienced across the whole depot network with performances of particular note at Wardle, Stoke, Dyserth, Nottingham and Browns of Burwell. The strength of the depot teams was demonstrated by numerous examples of exceptional customer service, keeping customers' businesses and homes warm through the cold conditions. Over 90% of all customers or potential customers contacting our depots with a run-out were serviced the same day. Card marketing continued its successful development.

With nearly 30,000 customers being supplied across 13 fuel depots, Fuels operates in markets which are large, robust and reasonably stable.

Banking

With effect from 1 July 2010, the Group has a new agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £51.0 million. These new facilities and the reduction in Group net debt provide the Group with a strong platform to continue its successful development and build on the excellent results delivered in 2010.

Outlook

NWF is a focused specialist distributor of food, feed and fuel. We operate in large resilient markets which we understand well. Our trading divisions have scale, good market positions, are profitable and cash generative.

In Food the objective remains the continued delivery of excellent service to customers and a drive to generate increased operating efficiencies, whilst fully utilising the warehousing and distribution assets. We are also investing in additional systems and process controls to place the business at the forefront of future supply chain developments. In Feeds we will continue to develop our direct business with farmers and will utilise our market leading sales team to capture additional volume in markets which are both large and stable. In Fuels we plan to continue to develop the successful depot network and are focusing on both start-up opportunities and bolt-on acquisitions across the UK.

Group results

Year ended 31 May	**2010 £m**	2009 £m
Continuing operations		

Year ended 31 May	**2010 £m**	2009 £m
Revenue	**379.8**	380.6
Operating expenses	**(370.8)**	(371.7)
Operating profit	**9.0**	8.9
Net finance costs:		
Net finance cost in respect of defined benefit pension scheme	**(0.5)**	-
Other finance costs	**(1.4)**	(2.7)
	(1.9)	(2.7)
Profit before taxation	**7.1**	6.2
Income tax expense including exceptional deferred tax charge	**(2.2)**	(4.8)
Profit for the year before exceptional deferred tax charge	**4.9**	4.9
Exceptional deferred tax charge	**-**	(3.5)
Profit for the year from continuing operations	**4.9**	1.4
Discontinued operations		
Loss for the year from discontinued operations	**-**	(3.7)
Profit/(loss) for the year	**4.9**	(2.3)

Group revenue[1] decreased by 0.2% to £379.8 million (2009: £380.6 million). Operating profit[1] was £9.0 million (2009: £8.9 million), a 1.1% increase.

The Group completed the sale of its Garden Centre operations in October 2008. Consequently, this division has been classified as a discontinued operation in 2009.

Total net finance costs[1] decreased from £2.7 million in 2009 to £1.9 million in 2010. The IAS 19 net finance cost in respect of the defined benefit pension scheme increased by £0.5 million due mainly to the expected return on pension scheme assets falling to £1.3 million in 2010 (2009: £1.9 million).

The decrease in other finance costs to £1.4 million (2009: £2.7 million) is primarily due to lower levels of net debt and reduced base rates during 2010. Included in other finance costs is £0.6 million (2009: £0.8 million) of costs in respect of interest rate hedging instruments.

Interest cover (excluding IAS 19 net pension finance costs) increased to 6.4 times (2009: 3.3 times).

The tax charge[1], including full provision for deferred tax, was £2.2 million in 2010 (2009: £4.8 million). The 2009 tax charge included an exceptional deferred tax charge of £3.5 million which arose due to the phasing out of industrial buildings allowances which came into effect in July 2008. The 2010 tax charge represents an effective tax rate of 31.0%. The 2009 effective tax rate, excluding the impact of the exceptional deferred tax charge and adjustments in respect of prior years, was 31.0%. The Group's future underlying rate of tax is expected to remain above the standard rate due to its ongoing level of disallowable expenditure.

Basic and diluted earnings per share[1] were each 10.4p (2009: 3.0p). Headline basic earnings per share[1, 2] was 10.4p (2009: 10.4p).

[1] From continuing operations only, excluding Garden Centres disposed of in October 2008.

[2] Excluding £Nil (2009: £3.5 million) exceptional deferred tax charge arising from the phased withdrawal of industrial buildings allowances.

Balance sheet summary

As at 31 May	**2010 £m**	2009 £m
Tangible and intangible fixed assets	**42.3**	42.1
Net working capital	**11.0**	12.3
Short term borrowings	**(11.9)**	(2.8)
Medium term borrowings	**(2.0)**	(16.5)
Current tax liabilities	**(1.4)**	(1.2)
Deferred tax liabilities (net)	**(2.1)**	(3.3)
Retirement benefit obligations	**(12.3)**	(6.7)
Net assets	**23.6**	23.9

Despite the Group's strong profit performance, Group net assets fell slightly to £23.6 million at 31 May 2010 (2009: £23.9 million). This decrease was mainly due to an increase in the Group's defined benefit pension scheme liability.

Tangible and intangible assets increased as capital additions were slightly higher than depreciation charged in the year.

Net working capital reduced to £11.0 million at 31 May 2010 (2009: £12.3 million). Within net working capital, trade and other receivables increased to £45.8 million (2009: £43.5 million); however, trade and other payables also increased to £37.8 million (2009: £33.6 million) due mainly to the impact of lower working capital in Fuel.

The gross liability on the Group's defined benefit pension scheme increased to £12.3 million at 31 May 2010 (2009: £6.7 million). Whilst the value of pension scheme assets grew to £23.4 million (2009: £20.0 million), the gross liability increased due mainly to a lower discount rate used to value future pension scheme obligations, as corporate bond rates declined. Consequently, the value of future pension obligations at 31 May 2010 was £35.7 million (2009: £26.7 million). Net of a related deferred tax asset, the net pension scheme liability was £8.9 million at 31 May 2010 (2009: £4.8 million).

Total Group net debt fell to £13.9 million at 31 May 2010 (2009: £19.3 million) as the Group continued to focus on cash management.

Cash flow and banking facilities

Year ended 31 May	**2010 £m**	2009 £m
Operating cash flow before working capital	**12.1**	12.1

Year ended 31 May	2010 £m	2009 £m
Working capital movements	**2.0**	5.6
Interest paid	**(1.3)**	(3.0)
Tax paid	**(1.9)**	(0.2)
Net cash generated from operating activities	**10.9**	14.5
Capital expenditure (net of receipts from disposals)	**(3.6)**	(1.8)
Disposal of subsidiaries (net of cash disposed of)	-	13.2
Deferred acquisition payments	-	(0.6)
Net cash generated before financing activities	**7.3**	25.3
Net decrease in bank borrowings	**(3.0)**	(20.6)
Dividends paid	**(1.9)**	(1.8)
Other financing cash flows	**(1.2)**	(1.0)
Net increase in cash and cash equivalents	**1.2**	1.9

Cash management continues to be a major priority for the Group.

Net cash generated from operating activities was £10.9 million (2009: £14.5 million). Operating cash flow before working capital movements was £12.1 million (2009: £12.1 million). In addition, there was a favourable overall movement in net working capital of £2.0 million (2009: £5.6 million) mainly as a result of lower working capital within Fuels.

Cash used to fund capital expenditure (net of disposal proceeds) increased to £3.6 million (2009: £1.8 million) as the Group invested £0.5 million in new Food IT systems and £1.2 million in fuel tankers. In addition to the £1.8 million net capital expenditure in 2009, the Group also acquired new fuel tankers with a value of £1.0 million which were funded via new hire purchase agreements. No assets were purchased via new hire purchase agreements in 2010.

There were no acquisitions or disposals of businesses during 2010. In October 2008, the Group completed the disposal of its Garden Centre operations for a net consideration, after disposal costs, of £13.2 million.

There were no payments in respect of acquisitions completed in prior years in 2010 (2009: £0.6 million).

There was an overall net increase in cash and cash equivalents of £1.2 million in the year (2009: £1.9 million).

At 31 May 2010, the Group had total committed bank facilities of up to £40.7 million (2009: £41.7 million). Headroom under these facilities at 31 May 2010 was £30.1 million (2009: £26.9 million).

With effect from 1 July 2010, the Group has a new agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £51.0 million. With the exception of the bank overdraft facility of £1.0 million, which is renewed annually, these facilities are committed through to October 2013. Included in the total facility of £51.0 million, the Group has an invoice discounting facility, the availability of which is dependent on the level of trade receivables available for refinancing, and is subject to a maximum drawdown of £40.0 million.

The new bank facilities above are provided subject to conventional banking covenants.

Financial risk management

The Group's operations expose it to a variety of financial risks: price risk; interest rate risk; credit risk; and liquidity risk. There is no significant foreign exchange risk in respect of the Group's operations.

The Group's policy in respect of managing financial risk has not changed significantly in the year ended 31 May 2010.

Price risk

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

The Feeds business enters into forward supply contracts in order to manage the impact of price movements on its gross margin. The fair value of forward supply contracts recognised in the balance sheet in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' is £0.1 million (2009: £Nil).

The Group has not designated any of these contracts as hedging instruments during the period under review. As a result, changes in the fair value of non-hedging forward supply contracts amounting to £0.1 million have been credited (2009: £0.2 million charged) 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. At 31 May 2008, the Group had one interest rate cap and held three interest rate swaps.

The disposal of the Garden Centre division in October 2008 and subsequent reduction in net debt resulted in the decision to terminate two of the above swaps in the year ended 31 May 2009. As a result, the Group retained one swap at 31 May 2010 and 31 May 2009, with a notional principal amount of £15.0 million and a fixed annual interest charge of 5.045% for an 18 month period ending on 31 December 2010. This instrument has been designated and is effective as a cash flow hedge for the entire period from its inception date.

The fair value of the retained swap at 31 May 2010 is estimated at £0.4 million in the bank's favour (2009: £0.9 million in the bank's favour).

Changes in the fair value of non-hedging interest rate swaps amounting to £Nil have been charged to the income statement in the year (2009: £0.7 million).

Changes in the fair value of the hedging interest rate swap amounting to £Nil have been deferred in equity in the year (2009: £1.0 million).

The fair value loss transferred from equity to the income statement in the year ended 31 May 2010 was £0.6 million (2009: £0.1 million).

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 management and, in the case of a financially material value, by the Executive Directors. In addition, the Fuels business 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 medium-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.

Going concern

As described above, the Group has signed a new agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £51.0 million.

Accordingly, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Share price

The market price per share of the Company's shares at 31 May 2010 was 85p (2009: 99p) and the range of market prices during the year was between 76p and 117p.

Richard Whiting **Johnathan Ford**
Chief Executive **Finance Director**

10 August 2010

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2010
CONSOLIDATED INCOME STATEMENT

	Note	2010 £m	2009 £m
Continuing operations			

	Note	2010 £m	2009 £m
Revenue	4	**379.8**	380.6
Operating expenses		**(370.8)**	(371.7)
Operating profit	4	**9.0**	8.9
Finance costs		**(1.9)**	(2.7)
Profit before taxation		**7.1**	6.2
Income tax expense including exceptional deferred tax charge	5	**(2.2)**	(4.8)
Profit for the year before exceptional deferred tax charge*		**4.9**	4.9
Exceptional deferred tax charge	5	-	(3.5)
Profit for the year from continuing operations		**4.9**	1.4
Discontinued operations			
Loss for the year from discontinued operations		-	(3.7)
Profit/(loss) for the year attributable to equity shareholders		**4.9**	(2.3)
Earnings/(loss) per share (pence)			
From continuing operations			
Basic	6	**10.4**	3.0
Diluted	6	**10.4**	3.0
From continuing and discontinued operations			
Basic	6	**10.4**	(4.9)
Diluted	6	**10.4**	(4.9)
Headline earnings per share from continuing operations*			
Basic	6	**10.4**	10.4
Diluted	6	**10.4**	10.4

* Headline earnings represents profit for the year from continuing operations before exceptional deferred tax charge (see note 6).

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2010
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010 £m	2009 £m
Profit/(loss) for the year attributable to equity shareholders	**4.9**	(2.3)

Actuarial loss on defined benefit pension scheme	**(5.7)**	(2.7)
Decrease in fair value of interest rate hedging instrument	-	(1.0)
Fair value loss on interest rate hedging instrument transferred to income	**0.6**	0.1
Tax on items taken directly to equity	**1.4**	0.9
Total comprehensive income/(expense) for the year	**1.2**	(5.0)

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2010
CONSOLIDATED BALANCE SHEET

	2010 £m	2009 £m
Non-current assets		
Property, plant and equipment	**36.6**	36.7
Intangible assets	**5.7**	5.4
Deferred income tax assets	**3.5**	2.2
	45.8	44.3
Current assets		
Inventories	**3.3**	3.3
Trade and other receivables	**45.8**	43.5
Derivative financial instruments	**0.2**	0.2
	49.3	47.0
Total assets	**95.1**	91.3
Current liabilities		
Trade and other payables	**(37.8)**	(33.6)
Current income tax liabilities	**(1.4)**	(1.2)
Borrowings	**(11.9)**	(2.8)
Derivative financial instruments	**(0.5)**	(1.1)
	(51.6)	(38.7)
Non-current liabilities		
Borrowings	**(2.0)**	(16.5)
Deferred income tax liabilities	**(5.6)**	(5.5)
Retirement benefit obligations	**(12.3)**	(6.7)
	(19.9)	(28.7)
Total liabilities	**(71.5)**	(67.4)
Net assets	**23.6**	23.9
Equity		
Share capital	**11.7**	11.7
Other reserves	**(0.2)**	(0.7)

Retained earnings	**12.1**	12.9
Total shareholders' equity	**23.6**	23.9

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2010
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Other reserves £m	Retained earnings £m	Tot equ £
Balance at 1 June 2008	11.7	-	18.8	30
Loss for the year	-	-	(2.3)	(2
Other comprehensive income/(expense):				
Decrease in fair value of interest rate hedging instrument	-	(1.0)	-	(1
Fair value loss on interest rate hedging instrument transferred to income	-	0.1	-	0
Actuarial loss on defined benefit pension scheme	-	-	(2.7)	(2
Tax on items taken directly to equity	-	0.2	0.7	0
Total comprehensive expense for the year	-	(0.7)	(4.3)	(5
Transactions with owners:				
Dividends paid	-	-	(1.8)	(1
Credit to equity for equity-settled share-based payments	-	-	0.2	0
	-	-	(1.6)	(1
Balance at 31 May 2009	11.7	(0.7)	12.9	23
Profit for the year	-	-	4.9	4
Other comprehensive income/(expense):				
Fair value loss on interest rate hedging instrument transferred to income	-	0.6	-	0
Actuarial loss on defined benefit pension scheme	-	-	(5.7)	(5
Tax on items taken directly to equity	-	(0.1)	1.5	1
Total comprehensive income for the year	-	0.5	0.7	1
Transactions with owners:				
Dividends paid	-	-	(1.9)	(1
Credit to equity for equity-settled share-based payments	-	-	0.4	0
	-	-	(1.5)	(1
Balance at 31 May 2010	**11.7**	**(0.2)**	**12.1**	**23**

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2010
CONSOLIDATED CASH FLOW STATEMENT

	Note	**2010 £m**	2009 £m

Net cash generated from operating activities	7	**10.9**	14.5
Cash flows from investing activities			
Purchase of intangible assets		**(0.4)**	(0.1)
Purchase of property, plant and equipment		**(3.3)**	(2.0)
Proceeds on sale of property, plant and equipment		**0.1**	0.3
Disposal of subsidiaries, net of cash disposed of		-	13.2
Deferred acquisition payments		-	(0.6)
Net cash (absorbed by)/generated from investing activities		**(3.6)**	10.8
Cash flows from financing activities			
Repayment of bank borrowings		**(3.0)**	(20.6)
Capital element of finance lease and hire purchase payments		**(1.2)**	(1.0)
Dividends paid		**(1.9)**	(1.8)
Net cash absorbed by financing activities		**(6.1)**	(23.4)
Net increase in cash and cash equivalents		**1.2**	1.9

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2010
NOTES

1. General information

NWF Group plc ('the Company') is a public limited company incorporated and domiciled in the UK under the Companies Act 2006. 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 and the sale and distribution of fuel oils. Further details of the nature of the Group's operations and activities are set out in note 4.

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

The Company has its primary listing on AIM, part of the London Stock Exchange.

2. Basis of preparation of financial statements

The Group 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 2006 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 preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, which are outlined in note 8 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 2009, have been delivered, and, for the year ended 31 May 2010 will be delivered, to the Registrar of Companies. Both carry an unqualified audit report.

After 20 August 2010, 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. Segment information

The chief operating decision-maker has been identified as the Board of Directors ('the Board'). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined that the operating segments, based on these reports, are Food, Feeds and Fuels.

The Group completed the disposal of the Garden Centres business on 2 October 2008.

The Board considers the business from a product/services perspective. In the Board's opinion, all of the Group's operations are carried out in the same geographical segment, namely the UK.

The nature of the products/services provided by the operating segments is summarised below:

Continuing operations

Food - warehousing and distribution of clients' ambient grocery and other products to supermarket and other retail distribution centres

Feeds - manufacture and sale of animal feeds and other agricultural products

Fuels - sale and distribution of domestic heating, industrial and road fuels

Segment information about the above businesses is presented overleaf.

Discontinued operations

Garden Centres - operation of large retail garden centres

The Board assesses the performance of the operating segments based on a measure of operating profit. Finance income and costs are not included in the segment result that is assessed by the Board. Other information provided to the Board is measured in a manner consistent with that in the financial statements.

Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets exclude deferred income tax assets. Segment liabilities exclude taxation, borrowings, retirement benefit obligations and certain derivative financial instruments. Excluded items are part of the reconciliation to consolidated total assets and liabilities.

4. Segment information (continued)

2010	Food £m	Feeds £m	Fuels £m	Group £m
Revenue				
Total revenue	**42.6**	**93.7**	**250.6**	**386.9**
Inter-segment revenue	**(0.4)**	**-**	**(6.7)**	**(7.1)**
Revenue	**42.2**	**93.7**	**243.9**	**379.8**
Result				
Operating profit	**3.1**	**2.1**	**3.8**	**9.0**
Finance costs				**(1.9)**
Profit before taxation				**7.1**
Income tax expense (note 5)				**(2.2)**
Profit for the year				**4.9**
Other information				
Depreciation and amortisation	**1.6**	**0.8**	**0.9**	**3.3**

4. Segment information (continued)

2010	Food £m	Feeds £m	Fuels £m	Group £m
Balance sheet				

2010	Food £m	Feeds £m	Fuels £m	Group £m
Assets				
Segment assets	**34.3**	**24.2**	**33.1**	**91.6**
Deferred income tax assets				**3.5**
Consolidated total assets				**95.1**
Liabilities				
Segment liabilities	**(5.5)**	**(6.5)**	**(25.9)**	**(37.9)**
Current income tax liabilities				**(1.4)**
Deferred income tax liabilities				**(5.6)**
Borrowings				**(13.9)**
Retirement benefit obligations				**(12.3)**
Derivative financial instruments				**(0.4)**
Consolidated total liabilities				**(71.5)**

4. Segment information (continued)

2009	Food £m	Feeds £m	Fuels £m	Group £m
Revenue				
Total revenue	39.6	104.7	242.9	387.2
Inter-segment revenue	(0.4)	-	(6.2)	(6.6)
Revenue	39.2	104.7	236.7	380.6
Result				
Operating profit	2.0	2.8	4.1	8.9
Finance costs				(2.7)
Profit before taxation				6.2
Income tax expense including exceptional deferred tax charge (note 5)				(4.8)
Loss for the period from discontinued operations				(3.7)
Loss for the year				(2.3)

2009	Food £m	Feeds £m	Fuels £m	Group £m
Other information				
Depreciation and amortisation - continuing	1.8	0.9	0.8	3.5

4. Segment information (continued)

2009	Food £m	Feeds £m	Fuels £m	Group £m
Balance sheet				
Assets				
Segment assets	32.7	24.7	31.7	89.1
Deferred income tax assets				2.2
Consolidated total assets				91.3
Liabilities				
Segment liabilities	(3.9)	(7.6)	(22.2)	(33.7)
Current income tax liabilities				(1.2)
Deferred income tax liabilities				(5.5)
Borrowings				(19.3)
Retirement benefit obligations				(6.7)
Derivative financial instruments				(1.0)
Consolidated total liabilities				(67.4)

5. Income tax expense

	2010	2009

	£m	£m
Current tax		
UK corporation tax on profits for the year	**2.0**	2.1
Adjustment in respect of prior years	**-**	(0.5)
Current tax expense	**2.0**	1.6
Deferred tax		
Origination and reversal of temporary differences	**0.2**	(0.2)
Adjustment in respect of prior years	**-**	(0.1)
Deferred tax expense/(credit) before exceptional deferred tax charge	**0.2**	(0.3)
Exceptional deferred tax charge arising from phased withdrawal of industrial buildings allowances	**-**	3.5
Deferred tax expense	**0.2**	3.2
Total income tax expense	**2.2**	4.8

Corporation tax for the year ended 31 May 2010 has been calculated at 28.0% (2009: 28.0%) of estimated assessable profit for the year.

In July 2008, the phasing out of industrial buildings allowances was substantively enacted into law. This has resulted in an exceptional increase in deferred tax liabilities and a related income statement charge of £Nil in the year ended 31 May 2010 (2009: £3.5 million).

In the Budget on 22 June 2010, the UK Government announced its intention to reduce the UK corporation tax rate from 28.0% to 24.0% by 1.0% per annum over a four year period. At 31 May 2010, no change in the tax rate had been substantively enacted into law, but a 1.0% decrease in the rate to 27.0% is expected to be enacted by 31 May 2011. Had this 1.0% reduction in the rate been enacted at 31 May 2010, the estimated impact on the balance sheet would have been a reduction in the deferred tax asset of £0.1 million from £3.5 million to £3.4 million and a reduction in the deferred tax liability of £0.2 million from £5.6 million to £5.4 million.

6. Earnings/(loss) per share

From continuing operations

	Basic earnings per share		Diluted earnings per share	
	2010	2009	**2010**	200
Earnings attributable to equity shareholders (£m)	**4.9**	1.4	**4.9**	1.
Weighted average number of shares in issue during the year (000s)	**46,931**	46,931	**46,931**	46,93
Weighted average dilutive effect of conditional and deferred share awards (000s)	**-**	-	**261**	6
Adjusted weighted average number of shares in issue during the year (000s)	**46,931**	46,931	**47,192**	46,99
Earnings per ordinary share (pence)	**10.4**	3.0	**10.4**	3.

From continuing and discontinued operations

	Basic earnings/(loss) per share		Diluted earnings/(loss) per share	
	2010	2009	**2010**	200
Earnings/(loss) attributable to equity shareholders (£m)	**4.9**	(2.3)	**4.9**	(2.
Weighted average number of shares in issue during the year (000s)	**46,931**	46,931	**46,931**	46,93
Weighted average dilutive effect of conditional and deferred share awards (000s)	-	-	**261**	6
Adjusted weighted average number of shares in issue during the year (000s)	**46,931**	46,931	**47,192**	46,99
Earnings/(loss) per ordinary share (pence)	**10.4**	(4.9)	**10.4**	(4.

6. Earnings/(loss) per share (continued)

From discontinued operations

	Basic loss per share		Diluted loss per share	
	2010	2009	**2010**	2009
Loss per ordinary share (pence)	-	(7.9)	-	(7.9)

Headline from continuing operations

The calculation of basic and diluted headline earnings per share is based on the following data:

Headline earnings	**2010 £m**	2009 £m
Profit for the year from continuing operations	**4.9**	1.4
Add back: exceptional deferred tax charge arising from the phased withdrawal of industrial buildings allowances (note 5)	-	3.5
Headline earnings from continuing operations	**4.9**	4.9

The denominators used to calculate both basic and diluted headline earnings per share from continuing operations are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

7. Net cash generated from operating activities

	2010 £m	2009 £m

Operating profit from continuing and discontinued operations	**9.0**	8.8
Adjustments for:		
Depreciation of property, plant and equipment	**3.2**	3.3
Amortisation of other intangible assets	**0.1**	0.2
Share-based payment expense	**0.4**	0.2
Difference between pension charge and cash contributions	**(0.6)**	(0.4)
Operating cash flows before movements in working capital	**12.1**	12.1
Movements in working capital:		
Decrease in inventories	-	1.2
(Increase)/decrease in receivables	**(2.3)**	8.6
Increase/(decrease) in payables	**4.3**	(4.2)
Net cash generated from operations	**14.1**	17.7
Interest paid	**(1.3)**	(3.0)
Income tax paid	**(1.9)**	(0.2)
Net cash generated from operating activities	**10.9**	14.5

8. 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 Group has certain financial instruments (forward supply contracts) that are not in an active market and cannot be valued by reference to unadjusted quoted prices for identical instruments. The Group, therefore, uses its judgement to select valuation techniques and makes assumptions that are mainly based on observable market data in respect of equivalent instruments at the balance sheet date.

9. Financial calendar

Annual Report to be published	20 August 2010
Annual General Meeting	23 September 2010
Dividend:	
- ex-dividend date	18 August 2010
- record date	20 August 2010
- payment date	1 November 2010

END

FR BRGDICGGBGGC