

NWF Group plc

Final for release 7.00 a.m. 4 August 2015

NWF Group plc

NWF Group plc: Final results for the year ended 31 May 2015

NWF Group plc, the specialist agricultural and distribution business delivering feed, food and fuel across the UK, today announces its audited final results for the year ended 31 May 2015.

Financial highlights	2015	2014	%
Revenue	£492.3m	£537.7m	(8.4%)
Underlying operating profit*	£8.6m	£8.5m	+1.2%
Headline profit before tax*	£8.1m	£7.7m	+5.2%
Headline basic earnings per share	13.2p	12.4p	+6.5%
Total dividend per share	5.4p	5.1p	+5.9%
Net debt	£5.9m	£11.7m	(49.6%)
Net debt to EBITDA	0.5x	1.0x	

* Underlying operating profit is reported operating profit before the net credit of exceptional items. Headline profit before taxation is reported profit before taxation after adding back the net finance cost in respect of the Group's defined benefit pension scheme and the net credit of exceptional items

- Decrease in revenue reflected lower oil prices in Fuel and the impact of lower commodity prices in Feeds
- Profit increase followed a strong recovery in Feeds in H2 and good performances by Food and Fuels
- Good cash generation leaves net debt at ten year low
- Renewed £65.0 million banking facilities provide significant headroom for investment in growth initiatives

Divisional highlights:

- **Feeds** – underlying operating profit of £1.8 million (2014: £3.3 million). A challenging year in the ruminant feed market with reduced milk prices and falling commodity prices resulting in margin pressure. Volumes in the business were robust and profitability recovered significantly in the second half.
- **Food** – underlying operating profit of £2.5 million (2014: £2.0 million). A strong result highlighting the continued efficiency achieved through the division operating at full capacity throughout the year from a single operating site with the accompanying benefits of scale. Further long-term contracts were signed with customers during the year which help to underpin the future utilisation of the site.
- **Fuels** – underlying operating profit of £4.3 million (2014: £3.2 million). A very strong performance across the division with the sale of premium products, the falling oil price and strong operational management more than offsetting warmer than normal weather in the first half of the year.

Richard Whiting, Chief Executive, NWF Group plc, commented:

“NWF delivered a solid performance last year. The results demonstrate the resilience and benefits of the diverse NWF business model and the benefits of targeted initiatives delivered in all three of our divisions. The acquisition of New Breed in June 2015 demonstrates our strategic intent to continue the successful development of the Group. Progress to date in the current financial year has been in line with the Board's expectations.”

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

Richard Whiting, Chief Executive
Brendon Banner, Finance Director
NWF Group plc
Tel: 01829 260 260

Reg Hoare /Andrew Leach /
Naomi Lane
MHP Communications
Tel: 020 3128 8100

Justin Jones /
Mike Bell
Peel Hunt LLP
(Nominated Adviser)
Tel: 020 7418 8900

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
CHAIRMAN'S STATEMENT

Overview

I am pleased to report another year of solid progress for NWF, despite managing many challenges in the Group's operating markets. The NWF business model proved robust with tough conditions in the market for dairy feeds more than offset by further growth in the Fuels division and a solid improvement in Food distribution in the year. The strategy of the Group to continue to invest in Agriculture was demonstrated by the acquisition of New Breed (UK) Limited in June 2015.

As a consequence of the solid progress achieved by NWF and the Group's strong cash generation the Board is recommending a final dividend of 4.4 pence per share (record date: 30 October 2015, payment date: 4 December 2015) (2014: 4.1 pence) giving a total dividend of 5.4 pence per share (2014: 5.1 pence), a 5.9% increase on the prior year.

Group description

NWF Group is a specialist agricultural and distribution business delivering feed, food and fuel across the UK. Each of our trading divisions have scale, good market positions, and are both profitable and cash generative. Key areas of focus for the Board in 2015 were:

Investing in fundamentals

Two new Fuel depots were opened in the year including the newly built state of the art Mansfield depot with 400,000 litres of storage capacity serving customers from Leicester to the Humber. The team in Norfolk was relocated to Great Yarmouth and will benefit from storage capacity to serve customers across Norfolk and increase the number of supply options to the business. A new IT platform in Feeds sets the industry standard for ERP systems and establishes an effective platform for development. Investment in the Wardle site has both increased capacity to 100,000 pallet spaces and maintained the key BRC accreditation for the Food distribution division. In June 2015 the Group announced the acquisition of New Breed (UK) Limited in line with our strategic intent to invest in Agriculture.

Rewarding good service

The continued focus on excellence in customer service across the Group has enabled some significant customer contracts to be signed in the Food distribution business recognising the team's capability, scale and operational excellence of the business in the food supply chain.

Commodity volatility

The volatile commodity markets impacted the Group's performance in 2015. The Board's strategy is aligned to market practices. In the Fuels division, oil is purchased on the spot market, which supported margins in the year as the price of Brent Crude fell dramatically at the end of 2014. In line with market practice, the Feeds division buys raw materials under forward purchase contracts. Forward buying negatively impacted margins as spot prices fell in Autumn 2014.

Shareholder engagement

In April 2015 our Icelandic shareholders, who are five independent pension funds, announced they had transferred their interest (formerly collectively reported as AOF) to direct shareholdings. They have now registered as shareholders individually, holding just under 5% each.

Strengthening the team

Andrew Downie was appointed Managing Director in Feeds in February to lead the next stage of development of the business and establish a new leadership team in the division.

My thanks go to all who have supported NWF throughout 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 24 September 2015.

Mark Hudson
Chairman
4 August 2015

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
BUSINESS AND FINANCIAL REVIEW

The strategy of the Group to develop each business through targeted growth initiatives has been successful in the year and in particular the acquisition of New Breed in June 2015 highlights the acquisition opportunities in Agriculture, which remains a focus for the Group.

The Group delivered an underlying operating profit of £8.6 million (2014: £8.5 million) and a headline profit before tax up 5.2% to £8.1 million (2014: £7.7 million). This is the second highest reported profit for the Group and was only exceeded in 2013, when the performance benefitted from particularly positive market conditions.

Cash management remains strong with net debt down at a 10 year low of £5.9 million, representing 0.5x EBITDA, as a consequence of the solid trading performance, further working capital improvements and a one off cash receipt of £2.4 million arising from a legal claim which was settled in the year.

Feeds

2015 was a difficult year for Feeds; the principal customer group, dairy farmers, suffered significant reductions in milk prices in many cases to below break-even. This in turn put a strain on the feed supply market. In addition, in the second half of the prior year, commodity prices had fallen sharply which resulted in lower margins in the first half as the more expensive materials were utilised. S.C. Feeds performed well in this tougher market. Overall demand for ruminant feed was in line with prior year, with greater demand for sheep feed compared to the mild spring in the prior year. Over the year feed commodity prices drifted lower, with a basket of commodities on the spot market over 16% lower by the year-end.

Revenue fell to £144.9 million (2014: £160.7 million) as a result of the reductions in selling prices caused by falling commodity prices in the year. Underlying operating profits were £1.8 million (2014: £3.3 million). Total volume was 4.4% higher at 567,000 tonnes (2014: 543,000 tonnes) with robust underlying NWF volume and an additional six months contribution from S.C. Feeds (which was acquired in the prior year).

A key strategic priority for the business is to increase the nutritional focus in our Feeds division; by providing more advice and value added products to our farming customers, we will help improve their business performance as well as strengthen our long term relationships with them.

Average milk prices in Great Britain decreased during the year by 7.4p per litre to 24.7p which has caused hardship for dairy farmers, who in the same period produced 3% more milk, and saw milk volumes rising to a five year high of 12.2 billion litres (2014: 11.8 billion litres). The UK market for ruminant feed was broadly flat on prior year.

The Feeds division has a very broad customer base working with over 4,300 farmers across the country. This base and the underlying robust demand for milk and dairy products results in a reasonably stable overall demand for our feed.

Food

This has been another positive year in Food despite market conditions remaining difficult as the supermarkets fight for share at a time of price deflation. Wardle has remained full throughout the year and the key to an improved performance has been the more efficient use of labour and assets based at the single site. Long-term contracts with customers signed during the year underpin the storage volumes for the business going forward. Service levels have been maintained at 99.7%.

Revenue increased to £37.2million (2014: £36.4 million). Storage overall was at an average of 92,000 pallets (2014: 97,000 pallets), the reduction reflecting a full year operating on a single site and total loads were up 2% on prior year. Operating profit increased by 25% to £2.5 million (2014: £2.0 million), as a consequence of improving operational efficiencies.

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
BUSINESS AND FINANCIAL REVIEW (CONTINUED)

Driver numbers have increased in line with our requirements, in spite of market shortages in the run up to Christmas 2014 as a consequence of the introduction of new regulations for drivers. The new Palletline operation which started in March 2015 is working to plan and is being utilised by existing Boughey customers and others within Cheshire postcodes.

Demand for our customers' products continues to be stable and the outlook for most product categories handled by the business is resilient. 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 has a leading position in consolidating ambient grocery products in the North West, with high service levels, industry leading systems and a strong operating performance being the key components.

Fuels

Fuels has performed ahead of our expectations as a result of selling additional premium products, benefiting from the significant fall in oil prices and capitalising on the more normal winter conditions post Christmas. A new depot with 400,000 litres of storage has been built and opened in Mansfield, Nottinghamshire. Additionally, the team in Norfolk has been relocated to Great Yarmouth and now has the benefit of dedicated storage facilities, which secures supply and increases supply options for the business.

Although volumes rose 4.5% to 420 million litres (2014: 402 million litres), revenue decreased by 8.9% to £310.2 million (2014: £340.6 million) as a result of lower oil prices. The average Brent Crude oil price in the year was \$79 compared to \$108 per barrel in the prior year, with a low point of \$47 per barrel in February 2015.

Operating profits were up 34% to £4.3 million (2014: £3.2 million), including short term margin gains associated with the dramatic fall in oil prices.

With nearly 59,000 customers being supplied across 17 fuel depots, the Fuels division operates in markets that are large, robust and can effectively manage the volatility in oil prices.

Outlook

In Feeds, since year end we have acquired New Breed (UK) Limited, a high quality agriculture nutritional advisory business working with clients in the North West of England and Scotland. It supplies over 45,000 tonnes of feed to farmers per annum. We are continuing to focus on technical leadership and being the nutritional advisor of choice. We are looking to continue our track record of organic growth in this division and in line with our strategic emphasis on Agriculture, we are looking for complementary acquisition opportunities to increase our presence in the UK.

In Food, we continue to focus on optimal utilisation of the site in Wardle and have increased capacity to manage our customers' needs to carry more stock. We remain focused on continuing to provide excellent levels of customer service and support whilst ensuring we drive efficiencies in the business, which can further improve returns.

In Fuels, we have a proven depot operating model and have demonstrated that the rationalised business has recovered to sustainable levels of performance. We are looking to develop the business organically through the establishment of new storage depots and through appropriate strategic bolt-on acquisitions.

The Group has established a solid platform for development, has competitive long-term banking facilities and a strong asset base.

Progress to date in the current financial year has been in line with the Board's expectations and the Board remains confident about the Group's future prospects. The next update will be provided at the time of the AGM in September 2015.

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
BUSINESS AND FINANCIAL REVIEW (CONTINUED)

Group results		
Year ended 31 May £m	2015	2014
Revenue	492.3	537.7
Operating expenses	(483.2)	(529.2)
Underlying operating profit*	8.6	8.5
Exceptional items	0.5	-
Operating profit	9.1	8.5
Financing costs	(1.2)	(1.6)
Headline profit before tax*	8.1	7.7
Exceptional items	0.5	-
Net finance cost in respect of defined benefit pension schemes	(0.7)	(0.8)
Profit before taxation	7.9	6.9
Income tax expense	(1.7)	(1.6)
Profit for the year	6.2	5.3
Headline EPS	13.2p	12.4p
Dividend per share	5.4p	5.1p
Dividend cover	2.4	2.4
Interest cover	17.2	10.6

* Underlying operating profit is reported operating profit before the net credit of exceptional items. Headline profit before taxation is reported profit before taxation after adding back the net finance cost in respect of the Group's defined benefit pension scheme and the net credit of exceptional items

Group revenue decreased by 8.4% to £492.3 million (2014: £537.7 million) reflecting lower oil prices and the impact of lower commodity prices in Feeds. Operating profit was £8.6m, an increase of 1.2% (2014: £8.5m).

Financing costs (excluding those in respect of defined benefit pension schemes) decreased by £0.3 million to £0.5 million, reflecting the impact of both the lower net debt levels and the refinancing in June 2014 which reduced both the interest margins and non-utilisation fees payable by the Group, with interest cover increasing to 17.2x (excluding IAS 19 net pension finance costs) (2014: 10.6x).

Headline profit before taxation increased by 5.2% to £8.1 million (2014: £7.7 million). An exceptional credit of £0.5 million arose as a consequence of a £1.2 million net gain on settlement of a legal claim, offset by £0.5 million of one-off non-capital costs incurred on the implementation of a new ERP system in the Feeds division and £0.2 million of aborted project costs in Feeds.

The headline basic earnings per share of 13.2p represented an increase of 6.5% (2014: 12.4p), whilst diluted headline earnings per share increased by 5.6% to 13.1p (2014: 12.4p). The proposed full year dividend per share is an increase of 5.9% to 5.4p which reflects the Board's confidence in the robustness of the Group's earnings and its future prospects, the proposed dividend equates to a dividend cover ratio of 2.4x.

The finance costs in respect of the defined benefit pension scheme decreased by £0.1 million to £0.7 million (2014: £0.8 million).

The tax charge has increased to £1.7 million (2014: £1.6 million) as a result of the higher profit before tax, offsetting the impact of the decrease in the main rate of corporation tax, with a fall in the effective tax rate to 21.6% (2014: 23.1%). The Group's future underlying effective rate of tax is expected to fall slightly in line with the decrease in the main rate of corporation tax.

Profit after taxation increased by 17.0% to £6.2 million (2014: £5.3 million). Basic headline earnings per share have increased by 6.5% to 13.2p (2014: 12.4p) and diluted headline earnings per share increased by 5.6% to 13.1p (2014: 12.4p).

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
BUSINESS AND FINANCIAL REVIEW (CONTINUED)

Balance sheet summary

As at 31 May

	2015	2014
	£m	£m
Tangible and intangible fixed assets	54.6	54.0
Net working capital	7.5	9.8
Net debt	(5.9)	(11.7)
Current tax liabilities	(1.2)	(1.1)
Deferred tax liabilities (net)	-	(0.7)
Retirement benefit obligations	(20.2)	(17.3)
Net assets	34.8	33.0

The Group has increased net assets by £1.8 million to £34.8 million (31 May 2014: £33.0 million), despite an increase in the retirement benefit obligations from £17.3 million to £20.2 million. The increase has been predominantly driven by the robust trading performance during the year with a retained profit for the year of £3.9 million (2014: £3.0 million), offset by an increase in the Group's net pension liability of £2.9 million.

Tangible and intangible assets have increased to £54.6 million as at 31 May 2015 (31 May 2014: £54.0 million) as a result of net capital expenditure £4.4 million, together with investments in intangible fixed assets of £0.2 million. The depreciation and amortisation charges for the year to 31 May 2015 were £3.3 million and £0.7 million respectively (2014: £3.2 million and £0.5 million respectively).

The Group has continued to focus on driving down net working capital which has decreased by £2.3 million. The Group's inventories remained unchanged at £3.8 million with trade and other receivables decreasing to £55.0 million (31 May 2014: £57.8m), with a decrease in trade and other payables to £51.4 million (31 May 2014: £51.8 million).

Net debt decreased by 49.6% to £5.9 million (31 May 2014: £11.7 million), reflecting the cash generative nature of the Group resulting from a combination of robust trading performance and tight control of working capital. At the year end, the Group's net debt to EBITDA ratio was 0.5x (2014: 1.0x).

Net deferred tax liabilities were £Nil (31 May 2014: £0.7 million), predominantly due to the impact of the increases in the Group's retirement benefit obligations.

The gross liability of the Group's defined benefit pension scheme increased by £2.9 million to £20.2 million (31 May 2014: £17.3 million), primarily due to the decrease in the assumed discount rate from 4.4% to 3.7% in order to reflect the changes to the bond market yields at 31 May 2015. The value of pension scheme assets increased by 11.2% to £34.7 million (31 May 2014: £31.2 million). The value of the scheme liabilities increased by 13.0% to £54.9 million (31 May 2014: £48.6 million) primarily as a result of the assumed 0.7% decrease, to 3.7%, of the discount rate used to calculate the present value of the future obligations.

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
BUSINESS AND FINANCIAL REVIEW (CONTINUED)

Cash flow and banking facilities

Year ended 31 May

	2015	2014
	£m	£m
Operating cash flows before working capital movements	12.0	11.5
Working capital movements	2.4	1.1
Interest paid	(0.5)	(0.7)
Tax paid	(1.6)	(2.3)
Net cash generated from operating activities	12.3	9.6
Capital expenditure (net of receipts from disposals)	(4.6)	(3.2)
Acquisition of subsidiary	-	(6.5)
Net cash generated/ (absorbed) before financing activities	7.7	(0.1)
Net (decrease) /increase in bank borrowings	(5.7)	2.5
Dividends paid	(2.4)	(2.3)
Other financing cash inflows/ (outflows)	0.4	(0.2)
Net increase / (decrease) in cash and cash equivalents	-	(0.1)

The Group has continued to deliver further underlying working capital improvements, which alongside the robust trading performance, has delivered an improvement in net debt of £5.8 million in the year to May 2015.

Net cash generated from operating activities was £12.3 million, an increase of £2.7 million (2014: £9.6 million) which is a cash conversion ratio of 135.2% of operating profit (2014: 112.9%). Underlying working capital decreased by £2.4 million (2014: £1.1 million).

The Group continues to invest in the underlying asset base with the net capital expenditure increasing to £4.6 million (2014: £3.2 million) which compares to the annual depreciation charge of £3.3 million (2014: £3.2 million). The main areas of capital expenditure were investments in the new Mansfield fuels depot, replacement fuels tankers, the new Feeds ERP IT system and Wardle site improvements to both increase capacity and maintain the BRC accreditation.

The Group renewed its banking facilities, totalling £65.0 million, in June 2014 which are committed through to 31 October 2019, with the exception of the bank overdraft facility of £1.0 million and the £4.0 million bank guarantee facility which are renewed annually. Included within the total facility of £65.0 million, the Group has an invoice discounting facility, the availability of which depends on the level of trade receivables available for refinancing which is subject to a maximum drawdown of £50.0 million. The banking facilities are provided subject to ongoing compliance with conventional banking covenants against which the Group has substantial levels of headroom.

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
BUSINESS AND FINANCIAL REVIEW (CONTINUED)

Principal risks and uncertainties

As with all businesses, the Group is affected by a number of risks and uncertainties, of which some are beyond our control. The principal risks and uncertainties which could have a material adverse impact on the Group are:

- Non-compliance with legislation and regulations - The Group operates in diverse markets and each sector has its own regulatory and compliance frameworks which require ongoing monitoring to ensure that the Group maintains full compliance with all legislative and regulatory requirements. Any incident of major injury or fatality or which results in significant environmental damage could result in reputational or financial damage to the Group.
- Commodity prices and volatility in raw material prices - The Group's Feeds and Fuels divisions operate in sectors which are vulnerable to volatile commodity prices both for fuel and for raw materials.
- Infrastructure and IT systems - IT system failures or business interruption events could have a material impact on the Group's ability to operate effectively.
- Recruitment, retention and development of key people - Recruiting and retaining the right people is crucial for the success of the Group and its development.
- Operational gearing, key customer and supplier relationships, and financial resources - The impact of any change in key customer or supplier relationships could have an adverse impact on the ongoing profitability of the Group.
- Pension scheme volatility - Increases in the ongoing deficit associated with the Group's defined benefit pension scheme would adversely impact on the strength of the Group's balance sheet and could lead to an increase in cash contributions by the Group.
- Climate - impact on earnings volatility - The demand for both the Feeds and Fuels divisions are impacted by climate conditions and the severity of winter conditions in particular which directly affects the demand for heating products. The inherent uncertainty regarding climatic conditions represents a risk of volatility in the profitability of the Fuels and Feeds divisions.
- Strategic growth and change management - A failure to identify, execute or integrate acquisitions, change management programmes or other growth opportunities could impact on the profitability and strategic development of the Group. A major consolidation amongst competitors, new market entrant or other competitor activity could impact the Group's profitability or development opportunities.

Going concern

The Group has an agreement with The Royal Bank of Scotland Group for credit facilities totalling £65.0 million. With the exception of the bank overdraft facility of £1.0 million and the £4.0 million bank guarantee facility, which are renewed annually, these facilities are committed through to 31 October 2019.

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 2015 was 137.0p (31 May 2014: 155.5p) and the range of market prices during the year was between 125.0p and 162.0p.

Richard Whiting
Chief Executive

Brendon Banner
Finance Director

4 August 2015

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
CONSOLIDATED INCOME STATEMENT

	Note	2015 £m	2014 £m
Revenue	5	492.3	537.7
Operating expenses		(483.2)	(529.2)
Underlying operating profit	5	8.6	8.5
Exceptional items	6	0.5	-
Operating profit		9.1	8.5
Finance costs		(1.2)	(1.6)
Headline profit before taxation		8.1	7.7
Net finance cost in respect of defined benefit pension scheme		(0.7)	(0.8)
Exceptional items	6	0.5	-
Profit before taxation		7.9	6.9
Income tax expense	7	(1.7)	(1.6)
Profit for the year attributable to equity shareholders		6.2	5.3
Earnings per share (pence)			
Basic	8	12.9	11.2
Diluted	8	12.7	11.1
Headline earnings per share (pence)¹			
Basic	8	13.2	12.4
Diluted	8	13.1	12.4

¹ Headline earnings per share is based on Headline profit before taxation and is adjusted to remove the net finance cost in respect of the Group's defined benefit pension scheme and the net credit of exceptional items.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2015 £m	2014 £m
Profit for the year attributable to equity shareholders	6.2	5.3
Actuarial (loss)/gain on defined benefit pension schemes	(3.2)	1.2
Tax on items that will never be reclassified to profit or loss	0.6	(0.2)
Total comprehensive income for the year	3.6	6.3

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
CONSOLIDATED BALANCE SHEET

	Note	2015 £m	2014 £m
Non-current assets			
Property, plant and equipment		38.7	37.7
Intangible assets		15.9	16.3
Deferred income tax assets		4.2	3.6
		58.8	57.6
Current assets			
Inventories		3.8	3.8
Trade and other receivables		55.0	57.8
Derivative financial instruments		0.2	0.2
		59.0	61.8
Total assets		117.8	119.4
Current liabilities			
Trade and other payables		(51.4)	(51.8)
Current income tax liabilities		(1.2)	(1.1)
Borrowings		—	(0.1)
Derivative financial instruments		(0.1)	(0.2)
		(52.7)	(53.2)
Non-current liabilities			
Borrowings		(5.9)	(11.6)
Deferred income tax liabilities		(4.2)	(4.3)
Retirement benefit obligations		(20.2)	(17.3)
		(30.3)	(33.2)
Total liabilities		(83.0)	(86.4)
Net assets		34.8	33.0
Equity			
Share capital	10	12.0	11.9
Other reserves		22.8	21.1
Total shareholders' equity		34.8	33.0

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 31 May 2013	11.8	—	16.4	28.2
Profit for the year	—	—	5.3	5.3
Other comprehensive income/(expense):				
Actuarial gain on defined benefit pension scheme	—	—	1.2	1.2
Tax on items taken directly to equity	—	—	(0.2)	(0.2)
Total comprehensive income for the year	—	—	6.3	6.3
Transactions with owners:				
Dividends paid	—	—	(2.3)	(2.3)
Issue of shares (note 9)	0.1	0.5	(0.1)	0.5
Credit to equity for equity-settled share-based payments	—	—	0.3	0.3
	0.1	0.5	(2.1)	(1.5)
Balance at 31 May 2014	11.9	0.5	20.6	33.0
Profit for the year	—	—	6.2	6.2
Other comprehensive income/(expense):				
Actuarial loss on defined benefit pension scheme	—	—	(3.2)	(3.2)
Tax on items taken directly to equity	—	—	0.6	0.6
Total comprehensive income for the year	—	—	3.6	3.6
Transactions with owners:				
Dividends paid	—	—	(2.4)	(2.4)
Issue of shares (note 9)	0.1	0.4	(0.1)	0.4
Credit to equity for equity-settled share-based payments	—	—	0.2	0.2
	0.1	0.4	(2.3)	(1.8)
Balance at 31 May 2015	12.0	0.9	21.9	34.8

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
CONSOLIDATED CASH FLOW STATEMENT

	Note	2015 £m	2014 £m
Net cash generated from operating activities	9	12.3	9.6
Cash flows from investing activities			
Purchase of intangible assets		(0.2)	(0.9)
Purchase of property, plant and equipment		(4.5)	(2.6)
Proceeds on sale of property, plant and equipment		0.1	0.3
Acquisition of subsidiary		—	(6.5)
Net cash absorbed by investing activities		(4.6)	(9.7)
Cash flows from financing activities			
(Repayment of)/increase in bank borrowings		(5.7)	2.5
Proceeds from issue of shares		0.5	—
Capital element of finance lease and hire purchase payments		(0.1)	(0.2)
Dividends paid		(2.4)	(2.3)
Net cash absorbed by financing activities		(7.7)	—
Net increase / (decrease) in cash and cash equivalents		—	(0.1)

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
NOTES

1. General information

NWF Group plc (Company Number: 2264971) ('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 manufacture and sale of animal feeds, the sale and distribution of fuel oils and the warehousing and distribution of ambient groceries. Further details of the nature of the Group's operations and activities are set out in note 5.

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 Standards 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 11 below. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3. Underlying operating profit, headline profit before taxation and headline earnings

The Directors consider that underlying operating profit, headline profit before taxation and headline earnings per share measures, referred to in these financial statements, provide useful information for shareholders on underlying trends and performance.

Underlying operating profit is reported operating profit before the net credit of exceptional items. Headline profit before taxation is reported profit before taxation after adding back the net finance cost in respect of the Group's defined benefit pension scheme and the net credit of exceptional items.

Exceptional items are those that in the Directors' judgement are one-off in nature and need to be disclosed separately by virtue of their size or incidence. In determining whether an item should be disclosed as an exceptional item, the directors consider quantitative as well as qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board.

4. 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 2014, have been delivered, and, for the year ended 31 May 2015 will be delivered, to the Registrar of Companies. Both carry an unqualified audit report.

After 28 August 2015, 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.

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
NOTES (CONTINUED)

5. 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 Feeds, Fuels and Food.

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:

Feeds	-	manufacture and sale of animal feeds and other agricultural products
Fuels	-	sale and distribution of domestic heating, industrial and road fuels
Food	-	warehousing and distribution of clients' ambient grocery and other products to supermarket and other retail distribution centres

Segment information about the above businesses is presented below.

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 and cash at bank and in hand. Segment liabilities exclude taxation, borrowings and retirement benefit obligations. Excluded items are part of the reconciliation to consolidated total assets and liabilities.

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
NOTES (CONTINUED)

5. Segment information (continued)

2015	Feeds £m	Fuels £m	Food £m	Group £m
Revenue				
Total revenue	146.2	315.7	37.8	499.7
Inter-segment revenue	(1.3)	(5.5)	(0.6)	(7.4)
Revenue	144.9	310.2	37.2	492.3
Result				
Underlying operating profit	1.8	4.3	2.5	8.6
Segment exceptional items (note 6)	(0.7)	—	—	(0.7)
Group exceptional items (note 6)				1.2
Operating profit				9.1
Finance costs				(1.2)
Profit before taxation				7.9
Income tax expense (note 7)				(1.7)
Profit for the year				6.2
Other information				
Depreciation and amortisation	1.1	1.3	1.6	4.0
Balance sheet				
Assets				
Segment assets	42.0	40.8	30.8	113.6
Deferred income tax assets				4.2
Consolidated total assets				117.8
Liabilities				
Segment liabilities	(12.8)	(34.5)	(4.2)	(51.5)
Current income tax liabilities				(1.2)
Deferred income tax liabilities				(4.2)
Borrowings				(5.9)
Retirement benefit obligations				(20.2)
Consolidated total liabilities				(83.0)

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
NOTES (CONTINUED)

5. Segment information (continued)

2014	Feeds £m	Fuels £m	Food £m	Group £m
Revenue				
Total revenue	161.0	346.9	37.0	544.9
Inter-segment revenue	(0.3)	(6.3)	(0.6)	(7.2)
Revenue	160.7	340.6	36.4	537.7
Result				
Underlying and reported operating profit	3.3	3.2	2.0	8.5
Finance costs				(1.6)
Profit before taxation				6.9
Income tax expense (note 7)				(1.6)
Profit for the year				5.3
Other information				
Depreciation and amortisation	1.0	1.1	1.6	3.7
Balance sheet				
Assets				
Segment assets	42.6	41.8	31.4	115.8
Deferred income tax assets				3.6
Cash at bank and in hand				-
Consolidated total assets				119.4
Liabilities				
Segment liabilities	(13.7)	(34.3)	(4.0)	(52.0)
Current income tax liabilities				(1.1)
Deferred income tax liabilities				(4.3)
Borrowings				(11.7)
Retirement benefit obligations				(17.3)
Consolidated total liabilities				(86.4)

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
NOTES (CONTINUED)

6. Exceptional items

A net exceptional credit of £0.5m (2014: nil) is included in administrative expenses. Exceptional items by type are as follows:

	2015 £m	2014 £m
Net gain on settlement of legal claim	1.2	—
Costs incurred on ERP implementation	(0.5)	—
Aborted project costs	(0.2)	—
Net exceptional credit	0.5	—

The Group received gross proceeds from settlement of a legal claim totalling £2.4m, which has been recognised in the income statement, net of £1.2m of associated costs.

The Feeds division implemented a new ERP system which went live during the year and consequently £0.5m of non-capitalised consultancy and other costs were incurred.

During the year, the Feeds division incurred £0.2m of one-off aborted project costs.

7. Income tax expense

	2015 £m	2014 £m
Current tax		
UK corporation tax on profits for the year	1.8	1.9
Adjustments in respect of prior years	—	(0.1)
Current tax expense	1.8	1.8
Deferred tax		
Origination and reversal of temporary differences	(0.1)	(0.1)
Adjustments in respect of prior years	—	(0.1)
Deferred tax expense	(0.1)	(0.2)
Total income tax expense	1.7	1.6

During the year ended 31 May 2015, as a result of the reduction in the UK corporation tax rate from 21.0% to 20.0% from 1 April 2015, corporation tax has been calculated at an effective rate of 20.8% of estimated assessable profit for the year (2014: 22.7%).

At 31 May 2015, relevant deferred tax balances have been provided for at the UK tax rate of 20% which came into effect on 1 April 2015. In July 2015, the UK Government announced its intention to reduce the corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These changes were not substantively enacted at the balance sheet date and therefore have not been reflected in the deferred tax provisions. The effect of a reduction in the rate at which deferred tax is provided to 19% would be a reduction in both deferred tax assets and liabilities of £0.2m.

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
NOTES (CONTINUED)

8. Earnings per share

	2015	2014
	£m	£m
Earnings		
Earnings for the purposes of basic and diluted earnings per share being profit for the period attributable to equity shareholders (£m)	6.2	5.3
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share (000s)	48,126	47,489
Weighted average dilutive effect of share consideration (000s)	—	101
Weighted average dilutive effect of conditional share awards and SAYE share options (000s)	553	259
Weighted average number of shares for the purposes of diluted earnings per share (000s)	48,679	47,849
Earnings per ordinary share (p)		
Basic earnings per ordinary share	12.9	11.2
Diluted earnings per ordinary share	12.7	11.1
	2015	2014
Headline earnings per ordinary share (p)		
Basic headline earnings per ordinary share	13.2	12.4
Diluted headline earnings per ordinary share	13.1	12.4

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
NOTES (CONTINUED)

9. Net cash generated from operating activities

	2015	2014
	£m	£m
Operating profit	9.1	8.5
Adjustments for:		
Depreciation of property, plant and equipment	3.3	3.2
Amortisation of other intangible assets	0.7	0.5
Share-based payment expense	0.2	0.3
Issue of shares	(0.1)	(0.1)
Fair value gain on financial derivatives	(0.1)	—
Difference between pension charge and cash contributions	(1.1)	(0.9)
Operating cash flows before movements in working capital	12.0	11.5
Movements in working capital:		
Decrease in inventories	—	0.5
Decrease in receivables	2.8	6.5
Decrease in payables	(0.4)	(5.9)
Net cash generated from operations	14.4	12.6
Interest paid	(0.5)	(0.7)
Income tax paid	(1.6)	(2.3)
Net cash generated from operating activities	12.3	9.6

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
NOTES (CONTINUED)

10. Share capital

	Number of shares (000s)	Total £m
Authorised: ordinary shares of 25p each		
Balance at 1 June 2013, 31 May 2014 and 31 May 2015	80,000	20.0

	Number of shares (000s)	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 1 June 2013	47,304	11.8
Issue of shares (see below)	504	0.1
Balance at 31 May 2014	47,808	11.9
Issue of shares (see below)	542	0.1
Balance at 31 May 2015	48,350	12.0

During the year ended 31 May 2015, 542,119 (2014: 130,142) shares with an aggregate nominal value of £135,540 (2014: £32,536) were issued under the Group's conditional Performance Share Plan and SAYE share option scheme.

During the prior year ended 31 May 2014, 374,340 shares with an aggregate nominal value of £93,585 were issued as part of the consideration paid in the acquisition of S.C. Feeds Ltd.

The maximum total number of ordinary shares, which may vest in the future in respect of conditional Performance Share Plan awards outstanding at 31 May 2015, amounted to 1,082,736 (31 May 2014: 842,526). These shares will only be issued subject to satisfying certain performance criteria.

The Company operated a SAYE share option scheme for the Group's eligible employees. There are no SAYE options outstanding at 31 May 2015 (31 May 2014: 529,565). All previously outstanding options under the SAYE scheme have now vested and were exercisable in the six months from 1 November 2014 to 30 April 2015 at a price of £1.06 per share.

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2015
NOTES (CONTINUED)

11. 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 year are discussed below.

Estimated impairment of goodwill

The Group tests annually 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 schemes - valuation assumptions

The balance sheet carrying values of defined benefit pension scheme surpluses or deficits 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.

12. Events after the balance sheet date

On 30 June 2015 the Group acquired 100% of the issued share capital of New Breed (UK) Limited, a high quality agriculture nutritional advisory business working with clients in the North of England and Scotland. Consideration consists of an initial £2.5m net cash paid on acquisition and up to a further £1.5m of deferred cash consideration payable in the period to May 2018, dependent on achievement of certain volume and profit thresholds during this period.

13. Financial calendar

Annual Report to be published	21 August 2015
Annual General Meeting	24 September 2015
Dividend:	
- ex-dividend date	29 October 2015
- record date	30 October 2015
- payment date	4 December 2015