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

NWF Group plc: Preliminary results for the year ended 31 May 2009

NWF Group plc, the specialist distribution business, today makes the preliminary announcement of its audited results for the year ended 31 May 2009.

Commenting on the results, Mark Hudson, Chairman, said: "I am pleased to report a very successful year in the development of the Group. We implemented our strategy to focus the Group as a specialist distributor of food, feed and fuel and completed the sale of the Garden Centre division. The proceeds of the sale and our focus on cash and working capital have reduced net debt by over 60%. Our continuing businesses have delivered a record level of profitability, with pre-tax profit up 47.6%, which is an outstanding performance given the difficult general economic backdrop."

Commenting on the outlook for the current year he added: "Progress to date has been satisfactory with all divisions starting the year as planned. In spite of the poor general economic outlook, demand for the Group's products and services remains robust."

Financial highlights

- Revenue1 increased by 5.4% to £380.6 million (2008: £361.2 million)
- Operating profit1 up 53.4% to £8.9 million (2008: £5.8 million)
- Profit before taxation1 up 47.6% to £6.2 million (2008: £4.2 million)
- Headline basic earnings per share1, 2 of 10.4p (2008: 6.0p)
- Full year dividend increased by 5.1% to 4.1p per share (2008: 3.9p)
- Reduction in net debt of 63.0% to £19.3 million (2008: £52.1 million)
- Focused the Group as a specialist distributor and completed the sale of the Garden Centres for £14.5 million

1 From continuing operations only, excluding Garden Centres.

2 Excluding £3.5 million (2008: £Nil) exceptional deferred tax charge arising from the phased withdrawal of industrial buildings allowances.

Divisional highlights:

- Food Distribution - significant increase in operating profit to £2.0 million (2008: £0.5 million) as revenue was generated from the new warehouse capacity that was filled in the year and operating efficiency improved.

- Feeds - operating profit of £2.8 million (2008: £3.1 million) as the business successfully managed volatile raw material markets and a reduction in milk output and feed market volumes.

- Fuels - record operating profits in a year of outstanding performance. Operating profit of £4.1 million (2008: £2.2 million) with good market conditions due to significant falls and volatility in oil prices, and a very cold winter capitalised on by a strong effective depot-based management team.

Richard Whiting, Chief Executive, further added: "This has been a year of significant development for the Group. The strategy to focus the Group as a specialist distributor of food, feed and fuel was implemented and delivered record results with very strong performances from all three divisions. The focus on cash resulted in a reduction in net debt of 63.0% to £19.3 million."

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


| | | |
|---|---|---|
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Chairman's Statement

Financial highlights

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- Operating profit1 up 53.4% to £8.9 million (2008: £5.8 million)

- Profit before taxation1 up 47.6% to £6.2 million (2008: £4.2 million)

- Headline basic earnings per share1, 2 of 10.4p (2008: 6.0p)

- Full year dividend increased by 5.1% to 4.1p per share (2008: 3.9p)

- Reduction in net debt of 63.0% to £19.3 million (2008: £52.1 million)

- Focused the Group as a specialist distributor and completed the sale of the Garden Centres for £14.5 million

1 From continuing operations only, excluding Garden Centres.

2 Excluding £3.5 million (2008: £Nil) exceptional deferred tax charge arising from the phased withdrawal of industrial buildings allowances.

I am pleased to report a very successful year in the development of the Group. We implemented our strategy to focus the Group as a specialist distributor of food, feed and fuel and completed the sale of the Garden Centre division. The proceeds of the sale and our focus on cash and working capital have reduced net debt by over 60%. Our continuing businesses have delivered a record level of profitability, with pre-tax profit up 47.6%, which is an outstanding performance given the difficult general economic backdrop.

## Results

Revenue1 increased by 5.4% to £380.6 million from £361.2 million last year. Operating profit1 was up 53.4% to £8.9 million (2008: £5.8 million). Of particular note is the outstanding performance in Fuels capitalising effectively on good market conditions. Food Distribution's record performance is on the back of the planned increase in activity following our significant expansion in recent years. Feeds delivered a very strong performance in an environment of continued volatility and falling feed market volumes. Profit before taxation1 was a record for the Group, up 47.6% to £6.2 million (2008: £4.2 million) and profit after taxation1 before the exceptional deferred tax charge was £4.9 million (2008: £2.8 million). The loss for the year after the exceptional deferred tax charge of £3.5 million and the loss on the disposal of Garden Centres of £3.7 million was £2.3 million (2008: profit of £2.5 million). The Group completed the sale of the Garden Centre division for a gross consideration of £14.5 million, with the net proceeds used to reduce debt. Headline basic earnings per share1, 2 were 10.4p, up from 6.0p in 2008. Basic and diluted earnings per share1 were 3.0p (2008: 6.0p).

1 From continuing operations only, excluding Garden Centres.

2 Excluding £3.5 million (2008: £Nil) exceptional deferred tax charge arising from the phased withdrawal of industrial buildings allowances.

## Cash flows and funding

The Group generated £14.5 million (2008: absorbed £0.8 million) net cash from operating activities. £5.6 million of working capital was released (2008: £6.7 million absorbed) as a result of management focus and the reduction in key input prices in Feeds and Fuels. Cash used to fund capital expenditure, net of receipts from disposals, was £1.8 million (2008: £6.7 million) as the Group continued to invest in necessary replacement of equipment and fleet. The Group received net proceeds of £13.2 million for the sale of Garden Centres in October 2008. As a result of the above, and after repaying £20.6 million of bank borrowings there was a net increase in cash and cash equivalents of £1.9 million (2008: decrease of £10.5 million). Debt to EBITDA at the year end was 1.6 times (2008: 4.8 times). Interest cover (excluding IAS 19 finance income) for the year was 3.3 times (2008: 3.2 times) and gearing was 81% (2008: 171%).

## Dividend

We are proposing an increased final dividend for the year of 3.1p (2008: 2.9p) per share which, if approved at the Annual General Meeting, will be payable on 2 November 2009 to shareholders on the register at 21 August 2009 and shares will be ex div from 19 August 2009. Together with the interim dividend paid during the year of 1.0p (2008: 1.0p) per share, this will result in a total dividend for the year of 4.1p per share (2008: 3.9p), a 5.1% increase amounting to a total cost of £1.9 million (2008: £1.8 million).

Divisional overview

The Fuels division produced an outstanding performance as a result of near perfect market conditions with significant falls and volatility in the price of oil, combined with the coldest winter period for some time, and a high quality team focused on performance. Food Distribution continued to make good progress in delivering the potential from the significantly increased storage and distribution capacity in Wardle and strengthened its management team. Feeds delivered a good result in volatile raw material markets where the demand for ruminants fell in the early months of 2009. The sale of the Garden Centres was completed as planned in the year to establish the Group as a specialist distributor of food, feed and fuel.

Board changes

Shareholders will join me in welcoming Johnathan Ford who joined the Board in March 2009 as Group Finance Director. Our thanks and appreciation goes to Paul Grundy who left the Group at the end of April after five years of excellent service.

Outlook for the current year

Progress to date has been satisfactory with all divisions starting the year as planned. In spite of the poor general economic outlook, demand for the Group's products and services remains robust. We continue to review our markets and development opportunities and have a good 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 24 September.

Mark Hudson

Chairman

11 August 2009

Business and Financial Review

This has been a year of significant development for the Group. The strategy to focus the Group as a specialist distributor of food, feed and fuel was implemented and delivered record results with very strong performances from all three divisions. The Group delivered record operating profits1 of £8.9 million (2008: £5.8 million) and a record profit before taxation1, up 47.6% to £6.2 million (2008: £4.2 million). The record performance in Fuels was supported by unprecedented falls in the price of oil and one of the coldest winters in recent years. This has been estimated to have delivered a one-off benefit of the order of £1.0 million to operating profits. The focus on cash resulted in a reduction in net debt of 63.0% to £19.3 million. This has been achieved through improved profitability, significant reductions in working capital and the sale of the Garden Centre division.

1 From continuing operations only, excluding Garden Centres.

Food Distribution

This was the first full year of operations with the significant capacity expansion at Wardle. Revenue increased to £39.2 million (2008: £32.9 million) as sales were generated from the additional volumes stored and distributed in the year. Storage was at full capacity from August 2008 to January 2009 with overall fill at an average of 104,000 pallets, 91% of capacity. This compares very favourably with a fill of 70% in the prior year. As planned, we exited from the leased facility at Winsford at the time of a break in the lease and incurred a one-off £0.3

million operating charge which is included in the result. A very strong operating profit of £2.0 million was delivered (2008: £0.5 million) and the business has scope for continuing to improve the result and deliver on the investment as planned.

Significantly, service levels (cases delivered on time) were at 99.5% through the year and latterly the business has received service level bonuses from some key customers. Once the warehouses were filled, operating efficiency has been the focus with reductions in overtime and labour costs as key measures. Average loads per day increased to 145 from 115 in the prior year. Backloads increased substantially during the year improving fleet utilisation.

The management team was strengthened early in the year with the appointment of a Warehouse Director to support the experienced team and additional resources have been brought into the business to improve business effectiveness and reduce costs further in a competitive supply chain. A number of customers focused on working capital management and reduced stock levels early in the 2009; however, the business has won over 7,500 pallets of new business in total during the year.

Demand for our customers' products has remained stable through the period and supermarkets are all reporting good demand levels for ambient groceries during the recession. The business operates in a competitive supply chain and needs to continually demonstrate the value and service that it is providing to food manufacturers and importers. High service levels and strong operating performance are key components in continuing to develop this business.

Feeds

This was a very strong year for Feeds in a market place which has seen significant volatility in raw material prices, declining milk prices and overall milk output, particularly marked in the early months of 2009. Revenue increased by 4.6% to £104.7 million (2008: £100.1 million), and operating profit was £2.8 million (2008: £3.1 million). In the prior year, the business benefited from forward purchases of raw materials in a rising raw material market. Volumes reduced to 462,000 tonnes (2008: 517,000 tonnes) as the business focused more on direct sales to farmers and reduced volumes with groups and wholesalers. There has been no reduction in market share with farmers on a direct basis.

Milk prices came under pressure again in the year with the average farm gate price falling 7% in the year to 23.3 pence, increasing the pressure on the dairy farmer. Milk output fell by 1.9% to just under 11 billion litres. This in turn led to a fall in ruminant feed of 5.1%, which was more marked in the calendar year 2009 with volumes down 8.4%. Volume reductions have been exacerbated by the differential in price between feed and the spot market with farmers using home grown cereals. Raw material volatility has continued, with wheat and soya both falling by over 40% in the period between June and December 2008.

The business has focused on building its relationships with the dairy farmer and increasing sales coverage in the South where the business has some significant development opportunities. Margin management and cost and operating efficiencies have enabled the business to deliver its second highest ever operating profit despite this tough trading environment.

To deliver added value for the business, sheep nuggets were produced in Wardle in 2009 on a new 12 mm die. Ultra Soy and Ultra Pro-R which are protected proteins supporting greater milk yield were launched with manufacturing equipment located at Wardle. In addition the business implemented a number of cost saving initiatives in the year.

Fuels

This has been a record year for the division which has operated very successfully during the period when there were record falls in the price of oil and we experienced very cold winter conditions.

Revenue increased 3.7% to £236.7 million (2008: £228.2 million). Overall sales volumes increased by 2.3% to 355 million litres (2008: 347 million litres), with growth in heating oil, gas oil and diesel, whilst petrol declined. This follows the trend of declining sales at our retail petrol sites. If retail is stripped out, volume growth was 4.4%. The overall market for our oil products fell by 3.1% in the calendar year 2008 on 2007, however critically the market volume for Kerosene (heating oil) in the winter months was 75% up on prior year reflecting the significantly cold weather.

The volatility and fall in oil prices has been well documented. At the start of the year Brent crude was $128 per barrel, rising to $144 in August and falling to a low in December of $36 and ending the year at $64 per barrel.

The combination of these favourable factors and an effective, depot based team delivered an outstanding performance with operating profits up 86.4% to a record of £4.1 million (2008: £2.2 million). We have estimated that approximately £1.0 million of this operating profit is one-off as a result of the unique combination of factors in 2008/9.

The exceptional performance was replicated across the depot network with performance of particular note at Wardle, Nottingham, Ammanford and Browns of Burwell. The result was delivered by exceptional levels of service through the key winter months where all depot teams worked long hours and utilised their tankers 24 / 7 to meet the needs of our customers. The commitment of our staff to get oil to any customer who experienced a run out on the same day was industry leading and appreciated by both domestic and commercial customers.

Garden Centres (discontinued operations)

The sale of the Garden Centres was completed in October 2008 for a gross consideration of £14.5 million to Notcutts, a garden centre retailer based near Ipswich. The sale was of the shares in the business and all consideration has been received in full, the net proceeds of which have been used to significantly reduce net debt.

Outlook

NWF is now a focused specialist distributor of food, feed and fuel. These are markets that we understand well and they all have opportunities for development. Our trading divisions have scale, good market positions, are profitable and cash generative.

In Food Distribution the objective is to maintain high levels of storage and distribution activity and continue the drive to be more efficient, whilst maintaining the high service levels established to date. In Feeds we are working to continue the development of direct business with farmers, with a particular emphasis in the South where we have increased our sales resource and have an opportunity to grow our market share. In Fuels we plan to continue to develop the successful depot network and are looking for start up opportunities and bolt on acquisitions to continue our development.

The significant achievement in reducing debt by 63% allows us to review development opportunities in all three divisions to build on the excellent progress we have made in 2009.

Group results

| Year ended 31 May | 2009<br>£m | 2008<br>£m |
|---|---|---|
| Continuing operations | | |

| | | |
|---|---|---|
| Revenue | 380.6 | 361.2 |
| Operating profit | 8.9 | 5.8 |
| | | |
| Net finance income in respect of defined benefit pension scheme | - | 0.2 |
| Other finance costs (net) | (2.7) | (1.8) |
| Total finance costs (net) | (2.7) | (1.6) |
| | | |
| Profit before taxation from continuing operations | 6.2 | 4.2 |
| Income tax expense including exceptional deferred tax charge | (4.8) | (1.4) |
| Profit for the year before exceptional deferred tax charge | 4.9 | 2.8 |
| Exceptional deferred tax charge | (3.5) | - |
| | | |
| Profit for the year from continuing operations | 1.4 | 2.8 |
| Discontinued operations | | |
| Loss for the year from discontinued operations | (3.7) | (0.3) |
| (Loss)/profit for the year | (2.3) | 2.5 |

Group revenue1 increased by 5.4% to £380.6 million (2008: £361.2 million). Operating profit1 was £8.9 million (2008: £5.8 million), a 53.4% increase.

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

Total net finance costs1 increased from £1.6 million in 2008 to £2.7 million in 2009. The increase in finance costs is due to the inclusion of a net cost of £0.5 million incurred to terminate certain interest rate hedging instruments following the disposal of the Garden Centre division and £0.3 million of costs for amortised bank arrangement fees. In addition the finance cost in 2008 benefited from £0.3 million of interest costs that were capitalised as part of the warehouse expansion project.   Interest cover (excluding IAS 19 finance income) increased to 3.3 times (2008: 3.2 times).

The tax charge1, including full provision for deferred tax, was £4.8 million (2008: £1.4 million). The tax charge for 2009 includes an exceptional deferred tax charge of £3.5 million (2008: £Nil) which has arisen due to the phasing out of industrial buildings allowances which came into effect in July 2008.  Excluding the impact of the exceptional deferred tax charge and adjustments in respect of prior years the effective tax rate is 31.0% (2008: 33.3%). The decrease in effective rate has principally been due to the reduction in the UK corporation tax rate to 28% (2008: 29.7%). The Group's future underlying rate of tax is expected to remain above the standard rate due to its ongoing level of disallowable expenditure.

Headline basic earnings per share1, 2 was 10.4p (2008: 6.0p). Basic and diluted earnings per share1 were each 3.0p (2008: 6.0p).

1   From continuing operations only, excluding Garden Centres.

2   Excluding £3.5 million (2008: £Nil) exceptional deferred tax charge arising from the phased withdrawal of industrial buildings allowances.

Balance sheet summary

| As at 31 May | 2009 | 2008 |
|---|---|---|
| | £m | £m |
| Tangible and intangible fixed assets | 42.1 | 43.1 |
| Assets held for sale (net of liabilities) | - | 15.3 |
| Net working capital | 12.3 | 19.5 |
| Short term borrowings | (2.8) | (4.9) |

| | | |
|---|---|---|
| Medium term borrowings | (16.5) | (37.1) |
| Current tax liabilities | (1.2) | - |
| Deferred tax liabilities (net) | (3.3) | (1.0) |
| Retirement benefit obligations | (6.7) | (4.4) |
| Net assets | 23.9 | 30.5 |

Group net assets decreased to £23.9 million (2008: £30.5 million) principally due to the loss on disposal of the Group's Garden Centre operations, an increase in the deficit on the Group's defined benefit pension scheme and the decrease in the fair value of an interest rate hedging instrument.

Capital additions to tangible and intangible assets during 2009 reduced to £2.8 million compared to £7.8 million in 2008. Included in 2008 capital additions was £4.6 million relating to the investment in new Food Distribution warehousing at Wardle.

Net working capital reduced to £12.3 million (2008: £19.5 million). Within net working capital, trade and other receivables decreased to £43.5 million (2008: £51.4 million), due mainly to the impact of reduced prices for both raw materials in Feeds and oil related products in Fuels.

The deficit on the Group's defined benefit pension scheme increased from £4.4 million to £6.7 million. The increase has arisen due to the decrease in the fair value of the pension scheme assets at 31 May 2009 being larger than the reduction in the pension scheme obligations.

Total Group net debt has decreased to £19.3 million (2008: £52.1 million).

Cash flow and banking facilities

| Year ended 31 May | 2009 | 2008 |
|---|---|---|
| | £m | £m |
| Operating cash flow before working capital | 12.1 | 10.7 |
| Working capital movements | 5.6 | (6.7) |
| Interest paid | (3.0) | (3.5) |
| Tax paid | (0.2) | (1.3) |
| Net cash generated from/(absorbed by) operating activities | 14.5 | (0.8) |
| Capital expenditure (net of receipts from disposals) | (1.8) | (6.7) |
| Disposal of subsidiaries (net of cash disposed of) | 13.2 | - |
| Deferred acquisition payments | (0.6) | (1.3) |
| Net cash generated/(absorbed) before financing activities | 25.3 | (8.8) |
| Net decrease in bank borrowings | (20.6) | - |
| Dividends paid | (1.8) | (1.8) |
| Other financing cash flows | (1.0) | 0.1 |
| Net increase/(decrease) in cash and cash equivalents | 1.9 | (10.5) |

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

Net cash generated from operating activities was £14.5 million (2008: £0.8 million absorbed). Operating cash flow before working capital movements increased from £10.7 million to £12.1 million. In addition, there was a favourable overall movement in working capital of £5.6 million (2008: adverse £6.7 million) mainly as a result of the impact of reduced prices in Feeds and Fuels on the Group's trade receivables as noted above.

Cash used to fund capital expenditure (net of disposal proceeds) reduced to £1.8 million (2008: £6.7 million) as the capital investment programme in Food Distribution warehousing was completed in 2008.

On 2 October 2008, the Group completed the disposal of its entire interest in the ordinary share capital of NWF Retail Holdings Limited, the parent company of a number of subsidiaries which carried out all of the Garden Centre operations for a net consideration, after disposal costs, of £13.2 million.

Payments in respect of acquisitions completed in prior years amounted to £0.6 million (2008: £1.3 million). There are no similar payments outstanding at 31 May 2009.

There was an overall net increase in cash and cash equivalents of £1.9 million (2008: £10.5 million decrease).

At 31 May 2009, the Group had total committed bank facilities of up to £41.7 million (2008: £56.5 million). Headroom under these facilities at 31 May 2009 was £26.9 million (2008: £19.3 million). These facilities, provided by The Royal Bank of Scotland, are committed through to May 2011, with the exception of the bank overdraft facility, which is renewed annually. The level of committed facilities varies with the level of trade debtors and is subject to conventional banking covenants.

Treasury policy and financial risk management

The Group's policy in respect of treasury risk has not changed in the year ended 31 May 2009. There is no significant foreign exchange risk in respect of the Group's operations and the Group has not entered into any currency hedging arrangements.

Price risk

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

The Feeds division enters into forward supply contracts in order to manage the impact of price movements on its gross margin. At 31 May 2009, there were open forward supply contracts with a principal value of £18.8 million (2008: £18.5 million). The fair value of forward supply contracts recognised in the balance sheet in accordance with IAS 39 'Financial instruments: Recognition and measurement' is £Nil (2008: £0.2 million). The Group has not designated any of these contracts as hedging instruments during the year. As a result, changes in the fair value of non-hedging forward supply contracts, amounting to £0.2 million have been charged (2008: £0.1 million credited) to the income statement in the year.

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

Interest rate risk

The Group uses interest rate derivatives to manage its exposure to interest rate increases on its borrowings. At 31 May 2008, the Group had one interest rate cap in place and held three interest rate swaps.

The disposal of the Garden Centre division and the subsequent reduction in net debt resulted in the decision to terminate two of the above swaps during the year ended 31 May 2009. As a result, at 31 May 2009, the Group held one forward swap, to take effect on 30 June 2009, with a notional principal amount of £15 million and a fixed annual interest charge of 5.045% for an 18 month term 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, 31 December 2007, to 31 May 2009.

The disposal of the Group's Garden Centre operations and reduction in net debt has resulted in the Group being fully hedged at 31 May 2009, having retained the £15 million forward swap noted above. Once this swap has expired on 31 December 2010, the Group's policy will be to hedge approximately 50% of the forecast level of debt over an ongoing three-year period. The Directors review this policy on at least an annual basis.

The total fair value of swaps held at 31 May 2009 is estimated at £0.9 million in the bank's favour (2008: £0.1 million in the Group's favour).

Changes in the fair value of non-hedging interest rate swaps amounting to £0.7 million have been charged to the income statement in the year (2008: £0.1 million credited).

Changes in the fair value of the hedging interest rate swap, amounting to £1.0 million has been deferred in equity in the year (2008: £Nil).

Going concern

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

Share price

The market price per share of the Company's shares at 31 May 2009 was 99p (2008: 145p) and the range of market prices during the year was between 70p and 164p.

Richard Whiting Johnathan Ford
Chief Executive Finance Director
11 August 2009

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2009
CONSOLIDATED INCOME STATEMENT

| | Note | 2009 £m | 2008 £m |
|---|---|---|---|
| Continuing operations | | | |
| Revenue | 4 | 380.6 | 361.2 |
| Operating expenses | | (371.7) | (355.4) |
| Operating profit | 4 | 8.9 | 5.8 |
| Net finance costs | | (2.7) | (1.6) |
| Profit before taxation | | 6.2 | 4.2 |
| Income tax expense including exceptional deferred tax charge | 5 | (4.8) | (1.4) |
| | | | |
| Profit for the year before exceptional deferred tax charge* | | 4.9 | 2.8 |
| Exceptional deferred tax charge | 5 | (3.5) | - |
| | | | |
| Profit for the year from continuing operations | | 1.4 | 2.8 |
| Discontinued operations | | | |
| Loss for the year from discontinued operations | | (3.7) | (0.3) |
| (Loss)/profit for the year attributable to equity shareholders | | (2.3) | 2.5 |

Earnings/(loss) per share (pence)

| | | | |
|---|---|---|---|
| From continuing operations | | | |
| Basic | 6 | 3.0 | 6.0 |
| Diluted | 6 | 3.0 | 6.0 |
| From continuing and discontinued operations | | | |
| Basic | 6 | (4.9) | 5.3 |
| Diluted | 6 | (4.9) | 5.3 |
| Headline earnings per share from continuing operations* | | | |
| Basic | 6 | 10.4 | 6.0 |
| Diluted | 6 | 10.4 | 6.0 |

* 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 2009
CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

| | 2009 | 2008 |
|---|---|---|
| | £m | £m |
| Actuarial loss on defined benefit pension scheme | (2.7) | (1.1) |
| Decrease in fair value of interest rate hedging instrument | (1.0) | - |
| Taxation on items taken directly to equity | 0.9 | 0.3 |
| Net expense recognised directly in equity | (2.8) | (0.8) |
| Fair value loss on interest rate hedging instrument transferred to income | 0.1 | - |
| (Loss)/profit for the year attributable to equity shareholders | (2.3) | 2.5 |
| Total recognised (expense)/income for the year | (5.0) | 1.7 |

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2009
CONSOLIDATED BALANCE SHEET

| | 2009 | 2008 |
|---|---|---|
| | £m | £m |
| Non-current assets | | |
| Property, plant and equipment | 36.7 | 37.6 |
| Intangible assets | 5.4 | 5.5 |
| Deferred income tax assets | 2.2 | 1.2 |
| | 44.3 | 44.3 |
| Current assets | | |
| Inventories | 3.3 | 4.6 |
| Trade and other receivables | 43.5 | 51.4 |
| Derivative financial instruments | 0.2 | 0.9 |
| Assets held for sale | - | 30.4 |
| | 47.0 | 87.3 |
| Total assets | 91.3 | 131.6 |
| Current liabilities | | |
| Trade and other payables | (33.6) | (36.8) |
| Current income tax liabilities | (1.2) | - |
| Borrowings | (2.8) | (4.9) |
| Derivative financial instruments | (1.1) | (0.6) |
| Liabilities directly associated with assets classified as held for sale | - | (15.1) |
| | (38.7) | (57.4) |
| Non-current liabilities | | |

| | | |
|---|---|---|
| Borrowings | (16.5) | (37.1) |
| Deferred income tax liabilities | (5.5) | (2.2) |
| Retirement benefit obligations | (6.7) | (4.4) |
| | (28.7) | (43.7) |
| Total liabilities | (67.4) | (101.1) |
| Net assets | 23.9 | 30.5 |
| Equity | | |
| Share capital | 11.7 | 11.7 |
| Other reserves | (0.7) | - |
| Retained earnings | 12.9 | 18.8 |
| Total shareholders' equity | 23.9 | 30.5 |

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2009
CONSOLIDATED CASH FLOW STATEMENT

| | Note | 2009 £m | 2008 £m |
|---|---|---|---|
| Net cash generated from/(absorbed by) operating activities | 7 | 14.5 | (0.8) |
| Cash flows from investing activities | | | |
| Purchase of intangible assets | | (0.1) | (0.3) |
| Purchase of property, plant and equipment | | (2.0) | (6.5) |
| Proceeds on sale of property, plant and equipment | | 0.3 | 0.1 |
| Disposal of subsidiaries, net of cash disposed of | | 13.2 | - |
| Deferred acquisition payments | | (0.6) | (1.3) |
| Net cash generated from/(absorbed by) investing activities | | 10.8 | (8.0) |
| Cash flows from financing activities | | | |
| Proceeds on issue of ordinary shares | | - | 0.5 |
| Proceeds from bank borrowings | | - | 0.2 |
| Bank loan issue costs | | - | (0.2) |
| Repayment of bank borrowings | | (20.6) | - |
| Capital element of finance lease and hire purchase payments | | (1.0) | (0.4) |
| Dividends paid | | (1.8) | (1.8) |
| Net cash absorbed by financing activities | | (23.4) | (1.7) |
| Net increase/(decrease) in cash and cash equivalents | | 1.9 | (10.5) |

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2009
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.

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

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

2. Basis of preparation of financial statements

The Group 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 9 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 2008, have been delivered, and, for the year ended 31 May 2009 will be delivered, to the Registrar of Companies. Both carry an unqualified audit report.

After 27 August 2009, 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

| | 2009<br>£m | 2008<br>£m |
|---|---|---|
| Revenue | | |
| Food Distribution | 39.2 | 32.9 |
| Feeds | 104.7 | 100.1 |
| Fuels | 236.7 | 228.2 |
| Revenue from continuing operations | 380.6 | 361.2 |
| Discontinued operations | 6.4 | 21.8 |
| | 387.0 | 383.0 |
| | | |
| Operating profit from continuing operations | | |
| Food Distribution | 2.0 | 0.5 |
| Feeds | 2.8 | 3.1 |
| Fuels | 4.1 | 2.2 |
| | 8.9 | 5.8 |
| | | |
| Net assets | | |
| Food Distribution | 28.8 | 30.5 |
| Feeds | 17.1 | 19.2 |
| Fuels | 9.5 | 13.5 |
| Unallocated corporate net liabilities (see below) | (31.5) | (48.0) |
| Continuing operations | 23.9 | 15.2 |
| Assets held for sale | - | 15.3 |
| | 23.9 | 30.5 |

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

5. Income tax expense

| | 2009 £m | 2008 £m |
|---|---|---|
| Current tax | | |
| UK corporation tax on profits for the year | 2.1 | 0.9 |
| Adjustment in respect of prior years | (0.5) | (0.4) |
| Current tax expense | 1.6 | 0.5 |
| Deferred tax | | |
| Origination and reversal of temporary differences | (0.2) | 0.5 |
| Adjustment in respect of prior years | (0.1) | 0.4 |
| Deferred tax (credit)/expense before exceptional deferred tax charge | (0.3) | 0.9 |
| Exceptional deferred tax charge arising from phased withdrawal of industrial buildings allowances | 3.5 | - |
| Deferred tax expense | 3.2 | 0.9 |
| Total income tax expense | 4.8 | 1.4 |

Corporation tax for the year ended 31 May 2009 has been calculated at 28.0% of estimated assessable profit for the year. As a result of the change in the UK corporation tax rate, effective from 1 April 2008, corporation tax for the year ended 31 May 2008 was calculated at an effective rate of 29.67%.

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

6. Earnings/(loss) per share

From continuing operations

| | Basic earnings per share | | Diluted earnings per share | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Earnings attributable to equity shareholders (£m) | 1.4 | 2.8 | 1.4 | 2.8 |
| Weighted average number of shares in issue during the year (000s) | 46,931 | 46,900 | 46,931 | 46,900 |
| Weighted average dilutive effect of conditional and deferred share awards (000s) | - | - | 64 | 65 |
| Adjusted weighted average number of shares in issue during the year (000s) | 46,931 | 46,900 | 46,995 | 46,965 |
| Earnings per ordinary share (pence) | 3.0 | 6.0 | 3.0 | 6.0 |

From continuing and discontinued operations

| | Basic (loss)/earnings per share | | Diluted (loss)/earnings per share | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| (Loss)/earnings attributable to equity shareholders (£m) | (2.3) | 2.5 | (2.3) | 2.5 |
| Weighted average number of shares in issue during the year (000s) | 46,931 | 46,900 | 46,931 | 46,900 |
| Weighted average dilutive effect of conditional | - | - | 64 | 65 |

| | | | | |
|---|---|---|---|---|
| and deferred share awards (000s) | | | | |
| Adjusted weighted average number of shares in issue during the year (000s) | 46,931 | 46,900 | 46,995 | 46,965 |
| (Loss)/earnings per ordinary share (pence) | (4.9) | 5.3 | (4.9) | 5.3 |

From discontinued operations

| | Basic loss per share | | Diluted loss per share | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Loss per ordinary share (pence) | (7.9) | (0.7) | (7.9) | (0.7) |

Headline from continuing operations

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

| | 2009 | 2008 |
|---|---|---|
| Headline earnings | £m | £m |
| Profit for the year from continuing operations | 1.4 | 2.8 |
| Add back: exceptional deferred tax charge arising from the phased withdrawal of industrial buildings allowances | 3.5 | - |
| Headline earnings from continuing operations | 4.9 | 2.8 |

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/(absorbed by) operating activities

| | 2009 | 2008 |
|---|---|---|
| | £m | £m |
| Operating profit from continuing and discontinued operations | 8.8 | 6.8 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 3.3 | 3.7 |
| Amortisation of other intangible assets | 0.2 | 0.3 |
| Profit on sale of property, plant and equipment | - | (0.1) |
| Share-based payment expense | 0.2 | - |
| Difference between pension charge and cash contributions | (0.4) | - |
| Operating cash flows before movements in working capital | 12.1 | 10.7 |
| Movements in working capital: | | |
| Decrease/(increase) in inventories | 1.2 | (1.0) |
| Decrease/(increase) in receivables | 8.6 | (13.0) |
| (Decrease)/increase in payables | (4.2) | 7.3 |
| Net cash generated from operations | 17.7 | 4.0 |
| Interest paid | (3.0) | (3.5) |
| Income tax paid | (0.2) | (1.3) |
| Net cash generated from/(absorbed by) operating activities | 14.5 | (0.8) |

8. Reconciliation of movements in shareholders' equity

| | Share capital | Share premium | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m |
| At 1 June 2007 | 2.3 | 6.2 | 0.3 | 21.3 | 30.1 |
| Profit for the year | - | - | - | 2.5 | 2.5 |
| Dividends paid | - | - | - | (1.8) | (1.8) |
| Ordinary shares issued | 0.1 | 0.4 | - | - | 0.5 |
| Bonus shares issued | 9.3 | (6.6) | (0.3) | (2.4) | - |
| Actuarial loss on defined benefit pension scheme | - | - | - | (1.1) | (1.1) |
| Tax on items taken directly to equity | - | - | - | 0.3 | 0.3 |
| At 1 June 2008 | 11.7 | - | - | 18.8 | 30.5 |
| Loss for the year | - | - | - | (2.3) | (2.3) |
| Dividends paid | - | - | - | (1.8) | (1.8) |
| Decrease in fair value of interest rate hedging instrument | - | - | (1.0) | - | (1.0) |
| Fair value loss on interest rate hedging instrument transferred to income | - | - | 0.1 | - | 0.1 |
| Credit to equity for equity-settled share-based payments | - | - | - | 0.2 | 0.2 |
| Actuarial loss on defined benefit pension scheme | - | - | - | (2.7) | (2.7) |
| Tax on items taken directly to equity | - | - | 0.2 | 0.7 | 0.9 |
| At 31 May 2009 | 11.7 | - | (0.7) | 12.9 | 23.9 |

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

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

9. Critical accounting estimates and judgements

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

Estimated impairment of goodwill

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

Estimated impairment of trade receivables

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

Defined benefit pension scheme valuation assumptions

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

Estimated fair value of derivatives and other financial instruments

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

Disposal groups

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

10. Financial calendar

| | |
|---|---|
| Annual Report to be published | 27 August 2009 |
| Annual General Meeting | 24 September 2009 |
| Dividend: | |
| - ex-dividend date | 19 August 2009 |
| - record date | 21 August 2009 |
| - payment date | 2 November 2009 |



END