NWF GROUP PLC

NWF Group plc

Draft for release 6 August 2013

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

NWF Group plc: Preliminary results for the year ended 31 May 2013

NWF Group plc, the specialist agricultural and distribution business, today makes the preliminary announcement of its audited results for the year ended 31 May 2013.

Commenting on the results, Mark Hudson, Chairman, said: "I am pleased to report a record year for the Group. NWF has established a solid platform for future development with sustainable low levels of net debt and good market positions."

Richard Whiting, Chief Executive, added: "The record year has been delivered by focusing on customers' needs across the three divisions, reducing costs across the Group and with Feeds and Fuels delivering excellent results in positive market conditions."

Financial highlights:

- Revenue £545.8 million (2012: £540.2 million)
- Operating profit up 54.0% to £9.7 million (2012: £6.3 million)
- Profit before taxation up 64.7% to £8.4 million (2012: £5.1 million)
- Basic earnings per share up 61.7% to 13.1p (2012: 8.1p)
- Full year dividend increased 6.7% to 4.8p per share (2012: 4.5p)
- Net debt down 40.6% to £9.2 million (31 May 2012: £15.5 million)
- Debt to EBITDA at 0.7 times (31 May 2012: 1.6 times)
- £55.0 million banking facilities in place to October 2015

Divisional highlights:

- **Feeds** – operating profit of £3.9 million (2012: £2.7 million). A very strong result as a consequence of focusing on adding value by providing nutritional advice direct to farmers and managing significant increases and volatility in commodity prices.
- **Food** – operating profit of £1.4 million (2012: £3.0 million). The performance was impacted by tough market conditions with spare storage capacity throughout the year. Focus was placed on high customer service and operational efficiencies coupled with restructuring to support lower levels of activity.
- **Fuels** – operating profit of £4.4 million (2012: £0.6 million). A very significant turnaround supported by a rationalised business and tanker fleet. Performance was optimised by the continued focus on customer service during the extended cold winter, with the significantly increased demand for heating oil.

Commenting on the outlook for 2014, Mark Hudson added: "Progress to date in the new financial year has been in line with the Board's expectations with all divisions performing as planned. We continue to focus on development opportunities, both organic and through targeted acquisitions."

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

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A meeting will be held for analysts at 10.30 am today at the offices of Tavistock Communications, 131 Finsbury Pavement, London EC2A 1NT.

Chairman’s Statement

Financial highlights:

- Revenue £545.8 million (2012: £540.2 million)
- Operating profit up 54.0% to £9.7 million (2012: £6.3 million)
- Profit before taxation up 64.7% to £8.4 million (2012: £5.1 million)
- Basic earnings per share up 61.7% to 13.1p (2012: 8.1p)
- Full year dividend increased 6.7% to 4.8p per share (2012: 4.5p)
- Net debt down 40.6% to £9.2 million (31 May 2012: £15.5 million)
- Debt to EBITDA at 0.7 times (31 May 2012: 1.6 times)
- £55.0 million banking facilities in place to October 2015

I am pleased to report a record year for the Group. NWF has established a solid platform for future development with sustainable low levels of net debt and good market positions. Feeds performed well, focusing on providing nutritional advice and supplying farmers directly whilst managing significant increases and volatility in commodity prices. Food has continued to face tough market conditions with the ambient consolidation market having excess capacity and supermarkets squeezing their supply chains. The business focused on delivering high levels of service whilst restructuring operations to increase efficiencies. Fuels delivered a very strong turnaround from the previous year by restructuring, optimising performance through a focus on customer service and an extended cold winter, which significantly increased the demand for heating oil.

Results

Revenue in the year was up 1.0% to £545.8 million (2012: £540.2 million) and operating profit was up 54.0% to £9.7 million (2012: £6.3 million). Revenue growth in Feeds as a result of higher commodity prices has been offset by a reduction in Fuels from lower Brent Crude oil prices and lower business activity in Food.

The Feeds division delivered a strong performance; whilst overall volumes were stable, business volumes have increased direct to farmers, for whom nutritional advice is a key part of our proposition. This change in customer mix and the increases in commodity prices led to the significant improvement in profitability. The Food division has been operating in tough markets where consolidators have been under pressure from both retailers, whose failure to grow reflects consumer expenditure patterns, and from leading manufacturers and importers who are faced with significant commodity cost increases. Further restructuring has been implemented to maintain high service levels and improve efficiency. The Fuels division has delivered a successful turnaround from the prior year following significant restructuring and cost reduction. The continued focus on customer service across the nationwide network of depots, together with the extended cold winter and increased demand for heating oil, has delivered an excellent result.

Profit before taxation was up 64.7% to a record £8.4 million (2012: £5.1 million) and profit after taxation was a record £6.2 million (2012: £3.8 million).

Basic earnings per share were up 61.7% to 13.1p (2012: 8.1p) and diluted earnings per share were 13.0p (2012: 8.0p).

Cash flows and funding

The Group generated £10.4 million (2012: £3.9 million) net cash from operating activities. This included a net working capital inflow of £0.4 million (2012: outflow of £1.2 million), as commodity price increases were offset by a reduction in debtor days reflecting a continued focus on working capital and cash management. Cash used to fund capital expenditure, net of receipts from disposals, was only £1.9 million (2012: £3.1 million) as significant projects had been completed in prior years. Overall net debt at 31 May 2013 was £9.2 million (31 May 2012: £15.5 million).

Cash conversion was 107.2% (2012: 61.9%); measured as net cash generated from operating activities as a percentage of operating profit. Sustainable improvements have been delivered in the working capital cycle in the Fuels division as a part of the focused restructuring. This offset the increase in working capital required to fund the revenue growth in Feeds. Cash conversion also improved as a result of lower corporation tax paid in the year.

Debt to EBITDA at 31 May 2013 was 0.7 times (2012: 1.6 times). Interest cover (excluding IAS 19 net pension finance cost) for the year was 10.8 times (2012: 7.0 times).

Dividend

We are proposing to increase the final dividend for the year to 3.8p (2012: 3.5p) per share which, if approved at the Annual General Meeting, will be payable on 2 December 2013 to shareholders on the register at 23 August 2013 and the shares will be marked ex-div from 21 August 2013. Together with the interim dividend paid during the year of 1.0p (2012: 1.0p) per share, this will result in a total dividend increase of 6.7% for the year to 4.8p per share (2012: 4.5p), amounting to a total cost of £2.3 million (2012: £2.1 million).

Board changes

John Acornley has announced his intention to step down from the Board later this year having completed 12 years of service to the Group. I would like to thank John for his input and support as both a member of the Board and Chair of the Audit Committee where, in both roles, he has made a positive and lasting contribution.

I am pleased to announce the appointment of two new non-executive directors to support the Group through the next stage of its development. Yvonne Monaghan, currently Group Finance Director of Johnson Service Group plc, joins the Board and her experience as a director of an AIM listed business, which has gone through both a restructuring and a successful development programme will benefit the Group. Philip Acton, formerly Chief Operating Officer of Genus plc, joins the Board and brings with him extensive knowledge of the agriculture industry, which is a key focus point for the future development of the Group.

Current trading and prospects

Progress to date in the new financial year has been in line with the Board’s expectations with all divisions performing as planned. We continue to focus on development opportunities, both organic and through targeted acquisitions.

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 26 September.

Mark Hudson

Chairman

6 August 2013

Business and Financial Review

NWF has delivered a year of record profits and has been successful in reducing debt further than anticipated. Strong performances from Feeds and Fuels have delivered the outperformance, with Food still facing difficult market conditions and additional restructuring. In spite of the tough economic environment cash performance has been very good with cash conversion over 100% and improvements in debtor days achieved across all three divisions.

The Group delivered an operating profit of £9.7 million (2012: £6.3 million) and a record profit before taxation up 64.7% to £8.4 million (2012: £5.1 million).

Net debt of £9.2 million (2012: £15.5 million), which represents a debt to EBITDA ratio of 0.7 times (2012: 1.6 times), was delivered by improved management of working capital, particularly in the Fuels division, where the price of oil fell, offsetting the impact of increases in commodity costs and revenues in Feeds. The improved operating profit together with lower levels of capex and lower corporation tax paid in the year delivered this solid reduction in net debt.

Feeds

This was another successful year for Feeds, in volatile market conditions. The demand for feed was high as a consequence of poor quality and low volumes of silage and the extended cold weather in the spring. The consequence was reduced forage growth and increased demand, particularly for sheep feed. In addition, commodity costs increased significantly such that against a basket of commodities in a typical feed ration, the spot price of raw material increased by over 20% during the year. As a consequence staged price increases were implemented to smooth the impact for our customers and the decision was made to focus on direct business with farmers where nutritional advice is provided and additional products can be sold.

Revenue increased by 14.3% to £153.1 million (2012: £133.9 million) as a result of increased selling prices and a change in business mix. Operating profits were £3.9 million (2012: £2.7 million). The improved profit performance includes some one off gains, which have been made as a result of increasing commodity prices. Total manufactured volume was broadly flat at 481,000 tonnes (2012: 486,000 tonnes). Marketing and technical support activity has increased to support the development of the added value nutritional sales proposition direct to farmers. Additional experienced sales personnel have joined the team to support the business and sales trainees have also been recruited.

The increase in nutritional focus in our Feeds division is a key strategy for the business in providing more advice and value added products to our farming customers to improve their business performance.

Milk prices in Great Britain increased during the year by 1.8p per litre which farmers required to support the higher feed costs which have been driven by the movement in underlying commodities. The average milk price was 29.7p per litre in May 2013 (2012: 27.9p per litre). Milk production fell to 10.9 billion litres (2012: 11.5 billion litres) as a consequence of poor quality and quantity of silage and forage. Early indications for current year's silage are more positive. Overall market ruminant feed volumes were up 13% with sheep feed up over 25% as a result of difficult spring conditions for farmers.

The Feeds division has a very broad customer base working with over 4,000 farmers across the country. This broad base and the underlying robust demand for milk and dairy products results in a reasonably stable overall demand for our feed. Recent further increases in milk prices and indications of improved silage have eased some of the pressure on farmers of increasing commodity costs and poor spring grazing with business conditions more normal for our Feeds division for the time of year.

Food

Overall this has been a difficult year for the Food division as the market continues to be impacted by the lack of a recovery in consumer expenditure in the supermarkets. The business had spare storage capacity during the year and whilst there were some small account wins, the storage volumes were largely unchanged from the start of the year. Service levels have been excellent with service now at 99.7%. Further restructuring is planned to reduce the distribution footprint and to ensure all consolidation activity takes place at Wardle where a high level of service can be delivered more efficiently.

Revenue fell by 14.2% to £36.4 million (2012: £42.4 million) as lower storage levels reduced sales. Storage overall was at an average of 95,000 pallets (2012: 105,000 pallets). Storage peaked in November with an average of 98,000 pallets in stock during the month, well within the capacity of the business. Demand, measured in outbound loads, was lower than the prior year and in line with the lower volumes stored. Further progress was made on utilising the backload and general haulage capacity of the fleet and the activity in the packing room was good. Operating profits decreased to £1.4 million (2012: £3.0 million), as a consequence of lower activity than the prior year and are stable.

Operating efficiencies have improved in line with our expectations for the systems improvements implemented last year. Whilst the lower activity levels have held back profit growth, an improvement has been seen in the service level to our customers that now stands at 99.7% (2012: 99.6%), a level consistently higher than before the new systems. Customers now have real time access, via an extranet link, to key information including stock, order status and account data, which has been well received and utilised. This gives customers industry-leading access to live data and is a part of the strong proposition we provide to ambient grocery customers.

Work has been completed in reviewing the opportunity to move consolidating customers from Deeside to Wardle to improve service and efficiencies further. This will reduce the trunking required in the business, fully utilise the Wardle facility and improve operating efficiencies. The leased Deeside facility, which has a lease break at the end of the next financial year, is under review. Once consolidating stock has been transferred to Wardle, the Deeside facility will only be utilised for excess stock required by our customers and will be manned with a reduced complement of staff. It is intended to redeploy all staff from Deeside to Wardle.

Demand for our customers' products continues to remain 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 of this business. The short-term outlook remains tough, as there are no signs of increasing consumer expenditure.

Fuels

This has been a strong turnaround year for Fuels following extensive restructuring at the end of the prior year with a significant reduction in the size of the tanker fleet and lower levels of staffing to deliver a low cost depot operating model. The result was supported by an increased demand for heating oil, particularly in the spring, when temperatures were consistently low. At this time our service levels were at a premium enabling us to benefit from the opportunity in the market. The market also benefited from some easing of oil prices, which gave relief to commercial and domestic customers compared to the record prices seen in the prior year.

Revenue decreased by 2.1% to £356.3 million (2012: £363.9 million) as a result of lower oil prices. The average Brent Crude oil price in the year was $108 per barrel, 4% lower than the average of $113 in the previous year. Prices in the last few months of the year stabilised at around $100 per barrel. Overall sales volumes increased by 0.7% to 411 million litres (2012: 408 million litres). The mix of volume changed with a significant increase in higher margin heating oil offsetting lower volumes of petrol and diesel distributed in the year.

Operating profits were £4.4 million (2012: £0.6 million), which is an excellent result. The restructuring, with a reduction of 15 tankers and a 9% reduction in staff across the business, delivered a low cost depot based operating model, which was in place from the start of the financial year. The extended winter conditions, which ran through into the spring, increased demand for heating oil and the value customers place on the high level of customer service offered across the business.

The acquisitions of Evesons and Swan Petroleum, both completed in the last three years have contributed in line with management's expectations since acquisition and are fully integrated into the network.

With nearly 38,000 customers being supplied across 17 fuel depots, the Fuels division operates in markets that are large, robust and reasonably stable.

Banking

The Group has an agreement in place with The Royal Bank of Scotland Group for senior credit facilities totalling £55.0 million through to 31 October 2015. These facilities and the on-going support of the bank allow the Group to continue its development plans from the platform achieved to date. There is significant headroom against these facilities after allowing for working capital fluctuations during the year.

Outlook

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.

In our Feeds division, we are a leading national supplier of ruminant animal feeds (which feeds one in seven dairy cows in Britain) and have opportunities to continue our growth track record with the focus on winning business direct with farmers. The increasing emphasis on a technically supported, nutrional based sales approach will continue to add value to the business and the recent recruits to the sales team are performing well. We are looking to continue our track record of organic growth in this division and in line with our strategic emphasis on agriculture, looking for complementary and bolt on businesses to increase the business with UK farming.

In Food, we have operated efficiently and provide a high level of service. We are now looking to improve the returns from the business by concentrating our consolidation activities at the Wardle site, which will as a consequence then operate at capacity, albeit maintaining the flexibility of additional storage capacity at Deeside for the coming year.

In Fuels, we have a proven depot-operating model and have demonstrated that the rationalised business performance has recovered to sustainable levels of performance and are looking to develop the business organically 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.

Group results

Year ended 31 May	**2013 £m**	2012 £m
Revenue	**545.8**	540.2
Operating expenses	**(536.1)**	(533.9)
Operating profit	**9.7**	6.3
Net finance costs:		
Net finance cost in respect of defined benefit pension schemes	**(0.4)**	(0.3)
Other finance costs	**(0.9)**	(0.9)
	(1.3)	(1.2)
Profit before taxation	**8.4**	5.1
Income tax expense	**(2.2)**	(1.3)
Profit for the year	**6.2**	3.8

Group revenue increased by 1.0% to £545.8m (2012: £540.2 million). Operating profit was £9.7 million representing a substantial improvement of 54.0% year on year (2012: £6.3 million).

Total net finance costs increased from £1.2 million in 2012 to £1.3 million in 2013 due to the higher IAS 19 net financing cost in respect of the defined benefit pension scheme as a result of a fall in the expected return on scheme assets. Other financing costs remained unchanged at £0.9 million; however, within this, interest on bank loans and overdrafts fell by £0.1 million to £0.8 million reflecting the fall in the levels of net debt.

Interest cover (excluding IAS 19 net pension finance costs) was 10.8 times (2012: 7.0 times)

The tax charge has increased to £2.2 million from £1.3 million in 2012 as a result of the improvement in profit before tax. The tax charge represents a similar level of effective tax rate of 25.9% (2012: 25.5%). The Group's future underlying effective rate of tax is expected to fall slightly in line with the main rate of corporation tax.

Basic earnings per share have increased by 61.7% to 13.1p (2012: 8.1p) and diluted earnings per share increased by 62.5% to 13.0p (2012: 8.0p).

Balance sheet summary

As at 31 May

	2013 £m	2012 £m
Tangible and intangible fixed assets	**48.8**	50.5
Net working capital	**9.2**	9.5
Cash at bank and in hand	**0.1**	0.2
Short-term borrowings	**(0.2)**	(1.0)
Medium-term borrowings	**(9.1)**	(14.7)
Current tax liabilities	**(1.3)**	(0.5)
Deferred tax liabilities (net)	**(0.5)**	(1.0)
Retirement benefit obligations	**(18.8)**	(17.3)
Net assets	**28.2**	25.7

As a result of the strong trading performance during the year, the Group has increased net assets by £2.5 million to £28.2 million (31 May 2012: £25.7 million) despite the impact of an increase in the Group's defined benefit pension scheme deficit from a net pension liability of £13.1 million as at 31 May 2012 to £14.5 million as at 31 May 2013.

Tangible and intangible assets have reduced to £48.8 million as at 31 May 2013 (31 May 2012: £50.5 million) as a result of reduced levels of capital expenditure in the year.

Net working capital has continued to be an area of focus for the Group as demonstrated by a fall in net working capital to £9.2 million as at 31 May 2013 (31 May 2012: £9.5m). Within net working capital, trade and other receivables increased to £62.4 million (31 May 2012: £56.2m), which was more than offset by the increase in trade and other payables to £57.0 million (31 May 2012: £50.4 million). Debtor days reduced in all three divisions in the year.

Net debt decreased to £9.2 million (31 May 2012: £15.5 million), reflecting the strong trading performance and cash generation during the year.

Net deferred tax liabilities reduced to £0.5 million (31 May 2012: £1.0 million), reflecting the impact of the changes in the retirement benefit obligations.

The gross liability of the Group's defined benefit pension scheme increased by £1.5 million to £18.8 million (31 May 2012: £17.3 million). The value of pension scheme assets increased by 13.9% to £31.1 million (31 May 2012: £27.3 million) due to the appreciation in equity values during the second half of the year. The value of the scheme liabilities increased to £49.9 million (31 May 2012: £44.6 million) primarily as a result of a 0.2% reduction, to 4.3%, in the discount rate used to calculate the present value of the future obligations.

Cash flow and banking facilities

Year ended 31 May	**2013**	2012
	£m	£m
Operating cash flows before working capital movements	**12.2**	8.2
Working capital movements	**0.4**	(1.2)
Interest paid	**(0.8)**	(1.0)
Tax paid	**(1.4)**	(2.1)
Net cash generated from operating activities	**10.4**	3.9
Capital expenditure (net of receipts from disposals)	**(1.9)**	(3.1)
Acquisition of subsidiary	**—**	(2.7)
Net cash generated/(absorbed) before financing activities	**8.5**	(1.9)
Net (decrease)/increase in bank borrowings	**(5.5)**	4.6
Dividends paid	**(2.1)**	(2.1)
Other financing cash flows	**(1.0)**	(1.1)
Net decrease in cash and cash equivalents	**(0.1)**	(0.5)

The Group continues to focus on cash and working capital management and has been successful in substantially reducing the level of year end net debt from £15.5 million to £9.2 million during the year under review.

Net cash generated from operating activities was £10.4 million, an increase of £6.5 million (2012: £3.9 million). Operating cash flow before working capital movements was £12.2 million (2012: £8.2m) which reflects a cash conversion ratio of 126% of operating profit. Working capital fell slightly by £0.4 million (2012: £1.2 million increase).

Cash utilised to finance capital expenditure (net of disposal proceeds) reduced by £1.2 million to £1.9 million (2012: £3.1 million) reflecting both the high level of capital investment in the recent past and also the deliberate focus on cash management. The main areas of capital expenditure were investments in energy efficient lighting (£0.3 million), some £0.4 million invested in process control systems and the new Feeds IT systems (£0.3 million) and ongoing investment in Feeds mill improvements of £0.3 million together with a range of smaller projects across all three divisions.

Overall there was a small decrease in cash and cash equivalents of £0.1 million (2012: £0.5m decrease).

The Group continues to benefit from senior credit facilities from The Royal Bank of Scotland totalling £55.0 million which are committed through to 31 October 2015, with the exception of the bank overdraft facility of £1.0 million which is renewed annually. As noted in 2012, included within the total facility of £55.0 million, the Group has an invoice discounting facility, the availability of which depends on the level of trade receivable available for refinancing which is subject to a maximum drawdown of £44.0 million. The banking facilities are provided subject to ongoing compliance with conventional banking covenants against which the Group has substantial levels of headroom.

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 2013.

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 are recognised in the balance sheet in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' is £Nil (31 May 2012: £0.2 million).

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 £0.2 million (31 May 2012: £Nil) have been 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 enables 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 is exposed to interest rate risk due to its floating rate borrowings. In prior years, the Group has used interest rate derivatives to manage its exposure to interest rate increases on its borrowings. At 31 May 2013 and 31 May 2012, the Group held no interest rate derivatives.

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

The Group has an agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £55.0 million. With the exception of the bank overdraft facility of £1.0 million, which is renewed annually, these facilities are committed through to 31 October 2015.

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 2013 was 118.0p (31 May 2012: 97.0p) and the range of market prices during the year was between 87.2p and 125.5p.

Richard Whiting
Chief Executive

Brendon Banner
Finance Director

6 August 2013

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2013
CONSOLIDATED INCOME STATEMENT

	Note	**2013 £m**	2012 £m
Revenue	4	**545.8**	540.2
Operating expenses		**(536.1)**	(533.9)
Operating profit	4	**9.7**	6.3
Finance costs		**(1.3)**	(1.2)
Profit before taxation		**8.4**	5.1
Income tax expense	5	**(2.2)**	(1.3)
Profit for the year attributable to equity shareholders		**6.2**	3.8
Earnings per share (pence)			
Basic	6	**13.1**	8.1
Diluted	6	**13.0**	8.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2013 £m	2012 £m
Profit for the year attributable to equity shareholders	**6.2**	3.8
Actuarial loss on defined benefit pension schemes	**(2.2)**	(6.2)
Tax on items taken directly to equity	**0.5**	1.4
Total comprehensive income/(loss) for the year	**4.5**	(1.0)

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2013
CONSOLIDATED BALANCE SHEET

	Note	2013 £m	2012 £m
Non-current assets			
Property, plant and equipment		**37.1**	38.9
Intangible assets		**11.7**	11.6
Deferred income tax assets		**4.4**	4.3
		53.2	54.8
Current assets			
Inventories		**3.8**	3.5
Trade and other receivables		**62.4**	56.2
Cash at bank and in hand		**0.1**	0.2
Derivative financial instruments		**0.6**	0.8
		66.9	60.7
Total assets		**120.1**	115.5
Current liabilities			
Trade and other payables		**(57.0)**	(50.4)
Current income tax liabilities		**(1.3)**	(0.5)
Borrowings		**(0.2)**	(1.0)
Derivative financial instruments		**(0.6)**	(0.6)
		(59.1)	(52.5)
Non-current liabilities			
Borrowings		**(9.1)**	(14.7)
Deferred income tax liabilities		**(4.9)**	(5.3)
Retirement benefit obligations		**(18.8)**	(17.3)
		(32.8)	(37.3)
Total liabilities		**(91.9)**	(89.8)
Net assets		**28.2**	25.7
Equity			
Share capital	9	**11.8**	11.8
Retained earnings		**16.4**	13.9
Total shareholders' equity		**28.2**	25.7

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2013
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Retained earnings £m	Total equity £m
Balance at 1 June 2011	11.7	17.3	29.0
Profit for the year	—	3.8	3.8
Other comprehensive income/(expense):			
Actuarial loss on defined benefit pension schemes	—	(6.2)	(6.2)
Tax on items taken directly to equity	—	1.4	1.4
Total comprehensive loss for the year	—	(1.0)	(1.0)
Transactions with owners:			
Dividends paid	—	(2.1)	(2.1)
Issue of shares (note 9)	0.1	(0.4)	(0.3)
Credit to equity for equity-settled share-based payments	—	0.1	0.1
	0.1	(2.4)	(2.3)
Balance at 31 May 2012	11.8	13.9	25.7
Profit for the year	—	**6.2**	**6.2**
Other comprehensive income/(expense):			
Actuarial loss on defined benefit pension scheme	—	**(2.2)**	**(2.2)**
Tax on items taken directly to equity	—	**0.5**	**0.5**
Total comprehensive income for the year	—	**4.5**	**4.5**
Transactions with owners:			
Dividends paid	—	**(2.1)**	**(2.1)**
Issue of shares (note 9)	—	**(0.2)**	**(0.2)**
Credit to equity for equity-settled share-based payments	—	**0.3**	**0.3**
	—	**(2.0)**	**(2.0)**
Balance at 31 May 2013	**11.8**	**16.4**	**28.2**

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2013
CONSOLIDATED CASH FLOW STATEMENT

	Note	2013 £m	2012 £m
Net cash generated from operating activities	7	**10.4**	3.9
Cash flows from investing activities			
Purchase of intangible assets		**(0.7)**	(0.9)
Purchase of property, plant and equipment		**(1.4)**	(2.9)
Proceeds on sale of property, plant and equipment		**0.2**	0.7
Acquisition of subsidiary	8	**—**	(2.7)
Net cash absorbed by investing activities		**(1.9)**	(5.8)
Cash flows from financing activities			
(Repayment of)/proceeds from bank borrowings		**(5.5)**	4.7
Bank loan issue costs		**—**	(0.1)
Capital element of finance lease and hire purchase payments		**(1.0)**	(1.1)
Dividends paid		**(2.1)**	(2.1)
Net cash (absorbed by)/generated from financing activities		**(8.6)**	1.4
Net decrease in cash and cash equivalents		**(0.1)**	(0.5)

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2013
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 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 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 10 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 2012, have been delivered, and, for the year ended 31 May 2013 will be delivered, to the Registrar of Companies. Both carry an unqualified audit report.

After 27 August 2013, 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 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.

4. Segment information (continued)

2013	Feeds £m	Fuels £m	Food £m	Group £m
Revenue				
Total revenue	**153.1**	**363.4**	**37.1**	**553.6**
Inter-segment revenue	—	**(7.1)**	**(0.7)**	**(7.8)**
Revenue	**153.1**	**356.3**	**36.4**	**545.8**
Result				
Operating profit	**3.9**	**4.4**	**1.4**	**9.7**
Finance costs				**(1.3)**
Profit before taxation				**8.4**
Income tax expense (note 5)				**(2.2)**
Profit for the year				**6.2**
Other information				
Depreciation and amortisation	**0.8**	**1.2**	**1.6**	**3.6**

4. Segment information (continued)

2013	Feeds £m	Fuels £m	Food £m	Group £m
Balance sheet				
Assets				
Segment assets	**35.7**	**47.1**	**32.8**	**115.6**
Deferred income tax assets				**4.4**
Cash at bank and in hand				**0.1**
Consolidated total assets				**120.1**
Liabilities				
Segment liabilities	**(15.5)**	**(38.5)**	**(3.6)**	**(57.6)**
Current income tax liabilities				**(1.3)**
Deferred income tax liabilities				**(4.9)**
Borrowings				**(9.3)**
Retirement benefit obligations				**(18.8)**
Consolidated total liabilities				**(91.9)**

4. Segment information (continued)

2012	Feeds £m	Fuels £m	Food £m	Group £m
Revenue				
Total revenue	133.9	372.3	42.9	549.1
Inter-segment revenue	—	(8.4)	(0.5)	(8.9)
Revenue	133.9	363.9	42.4	540.2
Result				
Operating profit	2.7	0.6	3.0	6.3
Finance costs				(1.2)
Profit before taxation				5.1
Income tax expense (note 5)				(1.3)
Profit for the year				3.8
Other information				
Depreciation and amortisation	0.8	1.1	1.2	3.1

4. Segment information (continued)

2012	Feeds £m	Fuels £m	Food £m	Group £m
Balance sheet				
Assets				
Segment assets	29.8	47.1	34.1	111.0
Deferred income tax assets				4.3
Cash at bank and in hand				0.2
Consolidated total assets				115.5
Liabilities				
Segment liabilities	(11.3)	(35.9)	(3.8)	(51.0)
Current income tax liabilities				(0.5)
Deferred income tax liabilities				(5.3)
Borrowings				(15.7)
Retirement benefit obligations				(17.3)
Consolidated total liabilities				(89.8)

5. Income tax expense

	2013 £m	2012 £m
Current tax		
UK corporation tax on profits for the year	**2.3**	1.2
Adjustments in respect of prior years	**(0.1)**	—
Current tax expense	**2.2**	1.2
Deferred tax		
Origination and reversal of temporary differences	**—**	0.2
Adjustments in respect of prior years	**—**	(0.1)
Deferred tax expense	**—**	0.1
Total income tax expense	**2.2**	1.3

5. Income tax expense (continued)

During the year ended 31 May 2013, as a result of the reduction in the UK corporation tax rate from 24.0% to 23.0% from 1 April 2013, corporation tax has been calculated at an effective rate of 23.8% of estimated assessable profit for the year (2012: 25.7%).

As the reduction in the UK corporation tax rate to 23.0% has been substantively enacted into law and is effective from 1 April 2013, the relevant deferred tax balances have been re-measured.

In addition to the change in the rate of UK corporation tax disclosed above, legislation to reduce the main rate of corporation tax from 23.0% to 21.0% from 1 April 2014 was substantively enacted in the Finance Act 2013 on 2 July 2013. It has also been announced that the main rate will be reduced to 20.0% from 1 April 2015. These further changes had not been substantively enacted into law at 31 May 2013 and, therefore, are not included in these Group financial statements.

Had the 2.0% reduction in the corporation tax rate from 23.0% to 21.0%, included in the Finance Act 2013, been enacted into law at 31 May 2013, the estimated impact on the Group balance sheet would have been a reduction in the deferred tax asset of £0.4 million, from £4.4 million to £4.0 million, and a reduction in the deferred tax liability of £0.5 million, from £4.9 million to £4.4 million.

6. Earnings per share

	Basic earnings per share		Diluted earnings per share	
	2013	2012	**2013**	2012
Earnings attributable to equity shareholders (£m)	**6.2**	3.8	**6.2**	3.8
Weighted average number of shares in issue during the year (000s)	**47,277**	47,143	**47,277**	47,143
Weighted average dilutive effect of conditional share awards and SAYE share options (000s)	**—**	—	**246**	288
Adjusted weighted average number of shares in issue during the year (000s)	**47,277**	47,143	**47,523**	47,431
Earnings per ordinary share (pence)	**13.1**	8.1	**13.0**	8.0

7. Net cash generated from operating activities

	2013 £m	2012 £m
Operating profit	**9.7**	6.3
Adjustments for:		
Depreciation of property, plant and equipment	**3.0**	3.0
Amortisation of other intangible assets	**0.6**	0.1
Profit on disposal of property, plant and equipment	**—**	(0.6)
Share-based payment expense	**0.3**	0.1
Issue of shares	**(0.2)**	(0.2)
Difference between pension charge and cash contributions	**(1.2)**	(0.5)
Operating cash flows before movements in working capital	**12.2**	8.2
Movements in working capital:		
(Increase)/decrease in inventories	**(0.3)**	0.5
(Increase)/decrease in receivables	**(6.0)**	3.3
Increase/(decrease) in payables	**6.7**	(5.0)
Net cash generated from operations	**12.6**	7.0
Interest paid	**(0.8)**	(1.0)
Income tax paid	**(1.4)**	(2.1)
Net cash generated from operating activities	**10.4**	3.9

8. Business combinations

In the prior year ended 31 May 2012 (on 30 September 2011), the Group acquired 100% of the share capital of Swan Petroleum Limited, a fuel distribution business, for a total cash consideration of £2.8 million. Further details of this acquisition can be found in note 10 of the Group financial statements for the year ended 31 May 2012.

9. Share capital

	Number of shares (000s)	Total £m
Authorised: ordinary shares of 25p each		
Balance at 1 June 2011, 31 May 2012 and 31 May 2013	80,000	20.0

	Number of shares (000s)	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 1 June 2011	47,007	11.7
Issue of shares (see below)	169	0.1
Balance at 31 May 2012	47,176	11.8
Issue of shares (see below)	128	—
Balance at 31 May 2013	**47,304**	**11.8**

During the year ended 31 May 2013, 127,517 (2012: 169,156) shares with an aggregate nominal value of £31,879 (2012: £42,289) were issued for no consideration under the Group's conditional Performance Share Plan.

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 2013, amounted to 826,364 (31 May 2012: 1,144,323). These shares will only be issued subject to satisfying certain performance criteria.

The Company operates a SAYE share option scheme for the Group's eligible employees. The total number of options outstanding at 31 May 2013 amounted to 627,191 (31 May 2012: 775,925) shares. These options have a vesting period of three years and can be exercised from 1 November 2014 for a period of six months at a price of £1.06 per share.

10. 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.

11. Financial calendar

Annual Report to be published	23 August 2013
Annual General Meeting	26 September 2013
Dividend:	
- ex-dividend date	21 August 2013
- record date	23 August 2013
- payment date	2 December 2013