NWF Group plc

Final for release 9 August 2011

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

NWF Group plc: Preliminary results for the year ended 31 May 2011

NWF Group plc, the specialist agricultural and distribution business, today makes the preliminary announcement of its audited results for the year ended 31 May 2011.

Commenting on the results, Mark Hudson, Chairman, said: "I am pleased to report another record year in the continuing development of the Group. We have delivered an excellent result demonstrating the resilience of the Group during a period of significant volatility in key commodity markets."

Richard Whiting, Chief Executive, added: "In addition to a third year of record profitability and positive cash generation, the Group has demonstrated its strategic intent with the successful acquisition and integration of the Evesons fuels business."

Financial highlights

- Revenue up 22.1% to £463.8 million (2010: £379.8 million)
- Operating profit up 3.3% to £9.3 million (2010: £9.0 million)
- Profit before taxation up 7.0% to £7.6 million (2010: £7.1 million)
- Basic earnings per share up 10.6% to 11.5p (2010: 10.4p)
- Full year dividend increased by 4.7% to 4.5p per share (2010: 4.3p)
- Cash conversion 182.8% (2010: 156.7%)
- Reduction in net debt of 18.7% to £11.3 million (31 May 2010: £13.9 million)
- Debt to EBITDA at 0.9 times (31 May 2010: 1.1 times)
- £51.0 million banking facilities in place to October 2013

Divisional highlights:

- **Feeds** – record operating profit of £4.0 million (2010: £2.1 million): successfully delivered at a time of significantly increasing commodity prices, implementing feed price increases, selling more compounds direct to farmers and delivering operational efficiencies across our mills and blend operations.
- **Food** – operating profit of £2.0 million (2010: £3.1 million): demonstrated a positive recovery from the first half, in a year with significant volatility of demand for grocery products as food inflation was challenged by supermarkets with increased promotional activity and the requirements of our customers led to the utilisation of overflow warehousing and inefficient operations.
- **Fuels** – operating profit of £3.3 million (2010: £3.8 million): focused on customer service to deliver a strong performance against a previous year which had a long cold winter, completing and successfully integrating the Evesons Fuels acquisition.

Commenting on the outlook for 2012, Mark Hudson added: "Progress in the new financial year has been in line with the Board's expectations with all divisions starting as planned. The markets for the Group's products and services remain resilient and robust. With a very stable operational and financial base we continue to target development opportunities."

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

Richard Whiting, Chief Executive
Johnathan Ford, Finance Director
NWF Group plc
Tel: 01829 260 260

John West/
Andrew Dunn
Tavistock Communications
Tel: 020 7920 3150

Julian Blunt
Peel Hunt LLP
(Nominated Adviser)
Tel: 020 7418 8900

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 up 22.1% to £463.8 million (2010: £379.8 million)
- Operating profit up 3.3% to £9.3 million (2010: £9.0 million)
- Profit before taxation up 7.0% to £7.6 million (2010: £7.1 million)
- Basic earnings per share up 10.6% to 11.5p (2010: 10.4p)
- Full year dividend increased by 4.7% to 4.5p per share (2010: 4.3p)
- Cash conversion 182.8% (2010: 156.7%)
- Reduction in net debt of 18.7% to £11.3 million (31 May 2010: £13.9 million)
- Debt to EBITDA at 0.9 times (31 May 2010: 1.1 times)
- £51.0 million banking facilities in place to October 2013

I am pleased to report another record year in the continuing development of the Group. We have delivered an excellent result demonstrating the resilience of the Group during a period of significant volatility in key commodity markets. In addition, the successful acquisition of the Evesons fuels business demonstrates our capacity to develop the Group through targeted acquisitions in line with our strategy.

Results

Revenue in the year was up 22.1% to £463.8 million (2010: £379.8 million) and operating profit was up 3.3% to £9.3 million (2010: £9.0 million). Revenue growth has been fuelled by increasing commodity prices in the Feeds and Fuels divisions. The Group has successfully implemented price increases in both markets.

The outstanding performance in the year in Feeds demonstrates the capability of the business to manage the unprecedented increases in key commodity costs, whilst developing more compound business direct with farmers and driving operational efficiencies. The Fuels division's strong performance was in a year of extremes, with the coldest December and the warmest April on record. The ability of the business to deliver the largest Fuels acquisition to date and successfully integrate it into our depot network demonstrates delivery against our strategic development plans. The volatility in the ambient grocery markets continued in the second half though we are pleased to report an improvement in the underlying performance of our Food business as it responded to both volatility in short term demand patterns and implemented operational changes to deliver an improved underlying result. It has been pleasing to note this improvement has been sustained into the new financial year.

Profit before taxation was a record for the Group, up 7.0% to £7.6 million (2010: £7.1 million) and profit after taxation was up 10.2% to £5.4 million (2010: £4.9 million).

Basic earnings per share were up 10.6% to 11.5p (2010: 10.4p). Diluted earnings per share were 11.4p (2010: 10.4p).

Cash flows and funding

The Group generated £13.3 million (2010: £10.9 million) net cash from operating activities. This included a net cash inflow of £3.8 million (2010: £2.0 million) from reduced working capital reflecting management's continued focus in this area along with a reduction in debtor days across all three divisions. Cash used to fund capital expenditure, net of receipts from disposals, was £4.7 million (2010: £3.6 million) as the Group continued to invest in necessary replacement of equipment, fleet and IT systems. The cash cost of the Evesons acquisition was £3.7 million. Overall net debt is 18.7% lower at £11.3 million (2010: £13.9 million).

Cash conversion was 143.0% (2010: 121.1%); measured as operating profit as a percentage of net cash generated from operating activities.

Debt to EBITDA at 31 May 2011 was 0.9 times (2010: 1.1 times). Interest cover (excluding IAS 19 net pension finance cost) for the year was 7.8 times (2010: 6.4 times).

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

Dividend

We are proposing an increased final dividend for the year of 3.5p (2010: 3.3p) per share which, if approved at the Annual General Meeting, will be payable on 1 November 2011 to shareholders on the register at 19 August 2011 and shares will be ex div from 17 August 2011. Together with the interim dividend paid during the year of 1.0p (2010: 1.0p) per share, this will result in a total dividend for the year of 4.5p per share (2010: 4.3p), a 4.7% increase amounting to a total cost of £2.1 million (2010: £2.0 million).

Outlook for the current year

Progress in the new financial year has been in line with the Board's expectations with all divisions starting as planned. The markets for the Group's products and services remain resilient and robust. With a very stable operational and financial base we continue to target development opportunities.

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 22 September.

Mark Hudson
Chairman
9 August 2011

Business and Financial Review

NWF has delivered a strong operational performance in the year. In addition to a third year of record profitability and positive cash generation, the Group has demonstrated its strategic intent with the successful acquisition and integration of the Evesons fuels business. Of particular note in the year is the outperformance of Feeds, which demonstrated the capability to deliver success in extremely volatile commodity markets, with demand for our products remaining robust.

The Group delivered an operating profit of £9.3 million (2010: £9.0 million) and a record profit before taxation, up 7.0% to £7.6 million (2010: £7.1 million).

Our continued focus on cash generation resulted in a reduction in net debt of 18.7% to £11.3 million (2010: £13.9 million). During the year the Group increased its capital expenditure programme to support the organic development of each division, and acquired the Evesons fuel business for consideration of £3.6 million (including working capital of £0.3 million) which was fully funded through cash generation from the Group's existing activities.

Feeds

This was a record year for Feeds, which successfully developed the business at a time of unprecedented increases in many key commodities. The business successfully implemented 11 price increases which smoothed the impact of higher raw material prices for our farming customers, whilst increasing compound sales by 4.7% in the year.

Revenue increased by 20.2% to £112.6 million (2010: £93.7 million), largely as a result of increased selling prices and a small gain in overall volume. Operating profits almost doubled to £4.0 million (2010: £2.1 million) with total volume up 1.8% to 462,000 tonnes (2010: 454,000 tonnes).

There was increased use and sales of protected proteins, which included trials of protected linseed for the first time. Operational improvements were achieved across our compound mills and blend plants as we invested in upgrading our control systems to deliver efficiency savings and optimise the usage of high cost commodities. The trading desk benefited from the volatility of materials increasing the sales of straights and added value products direct to farmers across the country.

Milk prices increased during the year by an average of 3p per litre which farmers required to support the higher feed costs driven by commodities. The average milk price was 26.5p per litre in May 2011 (2010: 23.4p per litre). Milk production increased by 3.6% to 11.5 billion litres (2010: 11.1 billion litres). Overall ruminant feed volumes were only 0.6% higher as the spring turnout was early as a result of dry weather. The key compound market for dairy was 1.1% down on volume for the year.

The Feeds division has a very broad customer base with over 4,000 farmers working with NWF. This broad base and the underlying robust demand for milk and dairy products results in a reasonably stable overall demand for our feed. We do not anticipate the significant increases in commodity costs to be repeated in the coming 12 months and therefore expect a return to more normal levels of operating profitability after the record result in 2011.

Food

This has been a more difficult year for Food as the result of a number of changes that have impacted our business. There has been significantly more volatility in the demand pattern for our customers' ambient grocery products. The supermarkets have significantly increased the amount of promotional activity as they are concerned that real consumer incomes are under pressure and are trying to maintain overall prices and value with the backdrop of increasing input commodity prices. The result for our business has been significant variability in loads per day which has been exacerbated by shorter lead times with Tesco and Sainsburys. Customers have held more stock to maintain service levels as a result of the volatility which necessitated the use of external warehousing, albeit on a flexible basis.

Revenue increased 4.7% to £44.2 million (2010: £42.2 million) as increased storage levels increased sales. Storage overall was at an average of 108,000 pallets (2010: 100,000 pallets), in excess of the 105,000 working capacity. Storage peaked in October with an average of 118,000 pallets in stock during the month. Demand, measured in outbound loads, was similar to prior year, which highlighted the overall robustness of the ambient grocery market in difficult economic conditions. The increased volatility of demand reduced the fleet availability for backloads.

Operating profits fell to £2.0 million (2010: £3.1 million) in comparison with the record performance in 2010 as the business had to contend with the aforementioned factors.

The result in the second half demonstrated an improvement in underlying performance as a result of a number of actions taken by management. These included optimising our customer base to fit within our own warehouse space; sub-contracting more haulage which facilitated increasing the number of backloads; and introducing more flexible shift arrangements with our workforce to enable the business to cope with increased volatility of demand. These actions, in conjunction with changes in our pricing structure demonstrated a return closer to previous levels of profitability by the year end.

In spite of the increased volatility service levels were maintained at an average of 99.5% and service bonuses were earned from a number of accounts.

During the year we have also continued to invest in improving the systems and processes in the food business in order to deliver efficiency savings in the business we have today and enable the business to continue its development in the medium term.

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

Fuels

This has been another strong year for the Fuels division with good results from the existing NWF depots and the successful acquisition and integration of the Evesons fuels business. The year was one of extremes. In December, the coldest winter on record, the business experienced significant increases in demand for heating oil and pre-Christmas panic buying, followed later in the year with the warmest April on record, resulting in increased competition amongst distributors with fleet underutilised as demand reduced.

Revenue increased 25.9% to £307.0 million (2010: £243.9 million) as a result of increasing oil prices and the part-year benefit of the new Evesons depots acquired in January 2011. Overall sales volumes increased by 7.2% to 375.3 million litres (2010: 350.2 million litres).

The average Brent Crude oil price in the year was $93 per barrel, 22% higher than the average of $76 in the previous year. Prices went over $100 per barrel at the end of January and remained above this level, peaking at $126 per barrel in April. Higher fuel costs have not translated into lower levels of demand; however, it has reduced the average delivered volume but increased the frequency of deliveries as commercial and domestic customers run with lower levels of stock.

Operating profits were £3.3 million (2010: £3.8 million), which is a very good result. The prior year included a one-off benefit from a prolonged spell of cold weather. The acquisition has traded in line with our expectations for the five months under our ownership.

This strong performance was experienced across the whole depot network with particularly notable performances at Wardle, Stoke, Dyserth, Burnley, Nottingham and Browns of Burwell. The strength of the depot teams was demonstrated by numerous examples of exceptional customer service, keeping customers' businesses operating and homes warm during the extreme December conditions. Over 90% of all customers or potential customers contacting our depots with a fuel run-out were serviced the same day.

The Evesons acquisition, completed in January 2011 for £3.6 million, added four depots to our thirteen strong networks and extended the geographic coverage in the Midlands and the South. In the first full year, as planned, the acquisition of this 80 million litre business will be earnings enhancing and we are pleased to report that the acquisition is trading in line with expectations and has been integrated successfully into the NWF Fuels business. This is the largest acquisition completed in Fuels to date and demonstrates both the strategic intent of the Group and the capability to successfully acquire and integrate bolt-on acquisitions in line with our strategy.

With nearly 35,000 customers being supplied across 17 fuel depots, the Fuels division operates in markets which are large, robust and reasonably stable.

Banking

The Group has an agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £51.0 million through to October 2013. These facilities and the reduction in Group net debt provide the Group with a strong platform from which to continue its successful development building on the excellent results delivered in 2011.

Outlook

NWF Group is a specialist agricultural and distribution business delivering feed, food and fuel across the UK. Our trading divisions have scale, good market positions, and are profitable and cash generative.

In Feeds, feeding one in seven dairy cows in Britain, we are a leading national supplier of ruminant animal feeds and have opportunities to continue our growth track record with the focus on winning business direct with farmers. In Food, we have managed to improve the performance of the business in more volatile conditions and with enhanced systems and processes we are looking to deliver strong results utilising our storage facilities in the North West. In Fuels, we have a proven depot operating model and are looking to continue the development of our 17 depots and deliver bolt-on acquisitions.

The Group has established a strong platform with strong profit development and cash conversion which has reduced net debt to less than 1 x EBITDA. Competitive long term banking facilities and a solid asset base both support the Group's development.

Group results

Year ended 31 May	2011 £m	2010 £m
Revenue	**463.8**	379.8
Operating expenses	**(454.5)**	(370.8)
Operating profit	**9.3**	9.0
Net finance costs:		
Net finance cost in respect of defined benefit pension schemes	**(0.5)**	(0.5)
Other finance costs	**(1.2)**	(1.4)
	(1.7)	(1.9)
Profit before taxation	**7.6**	7.1
Income tax expense	**(2.2)**	(2.2)
Profit for the year	**5.4**	4.9

Group revenue increased by 22.1% to £463.8 million (2010: £379.8 million). Operating profit was £9.3 million (2010: £9.0 million), a 3.3% increase.

Total net finance costs decreased from £1.9 million in 2010 to £1.7 million in 2011. The IAS 19 net finance cost in respect of defined benefit pension schemes remained flat at £0.5 million.

The decrease in other finance costs to £1.2 million (2010: £1.4 million) is primarily due to lower interest rate hedging costs following the expiry of an interest rate hedging instrument in December 2010.

Interest cover (excluding IAS 19 net pension finance costs) increased to 7.8 times (2010: 6.4 times).

The tax charge has remained flat at £2.2 million in 2011 (2010: £2.2 million). The 2011 tax charge represents an effective tax rate of 28.9% which compares to an effective rate of 31.0% in 2010. The reduction in effective rate relates to the reduction in the main rate of corporation tax rate from 28.0% to 26.0% which reduced the Group's deferred tax provisions. The Group's future underlying rate of tax is expected to remain above the standard rate due to its ongoing level of disallowable expenditure.

Basic earnings per share increased by 10.6% to 11.5p (2010: 10.4p). Diluted earnings per share increased by 9.6% to 11.4p (2010: 10.4p).

Balance sheet summary

As at 31 May	2011 £m	2010 £m
Tangible and intangible fixed assets	**47.0**	42.3
Net working capital	**8.5**	11.0
Cash at bank and in hand	**0.7**	—
Short-term borrowings	**(1.1)**	(11.9)
Medium-term borrowings	**(10.9)**	(2.0)
Current tax liabilities	**(1.5)**	(1.4)
Deferred tax liabilities (net)	**(2.4)**	(2.1)
Retirement benefit obligations	**(11.3)**	(12.3)
Net assets	**29.0**	23.6

As a result of the Group's strong profit performance during the year and a reduction in the Group's defined benefit pension scheme liabilities, Group net assets increased to £29.0 million at 31 May 2011 (2010: £23.6 million).

Tangible and intangible assets increased following the acquisition of Evesons Fuels Limited and as the Group continued to invest in new IT systems and fleet.

Net working capital reduced to £8.5 million at 31 May 2011 (2010: £11.0 million) as the Group continued to focus on cash management. Within net working capital, trade and other receivables increased to £56.6 million (2010: £45.8 million); however, trade and other payables increased to £51.8 million (2010: £37.8 million) as a result of the Evesons Fuels Limited acquisition and increased commodity prices in Feeds and Fuels.

The gross liability on the Group's defined benefit pension schemes reduced to £11.3 million at 31 May 2011 (2010: £12.3 million). The value of pension scheme assets grew to £29.1 million (2010: £23.4 million), due in part to the inclusion of £3.0 million of assets (2010: £Nil) from the Evesons Fuels Limited acquisition and an improvement in equity values. The value of the pension scheme liabilities increased to £40.4 million at 31 May 2011 (2010: £35.7 million) due in part to the inclusion of £3.5 million of liabilities (2010: £Nil) from the Evesons Fuels Limited acquisition and slight reduction in the discount rate used to calculate the present value of the future pension obligations.

Total Group net debt fell to £11.3 million at 31 May 2011 (2010: £13.9 million) as the Group continued to focus on cash management.

Cash flow and banking facilities

Year ended 31 May	**2011** **£m**	2010 £m
Operating cash flows before working capital movements	**13.2**	12.1
Working capital movements	**3.8**	2.0
Interest paid	**(1.2)**	(1.3)
Tax paid	**(2.5)**	(1.9)
Net cash generated from operating activities	**13.3**	10.9
Capital expenditure (net of receipts from disposals)	**(4.7)**	(3.6)
Acquisition of subsidiary	**(3.7)**	—
Net cash generated before financing activities	**4.9**	7.3
Net decrease in bank borrowings	**(0.6)**	(3.0)
Dividends paid	**(2.0)**	(1.9)
Other financing cash flows	**(1.3)**	(1.2)
Net increase in cash and cash equivalents	**1.0**	1.2

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

Net cash generated from operating activities was £13.3 million (2010: £10.9 million). Operating cash flow before working capital movements was £13.2 million (2010: £12.1 million). In addition, there was a favourable overall movement in net working capital of £3.8 million (2010: £2.0 million) mainly as a result of lower working capital within Feeds and Fuels.

Cash used to fund capital expenditure (net of disposal proceeds) increased to £4.7 million (2010: £3.6 million) as the Group invested £1.4 million (2010: £0.5 million) in new Food IT systems, £1.3 million (2010: £1.2 million) in fuel tankers and £0.7 million (2010: £0.1 million) in new Food trucks and trailers.

In January 2011 the Group completed the acquisition of Evesons Fuels Limited. The cash consideration paid on completion to acquire Evesons was £3.6 million. Together with a bank overdraft of £0.1 million, acquired with the business, this resulted in a total cash outflow of £3.7 million.

There was an overall net increase in cash and cash equivalents of £1.0 million in the year (2010: £1.2 million).

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

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

Financial risk management

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

The Group's policy in respect of managing financial risk has not changed significantly in the year ended 31 May 2011.

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

The Feeds business enters into forward supply contracts in order to manage the impact of price movements on its gross margin. The fair value of forward supply contracts recognised in the balance sheet in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' is £0.2 million (2010: £0.1 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 £0.1 million have been credited (2010: £0.1 million credited) to the income statement in the year.

The Fuel 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 has used interest rate derivatives to manage its exposure to interest rate increases on its borrowings. At 31 May 2011, the Group held no interest rate derivatives. At 31 May 2010, the Group held one interest rate swap with a notional principal amount of £15.0 million and a fixed annual interest rate of 5.045% for the 18 months ended 31 December 2010. This instrument was designated and effective as a cash flow hedge for the entire period from inception to its contract end date of 31 December 2010.

The fair value of the swap held at 31 May 2010 was estimated at £0.3 million in the bank's favour. The fair value loss transferred from equity to the income statement in the year ended 31 May 2011 was £0.3 million (2010: £0.6 million).

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

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

Going concern

With effect from 1 July 2010, the Group has a new agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £51.0 million. With the exception of the bank overdraft facility of £1.0 million, which is renewed annually, these facilities are committed until 31 October 2013.

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 2011 was 121.3p (2010: 85p) and the range of market prices during the year was between 82.0p and 122.0p.

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

9 August 2011

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2011
CONSOLIDATED INCOME STATEMENT

	Note	2011 £m	2010 £m
Revenue	4	**463.8**	379.8
Operating expenses		**(454.5)**	(370.8)
Operating profit	4	**9.3**	9.0
Finance costs		**(1.7)**	(1.9)
Profit before taxation		**7.6**	7.1
Income tax expense	5	**(2.2)**	(2.2)
Profit for the year attributable to equity shareholders		**5.4**	4.9
Earnings per share (pence)			
Basic	6	**11.5**	10.4
Diluted	6	**11.4**	10.4

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2011
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011 £m	2010 £m
Profit for the year attributable to equity shareholders	**5.4**	4.9
Actuarial gain/(loss) on defined benefit pension schemes	**1.8**	(5.7)
Fair value loss on interest rate hedging instrument transferred to income	**0.3**	0.6
Tax on items taken directly to equity	**(0.4)**	1.4
Total comprehensive income for the year	**7.1**	1.2

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2011
CONSOLIDATED BALANCE SHEET

	Note	**2011 £m**	2010 £m
Non-current assets			
Property, plant and equipment		**39.0**	36.6
Intangible assets		**8.0**	5.7
Deferred income tax assets		**3.1**	3.5
		50.1	45.8
Current assets			
Inventories		**3.5**	3.3
Trade and other receivables		**56.6**	45.8
Cash at bank and in hand		**0.7**	—
Derivative financial instruments		**0.4**	0.2
		61.2	49.3
Total assets		**111.3**	95.1
Current liabilities			
Trade and other payables		**(51.8)**	(37.8)
Current income tax liabilities		**(1.5)**	(1.4)
Borrowings		**(1.1)**	(11.9)
Derivative financial instruments		**(0.2)**	(0.5)
		(54.6)	(51.6)
Non-current liabilities			
Borrowings		**(10.9)**	(2.0)
Deferred income tax liabilities		**(5.5)**	(5.6)
Retirement benefit obligations		**(11.3)**	(12.3)
		(27.7)	(19.9)
Total liabilities		**(82.3)**	(71.5)
Net assets		**29.0**	23.6
Equity			
Share capital	9	**11.7**	11.7
Other reserves		—	(0.2)
Retained earnings		**17.3**	12.1
Total shareholders' equity		**29.0**	23.6

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2011
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 June 2009	11.7	(0.7)	12.9	23.9
Profit for the year	—	—	4.9	4.9
Other comprehensive income/(expense):				
Fair value loss on interest rate hedging instrument transferred to income	—	0.6	—	0.6
Actuarial loss on defined benefit pension scheme	—	—	(5.7)	(5.7)
Tax on items taken directly to equity	—	(0.1)	1.5	1.4
Total comprehensive income for the year	—	0.5	0.7	1.2
Transactions with owners:				
Dividends paid	—	—	(1.9)	(1.9)
Credit to equity for equity-settled share-based payments	—	—	0.4	0.4
	—	—	(1.5)	(1.5)
Balance at 31 May 2010	11.7	(0.2)	12.1	23.6
Profit for the year	—	—	5.4	5.4
Other comprehensive income/(expense):				
Fair value loss on interest rate hedging instrument transferred to income	—	0.3	—	0.3
Actuarial gain on defined benefit pension schemes	—	—	1.8	1.8
Tax on items taken directly to equity	—	(0.1)	(0.3)	(0.4)
Total comprehensive income for the year	—	0.2	6.9	7.1
Transactions with owners:				
Dividends paid	—	—	(2.0)	(2.0)
Issue of shares (note 9)	—	—	(0.1)	(0.1)
Credit to equity for equity-settled share-based payments	—	—	0.4	0.4
	—	—	(1.7)	(1.7)
Balance at 31 May 2011	**11.7**	**—**	**17.3**	**29.0**

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2011
CONSOLIDATED CASH FLOW STATEMENT

	Note	2011 £m	2010 £m
Net cash generated from operating activities	7	**13.3**	10.9
Cash flows from investing activities			
Purchase of intangible assets		**(1.2)**	(0.4)
Purchase of property, plant and equipment		**(3.7)**	(3.3)
Proceeds on sale of property, plant and equipment		**0.2**	0.1
Acquisition of subsidiary	8	**(3.7)**	—
Net cash absorbed by investing activities		**(8.4)**	(3.6)
Cash flows from financing activities			
Proceeds from bank borrowings		**16.2**	—
Bank loan issue costs		**(0.2)**	—
Repayment of bank borrowings		**(16.6)**	(3.0)
Capital element of finance lease and hire purchase payments		**(1.3)**	(1.2)
Dividends paid		**(2.0)**	(1.9)
Net cash absorbed by financing activities		**(3.9)**	(6.1)
Net increase in cash and cash equivalents		**1.0**	1.2

NOTES

1. General information

NWF Group plc ('the Company') is a public limited company incorporated and domiciled in the UK under the Companies Act 2006. The principal activities of NWF Group plc and its subsidiaries (together 'the Group') are the warehousing and distribution of ambient groceries, the manufacture and sale of animal feeds and the sale and distribution of fuel oils. Further details of the nature of the Group's operations and activities are set out in note 4.

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

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

2. Basis of preparation of financial statements

The Group financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ('IFRS'), International Financial Reporting Interpretation Committee ('IFRIC') interpretations and those provisions of the Companies Act 2006 applicable to companies reporting under IFRS. The Group financial statements have been prepared on the historical cost convention modified for the revaluation of certain financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, which are outlined in note 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 2010, have been delivered, and, for the year ended 31 May 2011 will be delivered, to the Registrar of Companies. Both carry an unqualified audit report.

From 22 August 2011, copies of the annual report can be obtained from the Company's registered office at Wardle, Nantwich, Cheshire CW5 6BP or viewed on the Company's website: www.nwf.co.uk.

4. Segment information

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

The 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:

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

Segment information about the above businesses is presented 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, retirement benefit obligations and certain derivative financial instruments. Excluded items are part of the reconciliation to consolidated total assets and liabilities.

4. Segment information (continued)

2011	Food £m	Feeds £m	Fuels £m	Group £m
Revenue				
Total revenue	**44.7**	**112.6**	**314.6**	**471.9**
Inter-segment revenue	**(0.5)**	**—**	**(7.6)**	**(8.1)**
Revenue	**44.2**	**112.6**	**307.0**	**463.8**
Result				
Operating profit	**2.0**	**4.0**	**3.3**	**9.3**
Finance costs				**(1.7)**
Profit before taxation				**7.6**
Income tax expense (note 5)				**(2.2)**
Profit for the year				**5.4**
Other information				
Depreciation and amortisation	**2.0**	**0.7**	**1.1**	**3.8**

4. Segment information (continued)

2011	Food £m	Feeds £m	Fuels £m	Group £m
Balance sheet				
Assets				
Segment assets	**33.9**	**26.6**	**47.0**	**107.5**
Deferred income tax assets				**3.1**
Cash at bank and in hand				**0.7**
Consolidated total assets				**111.3**
Liabilities				
Segment liabilities	**(5.0)**	**(10.2)**	**(36.8)**	**(52.0)**
Current income tax liabilities				**(1.5)**
Deferred income tax liabilities				**(5.5)**
Borrowings				**(12.0)**
Retirement benefit obligations				**(11.3)**
Consolidated total liabilities				**(82.3)**

4. Segment information (continued)

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

4. Segment information (continued)

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

5. Income tax expense

	2011 £m	2010 £m
Current tax		
UK corporation tax on profits for the year	**2.5**	2.0
Current tax expense	**2.5**	2.0
Deferred tax		
Origination and reversal of temporary differences	**(0.3)**	0.2
Deferred tax (credit)/expense	**(0.3)**	0.2
Total income tax expense	**2.2**	2.2

5. Income tax expense (continued)

Corporation tax for the year ended 31 May 2010 was calculated at 28.0% of estimated assessable profit for the year. During the year ended 31 May 2011, as a result of the reduction in the UK corporation tax rate to 26.0% from 1 April 2011, corporation tax has been calculated at an effective rate of 27.6%.

During the year ended 31 May 2011, as the reduction in the UK corporation tax rate from 28.0% to 26.0% has been substantively enacted into law and will be effective from 1 April 2011, the relevant deferred tax balances have been re-measured.

In addition to the changes in the rates of UK corporation tax disclosed above, a number of further changes to the UK corporation tax system were announced in the March 2011 UK Budget Statement. Legislation to reduce the rate of corporation tax from 26.0% to 25.0% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1.0% per annum to 23.0% by 1 April 2014. These further changes have not been substantively enacted into law at 31 May 2011 and, therefore, are not included in these Group financial statements.

Had the 1.0% reduction in the corporation tax rate from 26.0% to 25.0%, expected to be included in the Finance Act 2011, been enacted into law at 31 May 2011, the estimated impact on the Group balance sheet would have been a reduction in the deferred tax asset of £0.1 million, from £3.1 million to £3.0 million, and a reduction in the deferred tax liability of £0.2 million, from £5.5 million to £5.3 million.

The proposed further reductions in the rate of corporation tax by 1.0% per year to 23.0% by 1 April 2014 are expected to be enacted into law separately each year. The overall effect of these further changes from 25.0% to 23.0%, if these applied to the deferred tax balances at 31 May 2011, would be to reduce the deferred tax asset and deferred tax liability by £0.2 million and £0.4 million respectively.

6. Earnings per share

	Basic earnings per share		Diluted earnings per share	
	2011	2010	**2011**	2010
Earnings attributable to equity shareholders (£m)	**5.4**	4.9	**5.4**	4.9
Weighted average number of shares in issue during the year (000s)	**46,983**	46,931	**46,983**	46,931
Weighted average dilutive effect of conditional and deferred share awards (000s)	**—**	—	**376**	261
Adjusted weighted average number of shares in issue during the year (000s)	**46,983**	46,931	**47,359**	47,192
Earnings per ordinary share (pence)	**11.5**	10.4	**11.4**	10.4

7. Net cash generated from operating activities

	2011 £m	2010 £m
Operating profit	**9.3**	9.0
Adjustments for:		
Depreciation of property, plant and equipment	**3.7**	3.2
Amortisation of other intangible assets	**0.1**	0.1
Share-based payment expense	**0.4**	0.4
Issue of shares	**(0.1)**	—
Difference between pension charge and cash contributions	**(0.2)**	(0.6)
Operating cash flows before movements in working capital	**13.2**	12.1
Movements in working capital:		
Decrease in inventories	**0.5**	—
Increase in receivables	**(4.9)**	(2.3)
Increase in payables	**8.2**	4.3
Net cash generated from operations	**17.0**	14.1
Interest paid	**(1.2)**	(1.3)
Income tax paid	**(2.5)**	(1.9)
Net cash generated from operating activities	**13.3**	10.9

8. Acquisition of subsidiary

On 17 January 2011, the Group acquired 100 % of the share capital of Evesons Fuels Limited, a fuel distribution business, for a total consideration of £3.6 million. The acquisition will increase the Fuels division's sales volume by over 20% and will expand the coverage of the division's operations in the UK.

8. Acquisition of subsidiary (continued)

The following table summarises the consideration paid and acquisition-related costs incurred in respect of the acquisition of Evesons Fuels Limited:

	£m
Consideration and acquisition-related costs	
Total consideration transferred – cash paid	3.6
Acquisition-related costs (included in operating expenses in the consolidated income statement in the year ended 31 May 2011)	0.2

Total consideration transferred comprises cash paid at the date of acquisition. The acquisition terms include no contingent or deferred consideration arrangements.

Details of the assets acquired and liabilities assumed, recognised at the acquisition date, are shown below:

	Provisional fair value £m
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	2.7
Identifiable intangible assets – brands	0.3
Inventories	0.7
Trade and other receivables	6.0
Trade and other payables	(6.1)
Cash and cash equivalents – bank overdraft	(0.1)
Retirement benefit obligation	(0.5)
Net deferred tax liability	(0.2)
Total identifiable net assets	2.8
Goodwill	0.8
Total consideration transferred – cash paid	3.6

8. Acquisition of subsidiary (continued)

Net cash outflow arising on the acquisition:

	£m
Total consideration transferred – cash paid	3.6
Cash and cash equivalents acquired – bank overdraft	0.1
	3.7

Goodwill of £0.8 million arises from the acquisition and is attributable to the acquired customer base and economies of scale expected from combining the operations of the Group and Evesons Fuels Limited. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of land and buildings with a net book value of £1.7 million, included within property, plant and equipment above, is provisional pending receipt of final valuations for those assets.

The fair value of trade and other receivables is £6.0 million. The gross contractual value of trade receivables is £5.5 million, of which £0.1 million is expected to be uncollectible.

Evesons Fuels Limited contributed revenue of £24.6 million and profit before taxation of £0.3 million to the Group's results for the year ended 31 May 2011. Had Evesons Fuels Limited been consolidated from 1 June 2010, the consolidated income statement for the year ended 31 May 2011 would show revenue of £498.1 million and profit before taxation of £7.3 million.

9. Share capital

Authorised: ordinary shares of 25p each	Number of shares (000s)	Total £m
Balance at 1 June 2009, 31 May 2010 and 31 May 2011	80,000	20.0

Allotted and fully paid: ordinary shares of 25p each	Number of shares (000s)	Total £m
Balance at 1 June 2009 and 31 May 2010	46,931	11.7
Issue of shares (see below)	76	—
Balance at 31 May 2011	**47,007**	**11.7**

During the year ended 31 May 2011, 76,000 shares with an aggregate nominal value of £19,000 were issued for no consideration under the Group's conditional Performance Share Plan and deferred share award schemes.

9. Share capital (continued)

The maximum total number of ordinary shares which might be issued in future periods, in respect of conditional and deferred share awards outstanding at 31 May 2011, amounted to 1,303,510 (2010: 930,788). These shares will only be issued subject to satisfying certain performance criteria.

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 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 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	19 August 2011
Annual General Meeting	22 September 2011
Dividend:	
- ex-dividend date	17 August 2011
- record date	19 August 2011
- payment date	1 November 2011