

NWF Group plc
Interim Report 2003/2004

Chairman's Statement

For the six months ended 30 November 2003

I am pleased to report NWF Group's interim results, which are very much in line with the Board's expectations and with my comments in our Report and Accounts for the year ended 31 May 2003.

For the six months ended 30 November 2003, profit before taxation was £1,521,000 (2002: £1,514,000) on a turnover of £89m (2002: £76m). The majority of the sales value increase lay in the Fuels business where both volume and product prices were higher. The increasing costs of insurance and pensions, highlighted at our year end, have impacted the Group's profits as expected. Basic earnings per share were 13.2 pence (2002: 13.1 pence).

The Board has again pursued its progressive dividend policy by declaring an interim dividend of 4.2 pence per share (2002: 4.0 pence), which will be paid on 1 May 2004 to shareholders on the register on 2 April 2004. The shares will trade ex dividend on 31 March 2004.

The **Distribution** business improved its operating profit by 22 % to £811,000 (2002: £667,000) as a result of greater operating efficiencies on turnover of £8.1 million (2002: £6.5 million). In September, we took on a large warehouse at Winsford, which is already performing ahead of expectations.

Feeds increased its volume yet again to 136,000 tonnes (2002: 122,000 tonnes) with compound volumes up 8 % and blends volumes up 35 %. Margins were tighter than last year, however, as raw material prices increased significantly leading to a lower operating profit of £253,000 (2002: £545,000). Installation of the blends lines at Wardle and at Kirkbride was completed during the period.

NWF **Fuels** had another good half year with strong volumes which increased by 12 % to 118m litres (2002: 105m litres) and margins also remained firm. Operating profit increased by 24 % to £644,000 (2002: £520,000). Road fuels did particularly well as our coverage of retail garages increased. Fuel Oil Supply Co. Limited, based in Nottingham and Birmingham, was acquired on 31 October and has been successfully integrated into the division.

For the **Retail** business, the early summer was wet but sales came through strongly later in the period, particularly as the Christmas trade got under way. The doubling of interior space at Wheatcroft garden centre, opened in October, proved to be very successful. Turnover increased to £7.7 million (2002: £7.3 million) and operating profit was level at £41,000 (2002: £41,000).

Early indications of trading in the second half year are in line with our expectations, this being the period which in recent years has come to represent approximately 70 % of the year's profits due to the increased seasonality of our business.

J Roy Willis
Chairman
30 January 2004

Group Profit and Loss Account
Half year to 30 November 2003

	Unaudited Half year to 30 November 2003	Unaudited Half year to 30 November 2002	Audited Year to 31 May 2003
	£'000	£'000	£'000
Turnover	89,279	76,478	168,553
Operating costs	(87,530)	(74,705)	(162,987)
Operating profit	1,749	1,773	5,566
Interest payable	(228)	(259)	(517)
Profit on ordinary activities before taxation	1,521	1,514	5,049
Taxation	(472)	(469)	(1,658)
Profit after taxation	1,049	1,045	3,391
Equity dividends payable	(334)	(318)	(1,178)
Profit transferred to reserves	715	727	2,213
Earnings per share (see note 1)			
Basic	13.2p	13.1p	42.6p
Diluted	12.9p	12.9p	41.9p
Dividends per share	4.2p	4.0p	14.8p

Summarised Group Balance Sheet
At 30 November 2003

	Unaudited 30 November 2003	Unaudited 30 November 2002	Audited 31 May 2003
	£'000	£'000	£'000
Intangible assets	3,443	2,566	2,954
Tangible assets	19,377	17,563	17,411
Stocks	5,846	5,441	5,317
Debtors	22,463	18,736	19,625
Cash and bank balances	26	24	23
Creditors: amounts falling due within one year	(27,396)	(22,867)	(22,984)
Total assets less current liabilities	23,759	21,463	22,346
Creditors: amounts falling due after more than one year	(4,913)	(4,733)	(4,215)
Provision for liabilities and charges	(819)	(905)	(820)

Net assets	18,027	15,825	17,311
Total equity shareholders' funds	18,027	15,825	17,311

Reconciliation of Movements in Equity Shareholders' Funds

Half year to 30 November 2003

	Unaudited Half year to 30 November 2003	Unaudited Half year to 30 November 2002	Audited Year to 31 May 2003
	£'000	£'000	£'000
Profit after taxation	1,049	1,045	3,391
Dividends	(334)	(318)	(1,178)
Share capital issued including premium	1	-	-
Net addition to equity shareholders' funds	716	727	2,213
Opening equity shareholders' funds	17,311	15,098	15,098
Closing equity shareholders' funds	18,027	15,825	17,311

Summarised Group Cash Flow Statement

Half year to 30 November 2003

	Unaudited Half year to 30 November 2003	Unaudited Half year to 30 November 2002	Audited Year to 31 May 2003
	£'000	£'000	£'000
Operating profit	1,749	1,773	5,566
Goodwill amortisation	81	68	143
Depreciation	1,095	1,017	2,038
(Increase)/decrease in working capital	(1,228)	(256)	977
Other	(15)	(5)	3
Operating cash flow	1,682	2,597	8,727
Interest	(226)	(287)	(543)
Taxation	(1,036)	(568)	(1,631)
Equity dividends	(860)	(748)	(1,066)
Purchase of tangible fixed assets	(2,741)	(1,513)	(2,263)
Sale of tangible fixed assets	5	86	109
Acquisitions including bank overdraft acquired	(926)	-	(616)
Deferred acquisition payments	(509)	(188)	(187)
Share capital subscribed including premium	1	-	-

Net cash (outflow)/inflow before financing	(4,610)	(621)	2,530
Term loan and HP finance movements	888	(240)	(739)
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(Decrease)/increase in cash in the period	(3,722)	(861)	1,791
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Reconciliation of Net Cash Flow to Movement in Net Debt Half year to 30 November 2003

	Unaudited Half year to 30 November 2003	Unaudited Half year to 30 November 2002	Audited Year to 31 May 2003
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	£'000	£'000	£'000
(Decrease)/increase in cash per cash flow statement	(3,722)	(861)	1,791
Cash (inflow)/outflow from (increase)/decrease in HP and debt financing	(888)	240	739
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Change in net debt resulting from cash flows	(4,610)	(621)	2,530
HP and lease finance acquired with acquisition	(174)	-	-
Net debt brought forward	(7,900)	(10,430)	(10,430)
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Net debt carried forward	(12,684)	(11,051)	(7,900)
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Analysis of net debt:

Cash and bank balances	26	24	23
Overdrafts	(6,707)	(5,635)	(2,982)
HP and Lease Finance	(171)	-	-
Short term loans	(1,045)	(1,007)	(1,026)
Medium/long term loans	(4,787)	(4,433)	(3,915)
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	(12,684)	(11,051)	(7,900)
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Segmental Analysis Half year to 30 November 2003

	Unaudited Half year to 30 November 2003	Unaudited Half year to 30 November 2002	Audited Year to 31 May 2003
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	£'000	£'000	£'000
Turnover			
Distribution	8,108	6,466	14,071
Feeds	20,850	18,601	43,555

Fuels	52,582	44,067	94,645
Retail	7,739	7,344	16,282
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	89,279	76,478	168,553
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Operating profit			
Distribution	811	667	1,447
Feeds	253	545	1,426
Fuels	644	520	1,716
Retail	41	41	977
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	1,749	1,773	5,566
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Net operating assets			
Distribution	10,384	9,748	9,296
Feeds	9,146	8,442	7,410
Fuels	3,839	3,684	4,301
Retail	5,919	5,267	4,757
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	29,288	27,141	25,764
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Notes:

1. The calculation of basic earnings per share for the half year is based on profit after taxation of £1,049,000 (2002: £1,045,000) and on 7,960,278 (2002: 7,960,241) ordinary shares representing the weighted average number of shares in issue during the period.

The calculation of the diluted earnings per share for the half year is based on the figures shown above amended for the weighted average dilutive effect (196,660) of share options outstanding through the period (2002: 139,590).

2. The Group acquired Fuel Oil Supply Co. Limited, a fuels distribution business, on 31 October 2003. The results for the period since acquisition were not material.

3. The comparative figures for the year to 31 May 2003 are an abridged version of the Accounts filed with the Registrar of Companies on which an unqualified audit opinion has been given.

4. The above statements have been prepared on the basis of accounting policies set out in the 2003 Annual Financial Statements.

2004 Financial Calendar

Interim Dividend Paid	1 May 2004
Financial Year End	31 May 2004
Preliminary Announcement of Full Year Results	August 2004
Publication of Full Year Report and Accounts	September 2004
Annual General Meeting	1 October 2004
Final Dividend Paid	1 November 2004

Copies of the Interim Statement are being sent to Shareholders on Friday, 6 February 2004. Further copies can be obtained from the Company Secretary at NWF Group plc, Wardle, Nantwich, Cheshire, CW5 6BP or viewed on the Company's Web site: www.nwf.co.uk

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