NWF GROUP PLC

NWF Group plc

Final for release 14 August 2012

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

NWF Group plc: Preliminary results for the year ended 31 May 2012

NWF Group plc, the specialist agricultural and distribution business, today makes the preliminary announcement of its audited results for the year ended 31 May 2012.

Commenting on the results, Mark Hudson, Chairman, said: "NWF has delivered results in line with expectations in spite of challenging conditions, particularly in the Fuels market."

Richard Whiting, Chief Executive, added: "NWF has delivered a profit in line with the Board's expectations and has been successful in reducing debt further than had been expected. The Group has continued to demonstrate its strategic intent with the successful acquisition and integration of the Swan Petroleum business. Feeds and Food performed well and in line with our plans. Fuels disappointed as a result of challenging market conditions with the combined impact of an extremely mild winter, record fuel prices and a tough economic environment."

Financial highlights:

- Revenue up 16.5% to £540.2 million (2011: £463.8 million)
- Operating profit £6.3 million (2011: £9.3 million)
- Profit before taxation £5.1 million (2011: £7.6 million)
- Basic earnings per share down 29.6% to 8.1p (2011: 11.5p)
- Full year dividend maintained at 4.5p per share (2011: 4.5p)
- Net debt of £15.5 million (31 May 2011: £11.3 million)
- Debt to EBITDA at 1.6 times (31 May 2011: 0.9 times)
- £55.0 million banking facilities in place to October 2015

Divisional highlights:

- **Feeds** – operating profit of £2.7 million (2011: £4.0 million). Delivered increased volumes and market share with a particular focus on blends across the UK. Feeds experienced continued volatility of commodity prices and high feed prices impacting the farmer.
- **Food** – operating profit of £3.0 million (2011: £2.0 million). Contributed an improved performance through more efficient operations. Better management of overflow warehousing in the Autumn and cost reduction activity following the exit of a customer in the second half.
- **Fuels** – operating profit of £0.6 million (2011: £3.3 million). Experienced challenging market conditions with an extremely warm winter, high oil prices and a tough economic environment. Successfully acquired and integrated Swan Petroleum into the depot network and streamlined operations.

Commenting on the outlook for 2013, Mark Hudson added: "Progress in the new financial year has been in line with the Board's expectations with all divisions performing as planned. Whilst the overall economic outlook remains uncertain the markets for the Group's products and services remain resilient and robust. We continue to build the three divisions in the Group and review development opportunities."

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

Richard Whiting, Chief Executive	John West/	Julian Blunt / Mike Bell
Johnathan Ford, Finance Director	Andrew Dunn	**Peel Hunt LLP**
NWF Group plc	**Tavistock Communications**	(Nominated Adviser)
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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 up 16.5% to £540.2 million (2011: £463.8 million)
- Operating profit £6.3 million (2011: £9.3 million)
- Profit before taxation £5.1 million (2011: £7.6 million)
- Basic earnings per share down 29.6% to 8.1p (2011: 11.5p)
- Full year dividend maintained at 4.5p per share (2011: 4.5p)
- Net debt of £15.5 million (31 May 2011: £11.3 million)
- Debt to EBITDA at 1.6 times (31 May 2011: 0.9 times)
- £55.0 million banking facilities in place to October 2015

NWF has delivered results in line with expectations in spite of challenging conditions, particularly in the Fuels market. Feeds performed well growing volume and market share in a ruminant market that declined marginally in the full year. Food has delivered a good result with cost savings and efficiency improvements offsetting a customer exit in the second half of the year. Fuels has been impacted by an extremely mild winter, record high oil prices and a challenging economic environment. The Swan Petroleum acquisition completed in September has now been fully integrated into the NWF business and has increased penetration in the North West and North Wales.

Results

Revenue in the year was up 16.5% to £540.2 million (2011: £463.8 million) and operating profit was down 32.3% to £6.3 million (2011: £9.3 million). Revenue growth has resulted from volume growth in Fuels and Feeds and increases in commodity prices in both markets over the period.

Feeds delivered a solid performance, growing volumes and gaining market share particularly in blends, in a market that has continued to see volatility of raw materials and high feed prices for farmers. The Food division implemented new systems in the year to improve efficiency and maintain high levels of customer service. The exit of a significant customer in the second half of the financial year impacted the business and has led to a greater focus on cost reduction and efficiencies supporting the full year results. The Fuels division faced the most challenging market conditions with an extremely mild winter combined with record high oil prices and a tough economic environment. The acquisition of Swan Petroleum in September and its subsequent successful integration demonstrates the strategic intent to develop the Group.

Profit before taxation was £5.1 million (2011: £7.6 million) and profit after taxation was £3.8 million (2011: £5.4 million).

Basic earnings per share were down 29.6% to 8.1p (2011: 11.5p). Diluted earnings per share were 8.0p (2011: 11.4p).

Cash flows and funding

The Group generated £3.9 million (2011: £13.3 million) net cash from operating activities. This included a net working capital outflow of £1.2 million (2011: inflow of £3.8 million), as volumes and commodity prices increased, but this was offset by a reduction in debtor days reflecting management's continued focus on cash management. Cash used to fund capital expenditure, net of receipts from disposals, was £3.1 million (2011: £4.7 million) as the Group continued to invest in the necessary replacement of equipment, fleet and IT systems. The cash cost of the Swan Petroleum acquisition was £2.7 million. Overall net debt at 31 May 2012 was £15.5 million (31 May 2011: £11.3 million).

Cash conversion was 61.9% (2011: 143.0%); measured as net cash generated from operating activities as a percentage of operating profit. Cash conversion was lower as a result of growth and working capital requirements in Feeds and Fuels.

Debt to EBITDA at 31 May 2012 was 1.6 times (2011: 0.9 times). Interest cover (excluding IAS 19 net pension finance cost) for the year was 7.0 times (2011: 7.8 times).

The Group signed a new agreement with The Royal Bank of Scotland Group in December 2011 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 October 2015.

Dividend

We are proposing to maintain the final dividend for the year of 3.5p (2011: 3.5p) per share which, if approved at the Annual General Meeting, will be payable on 4 December 2012 to shareholders on the register at 24 August 2012 and shares will be ex div from 22 August 2012. Together with the interim dividend paid during the year of 1.0p (2011: 1.0p) per share, this will result in a total dividend for the year of 4.5p per share (2011: 4.5p), amounting to a total cost of £2.1 million (2011: £2.1 million).

Board changes

As announced in May, Johnathan Ford, Group Finance Director, has decided to leave the Company to become Chief Financial Officer of HomeServe plc starting in October 2012. The process of finding Mr Ford's successor is well underway and a further announcement will be made in due course. On behalf of the remainder of the Board I would like to thank Johnathan for his contribution to the Company and wish him every success for the future.

Outlook for the current year

Progress in the new financial year has been in line with the Board's expectations with all divisions performing as planned. Whilst the overall economic outlook remains uncertain, the markets for the Group's products and services remain resilient and robust. We continue to build the three divisions in the Group and review 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 20 September.

Mark Hudson
Chairman
14 August 2012

Business and Financial Review

NWF has delivered a profit in line with the Board's expectations and has been successful in reducing debt further than had been expected. The Group has continued to demonstrate its strategic intent with the successful acquisition and integration of the Swan Petroleum business. Feeds and Food performed well and in line with our plans. Fuels disappointed as a result of challenging market conditions with the combined impact of an extremely mild winter, record fuel prices and a tough economic environment.

The Group delivered an operating profit of £6.3 million (2011: £9.3 million) and a profit before taxation of £5.1 million (2011: £7.6 million) following three consecutive record years for the Group.

Our continued focus on cash generation resulted in a lower than anticipated net debt of £15.5 million (2011: £11.3 million) after funding the Swan Petroleum acquisition, increasing volumes in Feeds and Fuels and experiencing increased commodity costs. The Group maintained its capital expenditure programme to support the organic development of each division, and acquired the Swan Petroleum business for consideration, net of cash acquired, of £2.7 million, which was funded through the Group's existing banking facilities.

Feeds

This was another successful year for Feeds, which continued the development of the business against a backdrop of on-going commodity cost volatility, high feed prices and good Autumn grazing conditions. The business increased overall volumes by 5.2% against a ruminant market that fell by 0.6% in the year.

Revenue increased by 18.9% to £133.9 million (2011: £112.6 million), largely as a result of increased selling prices and gains in overall volume. Operating profits were £2.7 million (2011: £4.0 million). In 2011 the business gained some one-off profits from a rapidly increasing commodities market. Total manufactured volume was up 5.2% to 486,000 tonnes (2011: 462,000 tonnes).

As planned, the business targeted blends across the country and increased volumes by over 30%. Progress was made with the sales of additional products including protected proteins, fertiliser and a new silage additive product range. A newly established telemarketing team identified new target accounts for the continued development of the business and the trading desk benefited from the continued volatility of raw materials in selling straights direct to farmers.

Milk prices in Great Britain increased during the year by an average of 1.5p per litre which farmers required to support the higher feed costs driven by commodities. The average milk price was 28.0p per litre in May 2012 (2011: 26.5p per litre). Milk production was stable at 11.5 billion litres (2011: 11.5 billion litres). Overall market ruminant feed volumes were only down 0.6% as the excellent Autumn grazing conditions and mild winter were offset by a poor Spring turnout into wet, colder conditions.

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. Recent further increases in commodity prices and lower farm gate milk prices being paid by major dairies are increasing the pressure on the UK farmer.

Food

Overall this has been a good year for Food as the focus on operating efficiencies and the implementation of new systems and processes has delivered benefits. The business was overcapacity in the Autumn, but was able to manage overflow storage requirements more selectively avoiding a negative impact, unlike the prior year. The exit of AB World Foods in the second half moved the focus onto cost reduction to reduce variable costs and increased the emphasis on gaining new business, both for storage business and repacking activity.

Revenue fell by 4.1% to £42.4 million (2011: £44.2 million) as lower storage levels reduced sales. Storage overall was at an average of 105,000 pallets (2011: 108,000 pallets), in line overall with the working capacity of the business. Storage peaked in November with an average of 120,000 pallets in stock during the month that included a one-off stock build. Demand, measured in outbound loads, was lower than the prior year, as a result of customer mix and some slowdown in demand for customers' products; particularly in periods when they were not on promotion as new recommended retail price levels were established. Further progress was made on utilising the backload and general haulage capacity of the fleet and the activity in the packing room boosted the result.

Operating profits increased to £3.0 million (2011: £2.0 million) with the outperformance being delivered as anticipated in the first half year.

New systems were implemented during the year, which delivered fully wireless bar code scanning across the business; improved load planning software; and improved transport and fleet management. These systems have improved efficiencies and critically have enabled the business to improve customer service. In the year customer service measured by complete on-time deliveries was 99.6% and the business achieved its highest ever customer service bonuses.

Following the exit of AB World Foods in February 2012 significant cost reduction actions have taken place, with reductions in fleet, staffing and overheads to reduce the variable cost base. In addition business development activity has been increased with a business development team of four now deployed to target both storage and repacking work. Activity is focused on increasing storage to fully utilise the available capacity, with some small customer wins achieved to date.

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, newly updated systems and a strong operating performance being the key components to continue the development of this business.

Fuels

This has been a very challenging year for Fuels with market conditions all moving in an adverse direction. The second warmest winter on record impacted the demand for heating oil with industry estimates of a 20% decline in the winter demand for heating oil, year on year. This was combined with record high oil prices and a difficult economic environment for domestic and commercial customers.

Revenue increased 18.5% to £363.9 million (2011: £307.0 million) as a result of higher oil prices and the additional volume from the Swan Petroleum business which the Group acquired in September 2011. Overall sales volumes increased by 10.4% to 414.3 million litres (2011: 375.3 million litres).

The average Brent Crude oil price in the year was $113 per barrel, 22% higher than the average of $93 in the previous year. Prices were at over $100 per barrel throughout the year, peaking at $126 per barrel in March 2012. These high profile increases in fuel costs resulted in customers shopping around more with a consequential impact on margins. In addition a number of operators had increased the number of tankers and staff available for the winter period following previous cold winters that further intensified competition.

Operating profits were £0.6 million (2011: £3.3 million), which is a disappointing result. This includes costs incurred to re-align the cost base through a reduction in staff across the business and the one-off acquisition costs of acquiring and integrating Swan Petroleum in the year.

The Swan Petroleum acquisition, completed in September 2011 for a consideration, net of cash acquired, of £2.7 million, added three depots to our network increasing penetration in the North West of England and North Wales. The depots were integrated into the existing NWF business maintaining a seventeen strong depot network. The NWF depot at Leaton has been integrated into the acquired site at Babbinswood. The integration was successfully completed a little ahead of our initial acquisition plan.

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

Banking

In December 2011 the Group signed a new agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £55.0 million through to 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.

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. The immediate pressures on farmers, with higher input costs and lower milk prices do not reduce the development potential of this business.

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 fully utilise our capacity in the Food division winning new business in a competitive market, with a continued focus on more efficiently providing a high level of customer service.

In Fuels we have a proven depot-operating model and have taken action to reduce the cost base of the business and therefore improve its efficiency in the coming year whilst maintaining our network of 17 fuel depots across the country.

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	**2012 £m**	2011 £m
Revenue	**540.2**	463.8
Operating expenses	**(533.9)**	(454.5)
Operating profit	**6.3**	9.3
Net finance costs:		
Net finance cost in respect of defined benefit pension schemes	**(0.3)**	(0.5)
Other finance costs	**(0.9)**	(1.2)
	(1.2)	(1.7)
Profit before taxation	**5.1**	7.6
Income tax expense	**(1.3)**	(2.2)
Profit for the year	**3.8**	5.4

Group revenue increased by 16.5% to £540.2 million (2011: £463.8 million). Operating profit was £6.3 million (2011: £9.3 million), a 32.3% decrease.

Total net finance costs decreased from £1.7 million in 2011 to £1.2 million in 2012. The IAS 19 net finance cost in respect of defined benefit pension schemes decreased by £0.2 million due mainly to the expected return on pension scheme assets increasing to £1.9 million in 2012 (2011: £1.6 million).

The decrease in other finance costs to £0.9 million (2011: £1.2 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) was 7.0 times (2011: 7.8 times).

The tax charge has reduced to £1.3 million in 2012 (2011: £2.2 million) as a result of the reduction in profit before tax and the decrease in the main rate of corporation tax to 24.0% (2011: 26.0%). The 2012 tax charge represents an effective tax rate of 25.5% which compares to an effective rate of 28.9% in 2011. This decrease in the effective rate is due primarily to the fall in the main rate of corporation tax, which has reduced the Group's corporation and deferred tax provisions at 31 May 2012. The Group's future underlying rate of tax is expected to remain above the standard rate due to its on-going level of disallowable expenditure.

Basic earnings per share decreased by 29.6% to 8.1p (2011: 11.5p). Diluted earnings per share decreased by 29.8% to 8.0p (2011: 11.4p).

Balance sheet summary

As at 31 May	**2012**	(Restated*) 2011
	£m	£m
Tangible and intangible fixed assets	**50.5**	46.9
Net working capital	**9.5**	8.5
Cash at bank and in hand	**0.2**	0.7
Short-term borrowings	**(1.0)**	(1.1)
Medium-term borrowings	**(14.7)**	(10.9)
Current tax liabilities	**(0.5)**	(1.5)
Deferred tax liabilities (net)	**(1.0)**	(2.3)
Retirement benefit obligations	**(17.3)**	(11.3)
Net assets	**25.7**	29.0

* During the year ended 31 May 2012, the Group completed its initial accounting in respect of the acquisition of Evesons Fuels Limited. This has resulted in the restatement of the net assets comparative information as at 31 May 2011. This restatement has no impact on reported profits, equity or cash flows in the year ended 31 May 2011. See note 8 for further details.

Despite the Group being profitable during the year the increase in the Group's defined benefit pension scheme deficit caused Group net assets to decrease to £25.7 million at 31 May 2012 (2011: £29.0 million).

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

Net working capital increased to £9.5 million at 31 May 2012 (2011: £8.5 million). Within net working capital, trade and other receivables reduced slightly to £56.2 million (2011: £56.6 million); however, trade and other payables decreased to £50.4 million (2011: £51.8 million).

The gross liability on the Group's defined benefit pension schemes increased to £17.3 million at 31 May 2012 (2011: £11.3 million). The value of pension scheme assets reduced to £27.3 million (2011: £29.1 million), due to a fall in equity values. The value of the pension scheme liabilities increased to £44.6 million at 31 May 2012 (2011: £40.4 million) due primarily to a reduction in the discount rate used to calculate the present value of the future pension obligations.

Total Group net debt increased to £15.5 million at 31 May 2012 (2011: £11.3 million).

Cash flow and banking facilities

Year ended 31 May	2012 £m	2011 £m
Operating cash flows before working capital movements	**8.2**	13.2
Working capital movements	**(1.2)**	3.8
Interest paid	**(1.0)**	(1.2)
Tax paid	**(2.1)**	(2.5)
Net cash generated from operating activities	**3.9**	13.3
Capital expenditure (net of receipts from disposals)	**(3.1)**	(4.7)
Acquisition of subsidiary	**(2.7)**	(3.7)
Net cash (absorbed)/generated before financing activities	**(1.9)**	4.9
Net increase/(decrease) in bank borrowings	**4.6**	(0.6)
Dividends paid	**(2.1)**	(2.0)
Other financing cash flows	**(1.1)**	(1.3)
Net (decrease)/increase in cash and cash equivalents	**(0.5)**	1.0

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

Net cash generated from operating activities was £3.9 million (2011: £13.3 million). Operating cash flow before working capital movements was £8.2 million (2011: £13.2 million). There was a small increase in net working capital of £1.2 million (2011: £3.8 million decrease) mainly as a result of lower trade payables.

Cash used to fund capital expenditure (net of disposal proceeds) was £3.1 million (2011: £4.7 million) as the Group invested £1.1 million (2011: £1.4 million) in new Food IT systems, £0.3 million (2011: £1.3 million) in fuel tankers and £0.4 million (2011: £0.7 million) in new Food trucks and trailers. Proceeds of £0.7m (2011: £0.2 million) were realised from the disposal of old Food and Fuel vehicles.

In September 2011 the Group completed the acquisition of Swan Petroleum Limited. The cash consideration paid on completion to acquire Swan was £2.8 million. Together with cash at bank and in hand of £0.1 million, acquired with the business, this resulted in a total net cash outflow of £2.7 million.

There was an overall net decrease in cash and cash equivalents of £0.5 million in the year (2011: £1.0 million increase).

With effect from 6 December 2011, the Group has a new agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £55.0 million (formerly £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 31 October 2015 (formerly 31 October 2013). Included in the total facility of £55.0 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 £44.0 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 2012.

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 recognized in the balance sheet in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' is £0.2 million (2011: £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 £Nil (2011: £0.1 million) have been credited to the income statement in the year.

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

Interest rate risk

The Group 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 2012 and 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. All of the contractual cash flows fell due to be settled by the contract end date of 31 December 2010. The fair value loss in respect of this swap transferred from equity to the income statement in the year ended 31 May 2011 was £0.3 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 on-going 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 6 December 2011, the Group has a new agreement with The Royal Bank of Scotland Group for senior credit facilities totalling £55.0 million (formerly £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 31 October 2015 (formerly 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 2012 was 97.0p (31 May 2011: 121.3p) and the range of market prices during the year was between 91.7p and 148.5p.

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

14 August 2012

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2012
CONSOLIDATED INCOME STATEMENT

	Note	**2012 £m**	2011 £m
Revenue	4	**540.2**	463.8
Operating expenses		**(533.9)**	(454.5)
Operating profit	4	**6.3**	9.3
Finance costs		**(1.2)**	(1.7)
Profit before taxation		**5.1**	7.6
Income tax expense	5	**(1.3)**	(2.2)
Profit for the year attributable to equity shareholders		**3.8**	5.4
Earnings per share (pence)			
Basic	6	**8.1**	11.5
Diluted	6	**8.0**	11.4

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2012
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012 £m	2011 £m
Profit for the year attributable to equity shareholders	**3.8**	5.4
Actuarial (loss)/gain on defined benefit pension schemes	**(6.2)**	1.8
Fair value loss on interest rate hedging instrument transferred to income	—	0.3
Tax on items taken directly to equity	**1.4**	(0.4)
Total comprehensive (loss)/income for the year	**(1.0)**	7.1

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2012
CONSOLIDATED BALANCE SHEET

	Note	2012 £m	(Restated*) 2011 £m
Non-current assets			
Property, plant and equipment		**38.9**	38.7
Intangible assets		**11.6**	8.2
Deferred income tax assets		**4.3**	3.1
		54.8	50.0
Current assets			
Inventories		**3.5**	3.5
Trade and other receivables		**56.2**	56.6
Cash at bank and in hand		**0.2**	0.7
Derivative financial instruments		**0.8**	0.4
		60.7	61.2
Total assets		**115.5**	111.2
Current liabilities			
Trade and other payables		**(50.4)**	(51.8)
Current income tax liabilities		**(0.5)**	(1.5)
Borrowings		**(1.0)**	(1.1)
Derivative financial instruments		**(0.6)**	(0.2)
		(52.5)	(54.6)
Non-current liabilities			
Borrowings		**(14.7)**	(10.9)
Deferred income tax liabilities		**(5.3)**	(5.4)
Retirement benefit obligations		**(17.3)**	(11.3)
		(37.3)	(27.6)
Total liabilities		**(89.8)**	(82.2)
Net assets		**25.7**	29.0
Equity			
Share capital	9	**11.8**	11.7
Retained earnings		**13.9**	17.3
Total shareholders' equity		**25.7**	29.0

* During the year ended 31 May 2012, the Group completed its initial accounting in respect of the acquisition of Evesons Fuels Limited. This has resulted in the restatement of the net assets comparative information as at 31 May 2011. This restatement has no impact on reported profits, equity or cash flows in the year ended 31 May 2011. See note 8 for further details.

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2012
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 June 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
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**

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2012
CONSOLIDATED CASH FLOW STATEMENT

	Note	2012 £m	2011 £m
Net cash generated from operating activities	7	**3.9**	13.3
Cash flows from investing activities			
Purchase of intangible assets		**(0.9)**	(1.2)
Purchase of property, plant and equipment		**(2.9)**	(3.7)
Proceeds on sale of property, plant and equipment		**0.7**	0.2
Acquisition of subsidiary	8	**(2.7)**	(3.7)
Net cash absorbed by investing activities		**(5.8)**	(8.4)
Cash flows from financing activities			
Proceeds from bank borrowings		**4.7**	16.2
Bank loan issue costs		**(0.1)**	(0.2)
Repayment of bank borrowings		**—**	(16.6)
Capital element of finance lease and hire purchase payments		**(1.1)**	(1.3)
Dividends paid		**(2.1)**	(2.0)
Net cash generated from/(absorbed by) financing activities		**1.4**	(3.9)
Net (decrease)/increase in cash and cash equivalents		**(0.5)**	1.0

NWF GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2012
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 2011, have been delivered, and, for the year ended 31 May 2012 will be delivered, to the Registrar of Companies. Both carry an unqualified audit report.

After 20 August 2012, 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 and retirement benefit obligations. Excluded items are part of the reconciliation to consolidated total assets and liabilities.

4. Segment information (continued)

2012	Food £m	Feeds £m	Fuels £m	Group £m
Revenue				
Total revenue	**42.9**	**133.9**	**372.3**	**549.1**
Inter-segment revenue	**(0.5)**	**—**	**(8.4)**	**(8.9)**
Revenue	**42.4**	**133.9**	**363.9**	**540.2**
Result				
Operating profit	**3.0**	**2.7**	**0.6**	**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	**1.2**	**0.8**	**1.1**	**3.1**

4. Segment information (continued)

2012	Food £m	Feeds £m	Fuels £m	Group £m
Balance sheet				
Assets				
Segment assets	**34.1**	**29.8**	**47.1**	**111.0**
Deferred income tax assets				**4.3**
Cash at bank and in hand				**0.2**
Consolidated total assets				**115.5**
Liabilities				
Segment liabilities	**(3.8)**	**(11.3)**	**(35.9)**	**(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)**

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 (restated – see note 8)	Food £m	Feeds £m	Fuels £m	Group £m
Balance sheet				
Assets				
Segment assets	33.9	26.6	46.9	107.4
Deferred income tax assets				3.1
Cash at bank and in hand				0.7
Consolidated total assets				111.2
Liabilities				
Segment liabilities	(5.0)	(10.2)	(36.8)	(52.0)
Current income tax liabilities				(1.5)
Deferred income tax liabilities				(5.4)
Borrowings				(12.0)
Retirement benefit obligations				(11.3)
Consolidated total liabilities				(82.2)

5. Income tax expense

	2012 £m	2011 £m
Current tax		
UK corporation tax on profits for the year	**1.2**	2.5
Current tax expense	**1.2**	2.5
Deferred tax		
Origination and reversal of temporary differences	**0.2**	(0.3)
Adjustments in respect of prior years	**(0.1)**	—
Deferred tax expense/(credit)	**0.1**	(0.3)
Total income tax expense	**1.3**	2.2

5. Income tax expense (continued)

During the year ended 31 May 2012, as a result of the reduction in the UK corporation tax rate from 26.0% to 24.0% from 1 April 2012, corporation tax has been calculated at an effective rate of 25.7% of estimated assessable profit for the year (2011: 27.6%).

As the reduction in the UK corporation tax rate to 24.0% has been substantively enacted into law and is effective from 1 April 2012, the relevant deferred tax balances have been re-measured.

In addition to the changes in the rates of UK corporation tax disclosed above, legislation to reduce the main rate of corporation tax from 24.0% to 23.0% from 1 April 2013 is expected to be included in the Finance Act 2012. It has also been announced that the main rate will be reduced to 22.0% from 1 April 2014. These further changes had not been substantively enacted into law at 31 May 2012 and, therefore, are not included in these Group financial statements.

Had the 1.0% reduction in the corporation tax rate from 24.0% to 23.0%, expected to be included in the Finance Act 2012, been enacted into law at 31 May 2012, the estimated impact on the Group balance sheet would have been a reduction in the deferred tax asset of £0.2 million, from £4.3 million to £4.1 million, and a reduction in the deferred tax liability of £0.2 million, from £5.3 million to £5.1 million.

6. Earnings per share

	Basic earnings per share		Diluted earnings per share	
	2012	2011	**2012**	2011
Earnings attributable to equity shareholders (£m)	**3.8**	5.4	**3.8**	5.4
Weighted average number of shares in issue during the year (000s)	**47,143**	46,983	**47,143**	46,983
Weighted average dilutive effect of conditional share awards and SAYE share options (000s)	**—**	—	**288**	376
Adjusted weighted average number of shares in issue during the year (000s)	**47,143**	46,983	**47,431**	47,359
Earnings per ordinary share (pence)	**8.1**	11.5	**8.0**	11.4

7. Net cash generated from operating activities

	2012 £m	2011 £m
Operating profit	**6.3**	9.3
Adjustments for:		
Depreciation of property, plant and equipment	**3.0**	3.7
Amortisation of other intangible assets	**0.1**	0.1
Profit on disposal of property, plant and equipment	**(0.6)**	—
Share-based payment expense	**0.1**	0.4
Issue of shares	**(0.2)**	(0.1)
Difference between pension charge and cash contributions	**(0.5)**	(0.2)
Operating cash flows before movements in working capital	**8.2**	13.2
Movements in working capital:		
Decrease in inventories	**0.5**	0.5
Decrease/(increase) in receivables	**3.3**	(4.9)
(Decrease)/increase in payables	**(5.0)**	8.2
Net cash generated from operations	**7.0**	17.0
Interest paid	**(1.0)**	(1.2)
Income tax paid	**(2.1)**	(2.5)
Net cash generated from operating activities	**3.9**	13.3

8. Business combinations

Swan Petroleum Limited

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. The acquisition will increase the Fuels division's sales volumes by 10% and expand the coverage of the division's operations in the UK.

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

	£m
Consideration and acquisition-related costs	
Total consideration transferred – cash paid	2.8
Acquisition-related costs (included in operating expenses in the consolidated income statement in the year ended 31 May 2012)	0.1

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:

	£m
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	0.4
Identifiable intangible assets – brands	0.1
Inventories	0.5
Trade and other receivables	3.4
Trade and other payables	(4.1)
Cash and cash equivalents – cash at bank and in hand	0.1
Total identifiable net assets	0.4
Goodwill	2.4
Total consideration transferred – cash paid	2.8

8. Business combinations (continued)

Swan Petroleum Limited (continued)

Net cash outflow arising on the acquisition:

	£m
Total consideration transferred – cash paid	2.8
Cash and cash equivalents acquired – cash at bank and in hand	(0.1)
	2.7

Goodwill of £2.4 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 Swan Petroleum Limited. None of the goodwill recognized is expected to be deductible for income tax purposes.

The fair value of trade and other receivables is £3.4 million. The gross contractual value of trade receivables is £3.0 million, of which £0.1 million is expected to be uncollectible.

The Swan Petroleum business contributed revenue of £16.8 million and profit before taxation of £0.1 million to the Group's results for the year ended 31 May 2012. If the business had been consolidated from 1 June 2011, the consolidated income statement for the year ended 31 May 2012 would show revenue of £550.2 million and profit before taxation of £4.9 million.

Evesons Fuels Limited

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. Further details of this acquisition can be found in note 10 of the Group financial statements for the year ended 31 May 2011.

As permitted by IFRS 3 (revised) 'Business Combinations', at 31 May 2011, the fair values of certain assets (land and buildings) acquired in respect of the acquisition of Evesons Fuels Limited were considered to be provisional by the Directors. During the year ended 31 May 2012, the Group completed its initial accounting in respect of this acquisition. This resulted in a decrease in the value of land and buildings acquired (included within property, plant and equipment) of £0.3 million and a related decrease in deferred income tax liabilities of £0.1 million, with a corresponding net increase of £0.2 million in goodwill (included within intangible assets).

The comparative information at 31 May 2011 included in these Group financial statements has been restated to reflect these adjustments in accordance with IFRS 3 (revised). This restatement has no impact on reported profits, equity or cash flows for the year ended 31 May 2011.

9. Share capital

Authorised: ordinary shares of 25p each	Number of shares (000s)	Total £m
Balance at 1 June 2010, 31 May 2011 and 31 May 2012	80,000	20.0

Allotted and fully paid: ordinary shares of 25p each	Number of shares (000s)	Total £m
Balance at 1 June 2010	46,931	11.7
Issue of shares (see below)	76	—
Balance at 31 May 2011	47,007	11.7
Issue of shares (see below)	169	0.1
Balance at 31 May 2012	**47,176**	**11.8**

During the year ended 31 May 2012, 169,156 (2011: 76,000) shares with an aggregate nominal value of £42,289 (2011: £19,000) were issued for no consideration under the Group's conditional Performance Share Plan and deferred share award schemes.

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 2012, amounted to 1,144,323 (2011: 1,303,510). These shares will only be issued subject to satisfying certain performance criteria.

During the year ended 31 May 2012, the Company implemented a new Save As You Earn share option scheme for the Group's eligible employees. The total number of options expected to vest under this scheme at 31 May 2012 amounted to 725,925 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 annually tests whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates, both in arriving at expected future cash flows and a suitable discount rate in order to calculate the present value of these flows.

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

10. Critical accounting estimates and judgements (continued)

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	20 August 2012
Annual General Meeting	20 September 2012
Dividend:	
- ex-dividend date	22 August 2012
- record date	24 August 2012
- payment date	4 December 2012