NWF Group plc

3 August 2016

NWF Group plc

NWF Group plc: Final results for the year ended 31 May 2016

NWF Group plc ("NWF" or "the Group"), the specialist agricultural and distribution business delivering feed, food and fuel across the UK, today announces its audited final results for the year ended 31 May 2016.

Financial highlights	2016	2015	%
Revenue	£465.9m	£492.3m	(5.4%)
Headline operating profit*	£8.7m	£8.6m	+1.2%
Headline profit before taxation*	£8.3m	£8.1m	+2.5%
Headline basic earnings per share*	13.6p	13.2p	+3.0%
Total dividend per share	5.7p	5.4p	+5.6%
Net debt	£9.9m	£5.9m	+67.8%
Net debt to EBITDA	0.8x	0.5x	

* Headline operating profit excludes exceptional items. Headline profit before taxation excludes exceptional items and the net finance cost in respect of the Group's defined benefit pension and the taxation effect thereon where relevant. Statutory profit before taxation was £6.0 million (2015: £7.9 million).

Operational highlights:

- Robust performance in challenging market conditions with continued strategic progress across the Group
- Revenue decrease reflected lower oil prices in Fuels and the impact of lower commodity prices in Feeds
- Profit increase driven by a good performance in Food and some recovery in Feeds
- Record headline earnings per share
- Three strategic acquisitions integrated and performing to plan
- Strong cash generation leaves net debt at 0.8x EBITDA despite investing £10 million in development capital, including the three acquisitions

Divisional highlights:

- **Feeds** – headline operating profit of £2.1 million (2015: £1.8 million). Profit improvement from both the core business and acquisitions with increased market share, despite another challenging year in the ruminant feed market with lower milk prices and a reduction in demand for feed.

- **Food** – headline operating profit of £2.7 million (2015: £2.5 million). A good result built on a high level of customer service, with the business operating at capacity for the year and improving operating efficiencies. Improved on time fleet departures supported an increase in backloads.

- **Fuels** – headline operating profit of £3.9 million (2015: £4.3 million). Strong volume growth and the acquisition of Staffordshire Fuels in the year helped mitigate lower market demand for heating oil due to warm weather.

Richard Whiting, Chief Executive, NWF Group plc, commented:
"NWF delivered a robust performance last year. The increase in profitability and cash generation allowed the Group to invest £10 million in development capital including three acquisitions, to support the strategic goals of the Group. We continue to see opportunity for further strategic and operational progress and performance to date in the current financial year has been in line with our expectations."

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

NWF GROUP PLC

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NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2016
CHAIRMAN'S STATEMENT

Overview
I am pleased to report a further year of progress for NWF, despite continuing challenges in the Group's operating markets. The NWF business model proved robust with an improvement in the profitability of Feeds and Food more than offsetting a tougher market for Fuels. In Feeds we increased our market share and strengthened our footprint against a background of challenging market conditions in agriculture, particularly in the dairy sector.

The ambition of the Group has been demonstrated with three targeted acquisitions, in line with our stated growth strategy, each of which has been integrated and is performing in line with our plans. Strong cash generation has allowed this significant investment in the year whilst maintaining a satisfactorily low level of net debt and maintaining a robust balance sheet position.

As a consequence of the good progress achieved and the Group's strong cash generation, the Board is recommending a final dividend of 4.7 pence per share (record date: 4 November 2016, payment date: 5 December 2016) (2015: 4.4 pence) giving a total dividend of 5.7 pence per share (2015: 5.4 pence), a 5.6% increase on the prior year.

Group description
NWF Group is a specialist agricultural and distribution business delivering feed, food and fuel across the UK. Each of our trading divisions has scale, good market position, and is both profitable and cash generative. Each division trades under different brands with their own brand architecture as follows:

- Feeds: NWF Agriculture, SC Feeds, New Breed and Jim Peet
- Food: Boughey
- Fuels: NWF Fuels (including a number of local sub-brands)

Key areas of focus for the Board in 2016 were:

Investing in strategic development
In line with our stated strategy, the Group made three important acquisitions in the year:

- New Breed (UK) Limited, acquired at the end of June 2015, expanded our ruminant feed sales in the North of England and Southern Scotland adding over 45,000 tonnes to the Feeds division.

- Staffordshire Fuels Limited, acquired in November 2015, increased our presence and customer penetration in the North Midlands adding annual volume of over 30 million litres to the Fuels division.

- Jim Peet (Agriculture) Limited, acquired in February 2016, added annual volume of over 50,000 tonnes in the Feeds division and, critically, gave the Group two feed mills in the North of England from which we can service our increasing business in this region. The Jim Peet acquisition delivers to the Group a strategic operational platform with feed mills geographically aligned to our customers and facilitates the development of a lower cost business model which will perform effectively in the challenging market conditions.

Responding proactively to market conditions
The Group has responded effectively with underlying sustainable improvements in all three divisions. In Food detailed planning has facilitated early load preparation that has increased distribution efficiencies and enhanced back load margins. In Feeds, overhead cost reduction and operational and transport savings have improved underlying profits and in Fuels, a drive for tanker utilisation has resulted in overall increased volumes in spite of lower market demand for heating oil.

Cash generation
Cash generation remains a priority for the Group and further sustainable improvements in working capital have been achieved in Feeds and Fuels. Focus on debtors in Feeds has been particularly effective and has been managed sensitively at a time of stress in the dairy market.

Rewarding good service

The continued focus on excellence in customer service across the Group has been rewarded by service level bonuses from customers. It has enabled volume gains to be achieved in each of the three divisions in the year.

Commodity volatility

Volatile commodity markets impacted the Group's performance in 2016. In the Fuels division, oil which is purchased on the spot market fell to a thirteen-year price low in January 2016 and has subsequently partially recovered. In line with market practice, the Feeds division buys raw materials under forward purchase contracts. Forward buying negatively impacted margins as spot prices fell throughout the year until February 2016.

Shareholder engagement

We continue to engage with shareholders both large and small. A number of open days for smaller investors were held at the main operating site in Cheshire with over sixty shareholders in attendance.

A strong team

My thanks go to all who have supported NWF throughout 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 29 September 2016.

Mark Hudson
Chairman
3 August 2016

NWF delivered a robust performance last year. The increase in profitability and strong cash generation allowed the Group to invest £10 million in development capital including three acquisitions, which support the Group's strategic goals.

The Group delivered headline operating profit of £8.7 million (2015: £8.6 million) and headline profit before tax up 2.5% to £8.3 million (2015: £8.1 million). Headline earnings per share was up 3.0% to a record level of 13.6p (2015: 13.2p).

Cash management remains strong with net debt of £9.9 million, representing 0.8x EBITDA. This has been achieved by generating net cash of £6.0 million, before development spend, as a consequence of further sustainable working capital improvements.

Feeds
2016 was a challenging year for Feeds. There was no respite from the impact of low milk prices for our farming customers which, combined with a warm winter, resulted in ruminant feed UK market volumes falling by 4% year on year. In addition, commodity prices drifted down until February 2016 and, with raw materials bought forward, this created challenging trading conditions. Against this backdrop good progress has been made both in market share gains and profitability. Earnings enhancing acquisitions were made with New Breed in June 2015 and Jim Peet in February 2016. New Breed delivers over 45,000 tonnes of ruminant feed in the North and Jim Peet delivers annual volume of over 50,000 tonnes and gives an effective operating platform with mills at Longtown, near Carlisle and Aspatria in Cumbria.

Revenue fell to £135.8 million (2015: £144.9 million) as a result of the reductions in selling prices caused by falling commodity prices in the year. Headline operating profit was up 16.7% to £2.1 million (2015: £1.8 million). Total volume was 2.3% higher at 580,000 tonnes (2015: 567,000 tonnes) with NWF gaining share and additional volume from the New Breed and Jim Peet acquisitions.

A key strategic priority for the business is to increase the nutritional focus in our Feeds division by providing more advice and value added products to our farming customers. In the year an improved on farm rationing system has been deployed which increases the use of fermentable products and silage sample analysis has been refined and improved. This has been of particular importance in the year to support our farming customers facing a difficult business environment.

Average milk prices in Great Britain decreased during the year by 3.7p per litre to 21.0p in May 2016, a level below the average cost of milk production, which has caused hardship for dairy farmers. Despite this, milk production increased year on year through to March 2016, with total volume ahead by 1.6% to a six year high of 12.4 billion litres (2015: 12.2 billion litres). The UK market for ruminant feed fell by 4% as a consequence of a warm winter and the lower milk price for farmers.

The Feeds division has a very broad customer base working with over 4,750 farmers across the country. This base and the underlying robust demand for milk and dairy products, results in a reasonably stable overall demand for our feed.

Food
This has been a strong year in Food despite supermarkets' continued fight for market share. The business has focused on advance preparation of loads to ensure departures are on or ahead of time. This has had the benefit of making the business attractive for subcontractors who can arrive and leave in good time and critically has enabled the division to improve both the number of, and the margins achieved from, backload activity. Wardle has remained full throughout the year and overflow storage facilities have been managed effectively. Additional long-term contracts have been signed with customers during the year to maintain the utilisation of the site going forward. Service levels have been maintained at 99.7%.

Revenue increased 1.1% to £37.6 million (2015: £37.2 million). Storage overall was at an average of 97,000 pallets (2015: 92,000 pallets), with the full year benefit of customers won in the prior year and some organic customer growth. Total loads were in line with prior year. Headline operating profit increased by 8.0% to £2.7 million (2015: £2.5 million), as a consequence of improving operational efficiencies, improved backload margins and additional activity in the repacking operation.

The new Palletline operation, which started in March 2015, is working to plan and is being utilised by existing Boughey customers and others within Cheshire postcodes.

Demand for our customers' products continues to be stable and the outlook for most product categories handled by the business is resilient. The business operates in a competitive supply chain and needs to continually demonstrate the value and service that it provides to food manufacturers and importers. The business has a leading position in consolidating ambient grocery products in the North West, with high service levels, industry leading systems and a strong operating performance being the key components of its customer proposition.

Fuels

Fuels has delivered a strong growth in volumes for the year utilising the tanker fleet effectively to offset the warm winter and resulting lower levels of market demand for heating oil. The acquisition of Staffordshire Fuels added annual volume of 32 million litres and has been integrated into the division with its operating base and tanker fleet co-located in NWF's Stoke depot. As with previous Fuels acquisitions, the Staffordshire Fuels brand and commercial team has been retained to ensure there is no change in the customer experience whilst the integration into the Fuels division reduces the cost base as other functions are centralised. The new start-ups at Home Counties Fuels and Martlet Fuels both operating in the South East have performed strongly, delivering over 13 million litres in the first year of operations.

Although volumes rose 12.9% to 474 million litres (2015: 420 million litres), revenue decreased by 5.7% to £292.5 million (2015: £310.2 million) as a result of lower oil prices. The average Brent Crude oil price in the year was $45 per barrel compared to $79 per barrel in the prior year, with a 13-year low point of $28 per barrel in January 2016.

Headline operating profit was £3.9 million (2015: £4.3 million). The result was impacted by lower market demand for heating oil as a result of the mild winter while the prior year included a one-off gain resulting from the dramatic fall in the price of oil in Autumn 2014 as reported last year.

With 63,500 customers being supplied across 19 fuel depots (2015: 59,000 and 17 respectively), the Fuels division operates in markets that are large, robust and can effectively manage the volatility in oil prices.

Outlook

In Feeds, since the year-end we have focused on increasing the capacity of our northern mills to meet demand and ensure that lower distribution costs have been attained. In addition we are in the process of exiting a mill at Stone in Staffordshire and have relocated the production of animal feed for the S.C. Feeds customers to the nearby Wardle mill as planned. These operational changes ensure our assets are more closely geographically aligned to our customers to achieve the objective of a lower cost base in a challenging market and to facilitate the long term growth of the Feeds division.

In Food, we have continued the process of adding incremental pallet spaces to the Wardle facility with the creation of reduced height pallet spaces and remain focused on continuing to provide excellent levels of service and value to our customers and supermarkets across the UK.

In Fuels, we have a proven depot operating model and have demonstrated that the business can deliver a solid result even when market conditions are adverse. We continue to develop the new start-up depots in the South East and benefit from the integration of Staffordshire Fuels in the Midlands.

We note the result of the recent EU referendum and continue to optimise each business in the Group in responding to volatile market conditions, in which we have a good track record of navigating successfully. We are 100% based in the UK and we will need to manage the impact of weaker sterling on commodities priced in US dollars such as oil and soya.

The Group has established a solid platform for development, has strong cash flow and flexible banking facilities to fund growth and a strong asset base that provides resilience. We will therefore continue to review acquisition opportunities, building on our successful track record of acquiring and integrating businesses.

Performance to date in the current financial year has been in line with the Board's expectations. We expect to benefit from a full year of contributions from our recent acquisitions, as well as further efficiencies and increases in capacity. Overall, the Board therefore remains confident about the Group's future prospects. The next update will be provided at the time of the AGM in September 2016.

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2016
BUSINESS AND FINANCIAL REVIEW

Group results

Year ended 31 May £m	**2016**	2015
Revenue	**465.9**	492.3
Operating expenses	**(458.8)**	(483.2)
Headline operating profit*	**8.7**	8.6
Exceptional items	**(1.6)**	0.5
Operating profit	**7.1**	9.1
Financing costs	**(1.1)**	(1.2)
Headline profit before tax*	**8.3**	8.1
Exceptional items	**(1.6)**	0.5
Net finance cost in respect of defined benefit pension scheme	**(0.7)**	(0.7)
Profit before taxation	**6.0**	7.9
Income tax expense	**(1.2)**	(1.7)
Profit for the year	**4.8**	6.2
Headline EPS*	**13.6p**	13.2p
Dividend per share	**5.7p**	5.4p
Dividend cover*	**2.4**	2.4
Interest cover	**21.8**	17.2

* Headline operating profit is statutory operating profit of £7.1 million (2015: £9.1 million) before exceptional items of £1.6 million (2015: credit of £0.5 million). Headline profit before taxation is statutory profit before taxation of £6.0 million (2015: £7.9 million) after adding back the net finance cost in respect of the Group's defined benefit pension scheme of £0.7 million (2015: £0.7 million) and the exceptional items and the taxation effect thereon where relevant. Dividend cover is calculated using Headline EPS.

Group revenue decreased by 5.4% to £465.9 million (2015: £492.3 million) reflecting lower oil prices and lower commodity prices in Feeds. Headline operating profit was £8.7 million, an increase of 1.2% (2015: £8.6 million).

Financing costs (excluding those in respect of defined benefit pension scheme) decreased by £0.1 million to £0.4 million, reflecting the lower average net debt levels during the year despite the impact of the three acquisitions which were financed from the revolving credit facilities, with interest cover increasing to 21.8x (excluding IAS 19 net pension finance costs) (2015: 17.2x).

Headline profit before taxation increased by 2.5% to £8.3 million (2015: £8.1 million). Exceptional items totalling £1.6 million (net) have been recognised in the year, the cash impact of which was £1.2 million. These largely represent the costs in relation to a business restructuring, to more closely align production capabilities with the geographic spread of customer demand in the Feeds division, together with the cost incurred on acquisitions. These costs are offset by the credit associated with the closure of the defined benefit pension scheme to future accrual.

The headline basic earnings per share of 13.6p represented an increase of 3.0% (2015: 13.2p), whilst diluted headline earnings per share increased by 3.1% to 13.5p (2015: 13.1p). The proposed full year dividend per share is an increase of 5.6% to 5.7p which reflects the Board's confidence in the robustness of the Group's earnings, strong underlying cash generation and its future prospects. The proposed dividend equates to a dividend cover ratio of 2.4x.

The finance costs in respect of the defined benefit pension scheme were in line with prior year at £0.7 million (2015: £0.7 million).

The tax charge has decreased to £1.2 million (2015: £1.7 million) with an effective tax rate of 20.4% (2015: 21.6%). The Group's future underlying effective rate of tax is expected to fall in line with the decrease in the main rate of corporation tax. After the exceptional items noted above, the post-tax profit was £4.8 million (2015: £6.2 million).

Balance sheet summary

As at 31 May

	2016	2015
	£m	£m
Tangible and intangible fixed assets	**64.4**	54.6
Net working capital	**3.7**	7.5
Net debt	**(9.9)**	(5.9)
Contingent deferred consideration	**(1.4)**	-
Current tax liabilities	**(0.9)**	(1.2)
Deferred tax liabilities	**(0.4)**	-
Provisions	**(0.5)**	-
Retirement benefit obligations	**(18.3)**	(20.2)
Net assets	**36.7**	34.8

The Group has increased net assets by £1.9 million to £36.7 million (31 May 2015: £34.8 million), the increase has been predominantly driven by the robust underlying trading performance during the year with a retained profit for the year of £2.2 million (2015: £3.9 million).

Tangible and intangible assets have increased by £9.8 million to £64.4 million as at 31 May 2016 (31 May 2015: £54.6 million) as a result of the three acquisitions in the year, together with capital expenditure of £3.5 million, partially offset by the impact of assets written off as part of the exceptional restructuring costs. The depreciation and amortisation charges for the year to 31 May 2016 were £3.2 million and £0.7 million respectively (2015: £3.3 million and £0.7 million respectively).

Group level ROCE has decreased to 12.9% as at 31 May 2016 (31 May 2015: 13.8%) primarily due to the impact of acquisitions on net operating assets.

The Group has continued to focus on reducing net working capital which, including the impact of acquisitions, has decreased by £3.8 million, with a notable reduction being achieved in the year in the level of debtors in the Feeds division. The Group's inventories have reduced by £0.4 million to £3.4 million (31 May 2015: £3.8 million) with trade and other receivables decreasing to £52.8 million (31 May 2015: £55.0 million), with an increase in trade and other payables to £52.7 million (31 May 2015: £51.4 million).

Net debt increased by £4.0 million to £9.9 million (31 May 2015: £5.9 million), reflecting the net cash investment in acquisitions in the year of £9.5 million (excluding subsequent capital investment), offset by the strong underlying cash generation of the Group resulting from a combination of the trading performance and further reductions in working capital. At the year end, the Group's net debt to EBITDA ratio was 0.8x (2015: 0.5x).

Deferred tax liabilities were £0.4 million (31 May 2015: £Nil), predominantly due to the impact of the reduction in the deferred tax asset recognised in respect of the Group's retirement benefit obligations.

The gross liability of the Group's defined benefit pension scheme decreased by £1.9 million to £18.3 million (31 May 2015: £20.2 million), primarily due to the closure of the pension scheme to future accrual. The value of pension scheme assets decreased marginally to £34.5 million (31 May 2015: £34.7 million). The value of the scheme liabilities decreased by £2.1 million to £52.8 million (31 May 2015: £54.9 million) principally as a result of the reduction in future pension inflationary increases assumed due to the closure of the scheme to future accrual, partially offset by the increase in the liabilities as a result of the reduction in the discount rate used to calculate the present value of the future obligations (31 May 2016: 3.55%, 31 May 2015: 3.70%).

Cash flow and banking facilities

Year ended 31 May

	2016	2015
	£m	£m
Operating cash flows before working capital movements	**9.1**	12.0
Working capital movements	**5.2**	2.4
Interest paid	**(0.4)**	(0.5)
Tax paid	**(2.0)**	(1.6)
Net cash generated from operating activities	**11.9**	12.3
Capital expenditure (net of receipts from disposals)	**(3.4)**	(4.6)
Acquisition of subsidiaries	**(7.5)**	-
Net cash (absorbed)/generated before financing activities	**(10.9)**	7.7
Repayment of bank borrowings in respect of acquisitions	**(2.0)**	-
Net increase/(decrease) in bank borrowings	**5.5**	(5.7)
Capital element of finance lease and HP payments	**(0.1)**	(0.1)
Dividends paid	**(2.6)**	(2.4)
Other financing cash inflows	**-**	0.5
Net increase in cash and cash equivalents	**1.8**	-

The Group has continued to deliver further sustained improvements in working capital during the year, which together with the robust trading performance has resulted in strong underlying cash generation. Net debt has increased by £4.0 million as a result of the investment in three acquisitions totalling £9.5 million (including the acquisition of two freehold sites for £0.6 million), which together with hire purchase and £0.2m of development capital expenditure, resulted in a total investment of £10.0 million. The closing net debt of £9.9 million represents a net debt to EBITDA ratio of 0.8x.

Net cash generated from operating activities was £11.9 million (2015: £12.3 million) representing a cash conversion ratio of 136.8% of headline operating profit (2015: 143.0%). Our consistent focus on working capital has resulted in a decrease of £5.2 million (2015: £2.4 million) through initiatives to reduce debtor days, particularly in the Feeds division.

Net capital expenditure in the year at £3.4 million (2015: £4.6 million) was ahead of the annual depreciation charge of £3.2 million (2015: £3.3 million). The main areas of capital expenditure were investments in the fuel tankers, new offices at the Fishers Pond fuel depot and the investment in significantly increasing the productive capacity of the Jim Peet sites, together with further investment in Wardle site improvements to both increase capacity and maintain the BRC accreditation.

The Group's banking facilities, totalling £65.0 million are committed through to 31 October 2019, with the exception of the bank overdraft facility of £1.0 million and the £4.0 million bank guarantee facility which are renewed annually. There remains substantial facility headroom available to support the development of the Group. Included within the total facility of £65.0 million, the Group has an invoice discounting facility, the availability of which depends on the level of trade receivables available for refinancing which is subject to a maximum drawdown of £50.0 million. The banking facilities are provided subject to ongoing compliance with conventional banking covenants against which the Group has substantial levels of headroom.

Principal risks and uncertainties

As with all businesses, the Group is affected by a number of risks and uncertainties, some of which are beyond our control. The principal risks and uncertainties which could have a material adverse impact on the Group are:

- Non-compliance with legislation and regulations - The Group operates in diverse markets and each sector has its own regulatory and compliance frameworks which require ongoing monitoring to ensure that the Group maintains full compliance with all legislative and regulatory requirements. Any incident of major injury or fatality or which results in significant environmental damage could result in reputational or financial damage to the Group.
- Commodity prices and volatility in raw material prices - The Group's Feeds and Fuels divisions operate in sectors which are vulnerable to volatile commodity prices both for fuel and for raw materials.
- Infrastructure and IT systems - IT system failures or business interruption events (such as cyber attacks) could have a material impact on the Group's ability to operate effectively.
- Recruitment, retention and development of key people - Recruiting and retaining the right people is crucial for the success of the Group and its development.
- Operational gearing, key customer and supplier relationships, and financial resources - The impact of any change in key customer or supplier relationships could have an adverse impact on the ongoing profitability of the Group.
- Pension scheme volatility - Increases in the ongoing deficit associated with the Group's defined benefit pension scheme would adversely impact on the strength of the Group's balance sheet and could lead to an increase in cash contributions payable by the Group.
- Climate - impact on earnings volatility - The demand for both the Feeds and Fuels divisions are impacted by climatic conditions and the severity of winter conditions in particular, which directly affect the demand for heating products. The inherent uncertainty regarding climatic conditions represents a risk of volatility in the profitability of the Fuels and Feeds divisions.
- Brexit - the uncertainty around the implications of the EU exit and exchange rate volatility creates commodity price risk.
- Strategic growth and change management - A failure to identify, execute or integrate acquisitions, change management programmes or other growth opportunities could impact on the profitability and strategic development of the Group. A major consolidation amongst competitors, new market entrant or other competitor activity could impact the Group's profitability or development opportunities.

Going concern

The Group has an agreement with The Royal Bank of Scotland Group for credit facilities totalling £65.0 million. With the exception of the bank overdraft facility of £1.0 million and the £4.0 million bank guarantee facility, which are renewed annually, these facilities are committed through to 31 October 2019.

Accordingly, the Directors having made suitable enquiries, and based on financial performance to date and the available banking facilities, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues 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 2016 was 152.0p (31 May 2015: 137.0p) and the range of market prices during the year was between 130.0p and 200.0p.

Richard Whiting	**Brendon Banner**
Chief Executive	**Finance Director**

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2016
CONSOLIDATED INCOME STATEMENT

	Note	**2016** **£m**	2015 £m
Revenue	4	**465.9**	492.3
Cost of sales		**(439.3)**	(466.6)
Gross profit		**26.6**	25.7
Administrative expenses		**(19.5)**	(16.6)
Headline operating profit*		**8.7**	8.6
Exceptional items	5	**(1.6)**	0.5
Operating profit	4	**7.1**	9.1
Finance costs	6	**(1.1)**	(1.2)
Headline profit before taxation*		**8.3**	8.1
Net finance cost in respect of defined benefit pension scheme		**(0.7)**	(0.7)
Exceptional items	5	**(1.6)**	0.5
Profit before taxation	5	**6.0**	7.9
Income tax expense**	7	**(1.2)**	(1.7)
Profit for the year attributable to equity shareholders		**4.8**	6.2
Earnings per share (pence)			
Basic	8	**9.8**	12.9
Diluted	8	**9.7**	12.7
Headline earnings per share (pence)*			
Basic	8	**13.6**	13.2
Diluted	8	**13.5**	13.1

* Headline operating profit is statutory operating profit before exceptional items. Headline profit before taxation is statutory profit before taxation after adding back the net finance cost in respect of the Group's defined benefit pension scheme and the exceptional items and the taxation effect thereon where relevant. Statutory profit before taxation was £6.0 million (2015: £7.9 million).

** Taxation on exceptional items in the current year has reduced the charge by £0.1 million (2015: £0.1 million)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2016 **£m**	2015 £m
Profit for the year attributable to equity shareholders	**4.8**	6.2
Items that will never be reclassified to profit or loss:		
Remeasurement gain/(loss) on defined benefit pension scheme	**0.2**	(3.2)
Tax on items that will never be reclassified to profit or loss	**(0.3)**	0.6
Total comprehensive income for the year	**4.7**	3.6

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2016
CONSOLIDATED BALANCE SHEET

	Note	**2016 £m**	2015 £m
Non-current assets			
Property, plant and equipment		**41.1**	38.7
Intangible assets		**23.3**	15.9
Deferred income tax assets		**3.4**	4.2
		67.8	58.8
Current assets			
Inventories		**3.4**	3.8
Trade and other receivables		**52.8**	55.0
Cash at bank and in hand		**1.8**	-
Derivative financial instruments		**0.2**	0.2
		58.2	59.0
Total assets		**126.0**	117.8
Current liabilities			
Trade and other payables		**(52.7)**	(51.4)
Current income tax liabilities		**(0.9)**	(1.2)
Borrowings		**(0.1)**	-
Derivative financial instruments		**-**	(0.1)
		(53.7)	(52.7)
Non-current liabilities			
Borrowings	12	**(11.6)**	(5.9)
Contingent deferred consideration		**(1.4)**	-
Deferred income tax liabilities		**(3.8)**	(4.2)
Retirement benefit obligations	13	**(18.3)**	(20.2)
Provisions		**(0.5)**	-
		(35.6)	(30.3)
Total liabilities		**(89.3)**	(83.0)
Net assets		**36.7**	34.8
Equity			
Share capital	10	**12.0**	12.0
Other reserves		**24.7**	22.8
Total shareholders' equity		**36.7**	34.8

NWF GROUP PLC
FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2016
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 June 2014	11.9	0.5	20.6	33.0
Profit for the year	-	-	6.2	6.2
Items that will never be reclassified to profit or loss:				
Actuarial loss on defined benefit pension scheme	-	-	(3.2)	(3.2)
Tax on items that will never be reclassified to profit or loss	-	-	0.6	0.6
Total comprehensive income for the year	-	-	3.6	3.6
Transactions with owners:				
Dividends paid (note 9)	-	-	(2.4)	(2.4)
Value of employee services	0.1	0.4	(0.1)	0.4
Credit to equity for equity-settled share-based payments	-	-	0.2	0.2
	0.1	0.4	(2.3)	(1.8)
Balance at 31 May 2015	12.0	0.9	21.9	34.8
Profit for the year	-	-	4.8	4.8
Items that will never be reclassified to profit or loss:				
Actuarial gain on defined benefit pension scheme	-	-	0.2	0.2
Tax on items that will never be reclassified to profit or loss	-	-	(0.3)	(0.3)
Total comprehensive income for the year	-	-	4.7	4.7
Transactions with owners:				
Dividends paid (note 9)	-	-	(2.6)	(2.6)
Value of employee services	-	-	(0.3)	(0.3)
Credit to equity for equity-settled share-based payments	-	-	0.1	0.1
	-	-	(2.8)	(2.8)
Balance at 31 May 2016	**12.0**	**0.9**	**23.8**	**36.7**

CONSOLIDATED CASH FLOW STATEMENT

	2016 £m	2015 £m
Cash flows from operating activities		
Operating profit	**7.1**	9.1
Adjustments for:		
Depreciation and amortisation	**3.9**	4.0
Impairment/loss on disposal of fixed assets	**0.7**	-
Net gain on pension scheme closure	**(1.3)**	-
Other	**(1.3)**	(1.1)
Operating cash flows before movements in working capital	**9.1**	12.0
Movements in working capital:		
Decrease in inventories	**0.9**	-
Decrease in receivables	**7.7**	2.8
Decrease in payables	**(3.4)**	(0.4)
Net cash generated from operations	**14.3**	14.4
Interest paid	**(0.4)**	(0.5)
Income tax paid	**(2.0)**	(1.6)
Net cash generated from operating activities	**11.9**	12.3
Cash flows from investing activities		
Purchase of intangible assets	**(0.3)**	(0.2)
Purchase of property, plant and equipment	**(3.2)**	(4.5)
Proceeds on sale of property, plant and equipment	**0.1**	0.1
Acquisition of subsidiaries – cash paid (net of cash acquired)	**(7.5)**	-
Net cash absorbed by investing activities	**(10.9)**	(4.6)
Cash flows from financing activities		
Repayment of bank borrowings in respect of acquisitions	**(2.0)**	-
Increase in/(repayment of) bank borrowings	**5.5**	(5.7)
Proceeds from share issue	-	0.5
Capital element of finance lease and hire purchase payments	**(0.1)**	(0.1)
Dividends paid	**(2.6)**	(2.4)
Net cash generated from/(absorbed by) financing activities	**0.8**	(7.7)
Net movement in cash and cash equivalents	**1.8**	-
Cash and cash equivalents at beginning of period	**-**	-
Cash and cash equivalents at end of period (note 12)	**1.8**	-

1. General information

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

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. Significant accounting policies

The Group's principal accounting policies, all of which have been applied consistently to all of the years presented, are set out below.

Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ('IFRS'), International Financial Reporting Standards Interpretation Committee ('IFRS IC') interpretations and those provisions of the Companies Act 2006 applicable to companies reporting under IFRS. The Group financial statements have been prepared on the going concern basis and 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 14 below. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Headline profit before taxation and headline earnings

The Directors consider that headline operating profit, headline profit before taxation and headline earnings per share measures, referred to in these condensed Group financial statements, provide useful information for shareholders on underlying trends and performance.

Headline operating profit is statutory operating profit before exceptional items. Headline profit before taxation is statutory profit before taxation after adding back the net finance cost in respect of the Group's defined benefit pension scheme, and exceptional items.

The calculations of basic and diluted headline earnings per share are shown in note 8.

Exceptional items are those that in the Directors' judgement are one-off in nature or non-operating and need to be disclosed separately by virtue of their size or incidence. In determining whether an item should be disclosed as an exceptional item, the Directors consider quantitative as well as qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board.

Forward looking statements

Certain statements in this results announcement are forward looking. The terms 'expect', 'anticipate', 'should be', 'will be' and similar expressions identify forward looking statements. Although the Board of Directors believes that the expectations reflected in these forward looking statements are reasonable, such statements are subject to a number of risks and uncertainties and events could differ materially from those expressed or implied by these forward looking statements.

Adoption of new and revised standards

The following new EU-endorsed standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 June 2015, but have not had an impact on the amounts reported in the Group financial statements:

IFRS 1, 'First time adoption'
IFRS 2, 'Share-based payment'
IFRS 3, 'Business combinations'
IFRS 8, 'Operating segments'
IFRS 13, 'Fair value measurement'
IAS 16, 'Property, plant and equipment'
IAS 38, 'Intangible assets'
Amendment to IAS 19,'Employee benefits'

IAS 40, 'Investment property'
Consequential amendments to:
IFRS 9, 'Financial instruments'
IAS 37, 'Provisions, contingent liabilities and contingent assets', and
IAS 39, 'Financial instruments – Recognition and measurement'

In addition to the above, the following new EU-endorsed standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 June 2015 and have not been early adopted:

Amendment to IFRS 11 'Joint Arrangements' – on acquisition of an interest in a joint operation
Amendment to IAS 16 'Property, Plant and Equipment' – depreciation and amortisation
Amendment to IAS 16 and IAS 41 'Agriculture' regarding bearer plants
Amendment to IAS 38 'Intangible Assets' – depreciation and amortisation
IFRS 14 'Regulatory Deferral Accounts'
Amendments to IAS 27 regarding the equity method
Amendment to IAS 1 'Presentation of Financial Statements' – on the disclosure initiative
Amendments to IFRS 10 and IAS 28 regarding the consolidation exemption
Amendments to IAS 7 regarding the statement of cash flows on disclosure initiative
Amendments to IAS 12 on the recognition of deferred tax assets on unrealised losses
Amendments to IFRS 2 'Share based payments'
IFRS 9 'Financial Instruments' – classification and measurement
IFRS 15 and amendments 'Revenue from Contracts with Customers'
Annual improvements 2012, 2013, 2014 and 2015

The impact of these new standards and amendments will be assessed in detail prior to adoption; however, at this stage the Directors do not anticipate them to have a material impact on the amounts reported in the Group financial statements.

3. Group annual report and statutory accounts

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 May 2016 or 31 May 2015, but is derived from those accounts.

Statutory accounts for 2015 have been delivered to the Registrar of Companies. The auditor, PricewaterhouseCoopers LLP, has reported on the 2015 accounts; the report (i) was unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The statutory accounts for 2016 will be delivered to the Registrar of Companies following the Annual General Meeting. The auditor, PricewaterhouseCoopers LLP, has reported on these accounts; their report is unqualified, does not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and; does not include a statement under either section 498(2) or (3) of the Companies Act 2006.

The annual report and full Financial Statements will be posted to shareholders during the week commencing 22 August 2016. Further copies will be available to the public, free of charge, from the Company's Registered Office at NWF Group Plc, Wardle, Cheshire CW5 6BP or viewed on the Company's website: www.nwf.co.uk.

4. Segment information

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

Feeds	-	manufacture and sale of animal feeds and other agricultural products
Food	-	warehousing and distribution of clients' ambient grocery and other products to supermarket and other retail distribution centres
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, contingent deferred consideration and retirement benefit obligations. Excluded items are part of the reconciliation to consolidated total assets and liabilities.

2016	Feeds £m	Food £m	Fuels £m	Group £m
Revenue				
Total revenue	**142.5**	**38.1**	**297.8**	**478.4**
Inter-segment revenue	**(6.7)**	**(0.5)**	**(5.3)**	**(12.5)**
Revenue	**135.8**	**37.6**	**292.5**	**465.9**
Result				
Headline operating profit	**2.1**	**2.7**	**3.9**	**8.7**
Segment exceptional items (note 5)	**(2.6)**	**(0.1)**	**(0.2)**	**(2.9)**
Group exceptional items (note 5)				**1.3**
Operating profit as reported				**7.1**
Finance costs (note 6)				**(1.1)**
Profit before taxation				**6.0**
Income tax expense (note 7)				**(1.2)**
Profit for the year				**4.8**
Other information				
Depreciation and amortisation	**1.0**	**1.5**	**1.4**	**3.9**

4. Segment information

2016	**Feeds £m**	**Food £m**	**Fuels £m**	**Group £m**
Balance sheet				
Assets				
Segment assets	**45.1**	**31.0**	**44.7**	**120.8**
Deferred income tax assets				**3.4**
Cash at bank and in hand				**1.8**
Consolidated total assets				**126.0**
Liabilities				
Segment liabilities	**(14.6)**	**(3.9)**	**(34.7)**	**(53.2)**
Current income tax liabilities				**(0.9)**
Deferred income tax liabilities				**(3.8)**
Borrowings (note 12)				**(11.7)**
Contingent deferred consideration				**(1.4)**
Retirement benefit obligations (note 13)				**(18.3)**
Consolidated total liabilities				**(89.3)**

2015	Feeds £m	Food £m	Fuels £m	Group £m
Revenue				
Total revenue	146.2	37.8	315.7	499.7
Inter-segment revenue	(1.3)	(0.6)	(5.5)	(7.4)
Revenue	144.9	37.2	310.2	492.3
Result				
Headline operating profit	1.8	2.5	4.3	8.6
Segment exceptional items (note 5)	(0.7)	-	-	(0.7)
Group exceptional items (note 5)				1.2
Operating profit as reported				9.1
Finance costs (note 6)				(1.2)
Profit before taxation				7.9
Income tax expense (note 7)				(1.7)
Profit for the year				6.2
Other information				
Depreciation and amortisation	1.1	1.6	1.3	4.0

4. Segment information

2015	Feeds £m	Food £m	Fuels £m	Group £m
Balance sheet				
Assets				
Segment assets	42.0	30.8	40.8	113.6
Deferred income tax assets				4.2
Consolidated total assets				117.8
Liabilities				
Segment liabilities	(12.8)	(4.2)	(34.5)	(51.5)
Current income tax liabilities				(1.2)
Deferred income tax liabilities				(4.2)
Borrowings (note 12)				(5.9)
Retirement benefit obligations (note 13)				(20.2)
Consolidated total liabilities				(83.0)

5. Profit before taxation - exceptional items

A net exceptional cost of £1.6 million (2015: credit of £0.5 million) is included in administrative expenses.

Exceptional items by type are as follows:

	2016 £m	2015 £m
Restructuring costs	**(2.6)**	-
Acquisition related costs	**(0.3)**	-
Net gain on pension scheme closure	**1.3**	-
Net gain on settlement of legal claim	**-**	1.2
Costs incurred on ERP system implementation	**-**	(0.5)
Aborted project costs	**-**	(0.2)
Net exceptional (cost)/credit	**(1.6)**	0.5

Current year exceptional items

Restructuring costs - During the year the Group incurred restructuring costs relating to redundancy payments, impairment of property, plant and equipment in respect of site closures, lease provisions for onerous leases and other restructuring costs.

Acquisition related costs – the acquisition related costs comprise of professional fees and other costs in relation to the three acquisitions made during the year.

Net gain on pension scheme closure – as a result of the closure of the Group's defined benefit pension scheme to future accrual with effect from 6 April 2016 a gain was recognised relating to the impact of lower future inflationary increases, net of the associated legal and professional costs.

Of the £1.6 million exceptional items, £1.2 million has been recognised as a cash outflow in the year to 31 May 2016. A further £1.0 million will impact cash in future periods.

Prior year exceptional items

Net gain on settlement of legal claim - The Group received gross proceeds from settlement of a legal claim totalling £2.4 million, which has been recognised in the income statement, net of £1.2 million of associated costs.

Costs incurred on ERP system implementation - The Feeds division implemented a new ERP system which went live during the prior year and consequently £0.5 million of non-capitalised consultancy and other costs were incurred.

Aborted project costs - During the prior year, the Feeds division incurred £0.2 million of one-off aborted project costs.

6. Finance costs

	2016 £m	2015 £m
Interest on bank loans and overdrafts	**0.4**	0.5
Total interest expense	**0.4**	0.5
Net finance cost in respect of defined benefit pension scheme (note 13)	**0.7**	0.7
Total finance costs	**1.1**	1.2

7. Income tax expense

	2016 £m	2015 £m
Current tax		
UK corporation tax on profits for the year	**1.4**	1.8
Adjustments in respect of prior years	**-**	-
Current tax expense	**1.4**	1.8
Deferred tax		
Origination and reversal of temporary differences	**-**	(0.1)
Effect of decreased tax rate on opening balance	**(0.2)**	-
Deferred tax credit	**(0.2)**	(0.1)
Total income tax expense	**1.2**	1.7

During the year ended 31 May 2016, as a result of the reduction in the UK corporation tax rate from 21.0% to 20.0% from 1 April 2015, corporation tax has been calculated at 20% of estimated assessable profit for the year (2015: 20.8%).

Further reductions in the UK corporation tax rate, to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020, were substantively enacted into law before the balance sheet date. In the opinion of the Directors, the relevant timing differences are expected to reverse after 1 April 2020 and therefore deferred tax has been provided at a rate of 18%.

In March 2016 the UK government announced that the reduction in the corporation tax rate on 1 April 2020 will be to 17% rather than 18%; however, this change had not been substantively enacted as at 31 May 2016 so this does not impact the deferred tax provisions in these financial statements. If deferred tax balances were restated at a rate of provision of 17%, deferred tax assets would reduce by £0.2 million to £3.1 million and deferred tax liabilities would reduce by £0.2 million to £3.5 million.

8. Earnings per share

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

	2016	2015
Earnings (£m)		
Earnings for the purposes of basic and diluted earnings per share being profit for the year attributable to equity shareholders	**4.8**	6.2
Number of shares (000s)		
Weighted average number of shares for the purposes of basic earnings per share	**48,469**	48,126
Weighted average dilutive effect of conditional share awards	**420**	553
Weighted average number of shares for the purposes of diluted earnings per share	**48,889**	48,679
Earnings per ordinary share (pence)		
Basic earnings per ordinary share	**9.8**	12.9
Diluted earnings per ordinary share	**9.7**	12.7
Headline earnings per ordinary share (pence)		
Basic headline earnings per ordinary share	**13.6**	13.2
Diluted headline earnings per ordinary share	**13.5**	13.1

	2016	2015
	£m	£m
Profit for the year attributable to equity shareholders	**4.8**	6.2
Add back/(deduct):		
Net finance cost in respect of defined benefit pension scheme	**0.7**	0.7
Exceptional items	**1.6**	(0.5)
Tax effect of the above	**(0.5)**	-
Headline earnings	**6.6**	6.4

The denominators used to calculate both basic and headline earnings per share are the same as those shown above for both basic and diluted earnings per share.

9. Equity dividends

	2016	2015
	£m	£m
Final dividend for the year ended 31 May 2015 of 4.4p (2014: 4.1p) per share	**2.1**	1.9
Interim dividend for the year ended 31 May 2016 of 1p (2015: 1.0p) per share	**0.5**	0.5
Amounts recognised as distributions to equity shareholders in the year	**2.6**	2.4
Proposed final dividend for the year ended 31 May 2016 of 4.7p (2015: 4.4p) per share	**2.3**	2.1

10. Share capital

	Number of shares (000s)	**Total £m**
Authorised: ordinary shares of 25p each		
Balance at 1 June 2014, 31 May 2015 and 31 May 2016	**80,000**	**20.0**

	Number of shares (000s)	**Total £m**
Allotted and fully paid: ordinary shares of 25p each		
Balance at 1 June 2014	47,808	11.9
Issue of shares	542	0.1
Balance at 31 May 2015	48,350	12.0
Issue of shares (see below)	178	-
Balance at 31 May 2016	**48,528**	**12.0**

During the year ended 31 May 2016, 178,103 (2015: 542,119) shares with an aggregate nominal value of £44,526 (2015: £135,530) were issued under the Group's conditional Performance Share Plan, and in respect of the prior year also under the SAYE share option scheme.

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 2016, amounted to 1,164,392 (31 May 2015: 1,083,361). These shares will only be issued subject to satisfying certain performance criteria.

11. Business combinations

New Breed (UK) Limited

On 30 June 2015, the Group acquired 100% of the share capital of New Breed (UK) Limited, a high quality agriculture nutritional advisory business, for a net consideration of £2.3 million before acquisition costs. In addition £1.5 million of consideration is dependent on the performance of New Breed in the three year period ending June 2018.

Details of the total consideration and the provisional fair values of the assets and liabilities acquired are shown below:

	Net assets acquired £m	Fair value adjustments £m	Initial fair value of assets acquired £m
Intangible assets – Goodwill	-	4.0	**4.0**
Intangible assets – Brand	-	0.1	**0.1**
Trade and other receivables	1.1	-	**1.1**
Cash and cash equivalents	0.8	-	**0.8**
Trade and other payables	(1.3)	-	**(1.3)**
Current income tax liability	(0.1)	-	**(0.1)**
	0.5	**4.1**	**4.6**

Provisional goodwill of £4.0 million arises from the acquisition and is attributable to the acquired business and the expected economies of scale from combining the operations of the Group and New Breed (UK) Limited.

Acquisition-related costs of £0.1 million have been charged to the income statement (included within exceptional costs) in the year ended 31 May 2016.

The deferred consideration of £1.5 million has been recognised in the financial statements at a discounted value of £1.4 million.

Staffordshire Fuels Limited

On 2 November 2015, the Group acquired 100% of the share capital of Staffordshire Fuels Limited, a fuel distribution business, for a net consideration of £2.4 million before acquisition costs. The acquisition will increase the fuel division's sales volume and improve the penetration in Staffordshire and the West Midlands.

11. Business combinations

Details of the total consideration and the provisional fair values of the assets and liabilities acquired are shown below:

	Net assets acquired £m	Fair value adjustments £m	Initial fair value of assets acquired £m
Intangible assets – Goodwill	-	2.2	**2.2**
Intangible assets – Brand	-	0.1	**0.1**
Property, plant and equipment	0.4	-	**0.4**
Trade and other receivables	2.0	0.6	**2.6**
Cash and cash equivalents	1.5	-	**1.5**
Trade and other payables	(1.9)	-	**(1.9)**
Hire purchase obligations	(0.2)	-	**(0.2)**
Current income tax liability	(0.1)	-	**(0.1)**
Provisions	(0.7)	-	**(0.7)**
	1.0	**2.9**	**3.9**

An indemnification asset of £0.6 million has been recognised within trade and other receivables, representing an amount placed into escrow on the acquisition of Staffordshire Fuels.

Provisional goodwill of £2.2 million arises from the acquisition and is attributable to the acquired business and the expected economies of scale from combining the operations of the Group and Staffordshire Fuels Limited.

As the acquisition was made in the year, the above amounts are provisional and subject to adjustment.

Acquisition-related costs of £0.1 million have been charged to the income statement (included within exceptional costs) in the year ended 31 May 2016.

Hire purchase obligations acquired of £0.2 million have been reflected in the year end net debt.

Jim Peet (Agriculture) Limited

On 29 February 2016, the Group acquired 100% of the share capital of Jim Peet (Agriculture) Limited, a ruminant feed manufacturer, for a net consideration of £4.4 million (including debt acquired of £2.0 million) before acquisition costs. The acquisition will provide two strategically important manufacturing facilities in the North of England.

11. Business combinations

Details of the total consideration and the provisional fair values of the assets and liabilities acquired are shown below:

	Net assets acquired £m	Fair value adjustments £m	Initial fair value of assets acquired £m
Intangible assets – Goodwill	-	1.2	**1.2**
Intangible assets – Brand	-	0.2	**0.2**
Property, plant and equipment	3.0	(0.1)	**2.9**
Inventories	0.5	-	**0.5**
Trade and other receivables	1.2	-	**1.2**
Trade and other payables	(1.4)	-	**(1.4)**
Borrowings	(2.0)	-	**(2.0)**
Hire purchase obligations	(0.2)	-	**(0.2)**
	1.1	**1.3**	**2.4**

Provisional goodwill of £1.2 million arises from the acquisition and is attributable to the acquired business and the expected economies of scale from combining the operations of the Group and Jim Peet (Agriculture) Limited.

As the acquisition has had a relatively short period of ownership the above amounts are provisional and subject to adjustment.

Acquisition-related costs of £0.1 million have been charged to the income statement (included within exceptional costs) in the year ended 31 May 2016.

Hire purchase obligations acquired of £0.2 million have been reflected in the year end net debt.

Net cash outflow arising on all three acquisitions:

	New Breed £m	**Staffordshire Fuels £m**	**Jim Peet (Agriculture) £m**	**Total £m**
Total consideration – cash paid	(3.1)	(3.9)	(2.5)	**(9.5)**
Cash and cash equivalents acquired	0.8	1.5	-	**2.3**
	(2.3)	**(2.4)**	**(2.5)**	**(7.2)**
Acquisition-related costs	(0.1)	(0.1)	(0.1)	**(0.3)**
	(2.4)	**(2.5)**	**(2.6)**	**(7.5)**
Debt acquired	-	-	(2.0)	**(2.0)**
	(2.4)	**(2.5)**	**(4.6)**	**(9.5)**

Following finalisation of the Jim Peet (Agriculture) completion accounts, £0.1 million of the consideration is expected to be repayable to the Group.

12. Analysis of cash and cash equivalents and reconciliation to net debt

	1 June 2015 £m	Cash flow £m	Other non-cash movements £m	**31 May 2016 £m**
Cash and cash equivalents	-	1.8	-	**1.8**
Debt due after 1 year	(5.9)	(3.5)	(2.0)	**(11.4)**
Hire purchase obligations due within 1 year	-	0.1	(0.2)	**(0.1)**
Hire purchase obligations due after 1 year	-	-	(0.2)	**(0.2)**
Total Group	(5.9)	(1.6)	(2.4)	**(9.9)**

13. Retirement benefit scheme

The Group operates a defined benefit pension scheme providing benefits based on final pensionable earnings.

NWF Group Benefits Scheme

The scheme is administered by a fund that is legally separated from the Group. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees are responsible for the investment policy with regard to the assets of the fund.

The scheme was closed to new members during the year ended 31 May 2002 and closed to future accrual with effect from April 2016.

The latest full triennial actuarial valuation of this scheme was completed in the year ended 31 May 2015, with a deficit of £14.1 million at the valuation date of 31 December 2013. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method. In these financial statements, this liability has been updated in order to derive the IAS 19R valuation as of 31 May 2015 and 31 May 2016. The triennial valuation has resulted in expected Group contributions of £1.8 million per annum (2015: £1.8 million), including recovery plan payments of £1.2 million per annum for twelve years from 1 January 2015.

The amounts recognised in the balance sheet in respect of the defined benefit scheme are as follows:

	2016 £m	2015 £m
Present value of defined benefit obligations	**(52.8)**	(54.9)
Fair value of scheme assets	**34.5**	34.7
Deficit in the scheme recognised as a liability in the balance sheet	**(18.3)**	(20.2)
Related deferred tax asset	**3.3**	4.1
Net pension liability	**(15.0)**	(16.1)

Changes in the value of the defined benefit obligation are as follows:

	2016 £m	2015 £m
At 1 June	**20.2**	17.3
Current service cost	**0.5**	0.5
Past service credit	**(1.3)**	-
Scheme expense	**0.2**	0.3
Notional interest	**0.7**	0.7
Contributions by employer	**(1.8)**	(1.8)
Remeasurement losses	**(0.2)**	3.2
At 31 May	**18.3**	20.2

14. Critical accounting estimates and judgements

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

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

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

Defined benefit pension scheme - 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.

Valuation of acquired intangibles
IFRS 3(R) requires separately identifiable intangible assets to be recognised on acquisitions. The principal estimates used in valuing these intangible assets are generally based on the future cash flow forecast to be generated by these assets, and the selection of appropriate discount rates to apply to the cash flows.

Classification of exceptional items
Certain items of income and expense are classified as exceptional items due to their nature or size and are presented separately on the face of the income statement in order to provide a better understanding of the Group's financial performance. Exceptional items, together with the net finance cost in respect of the Group's defined benefit arrangements are excluded from underlying performance measures in order to present a more meaningful measure of the underlying ('headline') performance of the business. Further detail on exceptional items is included in note 5.

15. Directors' responsibilities statement

The Directors are responsible for preparing the annual report in accordance with applicable laws and regulations and consider that the annual report, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Company's annual report for the year ended 31 May 2016, which will be posted to Shareholders on or before the 26 August 2016, contains the following statement regarding responsibility for the Strategic Report, the Directors' Report (including the Corporate Governance Report), the Board Report on Remuneration and the financial statements included within the annual report:

"Each of the Directors confirm that to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and result of the Group;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces;
- there is no relevant audit information of which the Company's auditors are unaware; and

- each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information."

16. Financial calendar

Annual report to be published	22 August 2016
Annual General Meeting	29 September 2016
Final dividend:	
- ex-dividend date	3 November 2016
- record date	4 November 2016
- payment date	5 December 2016