NWF GROUP PLC

ANNUAL REPORT AND ACCOUNTS 2014

An agricultural business with heritage

NWF Group is a specialist agricultural and distribution business delivering feed, food and fuel across the UK. With a heritage in the agricultural sector, established in 1871, the Group has over 140 years' experience in adding value to our customers' businesses.

ANOTHER SUCCESSFUL YEAR FOR THE GROUP

NWF has established a solid platform for future development with sustainable low levels of net debt and good market positions.

REVENUE

£537.7m -1.5%

2014	£537.7m
2013	£545.8m
2012	£540.2m

OPERATING PROFIT

£8.5m -9.6%

2014	£8.5m
2013	£9.4m*
2012	£6.0m*

HEADLINE PROFIT BEFORE TAX

£7.7m -9.4%

2014	£7.7m
2013	£8.5m*
2012	£5.1m*

HEADLINE EARNINGS PER SHARE

12.4p -5.3%

2014	12.4p
2013	13.1p*
2012	7.8p*

NET DEBT

£11.7m +27.2%

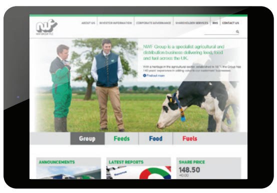
2014	£11.7m
2013	£9.2m
2012	£15.5m

DIVIDEND PER SHARE

5.1p +6.3%

2014	5.1p
2013	4.8p
2012	4.5p

* Restated as a result of the change in accounting policy on adoption of IAS 19(R) – see notes 1 and 30.



Find out more at **www.nwf.co.uk**

CHAIRMAN'S STATEMENT

SUMMARY

- Revenue £537.7 million (2013: £545.8 million)
- Operating profit £8.5 million (2013: £9.4 million)
- Headline profit before taxation[1] £7.7 million (2013: £8.5 million)
- Headline basic earnings per share[1] 12.4p (2013: 13.1p)
- Full-year dividend increased 6.3% to 5.1p per share (2013: 4.8p)
- Net debt £11.7 million (31 May 2013: £9.2 million)
- Net debt to EBITDA at 1.0 times (31 May 2013: 0.7 times)
- New £65.0 million banking facilities in place to October 2019

Another successful year for the Group. NWF has delivered results ahead of market expectations and has performed strongly in spite of some adverse market conditions.

I am pleased to report another successful year for the Group after the record results in 2013. NWF has delivered results ahead of market expectations and has performed strongly in spite of some adverse market conditions. Whilst the business did not benefit from similar weather conditions or increasing commodity prices, planned management actions in each of the businesses have enabled the Group to deliver this year's results. Market share increased in Feeds following investment in sales and marketing. Food delivered a strong result through completing the planned restructuring and agreed long-term customer contracts to fill the Wardle facility. In spite of reduced demand for heating oil in the year resulting from the warm winter and spring, Fuels delivered a solid result through increasing sales of other products, particularly gas oil and focusing on operational efficiencies.

The successful acquisition of S.C. Feeds Limited in November 2013 was in line with the Group's strategy to invest further in agriculture and has been earnings enhancing in 2014, growing volumes in a shrinking market.

Results

Revenue for the year was down 1.5% to £537.7 million (2013: £545.8 million) and operating profit was down to £8.5 million against the record prior year (2013: £9.4 million). The decrease in revenue was a result of lower oil prices and a small reduction in overall fuel volumes.

The Feeds division delivered a good performance, increasing volumes in the dairy and beef segments to more than offset lower levels of demand for sheep feed. Volume growth was also achieved post acquisition in S.C. Feeds against a backdrop of lower market volumes. The Food division operates in a tough market where overall volumes are static. Action by management to consolidate all activities at Wardle and agree long-term contracts with key customers has delivered the planned increase in operating efficiency and profitability. Fuels has been negatively impacted by the warm winter and subsequent lack of demand for heating oil, which it has mitigated by focusing on operating efficiency and increasing sales of other products, most notably gas oil.

Headline profit before taxation was down 9.4% to £7.7 million (2013: £8.5 million) and profit after taxation was down 7.0% to £5.3 million (2013: £5.7 million).

Headline basic earnings per share were down 5.3% to 12.4p (2013: 13.1p) and headline diluted earnings per share were down by 4.6% to 12.4p (2013: 13.0p).

[1] Excluding £0.8 million (2013: £0.7 million) net finance cost in respect of the defined benefit pension scheme and, where applicable, the tax effect thereof.

“We continue to focus on development opportunities, both organic and through targeted acquisitions.”

Cash flows and funding

The Group generated a £9.6 million (2013: £10.4 million) net cash inflow from operating activities. This included a net working capital inflow of £1.1 million (2013: £0.4 million), as the Group continues to focus on working capital and cash management. Net cash absorbed by investing activities increased from £1.9 million to £9.7 million as a result of a £1.3 million increase in capital expenditure (net of disposal proceeds) and £6.5 million attributable to the acquisition of S.C. Feeds Limited. Overall net debt at 31 May 2014 was £11.7 million (31 May 2013: £9.2 million).

Cash conversion was 112.9% (2013: 110.6%), measured as net cash generated from operating activities as a percentage of operating profit.

Net debt to EBITDA at 31 May 2014 was 1.0 times (2013: 0.7 times). Interest cover (excluding IAS 19 net pension finance cost) for the year was 10.6 times (2013: 10.4 times).

As previously announced, in June the Group agreed new long-term facilities with Royal Bank of Scotland for five years through to October 2019. The facilities total £65.0 million and are on improved terms, which illustrates the confidence they have in supporting the development plans of NWF.

Dividend

We are proposing to increase the final dividend for the year to 4.1p (2013: 3.8p) per share which, if approved at the Annual General Meeting, will be payable on 5 December 2014 to shareholders on the register at 31 October 2014 and the shares will be marked ex-dividend from 30 October 2014. Together with the interim dividend paid during the year of 1.0p (2013: 1.0p) per share, this will result in a total dividend increase of 6.3% for the year to 5.1p per share (2013: 4.8p), amounting to a total cost of £2.4 million (2013: £2.3 million).

Board

As previously announced, John Acornley and David Southworth stepped down from the Board during the year after 13 and 8 years of service respectively. I would like to thank them both for their significant contributions to support the development and governance of the Group during their tenure.

Current trading and prospects

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

My thanks go to all who have supported NWF through the year both inside and outside the Group. I look forward to updating shareholders on the Group’s progress at the time of the Annual General Meeting on 25 September 2014.

Mark Hudson
Chairman
5 August 2014

OUR BUSINESS

OUR BUSINESS MODEL

NWF Group is a specialist agricultural and distribution business delivering feed, food and fuel across the UK. The Group aims to deliver total shareholder returns by the continued profitable development of the businesses through a combination of organic growth, capital investment, development expenditure and selective acquisitions.

Established in 1871 to supply farmers' needs, NWF has grown into a strong, profitable and resilient business, with operations across the UK and underpinned by a substantial asset base and the availability of substantial financing facilities to fund development. The business operates in large, stable markets. The divisions have scale and good market positions, and are profitable and cash generative.

UNDERSTANDING OUR MARKETS

EXCELLENCE IN CUSTOMER SERVICE

BUILDING ON A SOLID PLATFORM

FEEDS

- Key nutritional adviser to over 4,300 ruminant farmers across the UK
- Technical support for farmers to improve yields and farm profitability
- Class leading customer service
- High product quality
- High asset utilisation of mills and blend sheds delivering value to customers
- Efficient transport fleet delivering direct to farm

FEEDS STRATEGY p9

FOOD

- Market leading national ambient grocery consolidation service
- High service levels of 99.7%
- Award winning IT team and industry leading systems with customers utilising live stock and delivery data
- Efficient warehousing and transport delivering a value proposition for food manufacturers and importers
- High warehouse and vehicle asset utilisation

FOOD STRATEGY p13

FUELS

- Industry leading customer service from 17 depots across the UK
- Scale delivers efficiency and value for commercial and domestic customers
- Delivery flexibility focusing on delivering to oil users who have experienced a run out
- Supply agreements with major oil companies for security of supply and competitive pricing

FUELS STRATEGY p15

OUR DIVISIONS

Feeds

Leading national supplier of ruminant animal feed

NWF Agriculture has grown to be a leading national supplier of ruminant animal feed, feeding one in six dairy cows in Britain. The business supplies over 4,300 farmers from Scotland to Cornwall. The Agriculture division is the key area for the Group's development investment and the Board are committed to the active management and investment in the Agriculture business which is expected to include acquisitions as demonstrated by the acquisition of S.C. Feeds Limited during the year.

- Leading national supplier of ruminant animal feed – no. 2 producer in the UK
- 4,300 customers
- Sells 543,000 tonnes per annum
- Track record of winning new business – dairy specialists
- Strong national sales team providing nutritional advice to farmers
- Agricultural markets attractive, with increasing populations and food security issues

Food

Market leader in the north west of England

Boughey Distribution is a leading consolidator of ambient grocery products with significant warehousing and distribution assets. The business consolidates full loads from its customers, being both food producers and importers, and ships across the UK daily to all the major supermarkets, cash and carry and food service customers.

- 100,000 pallet spaces
- 800,000 square feet of warehousing in Wardle (north west)
- Over 200 customers
- 99.7% service level (cases delivered on time)
- 417 employees
- Robust demand for ambient groceries

Fuels

Third largest fuels distributor in the UK

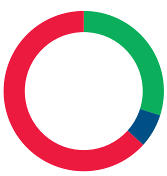
NWF Fuels is a leading distributor of fuel oil and fuel cards delivering over 400 million litres of fuel across the UK to 57,000 customers. It is one of the largest authorised distributors of Texaco and is a major customer of other fuel suppliers including Essar, ConocoPhillips and Total.

- Third largest distributor in the UK
- 402 million litres sold in 2014
- Supply 57,000 domestic and commercial customers, including 52 retail petrol stations
- 17 fuel depots across the UK
- 191 employees
- Fast growing fuel card marketing business

Feeds | Food | Fuels

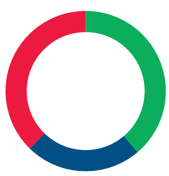
Revenue split

29.9%
6.8%
63.3%



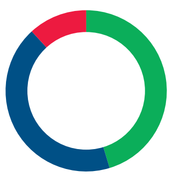
Operating profit split

38.8%
23.5%
37.7%



Operating net assets split[1]

45.3%
42.9%
11.8%



[1] Excludes unallocated corporate assets and liabilities. For further information on segment net assets, see note 4 of the Group financial statements.

CHIEF EXECUTIVE'S REVIEW

SUMMARY

- A good set of results for the Group
- Experienced management teams in all three divisions
- Revenue £537.7 million (2013: £545.8 million)
- Operating profit £8.5 million (2013: £9.4 million)
- Headline profit before taxation[1] £7.7 million (2013: £8.5 million)
- Headline basic earnings per share[1] 12.4p (2013: 13.1p)
- Full-year dividend increased 6.3% to 5.1p per share (2013: 4.8p)
- Net debt £11.7 million (2013: £9.2 million)
- Debt to EBITDA at 1.0 times (31 May 2013: 0.7 times)
- £65.0 million banking facilities in place to October 2019

The Group has established a solid platform for development, has competitive long-term banking facilities and a strong asset base.

The Directors present their Strategic report together with the audited financial statements of the Parent Company ('the Company') and the Group for the year ended 31 May 2014.

This Strategic report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to be successful.

The Strategic report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

This Strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to NWF Group plc and its subsidiary undertakings when viewed as a whole.

Business and Financial Review

This good set of results for the Group has been achieved by clear, targeted actions by management in all three divisions, which have been delivered in line with our plans. Operating cash conversion remains above 100% demonstrating continued effective cash management and new five year facilities have been agreed with Royal Bank of Scotland to support the long-term development of the Group.

The Group delivered an operating profit of £8.5 million (2013: £9.4 million) and a headline profit before tax of £7.7 million (2013: £8.5 million). This was achieved against a less favourable market backdrop than was experienced in the record year of 2013.

Net debt of £11.7 million (2013: £9.2 million), which represents a debt to EBITDA ratio of 1.0 times (2013: 0.7 times), was delivered in spite of the £6.5 million cash acquisition costs in the year, highlighting the cash-generative capability of the Group.

Banking

The Group has an agreement in place with The Royal Bank of Scotland Group for credit facilities totalling £65.0 million through to 31 October 2019, comprising £10.0 million of revolving credit facilities, £50.0 million of working capital facilities and ancillary facilities of £5.0 million for guarantees and overdrafts. These facilities and the ongoing support of the bank allow the Group to progress its development plans. There is significant headroom against these facilities after allowing for anticipated working capital fluctuations during the year.

[1] Excluding £0.8 million (2013: £0.7 million) net finance cost in respect of the defined benefit pension scheme and, where applicable, the tax effect thereof.

Future developments and strategy

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

In our Feeds division, we are a leading national supplier of ruminant animal feeds (feeding one in six dairy cows in Britain) and are continuing to develop the business with investment in sales and marketing. Since the year end we have opened a new blending facility in Dumfries to support the growing Scottish market and to service our existing customers in that region. We are continuing to focus on technical leadership and to be the nutritional adviser of choice. We are looking to continue our track record of organic growth in this division and, in line with our strategic emphasis on Agriculture, we are looking for complementary and bolt-on acquisition opportunities to increase our business with UK farming.

In Food, we have improved our performance through the consolidation of all customers at the key Wardle site. We remain focused on continuing to provide excellent levels of customer service and support whilst ensuring we drive efficiencies in the business, which can further improve returns.

In Fuels, we have a proven depot operating model and have demonstrated that the rationalised business has recovered to sustainable levels of performance. We are looking to develop the business organically through the establishment of new storage depots and through appropriate strategic bolt-on acquisitions.

The Group has established a solid platform for development, has competitive long-term banking facilities and a strong asset base.

Key performance indicators

The Directors use the following combination of financial and non-financial KPIs as a method of determining how well the Group is performing against its objectives and overall strategy:

Feeds

- 4,300 customers (2013: 4,000 customers)
- Sold 543,000 tonnes in the year ended 31 May 2014 (2013: 481,000 tonnes)
- Revenue of £160.7 million in the year ended 31 May 2014 (2013: £153.1 million)
- Operating profit of £3.3 million in the year ended 31 May 2014 (2013: £3.8 million)

Feeds has been successful in securing additional business direct to farmers in the year and has grown its market share.

Food

- Average of 97,000 pallets stored (2013: 93,000 pallets)
- 800,000 square feet of warehousing (2013: 900,000 square feet)
- Over 200 customers (2013: over 200 customers)
- 99.7% service level (2013: 99.7% service level)
- Revenue of £36.4 million in the year ended 31 May 2014 (2013: £36.4 million)
- Operating profit of £2.0 million in the year ended 31 May 2014 (2013: £1.2 million)

Food has successfully completed the planned restructuring with all customers now located at the main Wardle facility, which has significantly improved operating efficiency.

Fuels

- Sales volumes in 2014 – 402 million litres (2013: 411 million litres)
- Supply 57,000 customers
- 17 fuel depots across the UK (2013: 17)
- Revenue of £340.6 million in the year ended 31 May 2014 (2013: £356.3 million)
- Operating profit of £3.2 million in the year ended 31 May 2014 (2013: £4.4 million)

Fuels has delivered a robust financial performance against a market environment which has been impacted by a notably warmer winter trading period which substantially reduced the demand for heating oil products.

Corporate and social responsibility

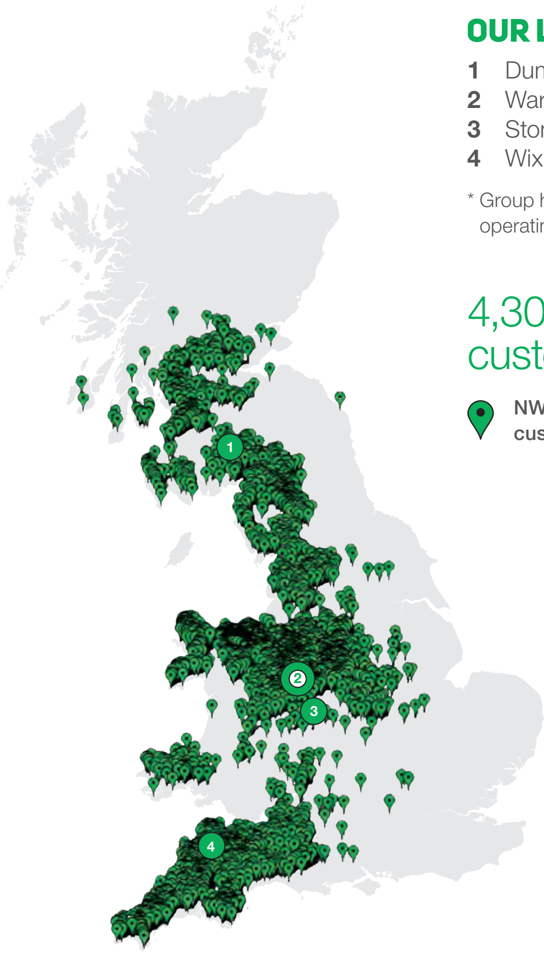
The Board of Directors monitors and evaluates its obligations in respect of its corporate and social responsibilities and in particular aims to support all Group employees.

Richard Whiting
Chief Executive
5 August 2014

DIVISIONAL REVIEW

Feeds

NWF Agriculture has grown to be a leading national supplier of ruminant animal feed, feeding one in six dairy cows in Britain. The business supplies over 4,300 farmers from Scotland to Cornwall.



OUR LOCATIONS

1 Dumfries
2 Wardle*
3 Stone
4 Wixland

* Group head office and main operating site.

4,300+ customers

NWF Agriculture customer location

WHAT WE'VE DONE

» Another good year with growth in underlying volume and market share despite market demand for feed being lower than prior year

» S.C. Feeds Limited acquisition in November 2013 added additional volume and post acquisition has performed well

» The business continued to focus on developing a greater proportion of feed supplied direct to farmers, supported by nutritional advice

» Marketing and technical support activity increased to support the development of the added-value nutritional sales proposition, direct to farmers

» Revenue increased by 5.0% to £160.7 million (2013: £153.1 million)

» Operating profits were £3.3 million (2013: £3.8 million)

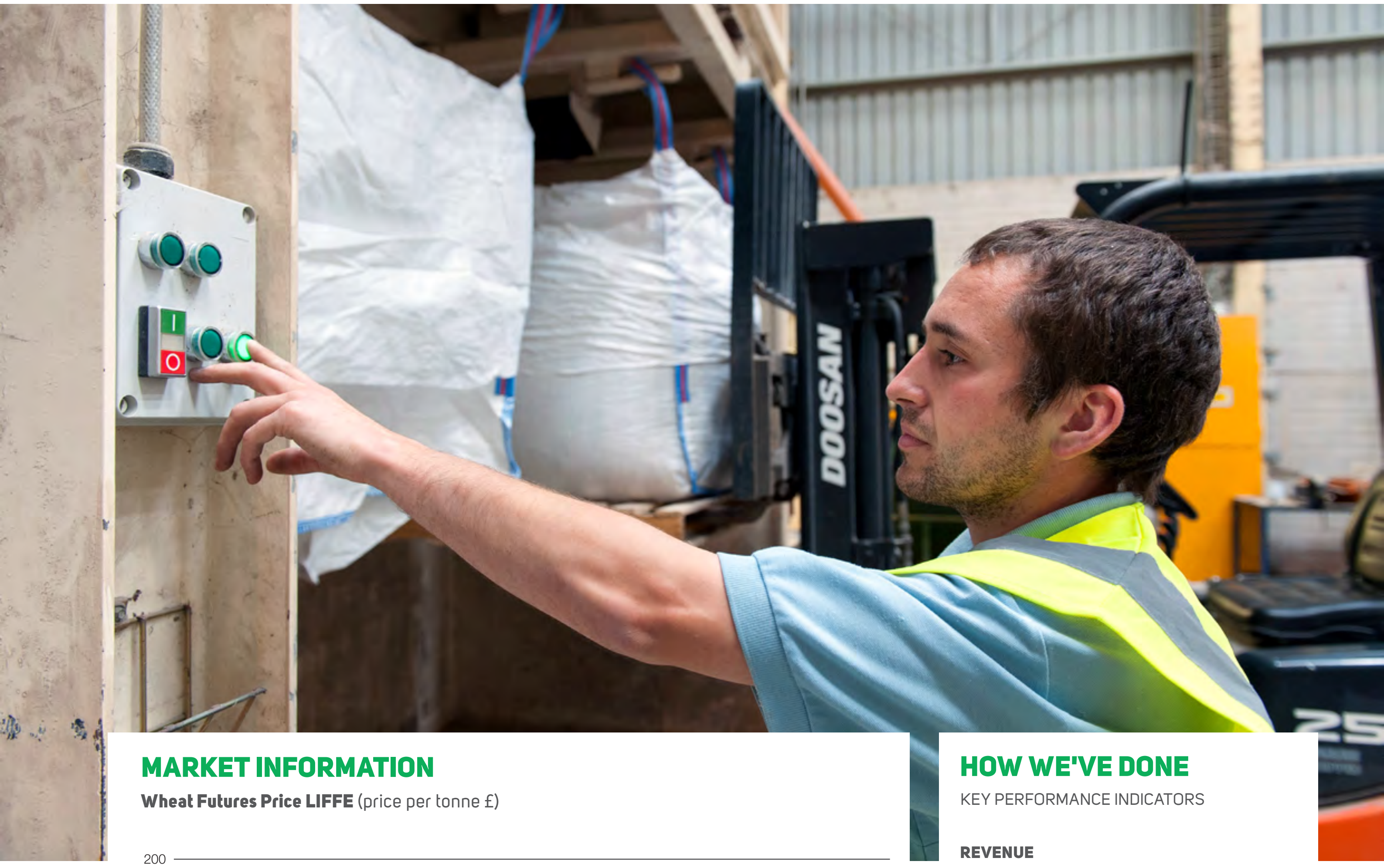
2014 was another good year for Feeds; critically, underlying volume and market share increased as a result of targeted investment in sales and marketing resources. The acquisition of S.C. Feeds in November 2013 added additional volume to the Group and post acquisition has performed well, increasing volume compared to the prior year. Demand for ruminant feed was lower than in the prior year, which experienced both a long, hard winter and poor silage and forage. Over the year feed commodity prices drifted lower with a basket of commodities on the spot market over 20% lower by the year end.

Revenue increased by 5.0% to £160.7 million (2013: £153.1 million) as a result of the acquisition of S.C. Feeds, offset by some reductions in selling prices. Operating profits were £3.3 million (2013: £3.8 million). As anticipated the acquisition was earnings enhancing in its first six months. The prior year profit performance includes some one-off gains, which were a result of increasing commodity prices. Total volume was significantly higher at 543,000 tonnes (2013: 481,000 tonnes) with an increase in the underlying volume of NWF and the additional six months' contribution from S.C. Feeds.

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

Milk prices in Great Britain increased during the year by 3.0p per litre to 32.9p, leading farmers to increase milk production to a five year high of 11.8 billion litres (2013: 10.9 billion litres). Compared to last year, silage quality was better and the warm winter and spring reduced feed volumes. The UK market for ruminant feed was down 4.7% on prior year.

The Feeds division has a very broad customer base working with over 4,300 farmers across the country. This broad base and the underlying robust demand for milk and dairy products result in a reasonably stable overall demand for our feed.



MARKET INFORMATION

Wheat Futures Price LIFFE (price per tonne £)

OUR DEVELOPMENT STRATEGY

- Continue our track record of organic growth
- Increase the focus on nutritional advice and technical support
- Identify and bolt-on complementary agriculture businesses in line with strategic emphasis on agriculture
- Diversify the agriculture offering from a focused ruminant feed base
- Drive industry consolidation for synergy and scale economies

HOW WE'VE DONE

KEY PERFORMANCE INDICATORS

REVENUE

£160.7m +5.0%

2014	£160.7m
2013	£153.1m

OPERATING PROFIT

£3.3m -13.2%

2014	£3.3m
2013	£3.8m

TONNES SOLD

543,000 +12.9%

2014	543,000
2013	481,000

For more, go to **www.nwfagriculture.co.uk**

ACQUISITION OF S.C. FEEDS

The successful acquisition of S.C. Feeds demonstrates our strategic intent and we are pleased with its performance since joining the Group.

On 30 November 2013 NWF Group plc, acquired the entire issued share capital of S.C. Feeds Limited, a leading animal feed manufacturer based in Stone, Staffordshire.

S.C. Feeds has supplied ruminant feed since 1991 from its mill in Stone and produces in excess of 80,000 tonnes of compound and blended product per annum.

The acquisition is in line with the strategic ambition we have set out to develop the Group towards a greater focus on agriculture and meeting the needs of farmers in the UK.

Food

Boughey Distribution is a leading consolidator of ambient grocery products with significant warehousing and distribution assets. The business consolidates full loads from its customers, the food producers and importers, and ships across the UK daily to all the major supermarkets, cash and carry and food service customers.

OUR LOCATION

1 Wardle*

* Group head office and main operating site.

WHAT WE'VE DONE

- Year of successful self-help with market conditions remaining difficult
- Boughey exited Deeside leased facility in the year, relocating customers to the main facility in Wardle, Cheshire
- Transition increased consolidation levels at Wardle
- Business has 100,000 pallet storage capacity in a single location which improves operational efficiencies
- Demand, measured in outbound loads, similar to prior year
- Further progress made on utilising the backload and general haulage capacity of the fleet
- Excellent customer service levels maintained at 99.7%

This has been a year of successful self-help in Food with market conditions remaining difficult as the supermarkets fight for share in a static market. As previously announced, the business exited a leased facility in Deeside, relocating customers to its main facility in Wardle, Cheshire. This transition increased the consolidation levels at Wardle, with 100,000 pallets storage in a single location, which improves operational efficiencies. Long-term contracts with customers signed during the year underpin the storage volumes for the business going forward. Service levels have been maintained at 99.7%.

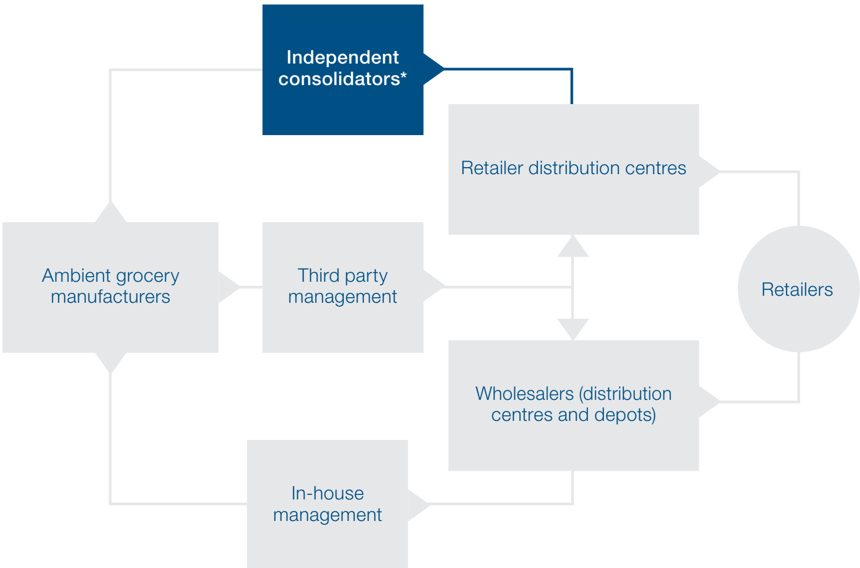
Revenue remained consistent at £36.4 million (2013: £36.4 million). Storage overall was at an average of 97,000 pallets (2013: 93,000 pallets) and total loads were at a similar level to prior year. Operating profits increased to £2.0 million (2013: £1.2 million) as a consequence of centralising activities at Wardle and improving operational efficiencies.

The IT team were recently recognised at the UK Warehousing Association awards, for excellence in their field and delivering significantly enhanced customer value. Customers have real time access, via an extranet link, to key information including stock, order status and account data, which has been well received and utilised. This gives customers industry leading access to live data and is a part of the strong proposition we provide to ambient grocery customers.

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.

MARKET INFORMATION

Ambient grocery supply chain * Boughey's current position in the supply chain.



HOW WE'VE DONE

KEY PERFORMANCE INDICATORS

REVENUE

£36.4m Nil%

2014	£36.4m
2013	£36.4m

OPERATING PROFIT

£2.0m +66.7%

2014	£2.0m
2013	£1.2m

AVERAGE PALLET SPACES STORED

97,000 +4.3%

2014	97,000
2013	93,000

OUR DEVELOPMENT STRATEGY

- Maintain excellent levels of customer service
- Improve operational efficiencies and return on assets
- Optimise customer mix

For more, go to **www.boughey.co.uk**

DIVISIONAL REVIEW CONTINUED

Fuels

NWF Fuels is a leading distributor of fuel oil and fuel cards delivering over 400 million litres across the UK to 57,000 customers. It is one of the largest authorised distributors of Texaco and is a major customer of other fuel suppliers including Essar, ConocoPhillips and Total.

OUR LOCATIONS

1 Acle
2 Ammanford
3 Babbinswood
4 Bangor
5 Boston
6 Burnley
7 Burwell
8 Droitwich
9 Dyserth
10 Kenilworth
11 Kingsbury
12 Long Marston
13 Nottingham
14 Southampton
15 Stoke
16 Wardle*
17 Yate

* Group head office and main operating site.

WHAT WE'VE DONE

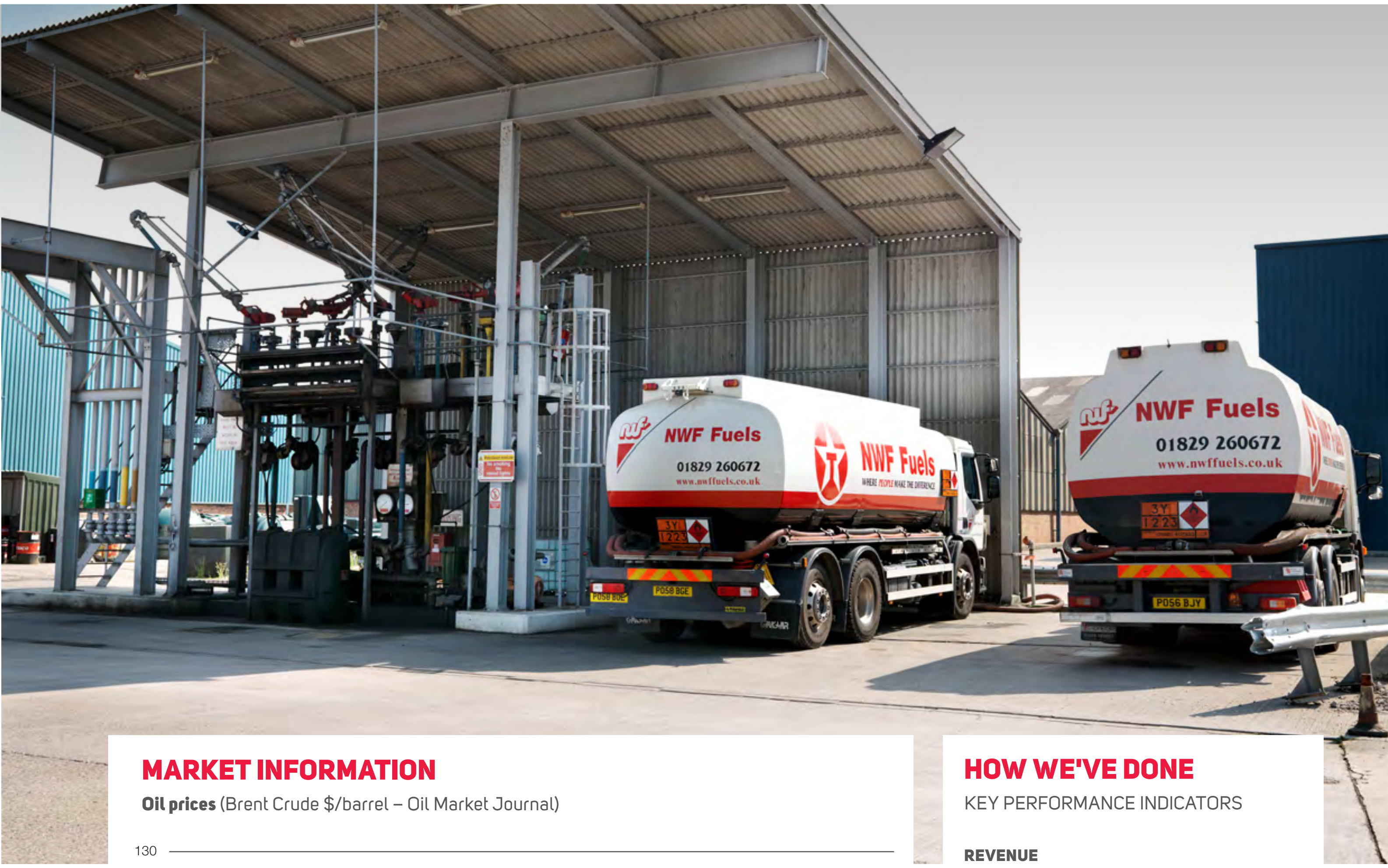
- Focus on operating efficiency and strong sales management mitigated the impact of the warm weather and spring conditions which reduced demand for heating oil
- Increased sales of other products, most notably gas oil where new product introduction has been successful
- Additional resources deployed on card marketing to support volume growth
- Revenue decreased by 4.4% to £340.6 million (2013: £356.3 million), as a result of lower oil prices and slightly lower volume
- Operating profits decreased to £3.2 million (2013: £4.4 million)

Market conditions have been difficult in Fuels as a result of the significant reduction in demand for heating oil during a warm winter and spring period. The business has worked hard to increase gas oil sales to offset lower heating oil demand and has introduced new product lines that have been successful. Additional resources deployed on card marketing have also supported volumes. A focus on operating efficiency and strong sales management has in part mitigated the market conditions.

Revenue decreased by 4.4% to £340.6 million (2013: £356.3 million) as a result of lower oil prices and some volume reduction. The average Brent Crude oil price in the year was stable at $108 per barrel; however, a stronger exchange rate led to a fall in prices of between 2% and 5% across different categories. Total volume was 402 million litres (2013: 411 million litres).

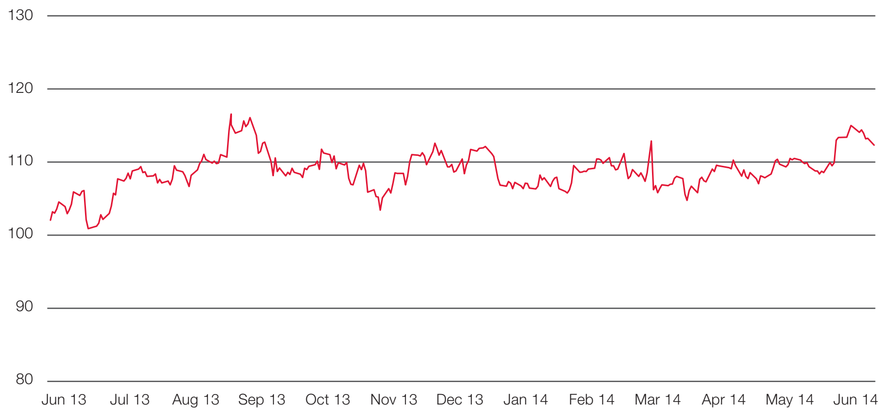
Operating profits were £3.2 million (2013: £4.4 million), which is a very positive result given the lack of heating oil demand from customers.

With 57,000 customers being supplied across 17 fuel depots, the Fuels division operates in markets that are large, robust and reasonably stable.



MARKET INFORMATION

Oil prices (Brent Crude $/barrel – Oil Market Journal)



HOW WE'VE DONE

KEY PERFORMANCE INDICATORS

REVENUE

£340.6m -4.4%

2014	£340.6m
2013	£356.3m

OPERATING PROFIT

£3.2m -27.3%

2014	£3.2m
2013	£4.4m

LITRES SOLD

402m -2.2%

2014	402m
2013	411m

OUR DEVELOPMENT STRATEGY

- Develop organic growth from existing network and through establishment of new storage depots
- Bolt-on acquisitions across the UK
  - Synergy with existing depots
  - Geographic expansion

For more, go to **www.nwffuels.co.uk**

FINANCIAL REVIEW

SUMMARY

- All divisions profitable and cash generative
- Headline profit before tax £7.7 million (2013: £8.5 million)
- Headline EPS 12.4p (2013: 13.1p)
- Net debt £11.7 million (31 May 2013: £9.2 million), including impact of S.C. Feeds acquisition
- Long-term committed banking facilities in place to October 2019
- Significant headroom against banking facilities and covenants
- Substantial asset base with total assets of £119.4 million (31 May 2013: £120.1 million)

Group results

Year ended 31 May

	Note	2014 £m	(Restated*) 2013 £m
Revenue			
Feeds	4	**160.7**	153.1
Fuels	4	**340.6**	356.3
Food	4	**36.4**	36.4
		537.7	545.8
Operating profit			
Feeds	4	**3.3**	3.8
Fuels	4	**3.2**	4.4
Food	4	**2.0**	1.2
		8.5	9.4
Finance cost	7	**(0.8)**	(0.9)
Headline profit before tax		**7.7**	8.5
Net finance costs in respect of defined benefit pension scheme		**(0.8)**	(0.7)
Profit before taxation		**6.9**	7.8
Income tax expense	8	**(1.6)**	(2.1)
Profit for the year attributable to owners of the parent		**5.3**	5.7
Total assets		**119.4**	120.1
ROCE		**13.3%**	16.2%
Headline EPS	11	**12.4**	13.1
Basic EPS	11	**11.2**	12.1
Group shareholders' equity		**33.0**	28.2
Group net debt	19	**11.7**	9.2

* The prior year income statement has been restated as a result of the change in accounting policy on adoption of IAS 19(R); see notes 2 and 30.

Brendon Banner
Finance Director

“

The Group has increased net assets by £4.8 million to £33.0 million (31 May 2013: £28.2 million). The increase has been predominantly driven by the strong trading performance during the year.”

Group results

Group revenue decreased by 1.5% to £537.7 million (2013: £545.8 million), reflecting lower oil prices and a 2.2% reduction in oil volumes in the Fuels business, partially offset by the impact of the acquisition of S.C. Feeds Limited. Operating profit was £8.5 million, down by £0.9 million (9.6%) from the record performance in 2013 of £9.4 million.

Financing costs decreased by £0.1 million to £0.8 million with interest cover (excluding IAS 19 net pension finance costs) increasing to 10.6 times (2013: 10.4 times).

Headline profit before taxation was down 9.4% to £7.7 million (2013: £8.5 million), resulting in a headline basic earnings per share of 12.4p (2013: 13.1p). The proposed full-year dividend per share is an increase of 6.3% to 5.1p in line with the Group's progressive dividend policy, which equates to a dividend cover ratio of 2.4 times.

The finance costs in respect of the defined benefit pension scheme increased by £0.1 million to £0.8 million.

The tax charge has decreased to £1.6 million from £2.1 million in 2013 as a result of the lower profit before tax, together with the impact of the decrease in the main rate of corporation tax, with a fall in the effective tax rate to 23.1% (2013: 25.9%). The Group's future underlying effective rate of tax is expected to fall slightly in line with the decrease in the main rate of corporation tax.

Profit after taxation decreased by 7.0% to £5.3 million (2013: £5.7 million). Basic headline earnings per share have decreased by 5.3% to 12.4p (2013: 13.1p) and diluted headline earnings per share decreased by 4.6% to 12.4p (2013: 13.0p).

Balance sheet summary

The Group has increased net assets by £4.8 million to £33.0 million (31 May 2013: £28.2 million). The increase has been predominantly driven by the strong trading performance during the year with a retained profit for the year of £3.0 million (2013: £3.6 million), together with a reduction in the Group's defined pension scheme deficit from a net pension liability of £18.8 million as at 31 May 2013 to £17.3 million as at 31 May 2014.

Tangible and intangible assets have increased to £54.0 million as at 31 May 2014 (31 May 2013: £48.8 million) as a result of net capital expenditure £3.5 million, together with the impact of the acquisition of S.C. Feeds Limited which increased tangible assets by £1.5 million and intangible assets by £4.2 million. The depreciation and amortisation charges for the year to 31 May 2014 were £3.2 million and £0.5 million respectively.

Balance sheet

As at 31 May

	2014 £m	2013 £m
Tangible and intangible fixed assets	**54.0**	48.8
Net working capital	**9.8**	9.2
Cash at bank and in hand	**—**	0.1
Short-term borrowings	**(0.1)**	(0.2)
Medium-term borrowings	**(11.6)**	(9.1)
Current tax liabilities	**(1.1)**	(1.3)
Deferred tax liabilities (net)	**(0.7)**	(0.5)
Retirement benefit obligations	**(17.3)**	(18.8)
Net assets	**33.0**	28.2

FINANCIAL REVIEW CONTINUED

Cash flow and banking facilities

Year ended 31 May

	2014 £m	(Restated*) 2013 £m
Operating cash flows before working capital movements	**11.5**	12.2
Working capital movements	**1.1**	0.4
Interest paid	**(0.7)**	(0.8)
Tax paid	**(2.3)**	(1.4)
Net cash generated from operating activities	**9.6**	10.4
Capital expenditure (net of receipts from disposals)	**(3.2)**	(1.9)
Acquisition of subsidiary	**(6.5)**	—
Net cash (absorbed)/generated before financing activities	**(0.1)**	8.6
Net increase/(decrease) in bank borrowings	**2.5**	(5.5)
Dividends paid	**(2.3)**	(2.1)
Other financing cash flows	**(0.2)**	(1.0)
Net decrease in cash and cash equivalents	**(0.1)**	(0.1)

“

The Group continues to focus on cash and working capital management with improving underlying net debt.”

Balance sheet summary continued

Net working capital has continued to be an area of attention for the Group with a year on year increase of only £0.6 million despite the impact of the S.C. Feeds acquisition which resulted in an increase in working capital at acquisition of £1.7 million. This equates to an improvement in the underlying working capital of the Group amounting to £1.1 million. The Group's inventories remained unchanged at £3.8 million with trade and other receivables decreasing to £57.8 million (31 May 2013: £62.4 million), which was offset by the decrease in trade and other payables to £51.8 million (31 May 2013: £57.0 million).

Net debt increased to £11.7 million (31 May 2013: £9.2 million), reflecting the cash impact of the S.C. Feeds acquisition of £6.5 million, offset by the underlying cash generation of the Group as a result of the strong trading performance and ongoing focus on working capital.

Net deferred tax liabilities increased to £0.7 million (31 May 2013: £0.5 million), reflecting the impact of the S.C. Feeds acquisition, the changes in the retirement benefit obligations and the impact of the fall in the assumed rate at which deferred tax has been provided from 23.0% to 20.0%.

The gross liability of the Group's defined benefit pension scheme decreased by £1.5 million to £17.3 million (31 May 2013: £18.8 million). The value of pension scheme assets increased by 0.6% to £31.2 million (31 May 2013: £31.1 million). The value of the scheme liabilities decreased to £48.6 million (31 May 2013: £49.9 million) primarily as a result of a 0.10% increase, to 4.40%, in the discount rate used to calculate the present value of the future obligations.

Cash flow and banking facilities

The Group continues to focus on cash and working capital management and has been successful in restricting the increase in the level of year end net debt to £2.5 million from £9.2 million to £11.7 million despite the investment of £6.5 million in the acquisition of S.C. Feeds, with an underlying net cash generation of £4.0 million for the Group during the year under review.

Net cash generated from operating activities was £9.6 million, a decrease of £0.8 million (2013: £10.4 million) which is a cash conversion ratio of 112.9% of operating profit (2013: 110.6%). Underlying working capital decreased by £1.1 million (2013: £0.4 million decrease).

"The Group benefits from renewed and extended facilities from the Royal Bank of Scotland totalling £65.0 million which are committed through to 31 October 2019."

Cash utilised to finance capital expenditure (net of disposal proceeds) increased by £1.3 million to £3.2 million (2013: £1.9 million) which compares to the annual depreciation charge of £3.2 million (2013: £3.0 million). The main areas of capital expenditure were investments in new IT systems for the Feeds division £0.8 million, investment in replacement commercial vehicles of £0.7 million, and investment in Feeds' new blending facility in Dumfries, together with a range of smaller projects across all three divisions.

Overall there was a small decrease in cash and cash equivalents of £0.1 million (2013: £0.1 million).

The Group benefits from renewed and extended credit facilities from The Royal Bank of Scotland totalling £65.0 million which 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. As noted above, 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.

Capital risk

The Group monitors capital risk on the basis of the net debt/EBITDA ratio. This ratio is calculated as net debt divided by earnings before interest, depreciation and amortisation as shown below for the two years ended 31 May 2014:

	2014 £m	(Restated) 2013 £m
Net debt (£m)	**11.7**	9.2
EBITDA (£m)	**12.2**	13.0
Net debt/EBITDA ratio	**1.0**	0.7

Further details of the Group's financial risk management policies and financial instruments are set out in note 19 of the Group financial statements.

Going concern basis

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the 'Business Review' and 'Future developments and strategy' sections of the Strategic report. The financial position of the Group, its cash flows and liquidity position are also described in the above sections. In addition, note 19 of the Group financial statements includes: the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of financial instruments and hedging activities; and its exposure to price, interest rate, credit and liquidity risk.

The Group has agreements in place with The Royal Bank of Scotland Group for credit facilities totalling £65.0 million through to 31 October 2019. These facilities and the ongoing support of the bank allow the Group to continue its development plans from the platform achieved to date. There is significant headroom against these facilities after allowing for anticipated working capital fluctuations during the year.

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.

Brendon Banner
Finance Director
5 August 2014

PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management aids decision making, underpins the delivery of the Group's strategy and objectives and helps to ensure that the risks the Group takes are adequately assessed and actively managed. The Group regularly monitors its key risks and reviews its management processes and systems to ensure that they are effective and consistent with good practice. The Board is ultimately responsible for the Group's risk management. The risk management process involves the identification and prioritisation of key risks, together with appropriate controls and plans for mitigation, which are then reported to the Board.

As with all businesses, the Group is affected by a number of risks and uncertainties, some of which are beyond our control. The table below shows the principal risks and uncertainties which could have a material adverse impact on the Group. This is not an exhaustive list and there may be risks and uncertainties of which the Board is not aware, or which are believed to be immaterial, which could have an adverse effect on the Group.

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.

Given the size of the Group, the Directors have not established a sub-committee of the Board to monitor financial risk management, but have established policies that are implemented and monitored by the Executive Directors.

Risk	Impact and description	Mitigating actions
Non-compliance with legislation and regulations, health, safety and environment	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.	Expertise within the operating divisions is supplemented by ongoing advice from professional advisers and the involvement of the head office function which closely monitors existing business practices and any anticipated changes in regulatory practices or requirements. The Group employs appropriately qualified and experienced health and safety personnel and retains health and safety specialists to ensure compliance.
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 which depends on the world price of oil and for raw materials which are sourced globally and are subject to a high level of volatility depending on world supply and demand factors together with the impact of geo-political events and the impact of speculative funds flows. An inability to pass on increases in costs quickly could adversely affect the profitability of the Group.	The Group maintains close relationships with key suppliers enabling optimal negotiated prices and where appropriate implements purchasing framework agreements. The Feeds business utilises forward contracts for key raw materials to ensure that impact of volatility can be mitigated through committed prices and volumes. Multiple sources of supply are maintained for all key raw materials.
Infrastructure and IT systems	The Group's networks and IT systems are core to the operational performance and financial information, together with efficient delivery of service to our customers. IT system failures or business interruption events could have a material impact on the Group's ability to operate effectively.	The Group has both internal IT support teams together with close relationships with key software vendors and consultants. Significant investment has been made by the Group in upgrading and maintaining its core IT systems in each of the three operating divisions.

Risk	Impact and description	Mitigating actions
Recruitment, retention and development of our key people	Recruiting and retaining the right people is crucial for the success of the Group and its development. The Group's success depends on the performance, knowledge and experience of, management, executive officers and key employees. The Group must ensure that it attracts, integrates and retains the talent required to fulfil its strategy, growth and development.	Remuneration policies are regularly reviewed to ensure employees are appropriately incentivised. Succession planning and development of key employees are also considered by the Board. The Remuneration Committee also ensures that it receives appropriate benchmark data which is used in the monitoring and formulation of remuneration policy for key employees and executives.
Operational gearing, key customer and supplier relationships, and financial resources	The Group is operationally geared and cash generation broadly follows the profitability of the Group. The impact of any change in key customers, customer service levels or supplier relationships could have an adverse impact on the ongoing profitability of the Group.	The Group works closely with suppliers and customers across the three operating divisions and where appropriate enters into long term agreements. The Group has secured substantial long-term financing facilities which have been renegotiated to provide greater financial flexibility and to provide sufficient financial resources for its ongoing and development requirements.
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.	The defined benefits pension scheme has been closed to new entrants since 2002 and regular meetings are held with both the scheme's Trustees and professional advisers to monitor and review the investment policy, the Group's funding requirements and any other available opportunities to mitigate this risk.
Climate – impact on earnings volatility	The demand for both the Fuels and Feeds divisions are impacted by climate conditions and the severity of winter conditions in particular which directly affects 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.	Whilst the Fuels division seeks to mitigate this risk through the provision of a range of fuels including transport fuels, there will always be volatility in the profitability of the Fuels division related to climate. The Feeds division seeks to mitigate the extent of climatic conditions on the profitability of the business through its concentration on the key dairy sector where there is a strong underlying demand.
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.	The Group management team are engaged in ongoing active review of competitor activity, development and acquisition opportunities. All potential acquisitions are subject to a review of their ability to generate a return on capital employed and their strategic fit with the Group. The Group conducts appropriate internal and external due diligence prior to completing any acquisition.

BOARD OF DIRECTORS AND COMPANY SECRETARY

1

Mark Hudson 67

Non-Executive Chairman of the Board

Joined the Board in 1985, became Chairman in 2006. An agricultural business adviser and dairy farmer. Past president of the CLA, past chairman of the Game and Wildlife Conservation Trust and member of council, Duchy of Lancaster.

2

Richard Whiting 50

Chief Executive

Joined in 2007. Previously group finance director of Heywood Williams Group plc, after joining as business development director from Brand-Rex Ltd, where he was managing director of the datacom division.

3

Brendon Banner 41

Finance Director

Joined as Finance Director in 2012. Previously group finance director of William Hare Group Limited, a structural steel engineering and fabrication group. Prior to joining William Hare Group Limited, Brendon held senior finance positions at Shop Direct Group.

4

Yvonne Monaghan 56

Non-Executive Director

Joined the Board in 2013. Currently group finance director of Johnson Service Group plc. A chartered accountant, qualifying with Deloitte Haskins & Sells in 1982.

5

Philip Acton 56

Non-Executive Director

Joined the Board in 2013, worked for 17 years in agriculture as chief operating officer for Genus Europe and Asia and group finance director of Genus plc. Prior to that spent 10 years in the electrical engineering sector as group finance director of Scholes Group plc.

6

Rob Andrew 51

Company Secretary

Joined as Company Secretary in 2004. An experienced chartered secretary, previously assistant company secretary of Iceland Frozen Foods plc.

SENIOR MANAGEMENT AND ADVISERS

Keith Forster 54

Managing Director, Food

Appointed Managing Director of the Food division in November 2004, having joined the Group in 2001. Previously held senior positions in a number of distribution businesses.

Kevin Kennerley 60

Managing Director, Fuels

Appointed Managing Director of the Fuels division in November 1992, having joined the Group in 1978.

Registrars

Capita Asset Services

Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA

Auditors

PricewaterhouseCoopers LLP

101 Barbirolli Square
Lower Mosley Street
Manchester M2 3PW

Bankers

The Royal Bank of Scotland

Corporate Banking
6th Floor
1 Spinningfields Square
Manchester M3 3AP

Nominated adviser and broker

Peel Hunt LLP

Moor House
120 London Wall
London EC2Y 5ET

Solicitors

Brabners LLP

Horton House
Exchange Flags
Liverpool L2 3YL

Financial PR

Tavistock Communications Ltd

131 Finsbury Pavement
London EC2A 1NT

Registered office

NWF Group plc

Wardle
Nantwich
Cheshire CW5 6BP

Registered number

2264971

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving high standards of corporate governance, integrity and business ethics.

Mark Hudson
Non-Executive Chairman of the Board

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving high standards of corporate governance, integrity and business ethics for all of the activities of the Group. Under the rules of AIM, the Group is not required to comply with the UK Corporate Governance Code 2012 ('the Code'). Nevertheless, the Board has taken steps to comply with the Code insofar as it can be applied practically and appropriately, given the size of the Group and the nature of its operations. The main ways in which it does this are described herein.

Board composition and operation

The Board currently comprises two Executive and three Non-Executive Directors. The roles of Chairman and Chief Executive are separated and clearly understood. The Chairman is responsible for the Board. The Chief Executive is responsible for the operating performance of the Group. A formal schedule of matters requiring Group Board approval is maintained, covering such areas as Group strategy, approval of budgets, financial results, Board appointments and dividend policy. The Board normally meets once a month and additional meetings are called when required. Comprehensive briefing papers are sent to all Directors prior to each scheduled Board meeting. Directors are able, if necessary, to take independent professional advice in the furtherance of their duties at the Company's expense.

Due to the infrequency of senior appointments, the Board does not maintain a standing Nomination Committee but will form one as appropriate if required. The current Chief Executive's and Group Finance Director's appointments were approved by the Board, after receiving a recommendation from a committee of the Board consisting of the Non-Executive Directors that was formed specifically for that purpose. The committee undertook a comprehensive recruitment process and was assisted by independent external recruitment consultants.

The Board regularly conducts an appraisal of its own performance and that of each Director consisting of individual assessments using prescribed questionnaires that are completed by all Directors. The results are reviewed and individual feedback given, by a Non-Executive Director in respect of assessments of the Chairman and by the Chairman in respect of assessments of each of the other Directors and of the Board as a whole.

All Directors are subject to retirement by rotation in accordance with the Articles of Association.

The service contracts of Executive Directors require no more than one year's notice.

Audit Committee

The Audit Committee consists of all Non-Executive Directors. The Audit Committee met on two occasions during the year and all members attended.

The Audit Committee has terms of reference in place which have been formally approved by the Board and are made available at the AGM and on the Company's website. Its primary responsibilities include reviewing the effectiveness of the Group's internal control systems and monitoring the integrity of the Group's financial statements and external announcements of the Group's results.

The Audit Committee also approves the appointment and remuneration of the Company's external auditors and satisfies itself that they maintain their independence regardless of any non-audit work performed by them.

The respective responsibilities of the Directors and external auditors in connection with the financial statements are explained in the Statement of Directors' Responsibilities on page 31 and the Auditors' Reports on pages 32 and 66. Details of services provided by and fees payable to the auditors are shown in note 5 of the Group financial statements.

PricewaterhouseCoopers LLP have been the Company's external auditors for many years. The Audit Committee considers that the relationship with the auditors is working well and remains satisfied with their effectiveness and independence. Accordingly, it has not considered it necessary to date to require the firm to re-tender for the audit work. The auditors are required to rotate the audit partner responsible for the Group and subsidiary audits every five years. Martin Heath, the current audit partner, was first appointed in respect of the financial year ended 31 May 2010 and as such he will be replaced after the year ended 31 May 2014. There are no contractual obligations restricting the Company's choice of auditors.

Remuneration Committee

The Remuneration Committee consists of all Non-Executive Directors. The Remuneration Committee met on a number of occasions during the year and all members attended. Its remit is to determine, on behalf of the Board, appropriate short and long-term total reward packages for the Executive Directors of the Group and its subsidiaries. The Remuneration Committee will also satisfy itself that good practices apply to all Group employees through the relevant management structures. Its terms of reference will be made available at the AGM and on the Company's website.

Non-Executive Directors

The Non-Executive Directors have received appointment letters setting out their terms of appointment. All Non-Executive Directors are appointed for one year with renewal for further one year terms if performance is satisfactory. The Chairman has served for more than ten years on the Board, which does not comply with the Code's definition of independence. However, the Board considers that the Chairman's experience is invaluable to the Group. The Board considers that the other two Non-Executive Directors meet the independence tests.

The appointment of new Non-Executive Directors to the Board is considered by the whole Board.

Internal control

The Board has overall responsibility for ensuring that the Group maintains a system of internal control, to provide it with reasonable assurance regarding the reliability of financial information that is used within the business and for publication and the safeguarding of assets. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss. Some examples of internal controls operated by the Group are given below and elsewhere in this statement.

The Group's organisational structure has clear lines of responsibility. Operating and financial responsibility for subsidiary companies is delegated to operational management.

There is a comprehensive budgeting and financial reporting system which, as a matter of routine, compares actual results to the budgets approved by the Group Board. Management accounts are prepared for each subsidiary company and for the Group on a monthly basis. Significant variances from budget are thoroughly investigated. In addition, updated profitability forecasts are prepared to reflect actual performance and revised outlook as the year progresses.

Cash flow forecasts are prepared regularly, to ensure that the Group has adequate funds for the foreseeable future.

Investment policy, acquisition proposals and major capital expenditure projects are authorised and monitored by the Group Board.

The Group's risk management programme, which assesses key risks and the required internal controls that are delegated to Directors and managers at all levels in the Group, is reviewed regularly in order to ensure that it continues to meet the Board's requirements.

Shareholders

The Chairman and the Non-Executive Directors will always make themselves available to meet with shareholders. Each AGM is a particular opportunity for this. Normal relationships with shareholders are maintained by the Executive Directors who brief the Board on shareholder issues and who relate the views of the Group's advisers to the Board.

Share capital structure

Details of the Company's share capital can be found in the 'Takeover Directive requirements' section of the Directors' Report and in note 21 of the Group financial statements.

DIRECTORS' REMUNERATION REPORT

All matters relating to remuneration of the Directors of the Group are determined by the Remuneration Committee which takes into account advice and external benchmark data to ensure individuals are appropriately remunerated for their contribution towards the Group achieving its strategic aims.

Philip Acton
Chairman of Remuneration Committee

DEAR SHAREHOLDER

I am pleased to present the Directors' Remuneration Report for the year ended 31 May 2014. Given the recent introduction of new remuneration reporting regulations and subsequent increasing focus around the transparency of reporting on directors' pay, this year we have restyled our report to provide more information.

Our performance in 2013/14

A positive result for the Group has been achieved by clear targeted actions by all three divisions, which have been delivered in line with our plans. The successful acquisition of S.C. Feeds Limited demonstrates the strategic intent of the Group.

Key pay out-turns for 2013/14

For 2013/14, the strong performance achieved against financial and operational targets resulted in 40% of the maximum annual bonus being paid.

Given our aggregate earnings per share ('EPS') performance of 33.5p over the three year performance period (calculated on a consistent basis as reported under IAS 19, as previously enacted), 42.6% of the LTIP awards granted in 2011, amounting to 91,722 shares for the year ended 31 May 2014, will vest in August 2014. This award can be exercised in the year ending 31 May 2015.

Looking forward to 2014/15

During the year, a review of our remuneration framework was undertaken in conjunction with Deloitte LLP to ensure that it continues to support the evolving strategy of the Company and our growth ambitions over the coming years and is at the appropriate levels in the current marketplace.

Following this review, we are making some changes to our two main incentive plans as set out below; further details on these are provided on page 27 of this report. The key reward schemes can be summarised as follows:

- annual bonus – an annual bonus with performance criteria based upon a mixture of profit based and personal objectives as set by the Remuneration Committee; and
- Long-term Incentive Plans ('LTIP') – three year share-based payments with the performance criteria being based upon EPS growth over the term of the award.

I do hope that you find our revised format clearly explains our approach to remuneration and enables you to appreciate how it underpins our business growth strategy.

T P Acton
Chairman of Remuneration Committee
5 August 2014

Remuneration policy

The Company's remuneration principles are as follows. These have been taken from the Association of British Insurers' ('ABI') 'Principles of Remuneration':

- remuneration structures should be appropriate to the specific business, efficient and cost effective in delivery;
- complexity is discouraged in favour of simple and understandable remuneration structures;
- remuneration structures should seek to align executive and shareholder interests including through a meaningful level of personal shareholding;
- remuneration structures should promote long-term focus through features such as deferral and measuring performance over the long term;
- structures should include performance adjustments (malus) and/or clawback provisions;
- pay should be aligned to the long-term sustainable success and the desired corporate culture throughout the organisation; and
- the Remuneration Committee ensures that rewards properly reflect business performance.

Throughout the year, Deloitte LLP provided advice on executive remuneration including work around appropriate market positioning and the introduction of malus and clawback provisions into our incentive plan rules.

2014/15 remuneration policy

The table below summarises the key features of our remuneration policy:

Element	Policy

Base salary	» Positioned competitively in line with the market.
	» For 2014/15, Directors' salaries will be as follows:
	  » Chief Executive £267,000; and
	  » Finance Director £166,260.

Annual bonus	» Maximum opportunity for Executive Directors is 100% of base salary.
	» Performance is measured over one financial year.
	» Weightings and targets are reviewed and set at the start of each financial year.
	» For 2014/15, 60% of the bonus will be based on profit before tax performance with the remaining 40% based on the achievement of personal objectives.
	» Profit bonus has a minimum threshold set at 90% achievement of budget. Personal objectives bonus is restricted by 50% if profit target is not met.
	» Malus and clawback provisions will be operated for 2014/15 onwards. Such provisions will be applied in the case of:
	  » a gross misstatement of the performance of the business;
	  » gross misconduct; and
	  » a miscalculation of the extent to which targets have been met.

Long-term Incentive Plan[1]	» Maximum opportunity for Executive Directors is 100% of base salary.
	» Performance is measured over 3 financial years.
	» For 2014/15, the award will be subject to EPS performance as follows:
	  » 30% will vest for performance of RPI + 3% per annum; and
	  » 100% will vest for performance of RPI + 10% per annum.
	» Malus and clawback provisions will be operated for 2014/15 onwards. Such provisions will be applied in the case of:
	  » a gross misstatement of the performance of the business;
	  » gross misconduct; and
	  » a miscalculation of the extent to which targets have been met.

Pension	» R A Whiting is entitled to receive pension contributions from the Company. » He can elect for those contributions to be paid in the form of taxable pension allowance or direct payments into a defined contribution pension scheme. » In addition to taxable pension allowances included above, the Group made total contributions of £24,000 in the year (2013: £77,000) directly into defined contribution pension schemes in respect of Directors, details of which are shown on page 28.
Benefits	» The Executives are entitled to a standard director benefits package as well as participating in the Company's Save As You Earn Plan.

[1] Outstanding awards are subject to performance measures based solely on EPS.

DIRECTORS' REMUNERATION REPORT CONTINUED

Directors' emoluments

Name of Director	Fees/basic salary £'000	Benefits £'000	Bonus £'000	LTIP £'000	Pension £'000	**2014 total £'000**	2013 total £'000
B J Banner	163	15	65	—	24	**267**	174[1]
R A Whiting	261	30	104	143[2]	74	**612**	789[3]
Non-Executive							
J K Acornley[4]	15	—	—	—	—	**15**	35
T P Acton[5]	30	—	—	—	—	**30**	—
M H Hudson	69	—	—	—	—	**69**	66
Y M Monaghan[5]	30	—	—	—	—	**30**	—
D R Southworth[6]	33	—	—	—	—	**33**	35
Aggregate emoluments	601	45	169	143	98	**1,056**	1,099

Notes

[1] Part year only – joined in November 2012.

[2] Calculated as LTIP award for the three years ended 31 May 2014 (91,722 shares) at the mid-market share price on 31 May 2014 (£1.55).

[3] Includes LTIP award for the three years ended 31 May 2013 (173,950 shares) at the mid-market share price on 31 May 2013 (£1.18).

[4] Part year only – resigned 31 October 2013.

[5] Part year only – appointed 6 August 2013.

[6] Part year only – resigned 24 April 2014.

Performance Share Plan

The table below summarises the outstanding Performance Share Plan awards. All outstanding awards are based solely on NWF's aggregate EPS performance after three financial years.

Name of Director	Award date	Share price	No. of shares vesting at maximum	EPS for maximum vesting	No. of shares vesting at threshold	EPS for threshold vesting	Performance period 3 years to
B J Banner	6 August 2013	118.0p	103,602	52.60p[1]	31,081	31.60p	31 May 2016
R A Whiting	14 August 2012	96.0p	266,667	35.77p[2]	80,000	28.20p	31 May 2015
	6 August 2013	118.0p	221,186	52.60p[1]	66,356	31.60p	31 May 2016

Notes

[1] Headline earnings per share (EPS).

[2] Basic earnings per share (EPS) calculated under the legacy IAS 19 pre-revision in 2014.

SAYE scheme share options

The Company operates an SAYE share option scheme for the Group's eligible employees. The total number of SAYE options issued to Directors and outstanding at the year end, all of which have yet to vest, are shown:

Name of Director	At 1 June 2013 Number	Forfeited in the year Number	**At 31 May 2014 Number**
B J Banner	—	—	**—**
R A Whiting	3,396	—	**3,396**
	3,396	—	**3,396**

DIRECTORS' REPORT

for the year ended 31 May 2014

The Directors present their report together with the audited financial statements of the Parent Company ('the Company') and the Group for the year ended 31 May 2014.

Business review and future developments

A review of the performance of the Group during the year, including principal risks and uncertainties, key performance indicators and comments on future developments, is given in the Strategic report.

Results and dividends

The Group recorded revenue in the year of £537.7 million (2013: £545.8 million) and profit after tax of £5.3 million (2013: £5.7 million).

The Directors recommend a final dividend for the year of 4.1p per share (2013: 3.8p) which, if approved at the Annual General Meeting ('AGM'), will be payable on 5 December 2014. Together with the interim dividend paid during the year of 1.0p per share (2013: 1.0p), this will result in a total dividend of 5.1p per share (2013: 4.8p) amounting to £2.4 million (2013: £2.3 million).

Financial risk management

Information relating to the principal risks and uncertainties of the Group have been included within the Strategic report. Further information relating to the financial risks of the Group have been included within note 19, Financial instruments and risk management.

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

J K Acornley (resigned 31 October 2013)

T P Acton (appointed 6 August 2013)

B J Banner

M H Hudson

Y M Monaghan (appointed 6 August 2013)

D R Southworth (resigned 24 April 2014)

R A Whiting

R A Whiting and M H Hudson retire by rotation at the forthcoming AGM and, being eligible, will submit themselves for re-election.

The Directors who held office during the year and as at 31 May 2014 had the following interests in the ordinary shares of the Company:

Name of Director	31 May 2014 Number
J K Acornley (as at 31 October 2013)	10,000
T P Acton	10,000
B J Banner	–
M H Hudson	602,600
Y M Monaghan	10,000
D R Southworth (as at 24 April 2014)	100,000
R A Whiting	307,371

In addition to the interests in ordinary shares shown above, the Group operates a performance share plan ('the LTIP') for senior executives, under which certain Directors have been granted conditional share awards. Subject to achieving performance targets, the maximum number of ordinary shares which could be issued to Directors in the future under such awards at 31 May 2014 is shown below:

	Number
B J Banner	103,602
R A Whiting	579,575

Further information on the Directors' interests in the LTIP conditional share awards can be found in the Directors' Remuneration Report.

The Company also operates a Save As You Earn ('SAYE') share option scheme for the Group's eligible employees. Details of SAYE share options issued to Directors, all of which had yet to vest at 31 May 2014, are shown in the Directors' Remuneration Report.

The market price of the Company's shares at the end of the financial year was 155.5p (31 May 2013: 118.0p) and the range of market prices during the year was between 115.0p and 160.0p.

No changes took place in the interests of Directors between 31 May 2014 and the date of signing the financial statements.

Further details on related party transactions with Directors are provided in note 27 of the Group financial statements.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of the Directors, which were in force during the year and up to the date of this report.

Substantial shareholdings

As at 31 May 2014, the Company had been notified of the following interests in its issued ordinary share capital:

	Percentage of voting rights	Number of ordinary shares
AO fjarfestingarfelag ehf.	24.9	11,902,500

During the period from 31 May 2014 to 5 August 2014, the Company did not receive notification of any change in the above substantial shareholding.

DIRECTORS' REPORT CONTINUED

for the year ended 31 May 2014

Employees

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in its performance.

The Group recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to such persons, including any employee who becomes disabled, having regard to their particular aptitudes and abilities. Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion.

Takeover Directive requirements

The Company has one class of equity share, namely 25p ordinary shares. The shares have equal voting rights and there are no special rights or restrictions attaching to any of them or their transfer to other persons.

Rules governing the appointment and replacement of Directors, and those relating to the amendment of the Company's Articles of Association, are contained within those Articles of Association, a copy of which is located on the Company's website (www.nwf.co.uk).

Notice of Annual General Meeting

A Notice of AGM, with explanatory notes, accompanies these financial statements.

Disclosure of information to auditors

The Directors of the Company at the date of the approval of this report confirm that:

- so far as each Director is aware, 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.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the AGM.

By order of the Board

S R Andrew
Company Secretary
Wardle
Nantwich
Cheshire
CW5 6BP
Registered number: 2264971
5 August 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union, and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

» select suitable accounting policies and then apply them consistently;

» make judgements and accounting estimates that are reasonable and prudent;

» state whether IFRSs as adopted by the European Union and applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively; and

» prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirms that to the best of their knowledge:

» the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, and the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company; and

» the Strategic report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

S R Andrew
Company Secretary
Wardle
Nantwich
Cheshire
CW5 6BP
Registered number: 2264971
5 August 2014

INDEPENDENT AUDITORS' REPORT

to the members of NWF Group plc

Report on the group financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Group's affairs as at 31 May 2014 and its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements (the "financial statements"), which are prepared by NWF Group plc, comprise:

- Consolidated balance sheet as at 31 May 2014;
- Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- Consolidated cash flow statement for the year then ended;
- Consolidated statement of changes in equity for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information; and
- that part of the Directors' remuneration report which is classified as audited.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements (the 'Annual Report') to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the year ended 31 May 2014 and for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

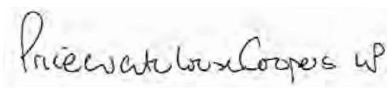
As explained more fully in the Statement of directors' responsibilities set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter

We have reported separately on the parent company financial statements of NWF Group plc for the year ended 31 May 2014.



Martin Heath (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Liverpool
5 August 2014

CONSOLIDATED INCOME STATEMENT

for the year ended 31 May 2014

	Note	2014 £m	(Restated*) 2013 £m
Revenue	3,4	**537.7**	545.8
Cost of sales		**(511.8)**	(518.2)
Gross profit		**25.9**	27.6
Administrative expenses		**(17.4)**	(18.2)
Operating profit	4	**8.5**	9.4
Finance costs	7	**(1.6)**	(1.6)
Profit before taxation and net finance cost in respect of defined benefit pension scheme		**7.7**	8.5
Net finance cost in respect of defined benefit pension scheme		**(0.8)**	(0.7)
Profit before taxation	5	**6.9**	7.8
Income tax expense	8	**(1.6)**	(2.1)
Profit for the year attributable to equity shareholders		**5.3**	5.7
Earnings per share (pence)			
Basic	11	**11.2**	12.1
Diluted	11	**11.1**	12.0
Headline earnings per share (pence)			
Basic	11	**12.4**	13.1
Diluted	11	**12.4**	13.0

The notes on pages 37 to 65 form part of these Group financial statements.

* The prior year income statement has been restated as a result of the change in accounting policy on adoption of IAS 19(R); see notes 2 and 30.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 May 2014

	Note	2014 £m	(Restated) 2013 £m
Profit for the year attributable to equity shareholders		**5.3**	5.7
Items that will never be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit pension scheme	22	**1.2**	(1.6)
Tax on items that will never be reclassified to profit or loss	20	**(0.2)**	0.4
Total comprehensive income for the year		**6.3**	4.5

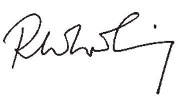
The notes on pages 37 to 65 form part of these Group financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 May 2014

	Note	2014 £m	(Restated) 2013 £m
Non-current assets			
Property, plant and equipment	12	**37.7**	37.1
Intangible assets	13	**16.3**	11.7
Deferred income tax assets	20	**3.6**	4.4
		57.6	53.2
Current assets			
Inventories	14	**3.8**	3.8
Trade and other receivables	15	**57.8**	62.4
Cash and cash equivalents	16	**—**	0.1
Derivative financial instruments	19	**0.2**	0.6
		61.8	66.9
Total assets		**119.4**	120.1
Current liabilities			
Trade and other payables	17	**(51.8)**	(57.0)
Current income tax liabilities		**(1.1)**	(1.3)
Borrowings	18	**(0.1)**	(0.2)
Derivative financial instruments	19	**(0.2)**	(0.6)
		(53.2)	(59.1)
Non-current liabilities			
Borrowings	18	**(11.6)**	(9.1)
Deferred income tax liabilities	20	**(4.3)**	(4.9)
Retirement benefit obligations	22	**(17.3)**	(18.8)
		(33.2)	(32.8)
Total liabilities		**(86.4)**	(91.9)
Net assets		**33.0**	28.2
Equity			
Share capital	21	**11.9**	11.8
Other reserves		**21.1**	16.4
Total equity		**33.0**	28.2

The Group financial statements on pages 33 to 65 were approved by the Board of Directors on 5 August 2014 and were signed on its behalf by:



R A Whiting
Director

B J Banner
Director

The notes on pages 37 to 65 form part of these Group financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 May 2014

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 June 2012	11.8	—	13.9	25.7
Profit for the year (restated)	—	—	5.7	5.7
Items that will never be reclassified to profit or loss:				
Actuarial loss on defined benefit pension scheme (note 22) (restated)	—	—	(1.6)	(1.6)
Tax on items that will never be reclassified to profit or loss (note 20) (restated)	—	—	0.4	0.4
Total comprehensive income for the year	—	—	4.5	4.5
Transactions with owners:				
Dividends paid (note 10)	—	—	(2.1)	(2.1)
Issue of shares (note 21)	—	—	(0.2)	(0.2)
Credit to equity for equity-settled share-based payments (note 23)	—	—	0.3	0.3
	—	—	(2.0)	(2.0)
Balance at 31 May 2013	11.8	—	16.4	28.2
Profit for the year	**—**	**—**	**5.3**	**5.3**
Items that will never be reclassified to profit or loss:				
Actuarial gain on defined benefit pension scheme (note 22)	**—**	**—**	**1.2**	**1.2**
Tax on items that will never be reclassified to profit or loss (note 20)	**—**	**—**	**(0.2)**	**(0.2)**
Total comprehensive income for the year	**—**	**—**	**6.3**	**6.3**
Transactions with owners:				
Dividends paid (note 10)	**—**	**—**	**(2.3)**	**(2.3)**
Issue of shares (note 21)	**0.1**	**0.5**	**(0.1)**	**0.5**
Credit to equity for equity-settled share-based payments (note 23)	**—**	**—**	**0.3**	**0.3**
	0.1	**0.5**	**(2.1)**	**(1.5)**
Balance at 31 May 2014	**11.9**	**0.5**	**20.6**	**33.0**

The notes on pages 37 to 65 form part of these Group financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 May 2014

	Note	2014 £m	2013 £m
Net cash generated from operating activities	24	**9.6**	10.4
Cash flows from investing activities			
Purchase of intangible assets	13	**(0.9)**	(0.7)
Purchase of property, plant and equipment	12	**(2.6)**	(1.4)
Proceeds on sale of property, plant and equipment		**0.3**	0.2
Acquisition of subsidiary – cash paid	9	**(6.1)**	—
Acquisition of subsidiary – bank overdraft acquired	9	**(0.4)**	—
Net cash absorbed by investing activities		**(9.7)**	(1.9)
Cash flows from financing activities			
Increase in/(repayment of) bank borrowings		**2.5**	(5.5)
Capital element of finance lease and hire purchase payments		**(0.2)**	(1.0)
Dividends paid		**(2.3)**	(2.1)
Net cash absorbed by financing activities		**—**	(8.6)
Net decrease in cash and cash equivalents	25	**(0.1)**	(0.1)

The notes on pages 37 to 65 form part of these Group financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 May 2014

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 note 4 of the Group financial statements.

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.

The Group financial statements were authorised for issue by the Board of Directors on 5 August 2014.

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 the critical accounting estimates and judgements section of these accounting policies. 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 profit before taxation and headline earnings per share measures, referred to in these Group financial statements, provide useful information for shareholders on underlying trends and performance.

Headline profit before taxation is reported profit before taxation after adding back the net finance cost in respect of the Group's defined benefit pension scheme.

The calculations of basic and diluted headline earnings per share are shown in note 11 of the Group financial 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 2013 and have had an impact on the amounts reported in these Group financial statements.

Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income'

In accordance with the revised requirements of IAS 1, the Group has modified the presentation of items of other comprehensive income in the condensed consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. The adoption of the amendments to IAS 1 has had no impact on reported profits, equity or cash flows of the Group.

IFRS 13 'Fair Value Measurement'

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurement, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. Accordingly, the Group has included additional disclosures in this regard (see note 19).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures in these financial statements.

The adoption of IFRS 13 has had no impact on the Group's reported profits, net assets and shareholders' equity.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

2. Significant accounting policies continued

Adoption of new and revised standards continued

Amendments to IAS 19 'Employee Benefits' – change in accounting policy and restatement of prior year financial statements

The Group has adopted the requirements of the amendments to IAS 19 'Employee Benefits' with effect from 1 June 2013. The adoption of these amendments has resulted in a change in accounting policy with respect to the basis for determining the long-term employee benefit cost related to the Group's defined benefit pension scheme.

Prior to the adoption of the amendments to IAS 19, the net pension finance cost or income in respect of defined benefit pension scheme was comprised of the expected return on scheme assets and the interest expense, as described below:

- The expected return on scheme assets was determined at the start of the financial year by applying long-term rate of return assumptions to the scheme assets at the start of the year. Experience gains and losses, resulting from actual returns on scheme assets in the period being at variance with assumed returns, were reported as actuarial gains and losses. These actuarial gains and losses were taken directly to reserves, together with their tax effect. In addition, scheme expenses were charged to the income statement in the calculation of the net expected return on scheme assets.
- The interest expense was determined by applying a discount rate to the gross pension obligation at the start of the year.

The amendments to IAS 19 have replaced the above approach. The net pension finance cost is now determined by applying the discount rate, used to measure the defined benefit pension obligation at the beginning of the accounting year, to the net pension obligation at the beginning of the accounting year taking into account any changes in the net pension obligation during the period as a result of cash contributions and benefit payments.

Further, pension scheme expenses previously charged to the expected return on scheme assets, within the net pension finance cost, are now charged to the income statement within administrative expenses, resulting in a reduction in reported operating profit.

The adoption of this new accounting policy has resulted in a small restatement of prior year financial statements for the year ended 31 May 2013.

This restatement relates to the amounts charged to the income statement in respect of defined benefit pension scheme costs and to the actuarial gains and losses taken directly to reserves, together with the related tax impact. The change in accounting policy has had no impact on the prior period valuation of the retirement benefit obligations reported in the balance sheet. See note 30 for further details of the impact of this restatement of prior year financial statements.

The following new EU-endorsed standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 June 2013, but have not had an impact on the amounts reported in the Group financial statements:

Amendment to IFRS 1	'First-time Adoption' – government loans
Amendment to IFRS 1	'First-time Adoption' – fixed dates and hyperinflation
Amendments to IFRS 7	'Financial Instruments: Disclosures' – offsetting financial assets and financial liabilities
Amendments to IAS 12	'Income Taxes'
IFRIC 20	'Stripping Costs in the Production Phase of a Surface Mine'

Annual Improvements to IFRSs 2009 – 2011

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 2013 and have not been early adopted:

Effective for the Group for financial year beginning 1 June 2014:

IFRS 10	'Consolidated Financial Statements'
IFRS 11	'Joint Arrangements'
IFRS 12	'Disclosures of Interests in Other Entities'
IAS 27 (revised 2011)	'Separate Financial Statements'
IAS 28 (revised 2011)	'Associates and Joint Ventures'
IFRIC 21	'Levies'
Amendment to IAS 32	'Financial Instruments: Presentation' – offsetting financial assets and financial liabilities
Amendments to IAS 36	'Impairment of Assets' – fair value less costs of disposal
Amendment to IAS 39	'Financial Instruments: Recognition and Measurement' – novation of derivatives and hedge accounting

2. Significant accounting policies continued

Adoption of new and revised standards continued

Amendments to IFRS 10, 11 and 12 on transition guidance

Amendments to IFRS 10, IFRS 12 and IAS 27 for investment entities

Amendment to IAS 19 regarding defined benefit plan contributions

Annual Improvements 2012 and 2013

Effective for the Group in years subsequent to May 2015:

IFRS 14	'Regulatory Deferral Accounts'
IFRS 15	'Revenue From Contracts With Customers'
IFRS 9	'Financial Instruments' – classification and measurement
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 38	'Intangible Assets' – depreciation and amortisation

Amendments to IFRS 9 regarding general hedge accounting

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.

Consolidation

The Group financial statements incorporate the financial statements of NWF Group plc ('the Company') and entities controlled by the Company (its 'subsidiaries') made up to 31 May each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the initial accounting for a business combination is incomplete by the end of the first reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the date of acquisition that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed at the date of acquisition, and is subject to a maximum of one year.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

2. Significant accounting policies continued

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts, and after eliminating sales within the Group. Specific types of revenue are recognised as follows:

Feeds and Fuels

Revenue from the sale of goods in each of these segments is recognised when they are delivered to the customer and title has passed. Revenue from sale of fuels includes fuel duty.

Food

Revenue from storage, distribution, handling and re-packaging of clients' products is recognised when the relevant service has been performed.

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments. Segment reporting information is shown in note 4 of the Group financial statements.

Taxation

The income tax expense represents the sum of current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is based on taxable profits for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Borrowing costs

Borrowing costs that are directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Dividend distribution

The distribution of a dividend to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which it is approved by the Company's shareholders.

Property, plant and equipment

Certain revalued freehold land and buildings are stated at deemed cost in accordance with the exemption on transition to IFRS permitted by IFRS 1. All other property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly related to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably. All other repairs and maintenance expenditure is charged to the income statement during the financial period in which it is incurred.

2. Significant accounting policies continued

Property, plant and equipment continued

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to reduce their cost to their residual values over their useful economic lives, as follows:

Freehold and long leasehold buildings	10 – 50 years
Plant, machinery and equipment	3 – 10 years
Commercial vehicles	4 – 8 years
Motor vehicles	4 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its estimated recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds of disposal with the carrying value and are recognised in the income statement.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included within intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are recognised immediately in the income statement and are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to each of the Group's cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which they arose, identified according to operating segment.

Goodwill arising on acquisitions before the transition date to IFRS has been retained at the previous UK GAAP amount, subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Brands

Separately acquired brands are shown at historical cost. Brands acquired in a business combination are recognised at fair value at the date of acquisition. Brands have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated, using the straight-line method, to allocate the cost of brands over their estimated useful lives (10 – 20 years).

Computer software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs incurred to acquire computer software licences and directly attributable costs incurred to bring the software into use are capitalised. Directly attributable costs include software development employee costs. Capitalised computer software costs are amortised over their estimated useful lives on a straight-line basis (3 – 7 years).

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Non-financial assets, other than goodwill, that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in first out ('FIFO') method. The cost of raw materials, consumables, finished goods and goods for resale comprises purchase cost and, in the case of finished goods, the cost of transporting the goods to their stock location.

Net realisable value comprises the estimated selling price in the ordinary course of business less applicable variable selling expenses. Provision is made for obsolete, slow-moving or defective items where appropriate.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

2. Significant accounting policies continued

Trade and other receivables

Trade and other receivables are recognised initially at fair value less provision for impairment. Subsequent to initial recognition, receivables are measured at amortised cost, using the effective interest method.

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is charged to the income statement within administrative expenses.

Derivative financial instruments and hedging activities

A derivative is initially recognised at fair value on the date that the associated contract is entered into and then is re-measured at fair value at each subsequent balance sheet date.

The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. During the current and prior year, none of the Group's derivative financial instruments have been designated as effective hedges. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Bank borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least one year after the balance sheet date.

Retirement benefit costs

The Group operates various pension schemes, including defined contribution and defined benefit schemes.

For defined contribution schemes, the Group pays contributions to publicly or privately administered pension insurance schemes on a mandatory, contractual or voluntary basis. The contributions are recognised as an employee benefit expense in the income statement when they are due.

The liability recognised in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

As noted above the Group has adopted the requirements of the amendments to IAS 19 'Employee Benefits' with effect from 1 June 2013. In line with these requirements the net pension finance cost is determined by applying the discount rate, used to measure the defined benefit pension obligation at the beginning of the accounting period, to the net pension obligation at the beginning of the accounting period taking into account any changes in the net pension obligation during the period as a result of cash contributions and benefit payments.

Further, pension scheme expenses previously charged to the expected return on scheme assets, within the net pension finance cost, are now charged to the income statement within administrative expenses, resulting a reduction in reported operating profit.

Actuarial gains and losses are recognised immediately in the statement of comprehensive income. Net defined benefit pension scheme deficits before tax relief are presented separately on the balance sheet within non-current liabilities. The attributable deferred income tax asset is included within the deferred income tax asset in the balance sheet and is subject to the recognition criteria as set out in the accounting policy on deferred income tax.

2. Significant accounting policies continued

Share-based payments

In the year ended 31 May 2014, the Group operated two (2013: two) equity-settled share-based payment plans, details of which can be found in note 23 of the Group financial statements.

The fair value of the employee services received in exchange for the grant of share awards is recognised as an expense. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by the use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in an immediate accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Employer social security contributions payable in connection with the grant of share awards is considered an integral part of the grant itself and the charge is treated as a cash-settled transaction.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Leases and hire purchase agreements

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Depreciation is provided at rates consistent with that for similar assets or over the term of the lease, where shorter than the useful economic life.

Other leases are classified as finance leases.

Assets and liabilities under finance leases and hire purchase agreements are recognised in the balance sheet at the inception of the agreement at amounts equal to their fair value or, if lower, the net present value of the minimum payments under the agreement. Depreciation on hire purchase and leased assets is provided at rates consistent with that for similar assets that are owned by the Group.

Subsequent to initial recognition, payments made are apportioned between the finance charge element and the reduction in the capital value of the outstanding liability. The finance charge is allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of issue.

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, in accordance with the accounting policy stated on page 41. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates, both in arriving at expected future cash flows and a suitable discount rate in order to calculate the present value of these flows.

Estimated impairment of trade receivables

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

Defined benefit pension schemes – valuation assumptions

The balance sheet carrying values of defined benefit pension scheme surpluses or deficits are calculated using independently commissioned actuarial valuations. These valuations are based on a number of assumptions, including the most appropriate mortality rates to apply to the profile of scheme members and the financial assumptions regarding discount rates and inflation. All of these are estimates of future events and are therefore uncertain.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

2. Significant accounting policies continued

Critical accounting estimates and judgements continued

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. Further details can be found in note 19 of the Group financial statements.

3. Revenue

An analysis of the Group's revenue is as follows:

	2014 £m	2013 £m
Sale of goods	**501.3**	509.4
Rendering of services	**36.4**	36.4
	537.7	545.8

4. Segment information

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

The Board considers the business from a product/services perspective. In the Board's opinion, all of the Group's operations are carried out in the same geographical segment, namely the UK.

The nature of the products/services provided by the operating segments is summarised below:

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

Segment information about the above businesses is presented below.

The Board assesses the performance of the operating segments based on a measure of operating profit. Finance income and costs are not included in the segment result that is assessed by the Board. Other information provided to the Board is measured in a manner consistent with that in the financial statements.

Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets exclude deferred income tax assets and cash at bank and in hand. Segment liabilities exclude taxation, borrowings and retirement benefit obligations. Excluded items are part of the reconciliation to consolidated total assets and liabilities.

2014	Feeds £m	Fuels £m	Food £m	Group £m
Revenue				
Total revenue	**161.0**	**346.9**	**37.0**	**544.9**
Inter-segment revenue	**(0.3)**	**(6.3)**	**(0.6)**	**(7.2)**
Revenue	**160.7**	**340.6**	**36.4**	**537.7**
Result				
Operating profit	**3.3**	**3.2**	**2.0**	**8.5**
Finance costs (note 7)				**(1.6)**
Profit before taxation				**6.9**
Income tax expense (note 8)				**(1.6)**
Profit for the year				**5.3**
Other information				
Depreciation and amortisation	**1.0**	**1.1**	**1.6**	**3.7**

4. Segment information continued

2014	Feeds £m	Fuels £m	Food £m	Group £m
Balance sheet				
Assets				
Segment assets	**42.6**	**41.8**	**31.4**	**115.8**
Deferred income tax assets (note 20)				**3.6**
Cash and cash equivalents				**—**
Consolidated total assets				**119.4**
Liabilities				
Segment liabilities	**(13.7)**	**(34.3)**	**(4.0)**	**(52.0)**
Current income tax liabilities				**(1.1)**
Deferred income tax liabilities (note 20)				**(4.3)**
Borrowings (note 18)				**(11.7)**
Retirement benefit obligations (note 22)				**(17.3)**
Consolidated total liabilities				**(86.4)**

2013 (restated)	Feeds £m	Fuels £m	Food £m	Group £m
Revenue				
Total revenue	153.1	363.4	37.1	553.6
Inter-segment revenue	—	(7.1)	(0.7)	(7.8)
Revenue	153.1	356.3	36.4	545.8
Result				
Operating profit	3.8	4.4	1.2	9.4
Finance costs (note 7)				(1.6)
Profit before taxation				7.8
Income tax expense (note 8)				(2.1)
Profit for the year				5.7
Other information				
Depreciation and amortisation	0.8	1.2	1.6	3.6

2013	Feeds £m	Fuels £m	Food £m	Group £m
Balance sheet				
Assets				
Segment assets	35.7	47.1	32.8	115.6
Deferred income tax assets (note 20)				4.4
Cash and cash equivalents				0.1
Consolidated total assets				120.1
Liabilities				
Segment liabilities	(15.5)	(38.5)	(3.6)	(57.6)
Current income tax liabilities				(1.3)
Deferred income tax liabilities (note 20)				(4.9)
Borrowings (note 18)				(9.3)
Retirement benefit obligations (note 22)				(18.8)
Consolidated total liabilities				(91.9)

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

5. Profit before taxation

Profit before taxation is stated after charging:

	2014 £m	2013 £m
Cost of inventories recognised as an expense (included in cost of sales)	**471.5**	490.5
Depreciation of property, plant and equipment (note 12)	**3.2**	3.0
Amortisation of other intangible assets (note 13)	**0.5**	0.6
Profit on disposal of property, plant and equipment	**—**	—
Operating lease charges – land and buildings	**0.6**	0.6
Operating lease charges – other	**3.3**	3.5
Staff costs (note 6)	**28.9**	29.6

Services provided by the Company's auditors

During the year, the Group obtained the following services from the Company's auditors:

	2014 £'000	2013 £'000
Fees payable to the Company's auditors for the audit of the Company and consolidated annual financial statements	**28**	28
Fees payable to the Company's auditors for other services:		
– audit of the financial statements of the Company's subsidiaries pursuant to legislation	**89**	74
– non-audit assurance services	**22**	—
Total auditors' remuneration	**139**	102

6. Staff costs

The average monthly number of persons (including Directors) employed in the Group during the year was:

	2014 Number	2013 Number
Feeds	**171**	162
Fuels	**193**	192
Food	**432**	490
Head Office	**15**	13
	811	857

Staff costs for the aforementioned persons were:

	2014 £m	(Restated) 2013 £m
Wages and salaries	**25.1**	25.8
Social security costs	**2.6**	2.5
Share-based payments (note 23)	**0.3**	0.3
Other pension costs (note 22)	**0.9**	1.0
	28.9	29.6

In addition to the above staff costs, the Group incurred £3.4 million (2013: £2.3 million) in respect of costs of agency workers.

Other pension costs above are amounts charged to operating profit in respect of defined contribution and defined benefit pension schemes. They do not include amounts in respect of defined benefit pension schemes included in finance costs, amounts in respect of scheme expenses included in administrative costs and actuarial gains and losses included in the statement of comprehensive income.

7. Finance costs

	2014 £m	(Restated) 2013 £m
Interest on bank loans and overdrafts	**0.8**	0.8
Interest payable under hire purchase agreements	**—**	0.1
Total interest expense	**0.8**	0.9
Net finance cost in respect of defined benefit pension schemes (note 22)	**0.8**	0.7
Total finance costs	**1.6**	1.6

No borrowing costs were capitalised in the year ended 31 May 2014 (2013: £Nil).

8. Income tax expense

	2014 £m	(Restated) 2013 £m
Current tax		
UK corporation tax on profits for the year	**1.9**	2.3
Adjustments in respect of prior years	**(0.1)**	(0.1)
Current tax expense	**1.8**	2.2
Deferred tax		
Origination and reversal of temporary differences	**(0.1)**	(0.1)
Effect of decreased tax rate on opening balance	**(0.1)**	—
Deferred tax credit (note 20)	**(0.2)**	(0.1)
Total income tax expense	**1.6**	2.1

During the year ended 31 May 2014, as a result of the reduction in the UK corporation tax rate from 23.0% to 21.0% from 1 April 2014, corporation tax has been calculated at an effective rate of 22.7% of estimated assessable profit for the year (2012: 23.8%).

A further reduction in the UK corporation tax rate to 20.0%, effective from 1 April 2015, has been substantively enacted into law. In the opinion of the Directors the relevant timing differences are expected to reverse after 1 April 2015, so relevant deferred tax balances have been re-measured and provided for based on a UK tax rate of 20.0%.

If the relevant timing differences reverse before the 1.0% reduction in the corporation tax rate from 21.0% to 20.0%, effective from 1 April 2015, the estimated impact on the Group balance sheet would be an increase in the deferred tax asset of £0.2 million, from £3.6 million to £3.8 million, and an increase in the deferred tax liability of £0.3 million, from £4.3 million to £4.6 million.

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2014 £m	(Restated) 2013 £m
Profit before taxation	**6.9**	7.8
Profit before taxation multiplied by the standard rate of UK corporation tax of 22.7% (2013: 23.8%)	**1.6**	1.9
Effects of:		
– expenses not deductible for tax purposes	**0.2**	0.3
– adjustments in respect of prior years	**(0.1)**	(0.1)
– impact on deferred tax of reduction in the UK corporation tax rate	**(0.1)**	—
Total income tax expense	**1.6**	2.1

The Directors expect that the Group will have a higher than standard tax charge in the future as a result of the level of the Group's disallowable expenses and timing differences.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

9. Business combinations

S.C. Feeds Limited

On 29 November 2013, the Group acquired 100% of the share capital of S.C. Feeds Limited, an agricultural ruminant feed business, for a total consideration of £6.7 million. Total consideration transferred comprises cash paid at the date of acquisition and equity consideration in the form of shares in NWF Group plc issued on 7 March 2014. The fair value of the 374,340 ordinary shares issued as part of the consideration paid for S.C. Feeds Limited was based on the average of the published share prices on 24, 26 and 28 February 2014. The acquisition terms include no contingent or deferred consideration arrangements.

Acquisition-related costs (included in administrative expenses) of £0.1 million have been charged to administrative expenses in the consolidated income statement.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	Book value £m	Fair value adjustment £m	**Total 2014 £m**
Property, plant and equipment (note 12)	0.5	1.0	**1.5**
Identifiable intangible assets (note 13)	—	0.1	**0.1**
Inventory	0.5	—	**0.5**
Trade and other receivables	1.9	—	**1.9**
Trade and other payables	(1.4)	—	**(1.4)**
Deferred tax liability (note 20)	(0.1)	(0.1)	**(0.2)**
Total identifiable assets	1.4	1.0	**2.4**

Property, plant and equipment acquired with S.C. Feeds Limited has been recognised at a fair value of £1.5 million following an external revaluation exercise completed using the depreciated replacement cost method. In addition, £0.1 million has been recognised in respect of the S.C. Feeds Limited brand as an intangible asset arising from the acquisition.

	2014 £m
Goodwill (note 13)	**4.1**
Total consideration	**6.7**
Satisfied by:	
Cash	**6.1**
Equity consideration (374,340 ordinary shares of NWF Group plc)	**0.6**
Total consideration transferred	**6.7**
Net cash outflow arising on acquisition:	
Cash consideration and fees	**6.1**
Plus: bank overdraft acquired	**0.4**
	6.5

Goodwill of £4.1 million arises from the acquisition and is attributable to the acquired strategic advantage and economies of scale expected from combining the operations of the Group and S.C. Feeds Limited. None of the goodwill recognised is expected to be deductible for income tax purposes.

The S.C. Feeds Limited business contributed revenue of £11.1 million and operating profit of £0.4 million to the Group's results for the year ended 31 May 2014. If the business had been consolidated from 1 June 2013, the consolidated income statement for the year ended 31 May 2014 would include revenue of £19.8 million and operating profit of £0.8 million.

10. Equity dividends

	2014 £m	2013 £m
Final dividend for the year ended 31 May 2013 of 3.8p (2012: 3.5p) per share	**1.8**	1.6
Interim dividend for the year ended 31 May 2014 of 1.0p (2013: 1.0p) per share	**0.5**	0.5
Amounts recognised as distributions to equity shareholders in the year	**2.3**	2.1
Proposed final dividend for the year ended 31 May 2014 of 4.1p (2013: 3.8p) per share	**1.9**	1.8

The proposed final dividend is subject to approval at the AGM on 25 September 2014 and has not been included as a liability in these Group financial statements.

11. Earnings per share

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

	2014 £m	(Restated) 2013 £m
Earnings		
Earnings for the purposes of basic and diluted earnings per share being profit for the year attributable to equity shareholders (£m)	**5.3**	5.7
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share (000s)	**47,489**	47,277
Weighted average dilutive effect of share consideration (000s)	**101**	—
Weighted average dilutive effect of conditional share awards and SAYE share options (000s)	**259**	246
Weighted average number of shares for the purposes of diluted earnings per share (000s)	**47,849**	47,523
Earnings per ordinary share (p)		
Basic earnings per ordinary share	**11.2**	12.1
Diluted earnings per ordinary share	**11.1**	12.0
Headline earnings per ordinary share (p)		
Basic headline earnings per ordinary share	**12.4**	13.1
Diluted headline earnings per ordinary share	**12.4**	13.0

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

	2014 £m	(Restated) 2013 £m
Profit for the year attributable to equity shareholders	**5.3**	5.7
Add back		
Net finance cost in respect of defined benefit pension scheme	**0.8**	0.7
Tax effect of the above	**(0.2)**	(0.2)
Headline earnings	**5.9**	6.2

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

12. Property, plant and equipment

	Freehold land and buildings £m	Long leasehold land and buildings £m	Plant and machinery £m	Cars and commercial vehicles £m	Total £m
Cost					
At 1 June 2012	32.7	1.1	18.9	8.1	60.8
Additions	0.1	0.1	1.1	0.1	1.4
Disposals	—	—	(0.1)	(0.6)	(0.7)
At 1 June 2013	32.8	1.2	19.9	7.6	61.5
Additions	0.3	—	1.6	0.7	2.6
Acquisition of subsidiary (note 9)	—	—	1.5	—	1.5
Disposals	—	—	(0.7)	(0.7)	(1.4)
At 31 May 2014	**33.1**	**1.2**	**22.3**	**7.6**	**64.2**
Accumulated depreciation					
At 1 June 2012	5.3	0.1	13.8	2.7	21.9
Charge for the year	0.7	0.1	1.2	1.0	3.0
Disposals	—	—	—	(0.5)	(0.5)
At 1 June 2013	6.0	0.2	15.0	3.2	24.4
Charge for the year	0.7	—	1.6	0.9	3.2
Disposals	—	—	(0.6)	(0.5)	(1.1)
At 31 May 2014	**6.7**	**0.2**	**16.0**	**3.6**	**26.5**
Carrying amount					
At 31 May 2014	**26.4**	**1.0**	**6.3**	**4.0**	**37.7**
At 31 May 2013	26.8	1.0	4.9	4.4	37.1

The Group has pledged certain freehold land and buildings with a carrying value of £23.8 million (31 May 2013: £24.3 million) to secure banking facilities granted to the Group.

Included in plant and machinery and cars and commercial vehicles above are assets acquired under hire purchase agreements with a carrying value at 31 May 2014 of £Nil and £0.1 million (31 May 2013: £0.4 million and £0.6 million) respectively. The depreciation charges for the year ended 31 May 2014 relating to these assets were £Nil and £0.1 million (2013: £0.1 million and £0.1 million) respectively.

13. Intangible assets

	Goodwill £m	Computer software £m	Brands £m	Total £m
Cost				
At 1 June 2012	9.2	3.5	0.5	13.2
Additions	—	0.7	—	0.7
At 1 June 2013	9.2	4.2	0.5	13.9
Additions	—	0.9	—	0.9
Acquisition of subsidiary (note 9)	4.1	—	0.1	4.2
Disposals	—	—	—	—
At 31 May 2014	**13.3**	**5.1**	**0.6**	**19.0**
Accumulated amortisation				
At 1 June 2012	0.6	0.9	0.1	1.6
Charge for the year	—	0.5	0.1	0.6
At 1 June 2013	0.6	1.4	0.2	2.2
Charge for the year	—	0.5	—	0.5
At 31 May 2014	**0.6**	**1.9**	**0.2**	**2.7**
Carrying amount				
At 31 May 2014	**12.7**	**3.2**	**0.4**	**16.3**
At 31 May 2013	8.6	2.8	0.3	11.7

Amortisation or impairment charges have been charged to administrative expenses in the consolidated income statement.

13. Intangible assets continued

Goodwill

Goodwill acquired is allocated, at acquisition, to cash-generating units ('CGUs') that are expected to benefit from that business combination. The carrying value of goodwill is allocated as follows:

	2014 £m	2013 £m
Feeds	6.8	2.7
Fuels	5.9	5.9
	12.7	8.6

The Group tests annually for impairment of goodwill. The recoverable amounts of CGUs are determined using value in use calculations. The value in use calculations use pre-tax cash flow projections based on management forecasts for the three years ending 31 May 2017. Subsequent cash flows are extrapolated using an estimated growth rate of 2.25%.

The rate used to discount the projected cash flows, being a pre-tax risk-adjusted discount rate, is 9.0% (2013: 9.6%) for all business segments.

The value in use calculations described above, together with sensitivity analysis using reasonable assumptions, indicate ample headroom and therefore do not give rise to impairment concerns.

14. Inventories

	2014 £m	2013 £m
Raw materials and consumables	2.3	2.3
Finished goods and goods for resale	1.5	1.5
	3.8	3.8

15. Trade and other receivables

	2014 £m	2013 £m
Trade receivables	57.0	61.0
Less: provision for impairment	(1.2)	(1.5)
Trade receivables – net	55.8	59.5
VAT recoverable	0.4	0.9
Other receivables	0.3	0.4
Prepayments and accrued income	1.3	1.6
	57.8	62.4

The fair value of trade and other receivables is equivalent to their carrying amount. Trade and other receivables are non interest bearing and are substantially denominated in Sterling.

At 31 May 2014, trade receivables of £16.0 million (31 May 2013: £16.9 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 £m	2013 £m
Up to 3 months	12.2	13.3
Over 3 months	3.8	3.6
	16.0	16.9

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

15. Trade and other receivables continued

Movements on the Group provision for impairment of trade receivables are as follows:

	2014 £m	2013 £m
At 1 June	1.5	1.1
Acquisition of subsidiary (note 9)	—	—
Provision for receivables impairment	0.3	0.9
Receivables written off in the year	(0.6)	(0.5)
At 31 May	**1.2**	1.5

The creation and release of provisions for impaired receivables has been included in administrative expenses in the income statement.

The other classes of receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable.

16. Cash and cash equivalents

	2014 £m	2013 £m
Cash at bank and in hand	—	0.1

The fair value of cash and cash equivalents is equivalent to their carrying amount.

17. Trade and other payables

	2014 £m	2013 £m
Current		
Trade payables	45.2	50.7
Social security and other taxes	1.0	1.0
Accruals and deferred income	5.6	5.3
	51.8	57.0

The fair value of trade and other payables is equivalent to their carrying amount.

18. Borrowings

	2014 £m	2013 £m
Current		
Obligations under hire purchase agreements	0.1	0.2
Non-current		
Invoice discounting advances	11.6	9.1
Obligations under hire purchase agreements	—	—
	11.6	9.1
Total borrowings	11.7	9.3

The Group's banking facilities, provided by The Royal Bank of Scotland, were renewed and increased on 19 June 2014 and are committed until 31 October 2019. The renewed facilities of £65.0 million consist of revolving credit facilities of £10.0 million, invoice discounting facilities of £50.0 million, an overdraft facility of £1.0 million and bank guarantee facilities of £4.0 million. In addition there is also potential to increase the revolving credit facilities by £5.0 million and the invoice discounting facilities by £10.0 million to fund future developments. Interest is charged on the revolving credit facilities at a margin of between 1.60% and 1.85% above LIBOR, depending on the ratio of net debt to EBITDA, and the interest on the invoice discounting facilities is at a margin of 1.25% over the Bank of England base rate. These facilities are subject to quarterly covenant tests on interest cover and net debt to EBITDA. The covenants have been set at levels that provide sufficient headroom and flexibility for the Group until maturity of the facilities in October 2019.

18. Borrowings continued

As at the year ended 31 May 2014 the Group had an agreement with The Royal Bank of Scotland Group for credit facilities totalling £55.0 million. These facilities were in place throughout the financial years ended 31 May 2013 and 31 May 2014. With the exception of the bank overdraft facility of £1.0 million, renewed annually, these facilities were committed through to 31 October 2015. Further information on these facilities, which existed at 31 May 2014 and 31 May 2013, is provided below.

Invoice discounting advances

Invoice discounting advances at 31 May 2014 were drawn under a committed facility with an expiry date of 31 October 2015 (renewed terms to October 2019). The availability of invoice discounting facilities is dependent on the level of current trade receivables available for refinancing and is subject to a maximum drawdown of £44.0 million (renewed terms £50.0 million).

The facility is secured by way of a fixed and floating charge against the Group's trade receivables. Interest is charged at 1.75% (renewed terms 1.25%) per annum above the bank's base rate.

Invoice discounting advances have been classified according to the maturity date of the longest permitted refinancing. Accordingly, all of the invoice discounting advances at 31 May 2014, totalling £11.6 million (31 May 2013: £9.1 million), are presented within non-current liabilities. Without these committed facilities, all invoice discounting advances would have been classified as current liabilities.

The Group incurred non-utilisation fees on its committed invoice discounting facility. Under the renewed terms the Group will incur non-utilisation fees only in respect of committed and undrawn facilities of £20.0 million.

Revolving credit facility

At 31 May 2014, the Group has a revolving credit facility of £6.0 million (31 May 2013: £6.0 million) with an expiry date of 31 October 2015. Interest is charged on amounts drawn down at 2.0 – 2.5% per annum above LIBOR.

Under the renewed terms the Group has a revolving credit facility of £10.0 million with an expiry date of October 2019. Interest will be charged on amounts drawn down at 1.6 – 1.85% per annum above LIBOR.

The amount drawn down under the revolving credit facility at 31 May 2014 is £Nil (31 May 2013: £Nil).

The Group incurs non-utilisation fees on its committed revolving credit facility.

Bank overdrafts

The Group's net bank overdraft facility at 31 May 2014 is repayable on demand and is subject to a maximum limit of £1.0 million. None of the facility was utilised at 31 May 2014 (31 May 2013: £Nil). Interest is charged at 2.0 – 2.5% per annum over the bank's base rate.

Under the renewed terms interest will be charged at 1.5% per annum over the bank's base rate.

Bank guarantee

At 31 May 2014, the Group has a bank guarantee agreement with The Royal Bank of Scotland Group, under which the bank provides a facility which allows the Group to request that the bank issue guarantees to third party suppliers for general business purposes. The maximum total facility value is £4.0 million. Commission is charged on the maximum total facility value of £4.0 million at 2.0 – 2.5% per annum.

Under the renewed terms commission will be charged at 1.3%.

The bank facilities above are provided subject to compliance with standard bank covenants, including net debt/EBITDA and interest cover ratios.

Bank borrowings amounting to £11.6 million (31 May 2013: £9.1 million) are secured by way of unscheduled mortgage debentures provided by the Company and certain subsidiaries within the Group to The Royal Bank of Scotland Group which incorporate a fixed charge over their book debts and floating charges over all their other assets.

All bank borrowings are denominated in Sterling and are repayable as follows:

	2014 £m	2013 £m
Between 2 – 5 years	**11.6**	9.1

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

18. Borrowings continued

Committed bank borrowing facilities by expiry date

The Group has a number of committed bank borrowing facilities which were partly drawn down at 31 May 2014, in respect of which all conditions precedent had been met at that date:

	2014		2013	
Facilities expiring	Facility £m	Amount drawn £m	Facility £m	Amount drawn £m
Within 1 year	**1.0**	**—**	1.0	—
Between 2 – 5 years	**47.8**	**11.6**	46.4	9.1
	48.8	**11.6**	47.4	9.1

The availability of invoice discounting facilities included above, amounting to £41.8 million (31 May 2013: £40.4 million), is dependent on the level of current debt available for refinancing.

The facilities above do not include the £4.0 million bank guarantee agreement facility.

Obligations under hire purchase agreements

Obligations under hire purchase agreements are repayable as follows:

	Minimum payments		Present value of payments	
	2014 £m	2013 £m	2014 £m	2013 £m
Within 1 year	**0.1**	0.2	**0.1**	0.2
Less: future finance charges	**—**	—	**—**	—
Present value of obligations	**0.1**	0.2	**0.1**	0.2
Analysed as:				
Amounts due for settlement within 12 months (shown as current liabilities)			**0.1**	0.2
Amounts due for settlement after 12 months			**—**	—
			0.1	0.2

All hire purchase obligations are denominated in Sterling.

19. Financial instruments and risk management

The Group's financial instruments comprise cash, bank overdrafts, invoice discounting advances, obligations under hire purchase agreements, commodity derivatives and various items such as receivables and payables, which arise from its operations. All financial instruments in 2014 and 2013 were denominated in Sterling. There is no material foreign exchange risk in respect of these instruments.

The carrying amounts of all of the Group's financial instruments are measured at amortised cost in the financial statements, with the exception of derivative financial instruments. Derivative financial instruments are measured subsequent to initial recognition at fair value.

IFRS 13 (amended) 'Financial Instruments: Disclosures' requires disclosure of financial instruments measured at fair value, grouped into Levels 1 to 3 below, based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs, other than quoted prices included within Level 1 above, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's derivative financial instruments as described overleaf (forward supply contracts) were classified as Level 2 in the current and prior year. There were no transfers between levels in both the current and prior year.

19. Financial instruments and risk management continued

Financial liabilities

The book value, fair value and interest rate profile of the Group's financial liabilities, other than non interest-bearing short-term trade and other payables, for which book value equates to fair value, were as follows:

At 31 May 2014	Total book and fair value £m	Fixed interest rate %
Financial liabilities carried at amortised cost:		
Floating rate invoice discounting advances	11.6	—
Hire purchase obligations repayable within 1 year	0.1	2.43 – 7.92
	11.7	
Financial liabilities carried at fair value: derivatives	0.2	—
	11.9	

At 31 May 2013	Total book and fair value £m	Fixed interest rate %
Financial liabilities carried at amortised cost:		
Floating rate invoice discounting advances	9.1	—
Hire purchase obligations repayable within 1 year	0.2	2.43 – 7.92
	9.3	
Financial liabilities carried at fair value: derivatives	0.6	—
	9.9	

Fair values of hire purchase obligations have been calculated by discounting at prevailing market rates.

Financial assets

The book value, fair value and interest rate profile of the Group's financial assets, other than non interest-bearing short-term trade and other receivables, for which book value equates to fair value, were as follows:

At 31 May 2014	Total book and fair value £m	Fixed interest rate %
Financial assets carried at amortised cost: cash and cash equivalents	—	—
Financial assets carried at fair value: derivatives	0.2	—
	0.2	

At 31 May 2013	Total book and fair value £m	Fixed interest rate %
Financial assets carried at amortised cost: cash and cash equivalents	0.1	—
Financial assets carried at fair value: derivative	0.6	—
	0.7	

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. Given the size of the Group, the Directors have not established a sub-committee of the Board to monitor financial risk management, but have established policies that are implemented and monitored by the Executive Directors.

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. At 31 May 2014, the Group had open forward supply contracts with a principal value of £35.2 million (31 May 2013: £28.2 million). The fair value of forward supply contracts recognised in the balance sheet in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' is £Nil (31 May 2013: £Nil).

The fair value of forward supply contracts is based on generally accepted valuation techniques using inputs from observable market data on equivalent instruments at the balance sheet date. The contracts are settled on a gross cash basis and are classified as current assets or liabilities, as all contractual cash flows fall due to be settled in less than one year.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

19. Financial instruments and risk management continued

Financial risk management continued

Price risk continued

The Group has not designated any of these contracts as hedging instruments during the period under review. As a result, changes in the fair value of non-hedging forward supply contracts amounting to £0.1 million have been credited to the income statement in the year (2013: £0.2 million charge).

The Fuels business' 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.

The extent of these risks is regularly reviewed and assessed by the Executive Directors and reported back to the Board. This process is considered to be effective given the size and nature of the risks involved, but will be reviewed in the future should circumstances change.

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 2014 and 31 May 2013, the Group held no interest rate derivatives.

The Directors review the interest rate hedging policy on at least an annual basis. The Group monitors its exposure to interest rate risk primarily through sensitivity analysis. On the basis of the Group's analysis, it is estimated that a rise of one percentage point in interest rates on floating rate borrowings would have reduced 2014 profit before taxation by approximately £0.2 million (2013: £0.2 million).

Credit risk

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

Liquidity risk

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

All of the Group's financial instruments, with the exception of certain borrowings (see note 19), have a contractual maturity of less than one year, based on the earliest date on which the contractual cash flows are required to be settled.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital risk on the basis of the net debt/EBITDA ratio. This ratio is calculated as net debt divided by earnings before interest, tax, depreciation and amortisation as shown below:

	2014	(Restated) 2013
Borrowings (£m) (note 18)	**11.7**	9.3
Less: cash at bank and in hand (£m)	**—**	(0.1)
Net debt (£m)	**11.7**	9.2
EBITDA (£m)	**12.2**	13.0
Net debt/EBITDA ratio	**1.0**	0.7

20. Deferred taxation

The following are the principal categories of deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior year:

(Asset)/liability	Accelerated tax depreciation £m	Retirement benefit obligations (restated) £m	Other £m	Total £m
At 1 June 2012	5.3	(4.2)	(0.1)	1.0
(Credit)/charge to income statement (note 8)	(0.4)	0.3	—	(0.1)
Credit to equity	—	(0.4)	—	(0.4)
At 1 June 2013	4.9	(4.3)	(0.1)	0.5
(Credit)/charge to income statement (note 8)	(0.8)	0.6	—	(0.2)
Acquisition of subsidiary (note 9)	0.2	—	—	0.2
Charge to equity	—	0.2	—	0.2
At 31 May 2014	**4.3**	**(3.5)**	**(0.1)**	**0.7**

21. Share capital

	Number of shares (000s)	Total £m
Authorised: ordinary shares of 25p each		
Balance at 1 June 2012, 31 May 2013 and 31 May 2014	80,000	20.0

	Number of shares (000s)	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 1 June 2012	47,176	11.8
Issue of shares	128	—
Balance at 31 May 2013	47,304	11.8
Issue of shares (see below)	504	0.1
Balance at 31 May 2014	**47,808**	**11.9**

During the year ended 31 May 2014, 130,142 (2013: 127,517) shares with an aggregate nominal value of £32,536 (2013: £31,879) were issued for no consideration under the Group's conditional Performance Share Plan and SAYE share option scheme.

In addition, during the year ended 31 May 2014, 374,340 (2013: Nil) shares with an aggregate nominal value of £93,585 (2013: £Nil) were issued as part of the consideration paid in the acquisition of S.C. Feeds Limited.

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 2014, amounted to 842,526 (31 May 2013: 826,364). These shares will only be issued subject to satisfying certain performance criteria (see Directors' Remuneration Report and note 23).

The Company operates an SAYE share option scheme for the Group's eligible employees. The total number of options outstanding at 31 May 2014 amounted to 529,565 (31 May 2013: 627,191) 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. See note 23 for further information on this option scheme.

22. Retirement benefit schemes

Defined contribution schemes

The Group operates several defined contribution pension schemes for qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The total cost charged to the income statement of £0.4 million (2013: £0.4 million) represents the contributions payable to these schemes by the Group at the rates specified in the scheme rules.

At 31 May 2014, contributions of £Nil (31 May 2013: £Nil) due in respect of the current reporting period had not been paid over to the schemes.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

22. Retirement benefit schemes continued

Defined benefit schemes

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.

The latest full actuarial valuation of this scheme, completed in 2011, was carried out as at 31 December 2010 by a qualified actuary and has been updated on an approximate basis to 31 May 2014. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

As a result of the full actuarial valuation at 31 December 2010 further contributions of £1.1 million per annum have been made from 1 June 2012 in order to eliminate the deficit in the scheme by 31 December 2025. These contributions are in addition to the employer's regular contributions based on pensionable salaries (approximately £0.8 million per annum).

The average duration of the benefit obligation at the balance sheet date is 20 years. The defined benefit obligation includes benefits for current employees, former employees and current pensioners. Approximately 40% of the liabilities are attributable to current employees, 20% former employees and 40% to current pensioners.

The Group expects to make total contributions of £1.9 million to the enlarged scheme in the year ending 31 May 2015.

The scheme typically exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk, as described below:

- Investment risk: The present value of the defined benefit scheme liability is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on plan assets is below this rate, it will create a scheme deficit. Currently, the scheme has a relatively balanced investment in equities, bonds, property, cash and diversified growth funds. Due to the long-term nature of scheme liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the scheme assets should be invested in equities, property and diversified growth funds to leverage the return generated by the fund.
- Interest rate risk: A decrease in the bond interest rate will increase the scheme liability but this will be partially offset by an increase in the return on the scheme's bond investments.
- Longevity risk: The present value of the defined benefit scheme liability is calculated by reference to the best estimate of the mortality of the scheme participants both during and after their employment. An increase in the life expectancy of the scheme participants will increase the scheme's liability.
- Salary risk: The present value of the defined benefit scheme liability is calculated by reference to the future salaries of scheme participants. As such, an increase in the salary of the scheme participants will increase the scheme's liability.

The risk relating to benefits to be paid to dependents of scheme members is re-insured by an external insurance company.

No other post-retirement benefits are provided to these employees.

The principal actuarial assumptions as at the balance sheet date, used for the purposes of the actuarial valuations, were as follows:

	2014 %	2013 %
Discount rate	**4.40**	4.30
Future salary increases	**2.00**	3.40
RPI inflation	**3.35**	3.40
CPI inflation	**2.35**	2.40
Pension increases in payment (LPI5%)	**3.35**	3.40

22. Retirement benefit schemes continued

Defined benefit schemes continued

NWF Group Benefits Scheme continued

The mortality assumptions adopted imply the following life expectancies:

	2014 Years	2013 Years
Current pensioners – male life expectancy at age 65	**22.1**	22.1
Future pensioners currently aged 45 – male life expectancy at age 65	**23.5**	23.4

The 2014 and 2013 mortality assumptions above are based on S1PA YoB CMI 2010 1% long-term trend tables.

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

	2014 £m	2013 £m
Present value of defined benefit obligations	**(48.6)**	(49.9)
Fair value of scheme assets	**31.3**	31.1
Deficit in the scheme recognised as a liability in the balance sheet	**(17.3)**	(18.8)
Related deferred tax asset (note 20)	**3.5**	4.3
Net pension liability	**(13.8)**	(14.5)

Amounts recognised in the income statement in respect of the defined benefit scheme are as follows:

	2014 £m	(Restated*) 2013 £m
Current service cost	**0.6**	0.7
Administrative expenses	**0.3**	0.3
Net interest on the defined benefit liability	**0.8**	0.7
Total cost recognised in the income statement	**1.7**	1.7

* See notes 2 and 30.

Gains and losses arising from the re-measurement of the net defined benefit liability have been reported in the statement of comprehensive income, as shown below:

	2014 £m	(Restated*) 2013 £m
Actuarial (loss)/gain on plan assets	**(0.7)**	2.2
Actuarial gain/(loss) arising from changes in financial assumptions	**1.9**	(3.8)
Re-measurement gain/(loss)	**1.2**	(1.6)

* See notes 2 and 30.

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

	2014 £m	(Restated*) 2013 £m
At 1 June	**49.9**	44.6
Current service cost	**0.6**	0.7
Interest cost	**2.1**	2.0
Re-measurement (gains)/losses:		
– actuarial (gain)/loss arising from changes in financial assumptions	**(1.9)**	3.9
Contributions by scheme members	**0.2**	0.2
Benefits paid	**(2.3)**	(1.5)
At 31 May	**48.6**	49.9

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

22. Retirement benefit schemes continued

Defined benefit schemes continued

NWF Group Benefits Scheme continued

Changes in the fair value of scheme assets are as follows:

	2014 £m	(Restated*) 2013 £m
At 1 June	**31.1**	27.3
Interest income	**1.3**	1.3
Re-measurement (losses)/gains:		
– actuarial (losses)/gains on plan assets	**(0.7)**	2.2
Contributions by employer	**1.9**	1.8
Contributions by scheme members	**0.2**	0.2
Expenses	**(0.3)**	(0.3)
Benefits paid	**(2.2)**	(1.4)
At 31 May	**31.3**	31.1

The major categories and fair values of scheme assets at the balance sheet date are as follows:

	Fair value of assets	
	2014 £m	(Restated*) 2013 £m
Equities	**6.7**	6.2
Corporate bonds	**6.6**	6.5
Index-linked government bonds	**0.9**	3.0
Liability-driven investment fund	**2.8**	—
Property	**0.9**	1.7
Diversified growth fund	**13.3**	13.4
Cash	**0.1**	0.3
Total	**31.3**	31.1

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property used by the Group at the balance sheet date.

The actual return on scheme assets was a gain of £0.4 million (2013: £3.2 million).

Asset-liability matching reviews of the NWF Group Benefits Scheme are performed regularly. The results of reviews are used to assist the trustees and the Group to determine the optimal long-term asset allocation with regard to the structure of the liabilities of the scheme. They are also used to assist the trustees in managing the underlying volatility inherent in investment performance and the risk of a significant increase in the scheme deficit, by providing information used to determine the scheme's investment strategy.

The main strategic choices that are formulated in an actuarial and technical policy document of the fund are described below:

- asset mix based on 20% equity investments, bond allocation 30%, diversified growth fund 40%, property and alternative assets 10%;
- it is the policy of the fund to cover its exposure to the interest rate risk of the defined benefit liability by the use of bond investments only. The fund has not used interest rate derivatives to hedge its exposure to interest rate risk in the current and prior year;
- inflation risk is mitigated by the use of liability-driven investment ('LDI') funds. LDI funds are derivative-based investments that give leveraged exposures to the bond markets. Within the 30% bond allocation, there is a 10% LDI fund allocation which affords approximately 30% exposure to changes in inflation;
- consideration has been given to using LDI funds to give improved leveraged protection against changes in interest rates. However, the current policy is to use LDI funds to hedge inflation risk only, given that the majority of the scheme's liabilities are inflation linked;
- the fund does not have a material foreign exchange exposure and does not, therefore, use foreign exchange derivatives to hedge its foreign exchange risk; and
- the only active management is within the diversified growth fund, bond investments, property and alternative assets. All equity investments are passively managed.

22. Retirement benefit schemes continued

Defined benefit schemes continued

NWF Group Benefits Scheme continued

Virtually all equity and bonds have quoted prices in active markets.

There has been no change in the processes used by the Group to manage its risks from the prior year.

There have not been any material amendments, curtailments or settlements during the year.

Significant actuarial assumptions for the determination of the defined benefit liability are discount rate, future salary increases, price inflation and mortality. The sensitivity analyses shown below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the balance sheet dates, while holding all other assumptions constant.

Impact on defined benefit obligation	Increase £m	Decrease £m
0.25% change in discount rate	(2.1)	2.2
0.25% change in salary increases	0.5	(0.5)
0.25% change in RPI inflation	1.4	(1.3)

The 0.25% change in the RPI inflation rate sensitivities does not make any allowance for the change in salary growth assumption, although it does allow for a move in the CPI inflation assumption.

23. Share-based payments

In the year ended 31 May 2014, the Group operated two (2013: two) equity-settled share-based payment plans as described below.

The Group recognised total expenses of £0.3 million in respect of equity-settled share-based payment transactions in the year ended 31 May 2014 (2013: £0.3 million).

The Performance Share Plan ('LTIP')

The Group operates a performance share plan for senior executives, further details of which can be found in the Directors' Remuneration Report in the Group financial statements. Under the LTIP, the Group has made awards of conditional shares, which have yet to be exercised, to certain Directors and employees on 9 August 2011 (vesting date: 31 May 2014), 14 August 2012 (vesting date: 31 May 2015) and 6 August 2013 (vesting date: 31 May 2016). The vesting of these conditional share awards is subject to the Group achieving absolute earnings per share targets.

Details of the maximum total number of ordinary shares, which may be issued in future periods in respect of conditional share awards outstanding at 31 May 2014 and 31 May 2013, are as follows:

	2014 Number of conditional shares	2013 Number of conditional shares
At 1 June	**826,364**	1,144,323
Granted in the year	**391,525**	336,042
Lapsed/expired in the year	**(156,133)**	(153,612)
Forfeited in the year	**(103,038)**	(372,872)
Exercised in the year	**(116,192)**	(127,517)
At 31 May	**842,526**	826,364

The estimate of the fair value of the services received in return for the conditional share awards is measured based on a Black Scholes model. The aggregate of the estimated fair values of the awards at 31 May 2014 shown above is £0.9 million (31 May 2013: £0.8 million), before taking into account the likelihood of achieving non market-based performance conditions.

For awards granted in the current and prior year, the inputs into the Black Scholes model are as follows:

	2014	2013
Share price at grant date	**£1.24**	£0.99
Exercise price	**Nil**	Nil
Expected volatility	**22.1%**	31.7%
Expected life	**2.75 years**	2.88 years
Expected dividend yield	**4.22%**	3.93%
Risk-free interest rate	**0.73%**	0.13%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

23. Share-based payments continued

SAYE share option scheme

The Company operates an SAYE share option scheme for the Group's eligible employees. Options vest on completion of a three year savings contract ending on 1 November 2014 (the vesting period) and can be exercised for a period of six months from this date for an exercise price of £1.06 per share. The exercise price represents a 10% discount to the quoted market price of the Company's ordinary shares at 12 September 2011 (the date of invitation to join the scheme).

Options are forfeited if an employee leaves the employment of the Group. Options are cancelled when an employee ceases to save under, and therefore cancels participation in, the scheme but remains in the employment of the Group.

The Company has no legal or constructive obligation to repurchase or settle the options for cash.

Movements in the number of options outstanding in the year ended 31 May 2014 and 31 May 2013 are as follows:

	2014 Number of share options	2013 Number of share options
At 1 June	627,191	775,925
Forfeited in the year	(56,000)	(38,031)
Exercised in the year	(13,950)	—
Cancelled in the year	(27,676)	(110,703)
At 31 May	**529,565**	627,191

The estimate of the fair value of the services received in return for the share options is measured based on a Black Scholes model. The estimated fair value of the options at 31 May 2014 is £0.2 million (31 May 2013: £0.2 million), before taking into account the likelihood of achieving non market-based performance conditions.

The inputs into the Black Scholes model are as follows:

Share price at grant date	£1.21
Exercise price	£1.06
Expected volatility	51.4%
Expected life	3.33 years
Expected dividend yield	3.73%
Risk-free interest rate	1.03%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 3.33 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

24. Net cash generated from operating activities

	2014 £m	(Restated) 2013 £m
Operating profit	8.5	9.4
Adjustments for:		
Depreciation of property, plant and equipment	3.2	3.0
Amortisation of other intangible assets	0.5	0.6
Share-based payment expense	0.3	0.3
Issue of shares	(0.1)	(0.2)
Difference between pension charge and cash contributions	(0.9)	(0.9)
Operating cash flows before movements in working capital	11.5	12.2
Movements in working capital:		
Decrease/(increase) in inventories	0.5	(0.3)
Decrease/(increase) in receivables	6.5	(6.0)
(Decrease)/increase in payables	(5.9)	6.7
Net cash generated from operations	**12.6**	12.6
Interest paid	(0.7)	(0.8)
Income tax paid	(2.3)	(1.4)
Net cash generated from operating activities	**9.6**	10.4

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

	1 June 2013 £m	Cash flow £m	Acquisition of subsidiary (note 9) £m	Other non-cash movements £m	**31 May 2014 £m**
Cash and cash equivalents (note 16)	0.1	6.4	(6.5)	—	**—**
Debt due after 1 year	(9.1)	(2.5)	—	—	**(11.6)**
Hire purchase obligations due within 1 year	(0.2)	0.2	—	(0.1)	**(0.1)**
Total Group	(9.2)	4.1	(6.5)	(0.1)	**(11.7)**

26. Operating lease commitments

At the balance sheet date, the Group has commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2014 £m	Land and buildings 2013 £m	**Other 2014 £m**	Other 2013 £m
Within 1 year	**0.1**	0.7	**3.0**	2.7
Within 2 – 5 years inclusive	**0.3**	0.4	**6.5**	7.0
After 5 years	**0.3**	0.3	**—**	0.1
	0.7	1.4	**9.5**	9.8

The Group leases various land and buildings on short-term operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group also leases various cars and commercial vehicles and plant and equipment under operating leases. Leases are negotiated for an average term of five years and rentals are fixed for an average of five years.

27. Related party transactions

Key management compensation

The remuneration of key management personnel of the Group, who are the Executive and Non-Executive Directors of the Company, the Executive Directors of its subsidiaries and certain key managers of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures':

	2014 £m	2013 £m
Short-term employee benefits	**3.0**	2.8
Post-employment benefits	**0.1**	0.1
Termination benefits	**0.3**	—
Share-based payments	**0.1**	0.2
	3.5	3.1

Further information on remuneration of Directors can be found in the Directors' Remuneration Report.

Directors' transactions

M H Hudson purchased, in the normal course of business and under normal terms and conditions, goods to the value of £7,688 as a customer of the Group in the year ended 31 May 2014 (2013: £12,721). At 31 May 2014, the amount outstanding was £1,153 (31 May 2013: £621). During the year, the highest amount outstanding totalled £2,095 (2013: £2,531).

R A Whiting purchased, in the normal course of business and under normal terms and conditions, goods to the value of £3,254 as a customer of the Group in the year ended 31 May 2014 (2013: £3,620). At 31 May 2014, the amount outstanding was £630 (31 May 2013: £1,294). During the year, the highest amount outstanding totalled £1,151 (2013: £1,544).

T P Acton purchased, in the normal course of business and under normal terms and conditions, goods to the value of £4,419 as a customer of the Group in the year ended 31 May 2014. At 31 May 2014, the amount outstanding was £698. During the year, the highest amount outstanding totalled £881.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

28. Commitments for capital expenditure

	2014 £m	2013 £m
Authorised, contracted but not provided for	**1.9**	0.6

29. Contingent liabilities

The Group's bank facilities are provided under an arrangement with The Royal Bank of Scotland Group. The Group has pledged security in favour of the bank over certain freehold land and buildings with a carrying value at 31 May 2014 of £23.8 million (31 May 2013: £24.3 million). Unscheduled mortgage debentures have also been provided by the Company and certain subsidiaries to the bank which incorporate a fixed charge over trade receivables and floating charges over all other assets.

The Group has an arrangement with the bank under which cash balances are offset against borrowings. The Company has given a guarantee in respect of the net bank borrowings within the Group under this arrangement amounting to £11.6 million at 31 May 2014 (31 May 2013: £9.1 million).

The Group has a bank guarantee agreement with The Royal Bank of Scotland Group, under which the bank provides a facility which allows the Group to request that the bank issue guarantees to third party suppliers for general business purposes. The maximum total facility value is £4.0 million. Commission was charged on the total facility utilisation of £4.0 million at 2.0 – 2.5% per annum (under the renewed terms the margin will be 1.3% per annum). At 31 May 2014, upon the request of the Group, the bank has issued a guarantee with a value of £4.0 million (31 May 2013: £4.0 million) to a third party supplier of a subsidiary company.

The Company and certain subsidiaries have granted a fixed and floating charge in favour of the trustees of a defined benefit pension scheme (the NWF Group Benefits Scheme). This security, which is subordinated to the bank, creates a fixed charge over certain freehold land and buildings, subject to a maximum value of £5.0 million (31 May 2013: £5.0 million), and a floating charge over all other assets.

The Company has also given certain guarantees to third parties in respect of operating lease and supply agreement commitments due from various subsidiary companies.

30. Restatement of prior year financial statements

As described in note 2, the adoption of the amendments to IAS 19 'Employee Benefits' with effect from 1 June 2013 has resulted in the restatement of financial statements for year ended 31 May 2013, as shown below:

Consolidated income statement

	As previously reported	IAS 19 (R) adjustments	Restated £m
Revenue	545.8	—	545.8
Cost of sales	(518.2)	—	(518.2)
Gross profit	27.6	—	27.6
Administrative expenses	(17.9)	(0.3)	(18.2)
Operating profit	9.7	(0.3)	9.4
Finance costs	(1.3)	(0.3)	(1.6)
Profit before taxation and net finance cost in respect of defined benefit pension scheme	8.8	(0.3)	8.5
Net finance cost in respect of defined benefit pension scheme	(0.4)	(0.3)	(0.7)
Profit before taxation	8.4	(0.6)	7.8
Income tax expense	(2.2)	0.1	(2.1)
Profit for the year attributable to equity shareholders	6.2	(0.5)	5.7
Earnings per share (pence)			
Basic	13.1		12.1
Diluted	13.0		12.0
Headline earnings per share (pence)			
Basic	14.2		13.1
Diluted	14.1		13.0

30. Restatement of prior year financial statements continued

Statement of comprehensive income

	As previously reported	IAS 19 (R) adjustments	Restated £m
Profit for the year attributable to equity shareholders	6.2	(0.5)	5.7
Items that will never be reclassified to profit or loss:			
Actuarial loss on defined benefit pension scheme	(2.2)	0.6	(1.6)
Tax on items that will never be reclassified to profit or loss	0.5	(0.1)	0.4
Total comprehensive income for the year	4.5	—	4.5

Consolidated cash flow statement

	As previously reported	IAS 19 (R) adjustments	Restated £m
Operating profit	9.7	(0.3)	9.4
Adjustments for:			
Depreciation of property, plant and equipment	3.0	—	3.0
Amortisation of other intangible assets	0.6	—	0.6
Share-based payment expense	0.3	—	0.3
Issue of shares	(0.2)	—	(0.2)
Difference between pension charge and cash contributions	(1.2)	0.3	(0.9)
Operating cash flows before movements in working capital	12.2	—	12.2

The change in accounting policy has had no impact on the prior period valuations of the retirement benefit obligations reported in the balance sheet. Consequently, the change has had no impact on net assets and total shareholders' equity reported in the consolidated balance sheet as at 31 May 2013.

INDEPENDENT AUDITORS' REPORT

to the members of NWF Group plc

Report on the Parent Company financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the parent company's affairs as at 31 May 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The parent company financial statements (the "financial statements"), which are prepared by NWF Group plc, comprise:

- Parent company balance sheet as at 31 May 2014;
- Reconciliation of movement in equity shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the year ended 31 May 2014 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter

We have reported separately on the group financial statements of NWF group plc for the year ended 31 May 2014.

PricewaterhouseCoopers LLP

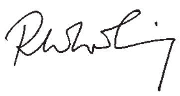
Martin Heath (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Liverpool
5 August 2014

PARENT COMPANY BALANCE SHEET

as at 31 May 2014

	Note	2014 £m	2013 £m
Fixed assets			
Tangible assets	3	**24.1**	24.6
Investments	4	**1.4**	1.4
		25.5	26.0
Current assets			
Debtors	5	**8.4**	2.3
Cash at bank and in hand		**0.5**	0.8
		8.9	3.1
Creditors: amounts falling due within one year	6	**(16.3)**	(11.8)
Net current liabilities		**(7.4)**	(8.7)
Total assets less current liabilities		**18.1**	17.3
Provisions for liabilities			
Deferred taxation	7	**(0.6)**	(0.7)
Net assets		**17.5**	16.6
Capital and reserves			
Called up share capital	8	**11.9**	11.8
Other reserves	9	**5.6**	4.8
Total shareholders' funds	10	**17.5**	16.6

The Parent Company financial statements on pages 67 to 72 were approved by the Board of Directors on 5 August 2014 and were signed on its behalf by:



R A Whiting
Director

B J Banner
Director

The notes on pages 68 to 72 form part of these Parent Company financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

for the year ended 31 May 2014

1. Significant accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention, modified by the revaluations of certain freehold land and buildings, and in accordance with the Companies Act 2006 and applicable Accounting Standards in the UK. The principal accounting policies, which have been applied consistently to all the years presented, are set out below.

Parent Company profit and loss account

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's profit after taxation for the year was £2.4 million (2013: £1.6 million). There are no material differences between the profit after taxation in the current and prior year and its historical cost equivalent. Accordingly, no note of historical cost profits and losses has been presented.

Dividend distribution

The distribution of a dividend to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which it is approved by the Company's shareholders.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. In accordance with FRS 15, the book values of certain assets which were the subject of past revaluations have been retained. Depreciation is calculated to write off the cost or valuation of tangible fixed assets over their useful economic life on a straight-line basis as follows:

Freehold buildings	10 – 50 years
Plant and machinery	3 – 10 years

Freehold land is not depreciated. Assets under construction are not depreciated until they are put into use.

Borrowing costs that are directly attributable to the construction of qualifying assets are capitalised.

Investment in subsidiary undertakings

Investments in Group undertakings are stated at cost, unless their value has been impaired in which case they are valued at the lower of their realisable value or value in use.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board. No timing differences are recognised in respect of revalued tangible fixed assets or fair value adjustments to acquired tangible fixed assets where there is no commitment to sell the asset. The deferred tax assets and liabilities are not discounted.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Share-based payments

In the year ended 31 May 2014, the Company operated two (2013: two) equity-settled share-based payment plans. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant.

The fair value determined at the grant date of equity-settled share-based payments issued to the Company's employees is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

The fair value determined at the grant date of equity-settled share-based payments issued to employees of subsidiary undertakings is recognised as an addition to the cost of investment in subsidiary undertakings on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by the use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in an immediate accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Employer social security contributions payable in connection with the grant of share awards is considered an integral part of the grant itself and the charge is treated as a cash-settled transaction.

1. Significant accounting policies continued

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of issue.

2. Remuneration of Directors

Details of Directors' remuneration are shown in the Directors' Remuneration Report of the Group financial statements.

3. Tangible fixed assets

	Freehold land and buildings £m	Plant and machinery £m	Total £m
Cost or valuation			
At 1 June 2013	30.3	0.5	30.8
Additions	0.2	—	0.2
At 31 May 2014	**30.5**	**0.5**	**31.0**
Accumulated depreciation			
At 1 June 2013	5.8	0.4	6.2
Charge for the year	0.7	—	0.7
At 31 May 2014	**6.5**	**0.4**	**6.9**
Carrying amount			
At 31 May 2014	**24.0**	**0.1**	**24.1**
At 31 May 2013	24.5	0.1	24.6

The cost or valuation of freehold land and buildings at 31 May 2014 above includes £7.2 million (31 May 2013: £7.2 million) held at a valuation carried out in 1995.

The historical cost amounts of the Company's freehold land and buildings at 31 May 2014 are: £29.3 million (31 May 2013: £29.2 million) cost; £6.5 million (31 May 2013: £5.9 million) accumulated depreciation; and £22.8 million (31 May 2013: £23.3 million) net book value.

4. Investments in subsidiary undertakings

	£m
Cost and carrying amount	
At 1 June 2013	1.4
Additions	—
At 31 May 2014	**1.4**

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company directly owns the whole of the issued ordinary shares of the following subsidiary undertakings:

Company	Business activity
NWF Agriculture Holdings Limited	Holding company – Feed operations
NWF Distribution Holdings Limited	Holding company – Food operations
NWF Fuels Holdings Limited	Holding company – Fuel operations
Bassett Fuels Limited	Dormant
Dragon Petroleum Limited	Dormant
Figaro Number Two Limited	Dormant
Lincolnshire Fuels Limited	Dormant
North Western Farmers Limited	Dormant
NWF Limited	Dormant

All of the above companies are registered and operate in England and Wales.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

4. Investments in subsidiary undertakings continued

The Company also indirectly owns all of the issued ordinary shares of the following subsidiary undertakings:

Company	Business activity
Boughey Distribution Limited	Warehousing and food distribution
NWF Agriculture Limited	Supplier of animal feedstuffs and seeds
S.C. Feeds Limited	Supplier of animal feedstuffs and seeds
NWF Fuels Limited	Fuel distribution
Evesons Fuels Limited	Non-trading
Broadland Fuels Limited	Dormant
Evesons (Worcestershire) Limited	Dormant
Figaro Number One Limited	Dormant
Fuel Oil Supply Co. Limited	Dormant
J G W Thomas & Son Limited	Dormant
Knutsford Domestic Fuel Oil Company Limited	Dormant
Nutrition Express Limited	Dormant
Swan Petroleum Limited	Dormant

All of the above companies are registered and operate in England and Wales.

5. Debtors

	2014 £m	2013 £m
Amounts owed by Group undertakings	**7.1**	1.0
Prepayments and accrued income	**0.3**	0.3
Corporation tax recoverable	**0.9**	0.9
VAT recoverable	**0.1**	0.1
	8.4	2.3

All of the amounts owed by Group undertakings shown above are repayable on demand.

6. Creditors: amounts falling due within one year

	2014 £m	2013 £m
Amounts owed to Group undertakings	**14.1**	9.3
Accruals and deferred income	**1.8**	2.4
Other Taxation and social security	**0.4**	0.1
	16.3	11.8

The Company has a bank overdraft facility amounting to £1.0 million, none of which has been utilised at 31 May 2014 (31 May 2013: £Nil). This facility is secured by way of unscheduled mortgage debentures provided by the Company and certain subsidiaries within the Group to The Royal Bank of Scotland Group, which incorporate a fixed charge over trade receivables and floating charges over all their other assets.

All of the amounts owed to Group undertakings shown above are repayable on demand. Included in these amounts is £6.3 million (31 May 2013: £7.7 million) which represents loans from Group undertakings. Interest has been charged on these Group loans in the year at 3.0% (2013: 3.0%) per annum. The remaining amounts are non interest-bearing trade balances.

7. Deferred taxation

	2014 £m	2013 £m
Accelerated capital allowances	**0.7**	0.8
Other timing differences	**(0.1)**	(0.1)
	0.6	0.7

The movement on the deferred tax provision in the year was as follows:

Provision	£m
At 1 June 2013	0.7
Credit to the profit and loss account	(0.1)
At 31 May 2014	**0.6**

The potential amount of deferred tax on revalued land and buildings has not been recognised since it is the intention of the Directors to retain these properties in the business.

8. Called up share capital

	Number of shares (000s)	Total £m
Authorised: ordinary shares of 25p each		
Balance at 1 June 2012, 31 May 2013 and 31 May 2014	80,000	20.0

	Number of shares (000s)	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 1 June 2012	47,176	11.8
Issue of shares	128	—
Balance at 31 May 2013	47,304	11.8
Issue of shares	504	0.1
Balance at 31 May 2014	**47,808**	**11.9**

During the year ended 31 May 2014, 130,142 (2013: 127,517) shares with an aggregate nominal value of £32,536 (2013: £31,879) were issued for no consideration under the Group's conditional Performance Share Plan and SAYE share option scheme.

In addition, during the year ended 31 May 2014, 374,340 (2013: Nil) shares with an aggregate nominal value of £93,585 (2013: £Nil) were issued as part of the consideration paid in the acquisition of S.C. Feeds Limited.

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 2014, amounted to 842,526 (31 May 2013: 826,364). These shares will only be issued subject to satisfying certain performance criteria (see the Directors' Remuneration Report and note 23 to the Group financial statements).

The Company operates an SAYE share option scheme for the Group's eligible employees. The total number of options outstanding at 31 May 2014 amounted to 529,565 (31 May 2013: 627,191) 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. See note 23 of the Group financial statements for further information on this option scheme.

9. Other reserves

	£m
At 1 June 2013	4.8
Profit for the financial year	2.4
Dividends paid (see below)	(2.3)
Issue of shares (note 8)	0.4
Credit to equity for equity-settled share-based payments (note 12)	0.3
At 31 May 2014	**5.6**

Details of dividends paid in the year by the Company can be found in note 10 of the Group financial statements.

10. Reconciliation of movements in shareholders' funds

	2014 £m	2013 £m
Opening shareholders' funds	**16.6**	16.9
Profit for the financial year	**2.4**	1.6
Dividends paid	**(2.3)**	(2.1)
Issue of shares (note 8)	**0.5**	(0.1)
Credit to equity for equity-settled share-based payments (note 12)	**0.3**	0.3
Closing shareholders' funds	**17.5**	16.6

11. Related party transactions

The Company has taken advantage of the exemption included in FRS 8 'Related Party Disclosures' to not disclose details of transactions with Group undertakings, on the grounds that it is the parent company of a group whose accounts are publicly available.

Directors' transactions

M H Hudson purchased, in the normal course of business and under normal terms and conditions, goods to the value of £7,688 as a customer of the Group in the year ended 31 May 2014 (2013: £12,721). At 31 May 2014, the amount outstanding was £1,153 (31 May 2013: £621). During the year, the highest amount outstanding totalled £2,095 (2013: £2,531).

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 May 2014

11. Related party transactions continued

Directors' transactions continued

R A Whiting purchased, in the normal course of business and under normal terms and conditions, goods to the value of £3,254 as a customer of the Group in the year ended 31 May 2014 (2013: £3,620). At 31 May 2014, the amount outstanding was £630 (31 May 2013: £1,294). During the year, the highest amount outstanding totalled £1,151 (2013: £1,544).

T P Acton purchased, in the normal course of business and under normal terms and conditions, goods to the value of £4,419 as a customer of the Group in the year ended 31 May 2014. At 31 May 2014, the amount outstanding was £698. During the year, the highest amount outstanding totalled £881.

Details of the Directors' interests in the ordinary share capital of the Company are provided in the Directors' Report.

12. Share-based payments

The Performance Share Plan ('the LTIP')

The Company operates a performance share plan for senior executives, further details of which can be found in the Directors' Remuneration Report in the Group financial statements.

Under the LTIP, the Company has made awards of conditional shares to certain Directors and employees, details of which can be found in note 23 of the Group financial statements.

The Company recognised total expenses of £0.3 million in respect of the LTIP's equity-settled share-based payment transactions in the year ended 31 May 2014 (2013: £0.3 million).

SAYE share option scheme

The Company operates an SAYE share option scheme for the Group's eligible employees, further details of which can be found in note 23 of the Group financial statements.

The Company recognised total expenses of £Nil in respect of the SAYE scheme's equity-settled share-based payment transactions with its own employees in the year ended 31 May 2014 (2013: £Nil).

In addition, the aggregate cost of SAYE scheme options granted to employees of the Company's subsidiary undertakings of £0.2 million at 31 May 2014 (31 May 2013: £0.2 million) has been recognised by the Company as an addition to the cost of investment in subsidiary undertakings (see note 4).

13. Pensions

The Company participates in the NWF Group Benefits Scheme, a pension arrangement providing benefits based on final pensionable pay, further details of which can be found in note 22 of the Group financial statements.

The Company is in practice unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and, following the adoption of FRS 17 'Retirement Benefits', is treating the scheme as a defined contribution scheme.

Contributions into the scheme and amounts charged to the profit and loss account during the year were £Nil (2013: £Nil). There were no outstanding or prepaid contributions at the balance sheet date (31 May 2013: £Nil).

The Company also operated a money purchase scheme during the year and contributions during the year amounted to £0.1 million (2013: £0.1 million). There were no outstanding or prepaid contributions at the balance sheet date (31 May 2013: £Nil).

14. Contingent liabilities

The Company's bank facilities are provided under an arrangement with The Royal Bank of Scotland Group. The Company has pledged security in favour of the bank over certain freehold land and buildings with a carrying value at 31 May 2014 of £23.8 million (31 May 2013: £24.3 million). An unscheduled mortgage debenture has also been provided by the Company to the bank which incorporates a floating charge over all other assets.

The Group has an arrangement with the bank under which cash balances are offset against borrowings. The Company has given a guarantee in respect of the net bank borrowings under this arrangement amounting to £11.6 million at 31 May 2014 (31 May 2013: £9.1 million).

The Company has a bank guarantee agreement with The Royal Bank of Scotland Group, under which the bank provides a facility which allows the Company to request that the bank issue guarantees to third party suppliers for general business purposes. The maximum total facility value is £4.0 million. Commission is charged on the maximum total facility value of £4.0 million at 2.0 – 2.5% per annum (renewed terms 1.3%). At 31 May 2014, upon the request of the Company, the bank has issued a guarantee with a value of £4.0 million (31 May 2013: £4.0 million) to a third party supplier of a subsidiary company.

The Company has granted a fixed and floating charge in favour of the trustees of a defined benefit pension scheme (the NWF Group Benefits Scheme). This security, which is subordinated to the bank, creates a fixed charge over certain freehold land and buildings, subject to a maximum value of £5.0 million (31 May 2013: £5.0 million), and a floating charge over all other assets.

The Company has also given certain guarantees to third parties in respect of operating lease and supply agreement commitments due from various subsidiary companies.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ('the Meeting') of NWF Group plc ('the Company') will be held at The Wardle Suite, Rookery Hall Hotel, Worleston, Cheshire CW5 6DQ on Thursday 25 September 2014 at 10.30 a.m. to transact the following business:

Ordinary business

1. To receive, adopt and approve the Company's annual accounts for the financial year ended 31 May 2014 together with the Directors' Report and Auditors' Report on those accounts.
2. To declare a final dividend of 4.1p per share for the year ended 31 May 2014.
3. To re-elect R A Whiting as a Director of the Company, who retires by rotation in accordance with the Articles of Association of the Company.
4. To re-elect M H Hudson as a Director of the Company, who retires by rotation in accordance with the UK Corporate Governance Code, having served as a Non-Executive Director for longer than nine years.
5. To reappoint PricewaterhouseCoopers LLP as auditors to hold office from the conclusion of the Meeting to the conclusion of the next Meeting at which accounts are laid before the Company at a remuneration to be determined by the Directors.

Special business

To consider and, if thought fit, pass the following resolutions, which will be proposed as to Resolution 6 as an Ordinary Resolution and as to Resolution 7 as a Special Resolution.

6. That the Board of Directors of the Company ('the Board') be generally and unconditionally authorised to allot Relevant Securities (as hereinafter defined):

   6.1 up to an aggregate nominal amount of £3,989,370 (the equivalent of 15,957,480 ordinary shares); and

   6.2 comprising equity securities (as defined by Section 560 of the Companies Act 2006 ('the Act')) up to an aggregate nominal amount of £7,978,740 (the equivalent of 31,914,960 ordinary shares) (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 6.1 above) in connection with an offer by way of a rights issue:

   (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

   (b) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange,

   provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 15 months after the date of this Annual General Meeting or, if earlier, the date of the next Annual General Meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Board may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This Resolution 6 revokes and replaces all unexercised authorities previously granted to the Board to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

   For the purposes of this Resolution 6, 'Relevant Securities' means:

   » shares in the Company other than shares allotted pursuant to:

     » an employee share scheme (as defined by Section 1166 of the Act);

     » a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security;

     » a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security; or

   » any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by Section 1166 of the Act). References to the allotment of Relevant Securities in this Resolution 6 include the grant of such rights.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Special business continued

7. That, subject to the passing of Resolution 6 on page 73, the Board be and it is hereby empowered, pursuant to Section 570 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 6 on page 73 or by way of a sale of treasury shares as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

   7.1 the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of equity securities (but in the case of the authority granted under paragraph 6.2 of Resolution 6 on page 73, by way of a rights issue only) where the equity securities respectively attributable to the interests of all those persons at such record dates as the Board may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held by them subject to such exclusions or other arrangements as the Board may consider necessary or expedient to deal with treasury shares, fractional entitlements, record dates, practical or legal difficulties under the laws of any territory or the requirements of any regulatory body or stock exchange or by virtue of equity securities being represented by depositary receipts or any other matter whatsoever; and

   7.2 the allotment (otherwise than pursuant to paragraph 7.1 above) of equity securities up to an aggregate nominal amount of £598,406,

   and in each case shall expire upon the expiry of the general authority conferred by Resolution 6 on page 73, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the Board may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offers or agreements as if the power conferred by this resolution had not expired.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

These notes are important and require your immediate attention.

1. A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint another person of his/her choice as that shareholder's proxy to exercise all or any of that shareholder's rights to attend and to speak and vote at the meeting on his/her behalf. A shareholder may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy does not need to be a shareholder of the Company.
2. A form of proxy for use in connection with the Meeting is enclosed with the document of which this notice forms part. Completion and return of a form of proxy will not prevent a shareholder from attending and voting in person at the Meeting. Addresses (including electronic addresses) in this document are included strictly for the purposes specified and not for any other purpose.
3. To appoint a proxy or proxies, shareholders must complete a form of proxy, sign it and return it, together with the power of attorney or any other authority under which it is signed, or a notarially certified copy of such authority, to the Company's registrars, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so that it is received no later than 10.30 a.m. on 23 September 2014.
4. Only those members entered on the register of members of the Company at 6.00 p.m. on 23 September 2014 or, in the event that this meeting is adjourned, in the register of members as at 6.00 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members after the close of business on 23 September 2014 or, in the event that this meeting is adjourned, in the register of members after the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held at 10.30 a.m. on the 25 September 2014 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Asset Services (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

   CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank form of proxy and a form of proxy which states the number of shares to which it applies, the specific form of proxy shall be counted first, regardless of whether it was sent or received before or after the blank form of proxy, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank form of proxy. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you should contact Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

8. Copies of the following documents will be available for inspection at the Company's registered office during normal working hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the Meeting:

   » copies of all service agreements or letters of appointment under which the Directors of the Company are employed by the Company.

9. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):

   » calling Capita Asset Services: 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open 8.30 a.m. – 5.30 p.m. Monday – Friday).

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Ordinary business

Each resolution will be proposed as an Ordinary Resolution. This means that, for each of the resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

The Ordinary Resolutions are entirely routine and deal with the approval of the Annual Report and Accounts for the financial year ended 31 May 2014, the declaration of a final dividend, the reappointment of R A Whiting and M H Hudson as Directors of the Company and the reappointment of PricewaterhouseCoopers LLP as auditors.

Special business

Resolution 6 will be proposed as an Ordinary Resolution and Resolution 7 will be proposed as a Special Resolution. In order for a Special Resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 6 – authority to allot shares (Ordinary Resolution)

The authority conferred on the Directors at last year’s Annual General Meeting to allot the share capital of the Company expires at the conclusion of the forthcoming Annual General Meeting. The Board recommends that this authority be renewed.

Paragraph 6.1 of Resolution 6 will, if passed, authorise the Directors to allot the Company’s unissued shares up to a maximum nominal amount of £3,989,370 which represents an amount which is equal to one-third of the aggregate nominal value of the issued and unconditionally allotted ordinary share capital of the Company (excluding treasury shares) as it was at close of business on 13 August 2014. As at close of business on 13 August 2014 the Company did not hold any treasury shares.

Paragraph 6.2 of Resolution 6 will, if passed, authorise the Directors to allot unissued shares in connection with a rights issue in favour of holders of equity securities (which would include ordinary shareholders) as required by the rights of those securities or as the Directors may otherwise consider necessary, up to a maximum aggregate nominal amount of £7,978,740, which represents an amount which is equal to two-thirds of the aggregate nominal value of the issued and unconditionally allotted ordinary share capital of the Company as it was at close of business on 13 August 2014 (such amount to be reduced by the nominal amount of any relevant securities issued under the authority conferred by paragraph 6.1 of Resolution 6).

The authorities sought in Resolution 6 are in substitution for all existing authorities, granted in the Company’s Articles of Association or otherwise, and without prejudice to previous allotments made under such existing authorities. The authorities will each expire 15 months after the date of the Annual General Meeting or, if earlier, at the conclusion of the next Annual General Meeting of the Company. The Directors have no present intention of exercising these authorities but believe that it is in the best interests of the Company to have the authorities available so that the Board has the flexibility to take advantage of business opportunities as they arise.

Resolution 7 – disapplication of pre-emption rights (Special Resolution)

Resolution 7, which will be proposed as a Special Resolution, seeks to renew the authority conferred on the Directors at last year’s Annual General Meeting to issue equity securities of the Company for cash without application of the pre-emption rights provided by Section 561 of the Act. The authority being sought provides for non pre-emptive allotments of equity securities: (i) to ordinary shareholders in proportion to their existing shareholdings; (ii) to holders of other equity securities as required by, or subject to (as the Directors consider necessary), the rights of those securities, and to deal with treasury shares, fractional entitlements and legal and practical problems in any territory, for example on a rights issue or other similar share issue; and (iii) for cash up to an aggregate nominal value of £598,406, which represents 5% of the issued ordinary share capital of the Company as it was at close of business on 13 August 2014. The authority being sought is in substitution for all existing authorities, granted in the Company’s Articles of Association or otherwise, and without prejudice to previous allotments made under such authorities and will expire 15 months after the date of the Annual General Meeting or, if earlier, at the conclusion of the next Annual General Meeting of the Company. The Directors have no present intention of exercising these authorities but believe that it is in the best interests of the Company to have the authorities available so that the Board has the flexibility to take advantage of business opportunities as they arise.

The authority sought and the limits set by this resolution will also disapply the application of Section 561 of the Act from a sale of treasury shares to the extent also specified in this resolution.

FINANCIAL CALENDAR

Annual General Meeting	25 September 2014
Final dividend paid	5 December 2014
Preliminary announcement of half-year results	Early February 2015
Publication of Interim Report	Early February 2015
Interim dividend paid	1 May 2015
Financial year end	31 May 2015
Preliminary announcement of full-year results	Early August 2015
Publication of Annual Report and Accounts	Late August 2015

DIVISIONAL CONTACTS

Feeds	Tel: 0800 262397 www.nwfagriculture.co.uk
Food	Tel: 01829 260704 www.boughey.co.uk
Fuels	Tel: 01829 260900 www.nwffuels.co.uk

consultancy, design and production by
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