NWF GROUP PLC

INTERIM REPORT 2014/15

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.

A solid result against a record prior period

Despite volatility in commodities, NWF has maintained good market positions, underpinned by low levels of net debt.

FINANCIAL HIGHLIGHTS

- Revenue down 4.6% to £247.1 million (H1 2013: £259.1 million) as a result of lower commodity prices
- Operating profit £2.8 million (H1 2013: £3.6 million)
- Headline profit before taxation[1] down 24.2% to £2.5 million (H1 2013: £3.3 million)
- Headline basic earnings per share[1] down 24.5% to 4.0p (H1 2013: 5.3p)
- Interim dividend per share unchanged at 1.0p (H1 2013: 1.0p)
- Net debt 26.2% lower at £12.4 million (30 November 2013: £16.8 million)

[1] Excluding £0.4 million (H1 2013: £0.4 million) net finance cost in respect of defined benefit pension scheme and, where applicable, the tax effect thereof.

OPERATIONAL HIGHLIGHTS

- Feeds – revenue decreased by 0.6% to £68.0 million (H1 2013: £68.4 million) as a result of significantly lower commodity prices partially offset by the additional revenue from S.C. Feeds. Operating profit was £0.1 million (H1 2013: £1.4 million). Margins reduced during the period as a result of utilising higher priced forward bought commodities as feed prices were reduced.
- Food – revenue increased by 1.6% to £18.8 million (H1 2013: £18.5 million) as the business operated with a consistent customer base from the Wardle site. Operating profit was £1.5 million (H1 2013: £1.1 million) an increase delivered by a more efficient operation which did not require trunking and cross docking which had been required in a two-site operation.
- Fuels – revenue decreased by 6.9% to £160.3 million (H1 2013: £172.2 million) as a consequence of the fall in oil prices. Operating profit was £1.2 million (H1 2013: £1.1 million), as the business successfully offset the lower demand for heating oil, due to the milder weather, with increased sales of gas oil and premium products.

HEADLINE PROFIT BEFORE TAX

£2.5m -24.2%

H1 2014	£2.5m
H1 2013	£3.3m
H1 2012	£2.4m

NET DEBT

£12.4m -26.2%

H1 2014	£12.4m
H1 2013	£16.8m
H1 2012	£13.7m

HEADLINE EARNINGS PER SHARE

4.0p -24.5%

H1 2014	4.0p
H1 2013	5.3p
H1 2012	3.8p

Find more online

You can keep up to date with all the latest news and figures from NWF via our website **www.nwf.co.uk**

SUMMARY

- Revenue £247.1 million (H1 2013: £259.1 million)
- Operating profit £2.8 million (H1 2013: £3.6 million)
- Headline profit before taxation[1] £2.5 million (H1 2013: £3.3 million)
- Headline basic earnings per share[1] 4.0p (H1 2013: 5.3p)
- Interim dividend per share unchanged at 1.0p (H1 2013: 1.0p)
- Net debt £12.4 million (30 November 2013: £16.8 million)

NWF has delivered a solid result against a record performance for the comparative period in the prior year.

Overview

NWF has delivered a solid result against a record performance for the comparative period in the prior year. The Feeds business managed the challenges of significant falls in commodities and milk prices and opened a new feed facility in Dumfries to support customers in Scotland and the North of England. Our Food business performed well, benefiting from the continued focus on operational efficiency at the Wardle site. The Fuels business successfully offset the warm weather with additional sales of gas oil and profitability was not negatively impacted by the fall in oil prices. A new depot was opened in Mansfield which has storage to support commercial and domestic business.

Net debt at the period end was £12.4 million (H1 2013: £16.8 million), reflecting the Group's profitability and the improvement in working capital, with debt to EBITDA at 1.1 times (H1 2013: 1.2 times). The Group's banking facilities of £65.0 million are committed to October 2019 and NWF continues to benefit from substantial headroom.

Results

Revenue for the half year ended 30 November 2014 was down 4.6% to £247.1 million (H1 2013: £259.1 million) as a result of falling commodity prices and subsequent price reductions in Feeds and Fuels. Operating profit was down 22.2% to £2.8 million (H1 2013: £3.6 million). Headline profit before taxation[1] was £2.5 million, which is lower than the record result in the prior year (H1 2013: £3.3 million).

Headline basic earnings per share[1] were down 24.5% to 4.0p (H1 2013: 5.3p) and headline diluted earnings per share[1] were 4.0p (H1 2013: 5.2p).

Operating cash inflow for the period, before movements in working capital, amounted to £4.0 million (H1 2013: £4.9 million) due to the operating profits generated in the period. Net cash generated from operations for the period of £2.7 million was 42.1% higher than the comparable period in the prior year (H1 2013: £1.9 million) as result of underlying improvements in working capital, particularly in Fuels. In line with seasonality in working capital requirements there was a net investment in working capital in the first half of £1.3 million (H1 2013: £3.0 million).

1 Excluding £0.4 million (H1 2013: £0.4 million) net finance cost in respect of defined benefit pension scheme and, where applicable, the tax effect thereof.

Net capital expenditure in the period was £2.9 million (H1 2013: £1.6 million) reflecting investment in the fleet upgrade in Fuels together with the development capital supporting the new Feeds facility in Dumfries and the new Fuel depot in Mansfield.

Net assets at 30 November 2014 increased by £1.3 million to £33.1 million (30 November 2013: £31.8 million) due to the profit retained by the Group.

Dividend

The Board has approved an unchanged interim dividend per share of 1.0p (H1 2013: 1.0p). This will be paid on 1 May 2015 to shareholders on the register on 20 March 2015. The shares will trade ex-dividend on 19 March 2015.

Operations

Feeds

Revenue decreased by 0.6% to £68.0 million (H1 2013: £68.4 million) as a result of lower selling prices being offset in part by the sales from S.C. Feeds which joined the Group in November 2013. Volumes were up 14.7% to 258,000 tonnes (H1 2013: 225,000 tonnes) with a continued focus on providing effective nutritional advice to farmers across the country. Operating profit was £0.1 million, compared to £1.4 million for the same period last year. Commodity prices fell this year reducing margins compared to prior year when commodities were increasing and, as we reported at the time, one off gains were achieved. Across a basket of products commodity costs fell by over 20% during the period. Farmers' milk prices have also been falling causing tougher conditions for our clients going forward. Milk production has continued to increase, up 6% on prior year. S.C. Feeds has continued to perform strongly and has maintained volumes at the levels of the prior year in the first half.

Food

Revenue increased by 1.6% to £18.8 million (H1 2013: £18.5 million). Operating profit increased to £1.5 million (H1 2013: £1.1 million), ahead of our expectations as the business improved the efficiency of operations whilst maintaining a high service level of 99.7% for the period. Average storage levels in the period were 94,000 pallet spaces (H1 2013: 102,000), and transport activity was in line with prior year. Repack work increased, supporting customer needs particularly for added value products for the Halloween market. Driver availability has been maintained in spite of significant demand from the distribution market following the deadline for driver accreditation in September 2014.

Fuels

Revenue decreased by 6.9% to £160.3 million (H1 2013: £172.2 million) as a consequence of lower oil prices. Volumes were maintained at 197 million litres with lower demand for heating oil, resulting from the mild weather, being offset by increased sales of gas oil in the period. Operating profit increased to £1.2 million (H1 2013: £1.1 million) in line with our plans and we opened a new Fuels depot at Mansfield, which has 400,000 litres of storage capacity. Brent Crude fell significantly through the period to an average of $98.44 per barrel (H1 2013: $108.36 per barrel) ending the reported period at $70.15 per barrel.

Outlook and future prospects

We have performed as planned since the period end. In Feeds our customers are facing further falls in milk prices and we are working to optimise diets to help mitigate the tough conditions for dairy farmers. In the Food division, we have navigated the volatile Christmas period and are continuing to focus on improving operating efficiency and utilisation of our site and vehicles. In Fuels the oil price has fallen further which has not impacted profitability and we have seen a return to more normal seasonal weather conditions.

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

Overall the Group is trading in line with the expectations of the Board and I look forward to updating shareholders later this year.

Mark Hudson
Chairman
3 February 2015

CONDENSED CONSOLIDATED INCOME STATEMENT

for the half year ended 30 November 2014 (unaudited)

	Note	**Half year ended 30 November 2014 £m**	Half year ended 30 November 2013 £m	Year ended 31 May 2014 £m
Revenue	3	**247.1**	259.1	537.7
Operating expenses		**(244.3)**	(255.5)	(529.2)
Operating profit	3	**2.8**	3.6	8.5
Finance costs	4	**(0.7)**	(0.7)	(1.6)
Profit before taxation and net finance cost in respect of defined benefit pension scheme		**2.5**	3.3	7.7
Net finance cost in respect of defined benefit pension scheme		**0.4**	(0.4)	(0.8)
Profit before taxation		**2.1**	2.9	6.9
Income tax expense	5	**(0.5)**	(0.7)	(1.6)
Profit for the period attributable to equity shareholders		**1.6**	2.2	5.3
Earnings per share (pence)				
Basic	6	**3.4**	4.6	11.2
Diluted	6	**3.4**	4.6	11.1
Headline earnings per share (pence)[1]				
Basic	6	**4.0**	5.3	12.4
Diluted	6	**4.0**	5.2	12.4

[1] Excluding net finance cost in respect of defined benefit pension scheme and the tax effect thereof.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 30 November 2014 (unaudited)

	Half year ended 30 November 2014 £m	Half year ended 30 November 2013 £m	Year ended 31 May 2014 £m
Profit for the period attributable to equity shareholders	**1.6**	2.2	5.3
Items that will never be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit pension scheme	**(2.5)**	1.7	1.2
Tax on items that will never be reclassified to profit or loss	**0.5**	(0.3)	(0.2)
Total comprehensive income for the period	**(0.4)**	3.6	6.3

The notes on pages 8 to 16 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 November 2014 (unaudited)

	30 November 2014 £m	30 November 2013 £m	31 May 2014 £m
Non-current assets			
Property, plant and equipment	**38.6**	37.2	37.7
Intangible assets	**16.4**	16.8	16.3
Deferred income tax assets	**4.1**	3.6	3.6
	59.1	57.6	57.6
Current assets			
Inventories	**4.2**	4.7	3.8
Trade and other receivables	**58.2**	69.2	57.8
Cash at bank and in hand	**—**	0.1	—
Derivative financial instruments (note 7)	**0.4**	0.4	0.2
	62.8	74.4	61.8
Total assets	**121.9**	132.0	119.4
Current liabilities			
Trade and other payables	**(51.4)**	(60.7)	(51.8)
Current income tax liabilities	**(0.8)**	(1.0)	(1.1)
Borrowings (note 7)	**—**	(0.1)	(0.1)
Derivative financial instruments (note 7)	**(0.2)**	(0.3)	(0.2)
	(52.4)	(62.1)	(53.2)
Non-current liabilities			
Borrowings (note 7)	**(12.4)**	(16.8)	(11.6)
Deferred income tax liabilities	**(4.3)**	(4.3)	(4.3)
Retirement benefit obligations	**(19.7)**	(17.0)	(17.3)
	(36.4)	(38.1)	(33.2)
Total liabilities	**(88.8)**	(100.2)	(86.4)
Net assets	**33.1**	31.8	33.0
Equity			
Share capital (note 8)	**12.0**	11.8	11.9
Share premium	**0.9**	—	0.5
Retained earnings	**20.2**	20.0	20.6
Total shareholders' equity	**33.1**	31.8	33.0

The notes on pages 8 to 16 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 30 November 2014 (unaudited)

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 June 2013	11.8	—	16.4	28.2
Profit for the period	—	—	2.2	2.2
Items that will never be reclassified to profit or loss:				
Actuarial gain on defined benefit pension scheme	—	—	1.7	1.7
Tax on items that will never be reclassified to profit or loss	—	—	(0.3)	(0.3)
Total comprehensive income for the period	—	—	3.6	3.6
Transactions with owners:				
Issue of shares	—	—	(0.1)	(0.1)
Credit to equity for equity-settled share-based payments	—	—	0.1	0.1
	—	—	—	—
Balance at 30 November 2013	11.8	—	20.0	31.8
Profit for the period	—	—	3.1	3.1
Items that will never be reclassified to profit or loss:				
Actuarial loss on defined benefit pension scheme	—	—	(0.5)	(0.5)
Tax on items that will never be reclassified to profit or loss	—	—	0.1	0.1
Total comprehensive income for the period	—	—	2.7	2.7
Transactions with owners:				
Dividend paid	—	—	(2.3)	(2.3)
Issue of shares	0.1	0.5	—	0.6
Credit to equity for equity-settled share-based payments	—	—	0.2	0.2
	0.1	0.5	(2.1)	(1.5)
Balance at 31 May 2014	11.9	0.5	20.6	33.0
Profit for the period	**—**	**—**	**1.6**	**1.6**
Items that will never be reclassified to profit or loss:				
Actuarial loss on defined benefit pension scheme	**—**	**—**	**(2.5)**	**(2.5)**
Tax on items that will never be reclassified to profit or loss			**0.5**	**0.5**
Total comprehensive income for the period	**—**	**—**	**(0.4)**	**(0.4)**
Transactions with owners:				
Issue of shares	**0.1**	**0.4**	**(0.1)**	**0.4**
Credit to equity for equity-settled share-based payments	**—**	**—**	**0.1**	**0.1**
	0.1	**0.4**	**—**	**0.5**
Balance at 30 November 2014	**12.0**	**0.9**	**20.2**	**33.1**

The notes on pages 8 to 16 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the half year ended 30 November 2014 (unaudited)

	Half year ended 30 November 2014 £m	Half year ended 30 November 2013 £m	Year ended 31 May 2014 £m
Cash flows from operating activities			
Operating profit	**2.8**	3.6	8.5
Adjustments for:			
Depreciation and amortisation	**2.0**	1.8	3.7
Other	**(0.8)**	(0.5)	(0.7)
Operating cash flows before movements in working capital	**4.0**	4.9	11.5
Movements in working capital:			
(Increase)/decrease in inventories	**(0.4)**	(0.3)	0.5
(Increase)/decrease in receivables	**(0.5)**	(4.9)	6.5
Increase/(decrease) in payables	**(0.4)**	2.2	(5.9)
Net cash generated from operations	**2.7**	1.9	12.6
Interest paid	**(0.3)**	(0.3)	(0.7)
Income tax paid	**(0.8)**	(1.3)	(2.3)
Net cash generated from operating activities	**1.6**	0.3	9.6
Cash flows from investing activities			
Purchase of intangible assets	**(0.4)**	(0.5)	(0.9)
Purchase of property, plant and equipment	**(2.6)**	(1.1)	(2.6)
Proceeds on sale of property, plant and equipment	**0.1**	—	0.3
Acquisition of subsidiary	**—**	(6.4)	(6.5)
Net cash absorbed by investing activities	**(2.9)**	(8.0)	(9.7)
Cash flows from financing activities			
Proceeds from share issue	**0.5**	—	—
Proceeds from bank borrowings	**0.8**	7.8	2.5
Repayment of bank borrowings	**—**	—	—
Capital element of finance lease and hire purchase payments	**—**	(0.1)	(0.2)
Dividends paid	**—**	—	(2.3)
Net cash generated from financing activities	**1.3**	7.7	—
Net decrease in cash and cash equivalents	**—**	—	(0.1)
Cash and cash equivalents at beginning of period	**—**	0.1	0.1
Cash and cash equivalents at end of period	**—**	0.1	—

The notes on pages 8 to 16 form an integral part of these condensed consolidated interim financial statements.

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 address of its 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.

These condensed consolidated interim financial statements ('interim financial statements') were approved for issue on 3 February 2015.

These interim financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim financial statements for the half year ended 30 November 2014 and 30 November 2013 are neither audited nor reviewed by the Company's auditors. Statutory accounts for the year ended 31 May 2014 were approved by the Board of Directors on 5 August 2014 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

2. Basis of preparation and accounting policies

Except as described below, these interim financial statements have been prepared in accordance with the principal accounting policies used in the Company's consolidated financial statements for the year ended 31 May 2014. These interim financial statements should be read in conjunction with those consolidated financial statements, which have been prepared in accordance with IFRSs as endorsed by the European Union.

These interim financial statements do not fully comply with IAS 34 'Interim Financial Reporting', as is currently permissible under the rules of AIM.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The triennial actuarial valuation of the Group's defined benefit pension scheme was completed in the half year to 30 November 2014, with a deficit of £14.1 million at the valuation date of 31 December 2013. In these interim financial statements, this liability has been updated in order to derive the IAS 19R valuation as of 30 November 2014. The triennial valuation has resulted in expected Group contributions of £1.8 million per annum (2013/14: £1.9 million), including recovery plan payments of £1.2 million per annum for twelve years from 1 January 2014 (2013/14: £1.1 million).

The Directors consider that headline profit before taxation and headline earnings per share measures, referred to in these interim financial statements, provide useful information for shareholders on underlying trends and performance. Headline profit before taxation is reported profit before taxation after adding back 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 6 of these interim financial statements.

The following new European Union-endorsed standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 June 2014 and have been adopted by the Group. None of these standards and interpretations has had an impact on the amounts reported in these interim financial statements.

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. Basis of preparation and accounting policies continued

Amendments to IFRS 10, IFRS 11 and IFRS 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 to IFRSs 2012 and 2013

The following new standards, amendments to standards and interpretations have been issued and have received European Union endorsement, but are not effective for the financial year beginning 1 June 2013 and have not been early adopted.

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.

3. 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 are 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, contingent share consideration, borrowings and retirement benefit obligations. Excluded items are part of the reconciliation to consolidated total assets and liabilities.

3. Segment information continued

Half year ended 30 November 2014	Feeds £m	Fuels £m	Food £m	Group £m
Revenue				
Total revenue	68.0	163.1	19.1	250.2
Inter-segment revenue	—	(2.8)	(0.3)	(3.1)
Revenue	68.0	160.3	18.8	247.1
Result				
Operating profit	0.1	1.2	1.5	2.8
Finance costs (note 4)				(0.7)
Profit before taxation				2.1
Income tax expense (note 5)				(0.5)
Profit for the period				1.6
Other information				
Depreciation and amortisation	0.6	0.6	0.8	2.0

As at 30 November 2014	Feeds £m	Fuels £m	Food £m	Group £m
Balance sheet				
Assets				
Segment assets	41.9	44.3	31.6	117.8
Deferred income tax assets				4.1
Cash at bank and in hand				—
Consolidated total assets				121.9
Liabilities				
Segment liabilities	(9.4)	(37.9)	(4.3)	(51.6)
Current income tax liabilities				(0.8)
Deferred income tax liabilities				(4.3)
Borrowings				(12.4)
Retirement benefit obligations				(19.7)
Consolidated total liabilities				(88.8)

3. Segment information continued

Half year ended 30 November 2013	Feeds £m	Fuels £m	Food £m	Group £m
Revenue				
Total revenue	68.4	175.5	18.9	262.8
Inter-segment revenue	—	(3.3)	(0.4)	(3.7)
Revenue	68.4	172.2	18.5	259.1
Result				
Operating profit	1.4	1.1	1.1	3.6
Finance costs (note 4)				(0.7)
Profit before taxation				2.9
Income tax expense (note 5)				(0.7)
Profit for the period				2.2
Other information				
Depreciation and amortisation	0.4	0.6	0.8	1.8

As at 30 November 2013	Feeds £m	Fuels £m	Food £m	Group £m
Balance sheet				
Assets				
Segment assets	42.2	53.0	33.1	128.3
Deferred income tax assets				3.6
Cash at bank and in hand				0.1
Consolidated total assets				132.0
Liabilities				
Segment liabilities	(12.5)	(43.8)	(4.3)	(60.6)
Current income tax liabilities				(1.0)
Deferred income tax liabilities				(4.3)
Contingent share consideration				(0.4)
Borrowings				(16.9)
Retirement benefit obligations				(17.0)
Consolidated total liabilities				(100.2)

3. Segment information continued

Year ended 31 May 2014	Feeds £m	Fuels £m	Food £m	Group £m
Revenue				
Total revenue	160.7	346.9	37.0	544.6
Inter-segment revenue	—	(6.3)	(0.6)	(6.9)
Revenue	160.7	340.6	36.4	537.7
Result				
Operating profit	3.3	3.2	2.0	8.5
Finance costs (note 4)				(1.6)
Profit before taxation				6.9
Income tax expense (note 5)				(1.6)
Profit for the period				5.3
Other information				
Depreciation and amortisation	1.0	1.1	1.6	3.7

As at 31 May 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				3.6
Cash at bank and in hand				—
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				(4.3)
Borrowings				(11.7)
Retirement benefit obligations				(17.3)
Consolidated total liabilities				(86.4)

4. Finance costs

	Half year ended 30 November 2014 £m	Half year ended 30 November 2013 £m	Year ended 31 May 2014 £m
Interest on bank loans and overdrafts	**0.3**	0.3	0.8
Total interest expense	**0.3**	0.3	0.8
Net finance cost in respect of defined benefit pension scheme	**0.4**	0.4	0.8
Total finance costs	**0.7**	0.7	1.6

5. Income tax expense

The income tax expense for the half year ended 30 November 2014 is based upon management's best estimate of the weighted average annual tax rate expected for the full financial year ending 31 May 2015 of 23.4% (H1 2013: 24.0%).

6. Earnings per share

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

	Half year ended 30 November 2014 £m	Half year ended 30 November 2013 £m	Year ended 31 May 2014 £m
Earnings			
Earnings for the purposes of basic and diluted earnings per share being profit for the period attributable to equity shareholders	**1.6**	2.2	5.3

	Half year ended 30 November 2014 (000s)	Half year ended 30 November 2013 (000s)	Year ended 31 May 2014 (000s)
Number of shares			
Weighted average number of shares for the purposes of basic earnings per share	**47,916**	47,376	47,489
Weighted average dilutive effect of shares issued as consideration for acquisition of subsidiary (note 8)	**–**	276	101
Weighted average dilutive effect of conditional share awards and SAYE share options (note 8)	**593**	189	259
Weighted average number of shares for the purposes of diluted earnings per share	**48,509**	47,841	47,849

6. Earnings per share continued

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

	Half year ended 30 November 2014 £m	Half year ended 30 November 2013 £m	Year ended 31 May 2014 £m
Headline earnings			
Profit for the period attributable to equity shareholders	**1.6**	2.2	5.3
Add back:			
Net finance cost in respect of defined benefit pension scheme	**0.4**	0.4	0.8
Tax effect of the above	**(0.1)**	(0.1)	(0.2)
Headline earnings	**1.9**	2.5	5.9

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.

7. Financial instruments

The Group's financial instruments comprise cash, bank overdrafts, invoice discounting advances, obligations under hire purchase agreements, derivatives and various items such as debtors and creditors, which arise from its operations. There is no significant 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 being forward supply contracts. Derivative financial instruments are measured subsequent to initial recognition at fair value.

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

- 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 were classified as Level 2 in the current and prior periods. There were no transfers between levels in both the current and prior periods.

The book and fair values of financial assets at 30 November 2014, other than non-interest bearing short-term trade and other receivables, are as follows:

	Total book and fair value £m
Financial assets carried at fair value: derivatives	**0.4**
Financial assets carried at amortised cost: cash at bank and in hand	**–**
	0.4

7. Financial instruments continued

The book and fair values of financial liabilities at 30 November 2014, other than non-interest bearing short-term trade and other payables, are as follows:

	Total book and fair value £m
Financial liabilities carried at fair value: derivatives	**(0.2)**
Financial liabilities carried at amortised cost:	
– Floating rate invoice discounting advances	**(12.4)**
– Hire purchase obligations repayable within one year	**–**
	(12.6)

8. Share capital

	Number of shares (000s)	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 31 May 2013	47,304	11.8
Issue of shares (see below)	118	–
Balance at 30 November 2013	47,422	11.8
Issue of shares (see below)	386	0.1
Balance at 31 May 2014	47,808	11.9
Issue of shares (see below)	511	0.1
Balance at 30 November 2014	**48,319**	**12.0**

During the half year ended 30 November 2014, 510,540 (H1 2013: 117,833) shares with an aggregate nominal value of £127,635 (H1 2013: £29,458) were issued under the Company's conditional Performance Share Plan and SAYE share option scheme.

In the prior half year period to 31 May 2014, a further 12,308 shares with an aggregate nominal value of £3,077 were issued under the SAYE scheme. In addition, 374,340 shares were issued as consideration for the acquisition of SC Feeds Limited (nominal value £93,585, market value £0.5 million), following finalisation of the transaction in the second half of 2013/14. Full details of consideration and the finalised fair values of assets and liabilities acquired on acquisition of SC Feeds Limited are disclosed on page 48 of the Group's 2014 Annual Report.

The maximum total number of ordinary shares that may vest in the future in respect of conditional Performance Share Plan awards outstanding at 30 November 2014 amounted to 1,083,212 (H1 2013: 998,659) shares. These shares will only be issued subject to satisfying certain performance criteria.

There are no SAYE options outstanding at 30 November 2014 (H1 2013: 558,256). All previously outstanding options under the SAYE scheme have now vested and can be exercised from 1 November 2014 for a period of six months.

9. Interim report

Copies of this Interim Report are due to be sent to shareholders on 5 February 2015. Further copies may be obtained from the Company Secretary at NWF Group plc, Wardle, Nantwich, Cheshire CW5 6BP, or from the Company's website at www.nwf.co.uk.

10. 2015 financial calendar

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
Annual General Meeting	24 September 2015
Final dividend paid	Early December 2015

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Design Portfolio plants ten trees for each of its corporate report projects, in association with Trees for Cities.

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