



Interim Report

2013/14

An agricultural business with heritage.

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



Highlights from H1 2013

Financial

- Revenue up 1.0% to £259.1 million (H1 2012: £256.5 million)
- Operating profit up 28.6% to £3.6 million (H1 2012: £2.8 million)
- Headline profit before taxation¹ up 37.5% to £3.3 million (H1 2012: £2.4 million)
- Headline basic earnings per share¹ up 39.5% to 5.3p (H1 2012: 3.8p)
- Interim dividend per share unchanged at 1.0p (H1 2012: 1.0p)
- Net debt of £16.8 million after paying the cash consideration of £6.0m for the acquisition of S.C. Feeds (30 November 2012: £13.7 million)

¹ Excluding £0.4 million (H1 2012: £0.4 million) net finance cost in respect of defined benefit pension scheme and, where applicable, the tax effect thereof.

Operational

- Feeds – revenue increased by 3.3% to £68.4 million (H1 2012: £66.2 million) as a result of increased volume. Operating profit was £1.4 million with volume growth being delivered by additional sales and marketing resources focusing on direct business with farmers. The acquisition of S.C. Feeds in November 2013 further consolidated the Group's position in the UK ruminant market.
- Food – revenue decreased by 2.1% to £18.5 million (H1 2012: £18.9 million) as the business relocated customers to its principal operating site in Wardle as planned. Operating profits increased by £0.4 million to £1.1 million in line with management expectations. New long-term contracts have been signed with major customers.
- Fuels – revenue increased by 0.5% to £172.2 million (H1 2012: £171.4 million) as a consequence of higher volumes. Operating profits were up £0.6 million on prior year to £1.1 million, reflecting a good balance of commercial and domestic business across the first half of the year.



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

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Chairman's statement

NWF has delivered a very solid set of results in the first half, with performance in line with the Board's expectations.



Mark Hudson
Chairman

Overview

NWF has delivered a very solid set of results in the first half, with the performance of the Group and each of the operating divisions in line with the Board's expectations. The acquisition of S.C. Feeds in November supports the Group's strategy to invest in agriculture. The Feeds division has increased volumes direct to farmers following investment in additional sales and marketing resources. In Food, customers have been successfully relocated from the Deeside location, on which the Group has served notice to exit, and operations have been consolidated at Wardle. Fuels

has performed in line with our expectations effectively managing the balance of commercial and domestic business in the first half of the year, and generating a profit over the summer months.

Net debt at the period end was £16.8 million, reflecting the payment of £6.0 million of cash consideration for S.C. Feeds in late November 2013. This compares to net debt of £13.7 million as at 30 November 2012. The underlying improvement in net debt has been driven by the profit performance and an improved working capital position in the Food and Fuels divisions.

The Group's banking facilities are committed until October 2015 and we continue to benefit from substantial headroom.

Results

Revenue for the half year ended 30 November 2013 was up 1.0% to £259.1 million (H1 2012: £256.5 million) as a result of increased volumes in Feeds and Fuels. Operating profit was up 28.6% to £3.6 million (H1 2012: £2.8 million). Headline profit before taxation¹ was up 37.5% to £3.3 million (H1 2012: £2.4 million).

Headline basic earnings per share¹ were up 39.5% to 5.3p (H1 2012: 3.8p) and headline diluted earnings per share¹ were 5.2p (H1 2012: 3.8p).

Operating cash inflow for the period, before movements in working capital, amounted to £4.9 million (H1 2012: £4.1 million) due to the increase in operating profits. Greater levels of activity in Feeds and Fuels resulted in a net cash investment in working capital of £3.0 million in the first half year (H1 2012: £0.6 million). Net capital expenditure in the period, excluding the £6.0 million in respect of the acquisition of S.C. Feeds, was £1.6 million (H1 2012: £0.9 million).

¹ Excluding £0.4 million (H1 2012: £0.4 million) net finance cost in respect of defined benefit pension scheme and, where applicable, the tax effect thereof.

Net debt at the period end was £16.8 million (30 November 2012: £13.7 million), with debt to EBITDA at 1.2 times (H1 2012: 1.4 times). This increase resulted from the £6.0 million cash paid for the acquisition of S.C. Feeds offsetting an improvement in the underlying position.

Net assets at 30 November 2013 increased by £4.5 million to £31.8 million (30 November 2012: £27.3 million) due to the profit retained by the Group.

Dividend

The Board has approved an unchanged interim dividend per share of 1.0p (H1 2012: 1.0p). This will be paid on 1 May 2014 to shareholders on the register on 21 March 2014. The shares will trade ex-dividend on 19 March 2014.

Operations Feeds

Revenue increased by 3.3% to £68.4 million (H1 2012: £66.2 million) as a result of increased feed volumes. Volumes were up 5.1% to 225,000 tonnes (H1 2012: 214,000 tonnes) with investment in sales and marketing delivering an increase in business direct to farmers as planned. Operating profit was £1.4 million, compared to £1.6 million for the same period last year which included some one-off gains from commodity price increases. Farming customers have enjoyed improved conditions in the first half of the year with improved silage and milk prices along with an overall 4% increase in milk production.

The acquisition of S.C. Feeds at the end of November 2013 is in line with the Group's strategy to invest in agriculture. S.C. Feeds delivers an additional 80,000 tonnes of ruminant business, consolidating the Group's position in the Feeds market and providing additional capacity for expansion.

Fuel

Revenue declined by 2.1% to £18.5 million (H1 2012: £18.9 million). Operating profit increased to £1.1 million (H1 2012: £0.7 million), in line with our expectations as the business transferred customers from the Deeside facility to the principal operating site at Wardle as previously announced. The transition has been executed effectively and notice has been given of the intention to exit the Deeside facility in line with a break clause in mid-2014. Average storage levels in the period were 102,000 pallet spaces (H1 2012: 95,000), which was greater than customers had anticipated at the start of the year. Outbound loads were 3% higher than prior year as existing customers won additional listings. Customer service in the period remained strong at 99.6% on time in full and long-term contracts with major customers have been signed.

Fuels

Revenue increased by 0.5% to £172.2 million (H1 2012: £171.4 million) as a consequence of increased volumes which were up 1.6% to 195 million litres (H1 2012: 192 million litres). Operating profit increased significantly to £1.1 million

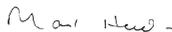
(H1 2012: £0.5 million) as the business achieved a better balance of commercial and domestic business in the first half and remained profitable over the summer months. Brent Crude prices remained similar to prior period at an average of \$108.36 per barrel (H1 2012: \$107.59 per barrel).

Outlook and future prospects

The Group delivered a very solid performance in the first half with all three divisions delivering in line with management's expectations.

Further progress has been made since the period end. In Feeds, we have continued with our strategy of focusing on direct supply to our farming customers and integrating S.C. Feeds into the Group, which is progressing well. In the Food division, having consolidated customers' stocks into Wardle, the focus is on the continued improvement of operating efficiencies. In Fuels, performance continues to be on plan as the depots focus on providing a high level of local service whatever the market conditions.

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
4 February 2014

Condensed consolidated income statement for the half year ended 30 November 2013 (unaudited)

	Note	Half year ended 30 November 2013 £m	(Restated*) Half year ended 30 November 2012 £m	(Restated*) Year ended 31 May 2013 £m
Revenue	3	259.1	256.5	545.8
Operating expenses		(255.5)	(253.7)	(536.4)
Operating profit	3	3.6	2.8	9.4
Finance costs	4	(0.7)	(0.8)	(1.6)
Profit before taxation and net finance cost in respect of defined benefit pension scheme		3.3	2.4	8.5
Net finance cost in respect of defined benefit pension scheme		(0.4)	(0.4)	(0.7)
Profit before taxation		2.9	2.0	7.8
Income tax expense	5	(0.7)	(0.5)	(2.1)
Profit for the period attributable to equity shareholders		2.2	1.5	5.7

Earnings per share (pence)

Basic	6	4.6	3.2	12.1
Diluted	6	4.6	3.2	12.0

Headline earnings per share (pence)¹

Basic	6	5.3	3.8	13.1
Diluted	6	5.2	3.8	13.0

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 2013 (unaudited)

	Half year ended 30 November 2013 £m	(Restated*) Half year ended 30 November 2012 £m	(Restated*) Year ended 31 May 2013 £m
Profit for the period attributable to equity shareholders	2.2	1.5	5.7
Items that will never be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit pension scheme	1.7	0.3	(1.6)
Tax on items that will never be reclassified to profit or loss	(0.3)	(0.1)	0.4
Total comprehensive income for the period	3.6	1.7	4.5

* See notes 2 and 10.

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated balance sheet as at 30 November 2013 (unaudited)

	30 November 2013 £m	30 November 2012 £m	31 May 2013 £m
Non-current assets			
Property, plant and equipment	37.2	38.0	37.1
Intangible assets	16.8	11.6	11.7
Deferred income tax assets	3.6	4.0	4.4
	57.6	53.6	53.2
Current assets			
Inventories	4.7	4.2	3.8
Trade and other receivables	69.2	61.3	62.4
Cash at bank and in hand	0.1	0.1	0.1
Derivative financial instruments (note 8)	0.4	1.0	0.6
	74.4	66.6	66.9
Total assets	132.0	120.2	120.1
Current liabilities			
Trade and other payables	(60.7)	(55.5)	(57.0)
Current income tax liabilities	(1.0)	(0.9)	(1.3)
Borrowings	(0.1)	(0.6)	(0.2)
Derivative financial instruments (note 8)	(0.3)	(0.9)	(0.6)
	(62.1)	(57.9)	(59.1)
Non-current liabilities			
Borrowings	(16.8)	(13.2)	(9.1)
Deferred income tax liabilities	(4.3)	(4.9)	(4.9)
Retirement benefit obligations	(17.0)	(16.9)	(18.8)
	(38.1)	(35.0)	(32.8)
Total liabilities	(100.2)	(92.9)	(91.9)
Net assets	31.8	27.3	28.2
Equity			
Share capital (note 9)	11.9	11.8	11.8
Retained earnings	19.9	15.5	16.4
Total shareholders' equity	31.8	27.3	28.2

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity as at 30 November 2013 (unaudited)

	Share capital £m	(Restated*) Retained earnings £m	(Restated*) Total equity £m
Balance at 1 June 2012	11.8	13.9	25.7
Profit for the period	—	1.5	1.5
Items that will never be reclassified to profit or loss:			
Actuarial gain on defined benefit pension scheme	—	0.3	0.3
Tax on items that will never be reclassified to profit or loss	—	(0.1)	(0.1)
Total comprehensive income for the period	—	1.7	1.7
Transactions with owners:			
Issue of shares (note 9)	—	(0.2)	(0.2)
Credit to equity for equity-settled share-based payments	—	0.1	0.1
	—	(0.1)	(0.1)
Balance at 30 November 2012	11.8	15.5	27.3
Profit for the period	—	4.2	4.2
Items that will never be reclassified to profit or loss:			
Actuarial loss on defined benefit pension scheme	—	(1.9)	(1.9)
Tax on items that will never be reclassified to profit or loss	—	0.5	0.5
Total comprehensive income for the period	—	2.8	2.8
Transactions with owners:			
Dividend paid	—	(2.1)	(2.1)
Credit to equity for equity-settled share-based payments	—	0.2	0.2
	—	(1.9)	(1.9)
Balance at 31 May 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 (note 9)	0.1	(0.2)	(0.1)
Credit to equity for equity-settled share-based payments	—	0.1	0.1
	0.1	(0.1)	—
Balance at 30 November 2013	11.9	19.9	31.8

* See notes 2 and 10.

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated cash flow statement for the half year ended 30 November 2013 (unaudited)

	Half year ended 30 November 2013 £m	(Restated*) Half year ended 30 November 2012 £m	(Restated*) Year ended 31 May 2013 £m
Cash flows from operating activities			
Operating profit	3.6	2.8	9.4
Adjustments for:			
Depreciation of property, plant and equipment	1.5	1.5	3.0
Other	(0.2)	(0.2)	(0.2)
Operating cash flows before movements in working capital	4.9	4.1	12.2
Movements in working capital:			
Increase in inventories	(0.3)	(0.8)	(0.3)
Increase in receivables	(4.9)	(5.3)	(6.0)
Increase in payables	2.2	5.5	6.7
Net cash generated from operations	1.9	3.5	12.6
Interest paid	(0.3)	(0.4)	(0.8)
Income tax paid	(1.3)	(0.3)	(1.4)
Net cash generated from operating activities	0.3	2.8	10.4
Cash flows from investing activities			
Purchase of intangible assets	(0.5)	(0.2)	(0.7)
Purchase of property, plant and equipment	(1.1)	(0.8)	(1.4)
Proceeds on sale of property, plant and equipment	—	0.1	0.2
Acquisition of subsidiary (note 7)	(6.0)	—	—
Net cash absorbed by investing activities	(7.6)	(0.9)	(1.9)
Cash flows from financing activities			
Proceeds from bank borrowings	7.4	—	—
Repayment of bank borrowings	—	(1.4)	(5.5)
Capital element of finance lease and hire purchase payments	(0.1)	(0.6)	(1.0)
Dividends paid	—	—	(2.1)
Net cash generated from/(absorbed by) financing activities	7.3	(2.0)	(8.6)
Net decrease in cash and cash equivalents	—	(0.1)	(0.1)
Cash and cash equivalents at beginning of period	0.1	0.2	0.2
Cash and cash equivalents at end of period	0.1	0.1	0.1

* See notes 2 and 10.

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements for the half year ended 30 November 2013 (unaudited)

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 4 February 2014.

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 2013 and 30 November 2012 are neither audited nor reviewed by the Company's auditors. Statutory accounts for the year ended 31 May 2013 were approved by the Board of Directors on 6 August 2013 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 2013. 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 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 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 interim 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'. Some of these disclosures are specifically required in interim financial statements. Accordingly, the Group has included additional disclosures in this regard (see note 8).

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 interim financial statements.

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

2. Basis of preparation and accounting policies *continued*

Amendments to IAS 19 'Employee Benefits' – change in accounting policy and restatement of prior period 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 schemes 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 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 administration expenses, resulting in a reduction in reported operating profit.

The adoption of this new accounting policy has resulted in the restatement of prior period financial statements for the half year ended 30 November 2012 and 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 10 for further details of the impact of this restatement of prior period financial statements.

In addition to the above, 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 these interim financial statements:

Amendments to IAS 12	'Deferred Tax: Recovery of Underlying Assets'
Amendments to IFRS 7	'Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities'
IFRS 20	'Stripping Costs in the Production Phase of a Surface Mine'
Amendments to IFRS 1	'Government Loans'
Annual Improvements to IFRSs 2009–2011	

Notes to the condensed consolidated interim financial statements continued for the half year ended 30 November 2013 (unaudited)

2. Basis of preparation and accounting policies continued

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

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

Amendments to IAS 32	'Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities'
IFRS 10	'Consolidated Financial Statements'
IFRS 11	'Joint Arrangements'
IFRS 12	'Disclosure of Interests in Other Entities'
IAS 27 (revised)	'Separate Financial Statements'
IAS 28 (revised)	'Investments in Associates and Joint Ventures'
Amendments to IFRSs 2010–2012	'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transitional Guidance'

The Directors anticipate that the adoption of the standards and amendments above in future periods will not 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 opposite.

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 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
As at 30 November 2013				
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 (note 7)				(0.4)
Borrowings				(16.9)
Retirement benefit obligations				(17.0)
Consolidated total liabilities				(100.2)

Notes to the condensed consolidated interim financial statements continued for the half year ended 30 November 2013 (unaudited)

3. Segment information continued

Half year ended 30 November 2012 (restated*)	Feeds £m	Fuels £m	Food £m	Group £m
Revenue				
Total revenue	66.2	175.0	19.1	260.3
Inter-segment revenue	—	(3.6)	(0.2)	(3.8)
Revenue	66.2	171.4	18.9	256.5
Result				
Operating profit	1.6	0.5	0.7	2.8
Finance costs (note 4)				(0.8)
Profit before taxation				2.0
Income tax expense (note 5)				(0.5)
Profit for the period				1.5

As at 30 November 2012	Feeds £m	Fuels £m	Food £m	Group £m
Balance sheet				
Assets				
Segment assets	32.4	49.2	34.5	116.1
Deferred income tax assets				4.0
Cash at bank and in hand				0.1
Consolidated total assets				120.2
Liabilities				
Segment liabilities	(10.9)	(41.5)	(4.0)	(56.4)
Current income tax liabilities				(0.9)
Deferred income tax liabilities				(4.9)
Borrowings				(13.8)
Retirement benefit obligations				(16.9)
Consolidated total liabilities				(92.9)

Year ended 31 May 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 4)				(1.6)
Profit before taxation				7.8
Income tax expense				(2.1)
Profit for the period				5.7

* See notes 2 and 10.

3. Segment information continued

As at 31 May 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				4.4
Cash at bank and in hand				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				(4.9)
Borrowings				(9.3)
Retirement benefit obligations				(18.8)
Consolidated total liabilities				(91.9)

4. Finance costs

	Half year ended 30 November 2013 £m	(Restated*) Half year ended 30 November 2012 £m	(Restated*) Year ended 31 May 2013 £m
Interest on bank loans and overdrafts	0.3	0.4	0.8
Interest payable on hire purchase agreements	—	—	0.1
Total interest expense	0.3	0.4	0.9
Net finance cost in respect of defined benefit pension scheme	0.4	0.4	0.7
Total finance costs	0.7	0.8	1.6

* See notes 2 and 10.

5. Income tax expense

The income tax expense for the half year ended 30 November 2013 is based upon management's best estimate of the weighted average annual tax rate expected for the full financial year ending 31 May 2014 of 24.0% (H1 2012: 25.9%).

6. Earnings per share

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

	Half year ended 30 November 2013 £m	(Restated*) Half year ended 30 November 2012 £m	(Restated*) Year ended 31 May 2013 £m
Earnings			
Earnings for the purposes of basic and diluted earnings per share being profit for the period attributable to equity shareholders	2.2	1.5	5.7

* See notes 2 and 10.

Notes to the condensed consolidated interim financial statements continued for the half year ended 30 November 2013 (unaudited)

6. Earnings per share continued

	Half year ended 30 November 2013 (000s)	Half year ended 30 November 2012 (000s)	Year ended 31 May 2013 (000s)
Number of shares			
Weighted average number of shares for the purposes of basic earnings per share	47,376	47,249	47,277
Weighted average dilutive effect of contingent share consideration (note 7)	276	—	—
Weighted average dilutive effect of conditional share awards and SAYE share options	189	54	246
Weighted average number of shares for the purposes of diluted earnings per share	47,841	47,303	47,523

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

	Half year ended 30 November 2013 £m	Half year ended 30 November 2012 £m	Year ended 31 May 2013 £m
Headline earnings			
Profit for the period attributable to equity shareholders	2.2	1.5	5.7
Add back:			
Net finance cost in respect of defined benefit pension scheme	0.4	0.4	0.7
Tax effect of the above	(0.1)	(0.1)	(0.2)
Headline earnings	2.5	1.8	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.

7. Business combinations

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 £6.4 million. Details of the total consideration, identifiable net assets acquired and goodwill are shown below:

	£m
Total consideration:	
Cash paid on completion	6.0
Contingent share consideration (see below)	0.4
	6.4
Provisional fair value of identifiable net assets acquired	(1.5)
Provisional goodwill	4.9
Net cash outflow arising on the acquisition:	
	£m
Total consideration – cash paid on completion	6.0

Contingent share consideration above represents the estimated fair value of ordinary shares in NWF Group plc, the parent undertaking, that will be issued to the vendors upon finalisation of completion accounts.

7. Business combinations *continued*

Acquisition-related costs of £0.1 million have been charged to the income statement (included within operating expenses) in the half year ended 30 November 2013.

Provisional goodwill of £4.9 million arises from the acquisition and is attributable to the acquired customer base and economies of scale expected from combining the operations of the Group and S.C. Feeds Limited. None of the goodwill recognised is expected to be deductible for income tax purposes.

8. 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 2013, 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	0.1
	0.5

The book and fair values of financial liabilities at 30 November 2013, 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	0.3
Financial liabilities carried at amortised cost:	
– Floating rate invoice discounting advances	16.8
– Hire purchase obligations repayable within 1 year	0.1
	17.2

Notes to the condensed consolidated interim financial statements continued for the half year ended 30 November 2013 (unaudited)

9. Share capital

	Number of shares (000s)	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 31 May 2012	47,176	11.8
Issue of shares (see below)	128	—
Balance at 30 November 2012	47,304	11.8
Balance at 31 May 2013	47,304	11.8
Issue of shares (see below)	118	0.1
Balance at 30 November 2013	47,422	11.9

During the half year ended 30 November 2013, 117,833 (H1 2012: 127,517) shares with an aggregate nominal value of £29,458 (H1 2012: £31,879) were issued under the Company's conditional Performance Share Plan and SAYE share option scheme.

The maximum total number of ordinary shares, which may vest in the future in respect of conditional Performance Share Plan awards outstanding at 30 November 2013 amounted to 998,659 (H1 2012: 979,976) shares. These shares will only be issued subject to satisfying certain performance criteria.

The Company operates a SAYE share option scheme for the Group's eligible employees. The total number of SAYE options outstanding at 30 November 2013 amounted to 558,256 (H1 2012: 679,484) shares. These options have a vesting period of three years and can be exercised from 1 November 2014 for a period of six months at a price of £1.06 per share.

10. Restatement of prior period 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 the half year ended 30 November 2012 and the year ended 31 May 2013, as shown below.

Half year ended 30 November 2012

	As previously reported £m	IAS 19 (revised) adjustments £m	Restated £m
Condensed consolidated income statement			
Revenue	256.5	—	256.5
Operating expenses	(253.6)	(0.1)	(253.7)
Operating profit	2.9	(0.1)	2.8
Finance costs	(0.6)	(0.2)	(0.8)
Profit before taxation and net finance cost in respect of defined benefit pension scheme	2.5	(0.1)	2.4
Net finance cost in respect of defined benefit pension scheme	(0.2)	(0.2)	(0.4)
Profit before taxation	2.3	(0.3)	2.0
Income tax expense	(0.6)	0.1	(0.5)
Profit for the period attributable to equity shareholders	1.7	(0.2)	1.5

10. Restatement of prior period financial statements continued
Half year ended 30 November 2012 continued

	As previously reported £m	IAS 19 (revised) adjustments £m	Restated £m
Condensed statement of comprehensive income			
Profit for the period attributable to equity shareholders	1.7	(0.2)	1.5
Items that will never be reclassified to profit or loss:			
Actuarial gain on defined benefit pension scheme	—	0.3	0.3
Tax on items that will never be reclassified to profit or loss	—	(0.1)	(0.1)
Total comprehensive income for the period	1.7	—	1.7

	As previously reported £m	IAS 19 (revised) adjustments £m	Restated £m
Condensed consolidated cash flow statement			
Cash flows from operating activities			
Operating profit	2.9	(0.1)	2.8
Adjustments for:			
Depreciation of property, plant and equipment	1.5	—	1.5
Other	(0.3)	0.1	(0.2)
Operating cash flows before movements in working capital	4.1	—	4.1

Year ended 31 May 2013

	As previously reported £m	IAS 19 (revised) adjustments £m	Restated £m
Condensed consolidated income statement			
Revenue	545.8	—	545.8
Operating expenses	(536.1)	(0.3)	(536.4)
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 period attributable to equity shareholders	6.2	(0.5)	5.7

Notes to the condensed consolidated interim financial statements continued for the half year ended 30 November 2013 (unaudited)

10. Restatement of prior period financial statements continued

Year ended 31 May 2013 continued

	As previously reported £m	IAS 19 (revised) adjustments £m	Restated £m
Condensed statement of comprehensive income			
Profit for the period attributable to equity shareholders	6.2	(0.5)	5.7
Items that will never be reclassified to profit or loss:			
Actuarial (loss)/gain 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 period	4.5	—	4.5

	As previously reported £m	IAS 19 (revised) adjustments £m	Restated £m
Condensed consolidated cash flow statement			
Cash flows from operating activities			
Operating profit	9.7	(0.3)	9.4
Adjustments for:			
Depreciation of property, plant and equipment	3.0	—	3.0
Other	(0.5)	0.3	(0.2)
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 condensed consolidated balance sheets as at 30 November 2012 and 31 May 2013.

11. Interim report

Copies of this Interim Report are due to be sent to shareholders on 11 February 2014. 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.

12. 2014 financial calendar

Interim dividend paid	1 May 2014
Financial year end	31 May 2014
Preliminary announcement of full-year results	Mid August 2014
Publication of Annual Report and Accounts	Late August 2014
Annual General Meeting	25 September 2014
Final dividend paid	8 December 2014

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