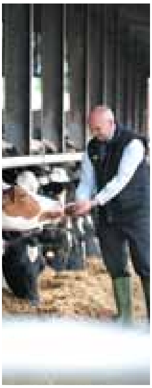
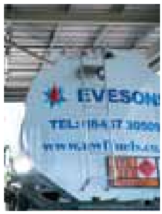
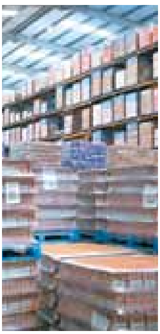
NWF GROUP PLC

NWF Group plc

Interim Report 2011/12







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.

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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Our highlights

Financial

- Revenue up 29.6% to £263.7 million (H1 2010: £203.4 million)
- Operating profit £2.4 million (H1 2010: £3.2 million)
- Profit before taxation down 18.2% to £1.8 million (H1 2010: £2.2 million)
- Basic earnings per share down 12.5% to 2.8p (H1 2010: 3.2p)
- Interim dividend per share unchanged at 1.0p (H1 2010: 1.0p)
- Net debt £29.3 million (30 November 2010: £17.1 million)
- Refinanced £55.0 million banking facilities to October 2015

Operational

- Feeds – revenue increased by 23.9% to £60.1 million (H1 2010: £48.5 million) as a result of increased prices. Operating profit of £0.6 million is in line with expectations in spite of good grazing conditions, against a record prior period of £1.5 million when gains were made on forward raw material purchases. Market share gains have been delivered with particular success in blends.
- Food – revenue increased by 2.7% to £22.9 million (H1 2010: £22.3 million). Operating profits were a record £1.8 million compared to £1.0 million in the prior year. This resulted from a number of initiatives including increased backloads and more efficient operations. Demand continued to be volatile and overflow warehousing was utilised as storage was at capacity during the period.
- Fuels – revenue increased by 36.3% to £180.7 million (H1 2010: £132.6 million) as a consequence of higher crude oil prices and the acquisitions successfully completed in the last twelve months. Operating profit was at breakeven (after £0.3 million acquisition and integration costs) compared to £0.7 million in the prior year. Volumes were up 18.2% to 201 million litres (H1 2010: 170 million litres). The division made a significant 42 million litre bolt-on acquisition at the end of September adding 10% to volume and enhancing NWF's depot network.

NWF delivered a solid set of results despite a backdrop of difficult market conditions in the first half, with performance in line with the Board's expectations.

Mark Hudson
Chairman

NWF delivered a solid set of results despite a backdrop of difficult market conditions in the first half, with performance in line with the Board's expectations. Feeds performed well with the business increasing share in a market which was negatively impacted by high feed costs and good grazing conditions. Food delivered a record result in spite of continued short-term demand volatility driven by promotional activity. Fuels traded below our expectations but this was directly attributable to the warmest October and November on record. At the end of September, Fuels made a substantial bolt-on acquisition, Swan Petroleum, which increased the division's volumes by 10% and added further geographical penetration in the North West of England and in North Wales.

Net debt at the period end was £29.3 million, compared to £17.1 million at 30 November 2010. This increase is principally as a result of the working capital required to fund the £60 million revenue increase and £7.5 million to fund the acquisition and integration of both Swan Petroleum and Evesons Fuels (which was acquired in January 2011).

In December the Group successfully extended total banking facilities through to October 2015.

Results

Revenue for the half year ended 30 November 2011 was up 29.6% to £263.7 million (H1 2010: £203.4 million) due mainly to higher oil and feed commodity prices and increased volume in our Fuels division resulting from the successful acquisitions. Operating profit was £2.4 million, after incurring £0.3 million acquisition and integration costs, (H1 2010: £3.2 million). Profit before taxation was down 18.2% at £1.8 million (H1 2010: £2.2 million).

Basic earnings per share were down 12.5% to 2.8p (H1 2010: 3.2p). Diluted earnings per share were 2.7p (H1 2010: 3.2p).

Operating cash inflow for the period, before movements in working capital, amounted to £3.8 million (H1 2010: £4.9 million) due to reduced operating profits. Greater sales volumes in Fuels, flowing from the acquisitions, and higher sales prices in Feeds resulted in a net cash investment in working capital of £12.3 million (H1 2010: £2.3 million). Net capital expenditure in the period was £2.9 million (H1 2010: £2.1 million). The cash utilised to acquire Swan Petroleum, net of cash acquired with the business, was £2.7 million (H1 2010: £Nil).

Net debt at the period end was £29.3 million (30 November 2010: £17.1 million), with debt to EBITDA at 2.3 times (H1 2010: 1.4 times). This represents a high point in the Group's working capital cycle and is comfortably within covenanted levels.

On 6 December 2011, the Group signed a new agreement with the Royal Bank of Scotland Group to increase facilities from £51.0 million to £55.0 million. With the exception of the bank overdraft facility of £1.0 million, which is renewed annually, these facilities are committed through to October 2015.

Net assets at 30 November 2011 increased by £1.8 million to £25.6 million (30 November 2010: £23.8 million) due mainly to the profit retained by the Group in the period and offset by an increase in the Group's defined benefit pension scheme liabilities.

Dividend

The Board has approved an unchanged interim dividend per share of 1.0p (H1 2010: 1.0p). This will be paid on 1 May 2012 to shareholders on the register on 23 March 2012. The shares will trade ex-dividend on 21 March 2012.

Operations

Feeds

Revenue increased by 23.9% to £60.1 million (H1 2010: £48.5 million) as a result of higher prices. Volumes were down only 0.9% to 210,000 tonnes (H1 2010: 212,000 tonnes) against lower market volumes resulting in share growth. Operating profit of £0.6 million compares to the record £1.5 million in the prior period which had the benefit of forward purchases of raw materials. Market volumes fell in the period as a result of higher feeds prices and good grazing conditions in the autumn. Despite these factors, the business has traded in line with our expectations in the first half. Good progress has been made, particularly on increasing the market share of the blend business which was targeted at the start of the year.

Food

Revenue increased by 2.7% to £22.9 million (H1 2010: £22.3 million). Operating profit increased to a record £1.8 million (H1 2010: £1.0 million) as a result of the implementation of a number of profit improvement initiatives including: increased backloads; improved warehouse and distribution efficiencies; and new fleet. It was also due to the introduction of price changes to offset volatility of demand and improve margins. Overflow warehouses have again been utilised with average storage levels at 109,000 pallet spaces (H1 2010: 111,000) as customers anticipated greater demand from retailers and held additional stock to cope with demand volatility. Following a retender process, the contract with AB World Foods will finish during the second half. This has been partly offset by new accounts won in the period. Outbound loads were 13% lower than the same period in the prior year as a result of some change in customer mix and lower levels of demand for our customers' products from retailers. Customer service in the period remained strong at 99.6% on time in full ('OTIF') and was rewarded with bonuses.

Fuels

Revenue increased by 36.3% to £180.7 million (H1 2010: £132.6 million) as a consequence of higher crude oil prices and increased volumes from acquisitions. Volumes were up 18.2% to 201 million litres (H1 2010: 170 million litres). Operating profit (after £0.3 million acquisition and reorganisation costs) was at breakeven compared to £0.7 million in the prior year. The exceptionally warm weather conditions, including the warmest October and November period on record, led to reduced demand for heating oil. This led to increased competition for commercial business as distributors had the tanker fleet and personnel in place to respond to normal winter conditions which did not materialise. Brent crude prices increased significantly to an average of $111.50 per barrel compared to $79.36 in the prior year.

In October we announced the acquisition of Swan Petroleum, a 42 million litre fuel distributor for £2.8 million consideration. This increases the Fuel division's volume by 10% and increases our penetration in the North West of England and North Wales markets. The Fuels management team is now integrating the business into the network and it is anticipated that the acquisition will be earnings enhancing in the first full financial year.

Outlook and future prospects

The Group delivered a good performance in the first half in difficult market conditions. The acquisition of Swan Petroleum in September demonstrates the ambition of the Group to deliver both organic growth and value enhancing acquisitions.

Since the period end, in Feeds we have continued with our strategy of growing market share direct with farmers across the country despite continued commodity price volatility and uncertainty. In the Food division we continue to roll out improved systems and processes which deliver high service and more efficient warehouse and distribution operations. Demand over the Christmas period was unpredictable but high service levels were maintained.

In Fuels, whilst the integration of Swan Petroleum is being achieved ahead of the acquisition plan, the performance of the division continues to be impacted by reduced demand for heating oil and increased competition for commercial business as a result of the warm winter. Whilst action is being taken to mitigate the lower levels of demand by reducing the size of the tanker fleet and costs, this is not anticipated to be sufficient to offset a significant shortfall in earnings in the Fuels division.

The prolonged period of exceptionally mild weather and its effect on the fuel market has adversely impacted our Fuels division's earnings in the current financial year. This shortfall is likely to result in the Group results for the current financial year coming in significantly below the Board's expectations.

I look forward to updating shareholders later this year.

Mark Hudson
Chairman
31 January 2012

Condensed consolidated income statement

for the half year ended 30 November 2011 (unaudited)

	Note	**Half year ended 30 November 2011 £m**	Half year ended 30 November 2010 £m	Year ended 31 May 2011 £m
Revenue	3	**263.7**	203.4	463.8
Operating expenses		**(261.3)**	(200.2)	(454.5)
Operating profit	3	**2.4**	3.2	9.3
Net finance costs		**(0.6)**	(1.0)	(1.7)
Profit before taxation		**1.8**	2.2	7.6
Income tax expense	4	**(0.5)**	(0.7)	(2.2)
Profit for the period attributable to equity shareholders		**1.3**	1.5	5.4
Earnings per share (pence)				
Basic	5	**2.8**	3.2	11.5
Diluted	5	**2.7**	3.2	11.4

Condensed consolidated statement of comprehensive income

for the half year ended 30 November 2011 (unaudited)

	Half year ended 30 November 2011 £m	Half year ended 30 November 2010 £m	Year ended 31 May 2011 £m
Profit for the period attributable to equity shareholders	**1.3**	1.5	5.4
Actuarial (loss)/gain on defined benefit pension schemes	**(3.8)**	—	1.8
Fair value loss on interest rate hedge transferred to income	**—**	0.3	0.3
Tax on items taken directly to equity	**0.9**	(0.1)	(0.4)
Total comprehensive (expense)/income for the period	**(1.6)**	1.7	7.1

The notes on pages 8 to 15 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated balance sheet

as at 30 November 2011 (unaudited)

	30 November 2011 £m	30 November 2010 £m	(Restated*) 31 May 2011 £m
Non-current assets			
Property, plant and equipment	**39.9**	36.5	38.7
Intangible assets	**11.7**	6.1	8.2
Deferred income tax assets	**4.0**	3.5	3.1
	55.6	46.1	50.0
Current assets			
Inventories	**5.4**	4.4	3.5
Trade and other receivables	**67.5**	50.4	56.6
Cash at bank and in hand	**0.7**	—	0.7
Derivative financial instruments	**0.4**	1.6	0.4
	74.0	56.4	61.2
Total assets	**129.6**	102.5	111.2
Current liabilities			
Trade and other payables	**(52.5)**	(41.3)	(51.8)
Current income tax liabilities	**(0.6)**	(0.7)	(1.5)
Borrowings	**(1.2)**	(1.6)	(1.1)
Derivative financial instruments	**(0.4)**	(1.4)	(0.2)
	(54.7)	(45.0)	(54.6)
Non-current liabilities			
Borrowings	**(28.8)**	(15.5)	(10.9)
Deferred income tax liabilities	**(5.4)**	(5.7)	(5.4)
Retirement benefit obligations	**(15.1)**	(12.5)	(11.3)
	(49.3)	(33.7)	(27.6)
Total liabilities	**(104.0)**	(78.7)	(82.2)
Net assets	**25.6**	23.8	29.0
Equity			
Share capital (note 7)	**11.8**	11.7	11.7
Retained earnings	**13.8**	12.1	17.3
Total shareholders' equity	**25.6**	23.8	29.0

* During the half year ended 30 November 2011, the Group completed its initial accounting in respect of the acquisition of Evesons Fuels Limited. This has resulted in the restatement of the net assets comparative information as at 31 May 2011. This restatement has no impact on reported profits, equity or cash flow in the year ended 31 May 2011. See note 6 for further details.

The notes on pages 8 to 15 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

as at 30 November 2011 (unaudited)

	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 June 2010	11.7	(0.2)	12.1	23.6
Profit for the period	—	—	1.5	1.5
Other comprehensive income/(expense):				
Fair value loss on interest rate hedge transferred to income	—	0.3	—	0.3
Tax on items taken directly to equity	—	(0.1)	—	(0.1)
Total comprehensive income for the period	—	0.2	1.5	1.7
Transactions with owners:				
Dividend paid	—	—	(1.5)	(1.5)
Issue of shares (note 7)	—	—	(0.1)	(0.1)
Credit to equity for equity-settled share-based payments	—	—	0.1	0.1
	—	—	(1.5)	(1.5)
Balance at 30 November 2010	11.7	—	12.1	23.8
Profit for the period	—	—	3.9	3.9
Other comprehensive income/(expense):				
Actuarial gain on defined benefit pension schemes	—	—	1.8	1.8
Tax on items taken directly to equity	—	—	(0.3)	(0.3)
Total comprehensive income for the period	—	—	5.4	5.4
Transactions with owners:				
Dividend paid	—	—	(0.5)	(0.5)
Credit to equity for equity-settled share-based payments	—	—	0.3	0.3
	—	—	(0.2)	(0.2)
Balance at 31 May 2011	11.7	—	17.3	29.0
Profit for the period	—	—	1.3	1.3
Other comprehensive income/(expense):				
Actuarial loss on defined benefit pension schemes	—	—	(3.8)	(3.8)
Tax on items taken directly to equity	—	—	0.9	0.9
Total comprehensive expense for the period	—	—	(1.6)	(1.6)
Transactions with owners:				
Dividend paid	—	—	(1.7)	(1.7)
Issue of shares (note 7)	0.1	—	(0.3)	(0.2)
Credit to equity for equity-settled share-based payments	—	—	0.1	0.1
	0.1	—	(1.9)	(1.8)
Balance at 30 November 2011	**11.8**	**—**	**13.8**	**25.6**

The notes on pages 8 to 15 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated cash flow statement

for the half year ended 30 November 2011 (unaudited)

	Half year ended 30 November 2011 £m	Half year ended 30 November 2010 £m	Year ended 31 May 2011 £m
Cash flows from operating activities			
Operating profit	**2.4**	3.2	9.3
Adjustments for:			
Depreciation of property, plant and equipment	**1.8**	1.7	3.7
Other	**(0.4)**	—	0.2
Operating cash flows before movements in working capital	**3.8**	4.9	13.2
Movements in working capital:			
(Increase)/decrease in inventories	**(1.4)**	(1.1)	0.5
Increase in receivables	**(7.9)**	(6.0)	(4.9)
(Decrease)/increase in payables	**(3.0)**	4.8	8.2
Net cash (absorbed by)/generated from operations	**(8.5)**	2.6	17.0
Interest paid	**(0.5)**	(0.7)	(1.2)
Income tax paid	**(1.5)**	(1.4)	(2.5)
Net cash (absorbed by)/generated from operating activities	**(10.5)**	0.5	13.3
Cash flows from investing activities			
Purchase of intangible assets	**(0.5)**	(0.5)	(1.2)
Purchase of property, plant and equipment	**(2.6)**	(1.6)	(3.7)
Proceeds on sale of property, plant and equipment	**0.2**	—	0.2
Acquisition of subsidiary (note 6)	**(2.7)**	—	(3.7)
Net cash absorbed by investing activities	**(5.6)**	(2.1)	(8.4)
Cash flows from financing activities			
Proceeds from bank borrowings	**18.4**	20.4	16.2
Bank loan issue costs	**—**	(0.2)	(0.2)
Repayment of bank borrowings	**—**	(16.6)	(16.6)
Capital element of finance lease and hire purchase payments	**(0.6)**	(0.6)	(1.3)
Dividends paid	**(1.7)**	(1.5)	(2.0)
Net cash generated from/(absorbed by) financing activities	**16.1**	1.5	(3.9)
Net (decrease)/increase in cash and cash equivalents	**—**	(0.1)	1.0
Cash and cash equivalents at beginning of period	**0.7**	(0.3)	(0.3)
Cash and cash equivalents at end of period	**0.7**	(0.4)	0.7

The notes on pages 8 to 15 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 2011 (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 31 January 2012.

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 2011 and 30 November 2010 are neither audited nor reviewed by the Company's auditors. Statutory accounts for the year ended 31 May 2011 were approved by the Board of Directors on 9 August 2011 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 2011. These interim financial statements should be read in conjunction with those consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') 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 following new EU-endorsed standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 June 2011, but have not had a material impact on the amounts reported in these interim financial statements:

Amendment to IFRIC 14	'Prepayments of a Minimum Funding Requirement'
IFRIC 19	'Extinguishing Financial Liabilities with Equity Instruments'
IAS 24 (revised)	'Related Party Disclosures'
Annual Improvements 2010	

Further, Amendment to IFRS 7 'Financial Instruments: Disclosures – Transfers of Financial Assets' has been issued and has received EU endorsement, but is not effective for the financial year beginning 1 June 2011 and has not been early adopted.

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 Food, Feeds and Fuels.

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

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

Food – warehousing and distribution of clients' ambient grocery and other products to supermarket and other retail distribution centres

Feeds – manufacture and sale of animal feeds and other agricultural products

Fuels – sale and distribution of domestic heating, industrial and road fuels

Segment information about the above businesses is presented overleaf.

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, retirement benefit obligations and certain derivative financial instruments. Excluded items are part of the reconciliation to consolidated total assets and liabilities.

3. Segment information continued

Half year ended 30 November 2011	Food £m	Feeds £m	Fuels £m	Group £m
Revenue				
Total revenue	23.0	60.1	185.8	268.9
Inter-segment revenue	(0.1)	—	(5.1)	(5.2)
Revenue	22.9	60.1	180.7	263.7
Result				
Operating profit	1.8	0.6	—	2.4
Finance costs				(0.6)
Profit before taxation				1.8
Income tax expense (note 4)				(0.5)
Profit for the period				1.3

As at 30 November 2011	Food £m	Feeds £m	Fuels £m	Group £m
Balance sheet				
Assets				
Segment assets	35.7	30.9	58.3	124.9
Deferred income tax assets				4.0
Cash at bank and in hand				0.7
Consolidated total assets				129.6
Liabilities				
Segment liabilities	(4.5)	(9.4)	(39.0)	(52.9)
Current income tax liabilities				(0.6)
Deferred income tax liabilities				(5.4)
Borrowings				(30.0)
Retirement benefit obligations				(15.1)
Consolidated total liabilities				(104.0)

3. Segment information continued

Half year ended 30 November 2010	Food £m	Feeds £m	Fuels £m	Group £m
Revenue				
Total revenue	22.5	48.5	136.2	207.2
Inter-segment revenue	(0.2)	—	(3.6)	(3.8)
Revenue	22.3	48.5	132.6	203.4
Result				
Operating profit	1.0	1.5	0.7	3.2
Finance costs				(1.0)
Profit before taxation				2.2
Income tax expense (note 4)				(0.7)
Profit for the period				1.5

As at 30 November 2010	Food £m	Feeds £m	Fuels £m	Group £m
Balance sheet				
Assets				
Segment assets	34.5	27.9	36.6	99.0
Deferred income tax assets				3.5
Consolidated total assets				102.5
Liabilities				
Segment liabilities	(5.3)	(7.7)	(29.7)	(42.7)
Current income tax liabilities				(0.7)
Deferred income tax liabilities				(5.7)
Borrowings				(17.1)
Retirement benefit obligations				(12.5)
Consolidated total liabilities				(78.7)

3. Segment information continued

Year ended 31 May 2011	Food £m	Feeds £m	Fuels £m	Group £m
Revenue				
Total revenue	44.7	112.6	314.6	471.9
Inter-segment revenue	(0.5)	—	(7.6)	(8.1)
Revenue	44.2	112.6	307.0	463.8
Result				
Operating profit	2.0	4.0	3.3	9.3
Finance costs				(1.7)
Profit before taxation				7.6
Income tax expense (note 4)				(2.2)
Profit for the period				5.4

As at 31 May 2011 (restated – see note 6)	Food £m	Feeds £m	Fuels £m	Group £m
Balance sheet				
Assets				
Segment assets	33.9	26.6	46.9	107.4
Deferred income tax assets				3.1
Cash at bank and in hand				0.7
Consolidated total assets				111.2
Liabilities				
Segment liabilities	(5.0)	(10.2)	(36.8)	(52.0)
Current income tax liabilities				(1.5)
Deferred income tax liabilities				(5.4)
Borrowings				(12.0)
Retirement benefit obligations				(11.3)
Consolidated total liabilities				(82.2)

4. Income tax expense

The income tax expense for the half year ended 30 November 2011 is based upon management's best estimate of the weighted average annual tax rate expected for the full financial year ending 31 May 2012 of 28.4% (H1 2010: 31.0%).

5. Earnings per share

The calculation of basic earnings per share for the half year ended 30 November 2011 is based on profit for the period attributable to equity shareholders of £1.3 million (H1 2010: £1.5 million) and on 47.1 million (H1 2010: 47.0 million) ordinary shares, representing the weighted average number of shares in issue during the period.

The calculations of diluted earnings per share are based on the figures shown above amended for the weighted average dilutive effect of 165,900 (H1 2010: 223,000) conditional share awards and 33,306 (H1 2010: Nil) Save As You Earn share options outstanding in the period (see note 7).

6. Business combinations

Swan Petroleum Limited

On 30 September 2011, the Group acquired 100% of the share capital of Swan Petroleum Limited, a fuel distribution business, for a total cash consideration of £2.8 million. The acquisition will increase the Fuels division's sales volumes by 10% and will expand the coverage of the division's operations in the UK.

Details of consideration paid, identifiable net liabilities acquired and goodwill are shown below:

	£m
Total consideration transferred – cash paid	2.8
Provisional fair value of identifiable net liabilities acquired	0.1
Provisional goodwill	2.9

Net cash outflow arising on the acquisition:

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

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 2011.

Provisional goodwill of £2.9 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 Swan Petroleum Limited. None of the goodwill recognised is expected to be deductible for income tax purposes.

Swan Petroleum Limited contributed revenue of £4.9 million and profit before taxation of £Nil to the Group's results for the half year ended 30 November 2011.

Had Swan Petroleum Limited been consolidated from 1 June 2011, the consolidated income statement for the half year ended 30 November 2011 would show revenue of £274.1 million and profit before taxation of £1.6 million.

6. Business combinations continued

Evesons Fuels Limited

On 17 January 2011, the Group acquired 100% of the share capital of Evesons Fuels Limited, an 80 million litre depot-based fuel distribution business in the Midlands and South of England, for a total cash consideration of £3.6 million. Further details on this acquisition can be found in note 10 of the Company's consolidated financial statements for the year ended 31 May 2011.

As permitted by IFRS 3 (revised) 'Business Combinations', at 31 May 2011, the fair values of certain assets (land and buildings) acquired in respect of the acquisition of Evesons Fuels Limited were considered to be provisional by the Directors. During the half year ended 30 November 2011, the Group completed its initial accounting in respect of this acquisition. This resulted in a decrease in the value of land and buildings acquired (included within property, plant and equipment) of £0.3 million and a related decrease in deferred income tax liabilities of £0.1 million, with a corresponding net increase of £0.2 million in goodwill (included within intangible assets).

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

7. Share capital

	Number of shares (000s)	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 31 May 2010	46,931	11.7
Issue of shares (see below)	76	—
Balance at 30 November 2010	47,007	11.7
Balance at 31 May 2011	47,007	11.7
Issue of shares (see below)	169	0.1
Balance at 30 November 2011	**47,176**	**11.8**

During the half year ended 30 November 2011, 169,156 (H1 2010: 76,000) shares with an aggregate nominal value of £42,289 (H1 2010: £19,000) were issued for no consideration under the Company's conditional Performance Share Plan and deferred share award schemes.

The maximum total number of ordinary shares, which might vest in the future in respect of conditional Performance Share Plan awards outstanding at 30 November 2011, amounted to 1,312,199 (H1 2010: 1,303,510) shares. These shares will only be issued subject to satisfying certain performance criteria.

During the half year ended 30 November 2011, the Company implemented a new Save As You Earn ('SAYE') share option scheme for the Group's eligible employees. The total number of options granted under this scheme and outstanding at 30 November 2011 amounted to 860,647 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.

8. Subsequent events

On 6 December 2011, the Group signed a new agreement with The Royal Bank of Scotland Group to increase its total credit facilities from £51.0 million to £55.0 million. With the exception of the bank overdraft facility of £1.0 million, which is renewed annually, these facilities are committed through to October 2015 (formerly October 2013). Included in the total facility of £55.0 million is an invoice discounting facility, the availability of which is dependent on the level of trade receivables available for refinancing and which is subject to a maximum drawdown of £44.0 million (formerly £40.0 million).

9. Interim report

Copies of this Interim Report are due to be sent to shareholders on 8 February 2012. 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. 2012 financial calendar

Interim dividend paid	1 May 2012
Financial year end	31 May 2012
Preliminary announcement of full-year results	Mid August 2012
Publication of Annual Report and Accounts	Late August 2012
Annual General Meeting	20 September 2012
Final dividend paid	1 November 2012

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