Food Distribution

Feeds

Fuels

NWF Group plc
Interim report 2009/10

NWF GROUP PLC

Who are NWF?

The NWF Group was originally established in 1871 to supply farmers' needs. Today NWF has grown to be a specialist distributor of food, feed and fuel and a PLC on AIM, part of the London Stock Exchange. Its three trading divisions in ambient grocery distribution, the manufacture and distribution of animal feeds and the distribution of fuels have been successfully developed from their common roots.

Our strategy is to deliver value to our shareholders by continued growth and development of profitable businesses in each of these three trading divisions through a combination of organic growth, capital investment and acquisition.

Our highlights

for the half year ended 30 November 2009 (unaudited)

Financial

- Revenue[1] down 11.4% to £175.5 million (H1 2008: £198.1 million)
- Operating profit[1] down 21.6% to £2.9 million (H1 2008: £3.7 million)
- Profit before taxation[1] up 11.1% to £2.0 million (H1 2008: £1.8 million)
- Headline earnings per share[1, 2] up 7.1% to 3.0p (H1 2008: 2.8p)
- Interim dividend per share unchanged at 1.0p (H1 2008: 1.0p)
- Net debt reduced by £12.2 million to £17.5 million (30 November 2008: £29.7 million)
- Debt to EBITDA at 1.5 times (31 May 2009: 1.6 times)

Operational

- Food Distribution – revenue during the period remained static at £20.6 million (H1 2008: £20.5 million) as increased distribution revenue offset lower levels of re-packing activity. Operating profit increased by 70.0% to a record £1.7 million (H1 2008: £1.0 million) as a result of improved operating efficiencies and increased backload utilisation.
- Feeds – revenue reduced by 16.6% to £41.2 million (H1 2008: £49.4 million) as raw material prices fell and volumes declined with dairy herds continuing to graze into the autumn. Operating profit reduced to £0.5 million (H1 2008: £1.4 million) as margins fell due to increased competition over lower market volumes.
- Fuels – revenue reduced by 11.3% to £113.7 million (H1 2008: £128.2 million) as a result of crude oil prices at significantly lower levels compared to prior year. Operating profit reduced to £0.7 million (H1 2008: £1.3 million) due to lower domestic heating oil demand and, most significantly, the more stable crude oil price compared to a period of record decline in the prior year.

[1] From continuing operations only; H1 2008 excludes Garden Centres, disposed of in October 2008.
[2] Excluding £Nil (H1 2008: £1.3 million) exceptional deferred tax charge arising from the phased withdrawal of industrial buildings allowances.

Chairman's statement

for the half year ended 30 November 2009 (unaudited)

Mark Hudson **Chairman**

"The Group has continued to demonstrate its defensive qualities by delivering robust results in a poor economic and financial environment. We are continuing to work on development plans which reflect the strong track record of the Group and the individual divisions. Given that all three divisions are continuing to demonstrate good performance levels and that the Group is trading in line with expectations the Board remains confident of the future prospects for NWF."

NWF has delivered a first half performance in line with expectations. Food Distribution has continued to make good progress, delivering a significant profit improvement on the prior year as a result of greater operating efficiency and robust levels of demand. Good autumn grazing conditions had a negative impact on Feeds as herds were outside for longer than normal which resulted in lower levels of demand. Fuels has continued to trade in line with expectations throughout the period. Finance costs are lower as a result of lower levels of net debt.

Net debt at the period end is £17.5 million, compared to £19.3 million at 31 May 2009 and £29.7 million at 30 November 2008. Net debt would normally be higher at the half year end, when seasonal activity requires an investment in working capital. This reduction in net debt is mainly due to our focus on cash management and reduced activity levels in Feeds.

Our markets continue to be robust and we have capable and experienced management teams focused on both profit and cash generation.

Results

Revenue[1] for the half year ended 30 November 2009 of £175.5 million (H1 2008: £198.1 million) was lower principally as a result of lower oil and feed commodity prices. Operating profit[1] was down £0.8 million at £2.9 million (H1 2008: £3.7 million). Profit before taxation[1] was 11.1% higher at £2.0 million (H1 2008: £1.8 million).

Basic earnings per share[1] were 3.0p (H1 2008: Nil p). Headline earnings per share[1, 2] were up 7.1% to 3.0p (H1 2008: 2.8p).

The focus on cash management across the Group and lower activity levels in Feeds resulted in a working capital net cash inflow during the period of £2.4 million (H1 2008: £0.1 million outflow). This, together with net capital expenditure of £2.1 million (H1 2008: £2.1 million), resulted in a net cash inflow before financing of £3.3 million (H1 2008: £13.4 million inflow, which included the net proceeds from the disposal of the Garden Centres of £13.0 million). Net debt at the period end reduced to £17.5 million (31 May 2009: £19.3 million) with debt to EBITDA at 1.5 times (31 May 2009: 1.6 times).

Net assets at 30 November 2009 decreased by £5.4 million to £19.4 million (30 November 2008: £24.8 million) largely as a result of an increase in the Group's net liability in respect of its defined benefit pension scheme, as valued under IAS 19. The gross liability, before related deferred tax, increased from £4.1 million to £13.4 million due mainly to a lower discount rate being used to value future liabilities, as bond rates declined. Net of a related deferred tax asset, the net pension

[1] From continuing operations only; H1 2008 excludes Garden Centres, disposed of in October 2008.
[2] Excluding £Nil (H1 2008: £1.3 million) exceptional deferred tax charge arising from the phased withdrawal of industrial buildings allowances.

liability at 30 November 2009 was £9.6 million (30 November 2008: £3.0 million).

Dividend

The Board has approved an unchanged interim dividend per share of 1.0p (H1 2008: 1.0p). This will be paid on 1 May 2010 to shareholders on the register on 26 March 2010. The shares will trade ex-dividend on 24 March 2010.

Operations

Food Distribution

Revenue during the period remained static at £20.6 million (H1 2008: £20.5 million) as greater distribution revenue offset the lower re-packing activity. Operating profit increased by 70.0% to a record £1.7 million (H1 2008: £1.0 million), driven principally by operational efficiency improvements and improved backload fill rates. Average storage levels of 100,000 pallet spaces (H1 2008: 107,000) resulted as customers reduced stock levels to improve their working capital. This has allowed the division to target new business, which is expected to come on stream in H2, and maintain warehouse fill rates. Outloads increased 7.5% over prior year, highlighting continued robust demand, and service levels were maintained at 99.5%.

Feeds

Revenue reduced by 16.6% to £41.2 million (H1 2008: £49.4 million) due to falling raw material prices and volume decreasing by 8.0% to 196,000 tonnes (H1 2008: 213,000 tonnes), as demand from customers reduced as a result of good autumn grazing conditions. In addition, lower spot raw material prices allowed farmers to substitute straights for both compound feed and blends in the period. Operating profit was £0.5 million (H1 2008: £1.4 million) as a result of the poor market conditions and competition from compounders for lower market volumes. The business continued to make good progress on added value products, such as the introduction of rape based Ultra Pro-R. This protected protein, which improves milk yield, has been sold direct to farmers and incorporated into feed diets.

Fuels

Revenue reduced by 11.3% to £113.7 million (H1 2008: £128.2 million) as a result of oil prices falling from the previous year. Brent crude average in the period was $71.23 per barrel compared to $102.50 per barrel in the prior year. Operating profit was £0.7 million (H1 2008: £1.3 million). However, during the corresponding period in 2008, the market benefited from a significant reduction in oil prices and a cold winter which started in October. Whilst overall volume remained unchanged at 166 million litres, unseasonably warm autumn conditions reduced demand for higher margin domestic heating oil and the depots consequently targeted commercial business to maintain vehicle utilisation.

Outlook and future prospects

The Group has continued to demonstrate its defensive qualities by delivering robust results in a poor economic and financial environment. We are continuing to work on development plans which reflect the strong track record of the Group and the individual divisions.

Since the period end, Food Distribution has experienced good demand into the Christmas week and has maintained a high service level in spite of very adverse weather conditions in January. Feeds volumes have returned to more normal levels as cows are inside, requiring nutrition. Deliveries have been difficult with many farms cut off for a short period, but the team has delivered all customer requirements, albeit by overcoming many challenges. Fuels has benefited from increased demand for heating oil through the cold period and has won new customers as a result of delivering exceptional customer service.

Given that all three divisions are continuing to demonstrate good performance levels and that the Group is trading in line with expectations the Board remains confident of the future prospects for NWF.

I look forward to updating shareholders later this year.

Mark Hudson
Chairman
2 February 2010

Condensed consolidated income statement

for the half year ended 30 November 2009 (unaudited)

	Note	**Half year ended 30 November 2009 £m**	Half year ended 30 November 2008 £m	Year ended 31 May 2009 £m
Continuing operations				
Revenue	3	**175.5**	198.1	380.6
Operating expenses		**(172.6)**	(194.4)	(371.7)
Operating profit	3	**2.9**	3.7	8.9
Net finance costs:				
Fair value losses on interest rate hedging instruments		**—**	(0.6)	—
Other net finance costs		**(0.9)**	(1.3)	(2.7)
		(0.9)	(1.9)	(2.7)
Profit before taxation		**2.0**	1.8	6.2
Income tax expense including exceptional deferred tax charge	5	**(0.6)**	(1.8)	(4.8)
Profit for the period before exceptional deferred tax charge*		**1.4**	1.3	4.9
Exceptional deferred tax charge	5	**—**	(1.3)	(3.5)
Profit for the period from continuing operations		**1.4**	—	1.4
Discontinued operations				
Loss for the period from discontinued operations	4	**—**	(3.8)	(3.7)
Profit/(loss) for the period attributable to equity shareholders		**1.4**	(3.8)	(2.3)

	Note	**Half year ended 30 November 2009**	Half year ended 30 November 2008	Year ended 31 May 2009
Earnings/(loss) per share (pence)				
From continuing operations				
Basic and diluted	6	**3.0**	Nil	3.0
From continuing and discontinued operations				
Basic and diluted	6	**3.0**	(8.1)	(4.9)
Headline earnings per share from continuing operations*				
Basic and diluted	6	**3.0**	2.8	10.4

* Headline earnings represent profit for the period from continuing operations before exceptional deferred tax charge (see note 6).

The notes on pages 9 to 15 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income

for the half year ended 30 November 2009 (unaudited)

	Half year ended 30 November 2009 £m	Half year ended 30 November 2008 £m	Year ended 31 May 2009 £m
Profit/(loss) for the period	**1.4**	(3.8)	(2.3)
Actuarial loss on defined benefit pension scheme	**(6.7)**	—	(2.7)
Decrease in fair value of interest rate hedge	**—**	(0.7)	(1.0)
Fair value loss on interest rate hedge transferred to income	**0.2**	—	0.1
Tax on items taken directly to equity	**1.8**	0.2	0.9
Total comprehensive expense for the period	**(3.3)**	(4.3)	(5.0)

The notes on pages 9 to 15 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated balance sheet
as at 30 November 2009 (unaudited)

	30 November 2009 £m	30 November 2008 £m	31 May 2009 £m
Assets			
Non-current assets			
Property, plant and equipment	**36.9**	37.6	36.7
Intangible assets	**5.4**	5.4	5.4
Deferred income tax assets	**4.0**	1.2	2.2
	46.3	44.2	44.3
Current assets			
Inventories	**4.1**	4.7	3.3
Trade and other receivables	**45.2**	53.5	43.5
Derivative financial instruments	**0.2**	0.4	0.2
	49.5	58.6	47.0
Total assets	**95.8**	102.8	91.3
Liabilities			
Current liabilities			
Trade and other payables	**(38.3)**	(38.7)	(33.6)
Current income tax liabilities	**(0.9)**	(0.7)	(1.2)
Borrowings	**(1.5)**	(9.2)	(2.8)
Derivative financial instruments	**(0.8)**	(1.8)	(1.1)
	(41.5)	(50.4)	(38.7)
Non-current liabilities			
Borrowings	**(16.0)**	(20.5)	(16.5)
Deferred income tax liabilities	**(5.5)**	(3.0)	(5.5)
Retirement benefit obligations	**(13.4)**	(4.1)	(6.7)
	(34.9)	(27.6)	(28.7)
Total liabilities	**(76.4)**	(78.0)	(67.4)
Net assets	**19.4**	24.8	23.9
Equity			
Share capital	**11.7**	11.7	11.7
Other reserves	**(0.5)**	(0.5)	(0.7)
Retained earnings	**8.2**	13.6	12.9
Total shareholders' equity	**19.4**	24.8	23.9

The notes on pages 9 to 15 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity
as at 30 November 2009 (unaudited)

	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 June 2008	11.7	—	18.8	30.5
Loss for the period	—	—	(3.8)	(3.8)
Other comprehensive income/(expense):				
Decrease in fair value of interest rate hedge	—	(0.7)	—	(0.7)
Tax on items taken directly to equity	—	0.2	—	0.2
Total comprehensive expense for the period	—	(0.5)	(3.8)	(4.3)
Transactions with owners: dividend paid	—	—	(1.4)	(1.4)
Balance at 30 November 2008	11.7	(0.5)	13.6	24.8
Profit for the period	—	—	1.5	1.5
Other comprehensive income/(expense):				
Decrease in fair value of interest rate hedge	—	(0.3)	—	(0.3)
Fair value loss on interest rate hedge transferred to income	—	0.1	—	0.1
Actuarial loss on defined benefit pension scheme	—	—	(2.7)	(2.7)
Tax on items taken directly to equity	—	—	0.7	0.7
Total comprehensive expense for the period	—	(0.2)	(0.5)	(0.7)
Transactions with owners:				
Dividend paid	—	—	(0.4)	(0.4)
Credit to equity for equity-settled share-based payments	—	—	0.2	0.2
	—	—	(0.2)	(0.2)
Balance at 31 May 2009	11.7	(0.7)	12.9	23.9
Profit for the period	—	—	1.4	1.4
Other comprehensive income/(expense):				
Fair value loss on interest rate hedge transferred to income	—	0.2	—	0.2
Actuarial loss on defined benefit pension scheme	—	—	(6.7)	(6.7)
Tax on items taken directly to equity	—	—	1.8	1.8
Total comprehensive income/(expense) for the period	—	0.2	(3.5)	(3.3)
Transactions with owners:				
Dividend paid	—	—	(1.4)	(1.4)
Credit to equity for equity-settled share-based payments	—	—	0.2	0.2
	—	—	(1.2)	(1.2)
Balance at 30 November 2009	**11.7**	**(0.5)**	**8.2**	**19.4**

The notes on pages 9 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 2009 (unaudited)

	Note	**Half year ended 30 November 2009 £m**	Half year ended 30 November 2008 £m	Year ended 31 May 2009 £m
Cash flows from operating activities				
Operating profit from continuing and discontinued operations		**2.9**	3.6	8.8
Adjustments for:				
Depreciation of property, plant and equipment		**1.7**	1.7	3.3
Other		**(0.1)**	(0.2)	—
Operating cash flows before movements in working capital		**4.5**	5.1	12.1
Movements in working capital:				
(Increase)/decrease in inventories		**(0.8)**	(0.1)	1.2
(Increase)/decrease in receivables		**(1.7)**	(1.5)	8.6
Increase/(decrease) in payables		**4.9**	1.5	(4.2)
Net cash generated from operations		**6.9**	5.0	17.7
Interest paid		**(0.6)**	(1.8)	(3.0)
Income tax paid		**(0.9)**	(0.2)	(0.2)
Net cash generated from operating activities		**5.4**	3.0	14.5
Cash flows from investing activities				
Purchase of intangible assets		**(0.1)**	—	(0.1)
Purchase of property, plant and equipment		**(2.1)**	(2.3)	(2.0)
Proceeds on sale of property, plant and equipment		**0.1**	0.2	0.3
Disposal of subsidiaries, net of cash disposed of	4	**—**	13.0	13.2
Deferred acquisition payments		**—**	(0.5)	(0.6)
Net cash (absorbed by)/generated from investing activities		**(2.1)**	10.4	10.8
Cash flows from financing activities				
Proceeds from bank borrowings		**0.1**	1.0	—
Repayment of borrowings		**(0.1)**	(16.2)	(20.6)
New finance leases and hire purchase agreements		**—**	0.1	—
Capital element of finance lease and hire purchase payments		**(0.6)**	(0.5)	(1.0)
Dividends paid		**(1.4)**	(1.4)	(1.8)
Net cash absorbed by financing activities		**(2.0)**	(17.0)	(23.4)
Net increase/(decrease) in cash and cash equivalents		**1.3**	(3.6)	1.9
Cash and cash equivalents at beginning of period		**(1.5)**	(3.4)	(3.4)
Cash and cash equivalents at end of period		**(0.2)**	(7.0)	(1.5)

The notes on pages 9 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 2009 (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 2 February 2010.

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 2009 and 30 November 2008 are neither audited nor reviewed by the Company's auditors. Statutory accounts for the year ended 31 May 2009 were approved by the Board of Directors on 11 August 2009 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 2009.

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 standards and amendments to standards are mandatory for the first time for the financial year beginning 1 June 2009:

IAS 1 (revised) 'Presentation of Financial Statements'

The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

IFRS 8 'Operating Segments'

IFRS 8 replaces IAS 14 'Segment Reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors, which makes strategic decisions.

Goodwill is allocated by management to groups of cash-generating units on a segment level.

The adoption of IFRS 8 has not resulted in any major change to the Group's identification of operating segments, the definition and measurement of segment information and in any additional goodwill impairment.

Notes to the condensed consolidated interim financial statements continued

for the half year ended 30 November 2009 (unaudited)

2. Basis of preparation and accounting policies continued

IFRS 7 (amendment) 'Improving Disclosures about Financial Instruments'

This amendment expands the disclosures required in respect of financial instruments, measured at fair value in the balance sheet and amends liquidity risk disclosures. None of these changes affects the disclosures shown in these interim financial statements. The Group will incorporate any required disclosure changes in its consolidated financial statements for the year ending 31 May 2010.

IAS 23 (revised) 'Borrowing Costs'

The revised standard eliminates the option available under the previous version of the standard to recognise all borrowing costs immediately as an expense. To the extent that borrowing costs relate to the acquisition, construction or production of a qualifying asset, the revised standard requires that they are capitalised as part of the cost of that asset. All other borrowing costs should be expensed. Retrospective application is not required. This revised standard has had no impact on these interim financial statements.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 June 2009, but are not currently relevant for the Group:

IFRIC 13	'Customer Loyalty Programmes'
IFRIC 15	'Agreements for the Construction of Real Estate'
IFRIC 16	'Hedges of a Net Investment in a Foreign Operation'
IFRS 2 (amendment)	'Share-based Payments: Vesting Conditions and Cancellations'
IAS 32 and IAS 1 (amendments)	'Financial Instruments: Puttable Financial Instruments'
IAS 39 (amendment)	'Reclassification of Financial Assets'

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 Distribution, Feeds and Fuels.

As described in note 4, the Group completed the disposal of the Garden Centres business on 2 October 2008.

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:

Continuing operations

Food Distribution	– 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.

Discontinued operations

Garden Centres	– operation of large retail garden centres

3. Segment information continued

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. 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.

Half year ended 30 November 2009	Food Distribution £m	Feeds £m	Fuels £m	Group £m
Revenue				
Total revenue	20.7	41.2	117.5	179.4
Inter-segment revenue	(0.1)	—	(3.8)	(3.9)
Revenue	20.6	41.2	113.7	175.5
Result				
Operating profit	1.7	0.5	0.7	2.9
Finance costs (net)				(0.9)
Profit before taxation				2.0
Income tax expense (note 5)				(0.6)
Profit for the period				1.4

As at 30 November 2009	Food Distribution £m	Feeds £m	Fuels £m	Group £m
Balance sheet				
Assets				
Segment assets	33.6	24.5	33.7	91.8
Deferred income tax assets				4.0
Consolidated total assets				95.8
Liabilities				
Segment liabilities	(4.4)	(7.0)	(27.0)	(38.4)
Current income tax liabilities				(0.9)
Deferred income tax liabilities				(5.5)
Borrowings				(17.5)
Retirement benefit obligations				(13.4)
Derivative financial instruments				(0.7)
Consolidated total liabilities				(76.4)

Notes to the condensed consolidated interim financial statements continued

for the half year ended 30 November 2009 (unaudited)

3. Segment information continued

Half year ended 30 November 2008	Food Distribution £m	Feeds £m	Fuels £m	Group £m
Revenue				
Total revenue	20.6	49.4	131.7	201.7
Inter-segment revenue	(0.1)	—	(3.5)	(3.6)
Revenue	20.5	49.4	128.2	198.1
Result				
Operating profit	1.0	1.4	1.3	3.7
Finance costs (net)				(1.9)
Profit before taxation				1.8
Income tax expense including exceptional deferred tax charge (note 5)				(1.8)
Loss for the period from discontinued operations (note 4)				(3.8)
Loss for the period				(3.8)

As at 30 November 2008	Food Distribution £m	Feeds £m	Fuels £m	Group £m
Balance sheet				
Assets				
Segment assets	35.5	28.1	38.0	101.6
Deferred income tax assets				1.2
Consolidated total assets				102.8
Liabilities				
Segment liabilities	(4.0)	(9.0)	(26.2)	(39.2)
Current income tax liabilities				(0.7)
Deferred income tax liabilities				(3.0)
Borrowings				(29.7)
Retirement benefit obligations				(4.1)
Derivative financial instruments				(1.3)
Consolidated total liabilities				(78.0)

3. Segment information continued

Year ended 31 May 2009	Food Distribution £m	Feeds £m	Fuels £m	Group £m
Revenue				
Total revenue	39.6	104.7	242.9	387.2
Inter-segment revenue	(0.4)	—	(6.2)	(6.6)
Revenue	39.2	104.7	236.7	380.6
Result				
Operating profit	2.0	2.8	4.1	8.9
Finance costs (net)				(2.7)
Profit before taxation				6.2
Income tax expense including exceptional deferred tax charge (note 5)				(4.8)
Loss for the period from discontinued operations (note 4)				(3.7)
Loss for the period				(2.3)

As at 31 May 2009	Food Distribution £m	Feeds £m	Fuels £m	Group £m
Balance sheet				
Assets				
Segment assets	32.7	24.7	31.7	89.1
Deferred income tax assets				2.2
Consolidated total assets				91.3
Liabilities				
Segment liabilities	(3.9)	(7.6)	(22.2)	(33.7)
Current income tax liabilities				(1.2)
Deferred income tax liabilities				(5.5)
Borrowings				(19.3)
Retirement benefit obligations				(6.7)
Derivative financial instruments				(1.0)
Consolidated total liabilities				(67.4)

Notes to the condensed consolidated interim financial statements continued

for the half year ended 30 November 2009 (unaudited)

4. Discontinued operations

On 2 October 2008, the Group completed the disposal of its entire interest in the ordinary share capital of NWF Retail Holdings Limited, the parent company of a number of subsidiaries which carried out all of the Garden Centre operations.

The results of the discontinued operation, which have been included in the condensed consolidated income statement, were as follows:

	Half year ended 30 November 2009 £m	Half year ended 30 November 2008 £m	Year ended 31 May 2009 £m
Revenue	—	6.4	6.4
Expenses	—	(7.1)	(7.0)
Loss after taxation from discontinued operations	—	(0.7)	(0.6)
Loss on disposal of discontinued operations	—	(3.1)	(3.1)
Loss for the period from discontinued operations	—	(3.8)	(3.7)

5. Income tax expense

The income tax expense for the half year ended 30 November 2009 is based upon management's best estimate of the weighted average annual tax rate expected for the full financial year ending 31 May 2010 of 30.1%.

In July 2008, the phasing out of industrial buildings allowances was substantively enacted into law. This has resulted in an exceptional increase in deferred tax liabilities and a related income statement charge of £Nil (H1 2008: £1.3 million; year ended 31 May 2009: £3.5 million) in these interim financial statements.

6. Earnings/(loss) per share

From continuing operations

The calculation of basic earnings per share from continuing operations for the half year ended 30 November 2009 is based on profit after taxation of £1.4 million (H1 2008: £Nil) and on 46.9 million (H1 2008: 46.9 million) ordinary shares, representing the weighted average number of shares in issue during the period.

From continuing and discontinued operations

The calculation of basic earnings per share from continuing and discontinued operations for the half year ended 30 November 2009 is based on profit after taxation of £1.4 million (H1 2008: loss of £3.8 million) and on 46.9 million (H1 2008: 46.9 million) ordinary shares, representing the weighted average number of shares in issue during the period.

Headline from continuing operations

The calculation of basic headline earnings per share from continuing operations for the half year ended 30 November 2009 is based on profit before exceptional deferred tax charge of £1.4 million (H1 2008: £1.3 million) and on 46.9 million (H1 2008: 46.9 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 (64,000 shares) of conditional and deferred share awards outstanding in the period.

7. Interim report

Copies of this Interim Report are due to be sent to shareholders on 9 February 2010. 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.

8. 2010 financial calendar

Interim dividend paid	1 May 2010
Financial year end	31 May 2010
Preliminary announcement of full-year results	Mid August 2010
Publication of Annual Report and Accounts	Early September 2010
Annual General Meeting	23 September 2010
Final dividend paid	1 November 2010

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