17 October 2013

Booker Group plc
Interim Results
for the 24 weeks ended 13 September 2013

Booker Group is the UK's leading food wholesaler. This announcement contains the interim results of Booker Group plc ('Booker') for the 24 weeks ended 13 September 2013.

Financial Highlights

- Total sales £2.2bn, +16.5%
- Booker like-for-like sales +2.3%, tobacco sales –2.2% and non tobacco sales +5.0%
- Operating profit (pre £7.0m exceptional credit related to Makro acquisition) +16% to £59.0m
- Profit before tax (pre exceptionals) £58.1m +17%
- Profit after tax (post exceptionals) £53.8m +43%
- Underlying earnings per share up 0.25 pence to 2.73 pence
- Reported basic earnings per share up 0.82 pence to 3.11 pence
- Net cash improved to £123.4m (2012: £69.8m)

Operational Highlights

- Customer Satisfaction at Booker and Makro improved
- Non tobacco like for likes were up 5%
- Internet sales up 11% to £369m
- Booker Direct, Ritter Courivaud, Classic and Chef Direct are on track
- Makro turnaround is on plan and we should deliver £26m of synergies this year
- Our Indian business continues to progress, having opened two sites in the half. We now have six branches in India

Interim dividend and proposed special cash return

Booker's strategy to drive and broaden its business is working. As a result the Board has declared an interim dividend of 0.45 pence per share, up 18%. In July 2012 Booker Group plc issued £124m of shareholder equity to purchase Makro in the UK. Following the successful integration of Makro into the Group and strong cash generation, we intend to implement a special cash return to shareholders of approximately £60m in 2014. Further details will be provided at the time of our preliminary results in May 2014.

Outlook

Group turnover in the second half to date is ahead of the same period last year. Working capital levels and costs are in line with plan. Overall, Booker Group plc continues to trade in line with management expectations.

Commenting on the results, Charles Wilson, Chief Executive of Booker, said,

"Our plan to Focus, Drive and Broaden Booker Group is on track. The team at Makro have settled into the Group and are making a real contribution. Through working together Booker and Makro are improving the choice, price and service for our retail, catering and small business customers. Our Customer Satisfaction improved which helped drive non tobacco like for like sales up 5.0%."

Notes:

- Sales are stated net of value added tax
- Makro consolidated from 19 April 2013. Booker is required to fair value Makro's assets and liabilities at the date of consolidation (19 April 2013). Makro had 24 freehold and 6 long leasehold properties which have been independently valued at £144m on a vacant possession basis. The fair value of Makro's assets and liabilities at the date of consolidation was £156.1m, greater than the fair value of consideration paid by £11.2m and this difference has been credited to the Group's income statement in these accounts as an exceptional item. Restructuring costs of £4.2m have also been charged as an exceptional item in the period
- 2012 restated for the new pension accounting standard. As a result of IAS19 (2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to the defined benefit pension scheme. The effect of this change is described in note 3 to these interim accounts

Booker Group plc will announce its Quarter 3 Interim Management Statement for the 16 weeks to 3 January 2014 on 16 January 2014.

For further information contact:
Tulchan Communications (PR adviser to Booker Group plc)
020 7353 4200
Susanna Voyle
Rebecca Scott

A presentation for analysts will be held at 08.30am on Thursday 17 October 2013 at Investec's offices. For further details please call Melanie Curtis at Tulchan Communications on 0207 353 4200.

Chairman's Statement

I am pleased to report on a good performance for the 24 weeks to 13 September 2013. The Booker plan to Focus, Drive and Broaden the business is working well. The team at Makro have settled into the Group and are making a real contribution.

Financial Results

Sales for the 24 week period were £2.2bn, an increase of 16.5%. Half year profit before tax (pre exceptional items) was £58.1m (2012: £49.6m (restated)), up 17.1%. Underlying earnings per share increased to 2.73 pence (2012: 2.48 pence). Net cash improved to £123.4m (2012: £69.8m).

Focus

We are continuing to improve cash conversion and operational efficiency.

Drive

Booker is continuing to 'drive' sales by further improving choice, prices and service. Like-for-like non-tobacco sales showed an increase of 5.0%. The drive into the catering market is working well with like-for-like sales to caterers having increased by 8.7% to £712m (2012: £655m). Like-for-like sales to retailers have decreased by 1.1% to £1,233m (2012: £1,247m). This was due to weak tobacco sales in part as a result of increasing competition from illicit tobacco trade. Fresh departments performed particularly well with fruit and vegetable sales up 18%. Premier, our retail symbol group, continued to grow and now has 2,899 outlets (2012: 2,724 outlets) and achieved 8% growth. Our prices have remained competitive and stock availability has been good. Booker was voted the UK's best Wholesaler in a survey of independent caterers conducted by him!, the retail research consultancy. We were also awarded 'Wholesaler of the Year' by The Grocer magazine.

Broaden

Booker.co.uk sales grew to £369m, up 11% versus the same period last year.

Booker Direct, Ritter Courivaud and Classic performed as planned. Chef Direct has got off to a great start following the launch of this business in January 2012. We are now serving flagship accounts like Loch Fyne Restaurants, Angus Steak House and Aramark.

We completed the acquisition of Makro on 4 July 2012 and received Competition Clearance on 19 April 2013. Booker will stay a "trade only" business and Makro will continue to serve the trade and small companies. Together we are seeking to become the UK's leading wholesaler to caterers, retailers and small businesses with a wide range of foods and non foods via the internet, delivery and cash and carry. Together we are:

- Improving choice, by offering the best of Booker and Makro ranges. For example, Booker has helped Makro improve meat, soft drinks and premium catering ranges and Makro has helped Booker improve fish, frozen and non food ranges
- Improving prices, through obtaining buying benefits and optimising the use of the Booker and Makro private labels
- Improving service, with better availability and new services such as recycling, internet etc.
- Increasing our capacity for delivery

Makro Customer Satisfaction has improved significantly in the past year.

We are on track to achieve approximately £26m of synergies in 2013/14. Synergy benefits are estimated to comprise the following:

- £6m of cost savings already actioned by Makro management
- £3m to £4m of other cost savings, including some arising from supply chain
- £1m to £2m from goods not for resale
- £7m to £12m from costs of goods improvements
- £2m to £5m from margin improvements on fresh products
- £1m to £3m from rent and rates savings on branches

We anticipate that this will grow to £30m next year and £32m the following year. This should help restore Makro to profitability and will help improve choice, price and service for our customers. We also believe that the strategic partnership with Metro AG will help improve Booker Group's sourcing capabilities.

Our Indian business continues to make progress. We now have six branches having opened two sites in the half.

Through focusing, driving and broadening the Booker Group, we will continue to make progress.

Interim Dividend

Booker's strategy to drive and broaden its business is working. In a challenging environment we continue to make good progress with strong cash generation. As a result the Board has declared an interim dividend of 0.45 pence per share (2012: 0.38 pence) to be paid on 29 November 2013 to shareholders on the register at the close of business on 1 November 2013. The ex-dividend date will be 30 October 2013.

Proposed special cash return

Following the successful integration of Makro into the Group and strong cash generation, we intend to implement a special cash return to shareholders of approximately £60m in 2014. Further details will be provided at the time of our preliminary results in May 2014.

Outlook
Group turnover in the second half to date is ahead of the same period last year. Working capital levels and costs are in line with plan. Overall, Booker Group plc continues to trade in line with management expectations.

Richard Rose
Chairman

Disclaimer

This announcement may include oral and written “forward-looking statements” with respect to certain of Booker Group plc's (‘Booker’) plans and its current goals and expectations relating to its future financial condition, performance and results. These forward-looking statements sometimes contain words such as ‘anticipate’, ‘target’, ‘expect’, ‘intend’, ‘plan’, ‘goal’, ‘believe’, ‘may’, ‘might’, ‘will’, ‘could’ or other words of similar meaning. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to future events and circumstances which may be beyond Booker’s control, including, among other things, UK domestic and global economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, the possible effects of inflation or deflation, the impact of tax and other legislation and regulations in the jurisdictions in which Booker operates, as well as the other risks and uncertainties set forth in this announcement and our presentation of interim results for the 24 weeks ended 13 September 2013, released on 17 October 2013. As a result, Booker’s actual future financial condition, performance and results may differ materially from those expressed or implied by the plans, goals and expectations set forth in any forward-looking statements, and persons receiving this announcement should not place reliance on forward-looking statements.

Booker expressly disclaims any obligation or undertaking (except as required by applicable law) to update the forward-looking statements made in this announcement or any other forward-looking statements it may make or to reflect any change in Booker’s expectation with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. Forward-looking statements made in this announcement are current only as of the date on which such statements are made.

All oral or written forward-looking statements attributable to the Directors of Booker or persons acting on their behalf are qualified in their entirety by these cautionary statements.

None of the statements in this announcement are, nor are any intended to be, a profit forecast and none should be interpreted to mean that the profits or earnings per share of Booker in the current or any future financial period necessarily is or will be above or below the equivalent figure for any previous period.

Condensed consolidated financial statements
Consolidated income statement

	Note	24 weeks ended 13 September 2013 £m	24 weeks ended 14 September 2012 Restated * £m	52 weeks ended 29 March 2013 Restated * £m
Revenue		2,223.3	1,907.8	3,992.2
Cost of sales		(2,124.0)	(1,827.5)	(3,832.8)
Gross profit		99.3	80.3	159.4
Administrative expenses		(33.3)	(32.4)	(64.5)
Analysis of operating profit				
Operating profit before exceptional items		59.0	50.9	97.9
Exceptional items - Administrative expenses	4	7.0	(3.0)	(3.0)
Operating profit		66.0	47.9	94.9
Finance expense	5	(0.9)	(1.3)	(2.8)
Profit before tax		65.1	46.6	92.1
Tax	6	(11.3)	(9.1)	(16.1)
Profit for the period		53.8	37.5	76.0
Earnings per share (Pence)				
Basic	7	3.11p	2.29p	4.51p
Diluted	7	3.05p	2.26p	4.43p
Underlying	7	2.73p	2.48p	4.69p

Consolidated statement of comprehensive income

	24 weeks ended 13 September 2013 £m	24 weeks ended 14 September 2012 Restated * £m	52 weeks ended 29 March 2013 Restated * £m
Profit for the period	53.8	37.5	76.0
Defined benefit plan actuarial gains/(losses)	1.1	(9.3)	3.2
Tax relating to actuarial gains/(losses)	(0.2)	2.2	(0.8)
Foreign exchange	(1.0)	-	-
Other comprehensive (expense)/income	(0.1)	(7.1)	2.4
Total comprehensive income for the period attributable to the owners of the Company	53.7	30.4	78.4

* The restatement impacting prior periods is explained in more detail in note 3.

Consolidated balance sheet

	Note	13 September 2013 £m	14 September 2012 £m	29 March 2013 £m
ASSETS				
Non-current assets				
Property, plant and equipment	10	209.7	73.7	71.9
Intangible assets and goodwill		439.1	437.0	436.9
Investment in joint ventures		0.9	0.5	0.6
Other investments		-	145.2	144.9
Deferred tax assets		23.0	15.6	13.5
		672.7	672.0	667.8
Current assets				
Inventories		323.4	236.3	267.1
Trade and other receivables		103.3	83.6	96.6
Cash and cash equivalents		123.4	69.9	77.2
		550.1	389.8	440.9
Total assets		1,222.8	1,061.8	1,108.7
LIABILITIES				
Current liabilities				
Interest bearing loans and borrowings		-	(0.1)	-
Trade and other payables		(592.2)	(464.0)	(486.5)
Tax liabilities		(20.5)	(19.2)	(21.2)
		(612.7)	(483.3)	(507.7)
Non-current liabilities				
Other payables		(27.8)	(28.1)	(28.0)
Retirement benefit liabilities	11	(0.9)	(23.8)	(6.8)
Provisions		(26.7)	(31.8)	(28.1)
		(55.4)	(83.7)	(62.9)
Total liabilities		(668.1)	(567.0)	(570.6)
Net assets		554.7	494.8	538.1
EQUITY				
Share capital		17.3	17.3	17.3
Share premium		34.9	34.9	34.9
Merger reserve		260.8	260.8	260.8
Other reserve		136.8	136.8	136.8
Share option reserve		7.4	4.9	6.6
Retained earnings		97.5	40.1	81.7
Total equity attributable to equity holders		554.7	494.8	538.1

Consolidated statement of changes in equity

24 weeks ended 13 September 2013

	Share capital £m	Share premium £m	Merger reserve £m	Other reserve £m	Share option reserve £m	Retained earnings £m	Total £m
At 29 March 2013	17.3	34.9	260.8	136.8	6.6	81.7	538.1
Profit for the period	-	-	-	-	-	53.8	53.8
Defined benefit plan actuarial gains	-	-	-	-	-	1.1	1.1
Tax relating to defined benefit plan actuarial gains	-	-	-	-	-	(0.2)	(0.2)
Foreign exchange	-	-	-	-	-	(1.0)	(1.0)
Total comprehensive income for the period	-	-	-	-	-	53.7	53.7
Share options exercised	-	-	-	-	(0.9)	0.9	-
Share based payments	-	-	-	-	1.7	-	1.7
Dividends to shareholders	-	-	-	-	-	(38.8)	(38.8)
At 13 September 2013	17.3	34.9	260.8	136.8	7.4	97.5	554.7

24 weeks ended 14 September 2012

	Share capital £m	Share premium £m	Merger reserve £m	Other reserve £m	Share option reserve £m	Retained earnings * £m	Total £m
At 30 March 2012, as previously reported	15.7	49.1	260.8	-	3.8	40.0	369.4
Profit for the period, as restated	-	-	-	-	-	37.5	37.5
Defined benefit plan actuarial losses, as restated	-	-	-	-	-	(9.3)	(9.3)
Tax relating to defined benefit plan actuarial losses, as restated	-	-	-	-	-	2.2	2.2
Total comprehensive income for the period	-	-	-	-	-	30.4	30.4
Shares issued	1.6	-	-	122.6	(0.1)	0.1	124.2
Reclassification between reserves	-	(14.2)	-	14.2	-	-	-
Share based payments	-	-	-	-	1.2	-	1.2
Dividends to shareholders	-	-	-	-	-	(30.4)	(30.4)
At 14 September 2012	17.3	34.9	260.8	136.8	4.9	40.1	494.8

52 weeks ended 29 March 2013

	Share capital £m	Share premium £m	Merger reserve £m	Other reserve £m	Share option reserve £m	Retained earnings * £m	Total £m
At 30 March 2012, as previously reported	15.7	49.1	260.8	-	3.8	40.0	369.4
Profit for the period, as restated	-	-	-	-	-	76.0	76.0
Defined benefit plan actuarial gains, as restated	-	-	-	-	-	3.2	3.2
Tax relating to defined benefit plan actuarial gains, as restated	-	-	-	-	-	(0.8)	(0.8)
Total comprehensive income for the period	-	-	-	-	-	78.4	78.4
Share options exercised	-	-	-	-	(0.3)	0.3	-
Shares issued for acquisition	1.6	-	-	122.6	-	-	124.2
Reclassification between reserves	-	(14.2)	-	14.2	-	-	-
Share based payments	-	-	-	-	3.1	-	3.1
Dividends to shareholders	-	-	-	-	-	(37.0)	(37.0)
At 29 March 2013	17.3	34.9	260.8	136.8	6.6	81.7	538.1

* The restatement impacting prior periods is explained in more detail in note 3.

Consolidated cash flow statement

	24 weeks ended 13 September 2013 £m	24 weeks ended 14 September 2012 Restated * £m	52 weeks ended 29 March 2013 Restated * £m
Cash flows from operating activities			
Profit before tax	65.1	46.6	92.1
Depreciation	9.4	6.3	14.1
Amortisation	0.3	0.1	0.2
Net finance costs	0.9	1.3	2.8
Equity settled share based payments	1.7	1.2	3.1
Decrease in inventories	11.0	32.2	1.4
Decrease/(increase) in debtors	3.4	2.2	(14.9)
(Decrease)/increase in amount due from investment	(5.6)	(4.1)	8.9
Increase/(decrease) in creditors	26.9	(7.9)	5.6
Decrease in provisions	(2.1)	(1.8)	(6.4)
Contributions to pension scheme	(4.8)	(4.8)	(9.6)
Non cash item: Gain on bargain purchase	(11.2)	-	-
Cash generated from operating activities	95.0	71.3	97.3
Interest paid	(0.2)	(0.2)	(0.5)
Tax paid	(6.5)	(5.2)	(11.1)
Net cash inflow from operating activities	88.3	65.9	85.7
Cash flows from investing activities			
Acquisition of property, plant and equipment	(5.2)	(8.1)	(14.1)
Acquisition of intangible asset	(2.5)	-	-
Acquisition of investment	-	(21.0)	(20.7)
Investment in joint venture	(0.3)	-	(0.1)
Sale of property, plant and equipment	12.6	-	-
Net debt arising from acquisition of subsidiary	(7.9)	-	-
Net cash outflow from investing activities	(3.3)	(29.1)	(34.9)
Cash flows from financing activities			
Payment of finance lease liabilities	-	-	(0.1)
Dividends paid	(38.8)	(30.4)	(37.0)
Net cash outflow from financing activities	(38.8)	(30.4)	(37.1)
Net increase in cash and cash equivalents	46.2	6.4	13.7
Cash and cash equivalents at the start of the period	77.2	63.5	63.5
Cash and cash equivalents at the end of the period	123.4	69.9	77.2

Reconciliation to net cash

	24 weeks ended 13 September 2013 £m	24 weeks ended 14 September 2012 £m	52 weeks ended 29 March 2013 £m
Net increase in cash and cash equivalents	46.2	6.4	13.7
Payment of finance lease liabilities	-	-	0.1
Opening net cash	77.2	63.4	63.4
Closing net cash	123.4	69.8	77.2

* The restatement impacting prior periods is explained in more detail in note 3.

Notes to the condensed financial statements

1. General information

Reporting entity
Booker Group plc (the 'Company') is a public limited company incorporated in the United Kingdom (Registration number 05145685). The Company's ordinary shares are traded on the London Stock Exchange. These condensed consolidated interim financial statements ('interim financial statements') as at and for the 24 weeks ended 13 September 2013 comprise the Company and its subsidiaries (together referred to as the 'Group'). The financial statements are presented in Sterling and rounded to the nearest hundred thousand.

Statement of compliance
These interim financial statements have been prepared in accordance with IAS34 'Interim Financial Reporting'. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the period ended 29 March 2013. These interim financial statements were approved by the Company's Board on 16 October 2013.

2. Basis of preparation

a) Acquisition of Makro Holding Limited ('Makro')
During the prior period, the Group acquired the entire share capital of Makro Holding Limited ('Makro') which has two subsidiaries: Makro Properties Limited and Makro Self Service Wholesalers Limited. The transaction was subject to Competition Commission approval and, whilst this process was in progress, the Group was required to hold Makro separate from the rest of Booker in accordance with undertakings given to the competition authorities in the normal way. As a result, the Group had neither control nor significant influence over Makro, and therefore it had not met the requirements for consolidation as set out in IFRS3 (revised) 'Business Combinations' and IAS27 'Consolidated and Separate Financial Statements'. In accordance with IAS39 'Financial Instruments: Recognition and Measurement', the investment was held as an available for sale financial asset. Cash subsequently advanced to/from Makro at prior year and half year was shown within debtors/creditors.

Full clearance to the acquisition of Makro was received from the Competition Commission on 19 April 2013 and Makro has been consolidated from this date, being the date that control passed to the Group.

See note 9 for more details.

The comparatives for the prior half year for share premium and other reserves have been reclassified in respect of the shares issued as part of the consideration for the Makro acquisition.

b) Going concern
The Directors consider that the risks noted in this Report are those known to the Directors at the date of such Report which the Directors consider to be material to the Group but these do not necessarily comprise all risks to which the Group is exposed. In particular, the Group's performance could be adversely affected by poor economic conditions. Additional risks and uncertainties currently unknown to the Directors, or which the Directors currently believe are immaterial, may also have a material adverse effect on the business, financial condition or prospects of the Group.

In July 2011, the Group negotiated a new unsecured bank facility of £120m for a period of 5 years. The Group's forecasts and projections, taking reasonable account of possible changes in trading performance and considering the risks identified, show that the Group should be able to operate within the level of its bank facility.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

c) Use of assumptions and estimates

The preparation of accounts in accordance with generally accepted accounting principles requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Some of these policies require a high level of judgement and the Directors and the Audit Committee believe that the most critical accounting policies and significant areas of judgement and estimation arise from the accounting for:

- IAS19 'Employee benefits'. Defined benefit schemes are accounted for in accordance with the advice of an independent qualified actuary but significant judgements are required in relation to the assumptions for future salary and pension increases, inflation, investment returns and mortality that underpin their valuations.

- IAS37 'Provisions, contingent liabilities and contingent assets'. The Group is party to a number of leases on properties that are no longer required for trading. Whilst every effort is made to profitably sub-let these properties, it is not always possible. Where a lease is onerous to the Group, a provision is established for the difference between amounts contractually payable to the landlord and amounts contractually receivable from the tenant (if any) for the period up until the point it is judged that the lease will no longer be onerous. In addition, provisions exist for the expected future dilapidation cost on leasehold properties and the expected future costs of removing asbestos from leasehold properties. The Directors believe that their estimates, which are based upon the advice of an in house property department who monitor the UK property market, are appropriate.

- IAS36 'Impairment of assets'. In testing for impairment of goodwill, the Directors have made certain assumptions concerning the future development of the business that are consistent with its annual budget and forecast into perpetuity. Should these assumptions regarding the discount rate or growth in the profitability be unfounded then it is possible that goodwill included in the balance sheet could be impaired. The Directors do not consider that any reasonably likely changes in key assumptions would cause the carrying value of the goodwill to become impaired.

- IAS12 'Income Taxes'. In applying the Group's accounting policy in relation to deferred tax, as set out below, the Directors are required to make assumptions regarding the Group's ability to utilise historical tax assets following an assessment of the likely quantum and timing of future taxable profits. A deferred tax asset is recognised to the extent that the Directors are confident that the Group's future profits will utilise historical tax assets.

d) Operating segments

IFRS 8 'Operating Segments' requires that segments should be reported on the same basis as the internal reporting information that is provided to the chief operating decision maker. The chief operating decision maker has been identified as the CEO. Internal reports reviewed regularly by the CEO focus on the operations of the Group as a whole and report the results and financial position on an IFRS basis. Whilst turnover is reported internally by customer and product types, it is not possible to analyse profitability and balance sheets in this way. Products flow through the same distribution channels and there are a large amount of expenses and assets / (liabilities) that are not specific. None of these possible segments have a unique management structure responsible for getting the product from the supplier to the customer. The Group has no significant reliance on any individual customers. At present the operation in India is insignificant and the Directors therefore present the financial statements as a single reportable segment. Other than the operation in India, all of the Group's revenue originates from the UK.

3. Significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the for the period ended 29 March 2013. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the period ended 28 March 2014.

The Group has adopted the following new standards and amendments to standards with a date of initial application of 1 January 2013.

a) IAS19 Employee Benefits (2011)

As a result of IAS 19 (2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to the defined benefit pension scheme.

Under IAS 19 (2011), the Group determines the net interest expense/(income) for the period on the net defined benefit liability/asset by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period, taking into account any changes in the net defined benefit liability/asset during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability/asset now comprises:

- interest cost on the defined benefit obligation; and
- interest income on plan assets.

Previously, the Group determined interest income on plan assets based on their long term rate of expected return.

b) Summary of quantitative impact

For the 24 weeks ended 14 September 2012	As previously reported	Effect of change	As restated
	£m	£m	£m
Gross profit	80.3	-	80.3
Administrative expenses	(31.7)	(0.7)	(32.4)
Operating profit	48.6	(0.7)	47.9
Financing expenses	2.4	(3.7)	(1.3)
Profit before tax	51.0	(4.4)	46.6
Tax	(10.2)	1.1	(9.1)
Profit for the period	40.8	(3.3)	37.5
Defined benefit plan actuarial (losses)/gains	(13.7)	4.4	(9.3)
Tax relating to actuarial (losses)/gains	3.3	(1.1)	2.2
Other comprehensive expense	(10.4)	3.3	(7.1)
Total comprehensive income for the period attributable to the owners of the Company	30.4	-	30.4

For the 52 weeks ended 29 March 2013	As previously reported	Effect of change	As restated
	£m	£m	£m
Gross profit	159.4	-	159.4
Administrative expenses	(63.3)	(1.2)	(64.5)
Operating profit	96.1	(1.2)	94.9
Financing expenses	5.3	(8.1)	(2.8)
Profit before tax	101.4	(9.3)	92.1
Tax	(18.3)	2.2	(16.1)
Profit for the period	83.1	(7.1)	76.0
Defined benefit plan actuarial (losses)/gains	(6.1)	9.3	3.2
Tax relating to actuarial (losses)/gains	1.4	(2.2)	(0.8)
Other comprehensive expense	(4.7)	7.1	2.4
Total comprehensive income for the period attributable to the owners of the Company	78.4	-	78.4

4. Exceptional items

	24 weeks ended 13 September 2013	24 weeks ended 14 September 2012	52 weeks ended 29 March 2013
	£m	£m	£m
Fees in relation to acquisition of Makro	-	(3.0)	(3.0)
Gain on bargain purchase (see note 9)	11.2	-	-
Restructuring costs	(4.2)	-	-
	----------	----------	----------
	7.0	(3.0)	(3.0)
	======	======	======

Restructuring costs relate to the restructuring and integration of the Booker and Makro businesses.

5. Finance expense

	24 weeks ended 13 September 2013	24 weeks ended 14 September 2012 Restated	52 weeks ended 29 March 2013 Restated
	£m	£m	£m
Interest on bank loans and overdrafts	(0.2)	(0.2)	(0.5)
Unwinding of discount on provisions	(0.7)	(0.8)	(1.7)
Interest on pension scheme liabilities	-	(0.3)	(0.6)
	----------	----------	----------
	(0.9)	(1.3)	(2.8)
	======	======	======

6. Tax

Tax of £10.9m on the profit before tax, exceptional items and the impact of the revaluation of Makro's deferred tax asset for the 24 weeks ended 13 September 2013 is based on an underlying effective rate of 18.8%, which has been calculated by reference to the projected charge for the full financial year. The effective rate of tax on pre-exceptional profits for the 24 weeks ended 14 September 2012 and 52 weeks ended 29 March 2013 was 18.9% and 17.5% respectively.

In addition, a tax charge of £0.4m arises in the 24 weeks ended 13 September 2013 on the exceptional items and the revaluation of Makro's deferred tax asset (as at 19 April 2013) due to the reduction in future tax rates enacted on 2 July 2013.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 13 September 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

7. Earnings per share

	24 weeks ended 13 September 2013			24 weeks ended 14 September 2012			52 weeks ended 29 March 2013		
	Earnings	Weighted average shares Number	Earnings per share	Earnings Restated	Weighted average shares Number	Earnings per share Restated	Earnings Restated	Weighted average shares Number	Earnings per share Restated
	£m	m	Pence	£m	m	Pence	£m	m	Pence
Basic earnings	53.8	1,731.3	3.11	37.5	1,635.2	2.29	76.0	1,684.3	4.51
Share options	-	30.5	(0.06)	-	25.6	(0.03)	-	32.8	(0.08)
	----------	----------	----------	----------	----------	----------	----------	----------	----------
Diluted earnings	53.8	1,761.8	3.05	37.5	1,660.8	2.26	76.0	1,717.1	4.43
	======	======	======	======	======	======	======	======	======

Underlying earnings and earnings per share

It is the Directors' view that underlying earnings per share is a fairer reflection of the underlying results of the business.

	24 weeks ended 13 September 2013	24 weeks ended 14 September 2012 Restated	52 weeks ended 29 March 2013 Restated
	£m	£m	£m
Profit for the period	53.8	37.5	76.0
Exceptional items	(7.0)	3.0	3.0
Tax on exceptional items and Makro's deferred tax rate reduction	0.4	-	-
	----------	----------	----------
Underlying earnings	47.2	40.5	79.0
Weighted average shares	1,731.3	1,635.2	1,684.3
Underlying earnings per share	2.73p	2.48p	4.69p
	======	======	======

8. Dividends

Declared and paid during the period	per share	24 weeks ended 13 September 2012 £m	24 weeks ended 14 September 2012 £m	52 weeks ended 29 March 2013 £m
Final dividend for 2012/13	2.25 pence	38.8	-	-
Interim dividend for 2012/13	0.38 pence	-	-	6.6
Final dividend for 2011/12	1.95 pence	-	30.4	30.4
		38.8	30.4	37.0

After the balance sheet date the Directors declared an interim dividend of 0.45p per share (£7.8m in total) payable on 29 November 2013 to shareholders on the register at the close of business on 1 November 2013. This dividend has not been provided for and therefore there is no difference between the dividends charged to reserves and dividends paid in the period.

9. Acquisition

Full clearance to the acquisition of Makro was received from the Competition Commission on 19 April 2013 and Makro was consolidated from this date, being the date that control passed to the Group.

In the 21 weeks to 13 September 2013, the subsidiary contributed turnover of £268.5m and, after synergies of £6.0m, profit before interest, tax and exceptional items of £2.5m. If the acquisition had occurred at the start of the reporting period, turnover would have been £302.1m with profit before interest, tax and exceptional items of £1.8m.

The acquisition had the following effect on the Group's assets and liabilities.

	Book value £m	Fair value adjustments £m	Fair value £m
Property, plant and equipment	142.2	12.4	154.6
Inventories	67.8	-	67.8
Trade and other receivables	10.6	-	10.6
Trade and other payables	(81.2)	(3.0)	(84.2)
Bank overdraft	(7.9)	-	(7.9)
Deferred tax	-	15.2	15.2
Net fair value of identifiable assets and liabilities	131.5	24.6	156.1
Gain on bargain purchase			11.2
Total consideration			144.9

The fair value of the consideration is based upon the fair value of the investment held in Makro prior to the date of consolidation. The investment was measured at fair value in accordance with IAS39 as it was an available for sale financial asset. The fair value was initially determined by reference to the consideration transferred as set out below at completion, and the subsequent fair value was considered to be unchanged at both 29 March 2013 and 19 April 2013 and therefore there has been no valuation gain or loss recorded in comprehensive income. The subsequent fair value was measured by reference to the performance of Makro compared to expectations and the underlying market value of the assets of the business, predominantly properties.

Consideration comprised of:	£m
Issue of 156,621,525 new ordinary shares - determined by reference to the share price of Booker Group plc at the date of completion, taking into account a discount to reflect the restrictions preventing the shares from being sold for one year after the date of completion	124.2
Cash consideration	15.8
Cash paid to reflect a targeted cash and working capital position as at 30 June 2012	4.9
	144.9

The fair value adjustments made on acquisition have had the effect of:

- increasing the property valuations;
- accruing for onerous contracts; and
- recognising a deferred tax asset in relation to accelerated capital allowances.

10. Property, plant and equipment

Net book value	24 weeks ended 13 September 2013 £m	24 weeks ended 14 September 2012 £m	52 weeks ended 29 March 2013 £m
At start of period	71.9	71.9	71.9
Acquired	154.6	-	-
Additions	5.2	8.1	14.1
Disposals	(12.6)	-	-
Depreciation charge	(9.4)	(6.3)	(14.1)
At end of period	209.7	73.7	71.9

11. Retirement benefit liabilities

	13 September 2013 £m	14 September 2012 £m	29 March 2013 £m
Total market value of assets	601.2	562.7	608.7
Present value of scheme liabilities	(602.1)	(586.5)	(615.5)
Deficit in the scheme	(0.9)	(23.8)	(6.8)
Movement in the scheme			
At start of period	(6.8)	(19.0)	(19.0)
Employer contributions, as restated	4.8	4.8	9.6
Charged to finance expenses, as restated	-	(0.3)	(0.6)
Actuarial gain/(loss), as restated	1.1	(9.3)	3.2
At end of period	(0.9)	(23.8)	(6.8)

The principal assumptions adopted for the valuation at 13 September 2013 are the same as those adopted at 29 March 2013, other than changes to the discount rate (from 4.35% to 4.55%) and RPI inflation (from 3.25% to 3.20%) which are in line with market indicators.

12. Related party transactions

The Group has a related party relationship with its subsidiaries and with its Directors. Transactions between group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There have been no material related party transactions with Directors.

Risks and uncertainties

The Group's business may be affected by a number of risks, trends, factors and uncertainties, not all of which are in our control. The specific principal risks, trends, factors and uncertainties (which could impact the Group's revenues, profits and reputation), and relevant mitigating factors, as currently identified by Booker's risk management process, have not changed since the year end and are expected to remain for the following six months. The list below sets out the most significant risks to the achievement of the Group's business goals. The list does not include all the risks that the Group faces and it does not list the risks in any order of priority.

• Economic environment
The economy is expected to remain difficult in the year ahead. Customers will seek to obtain 'best' value from products and the Group aims to provide a wide range of products that meet this requirement.

• Competition
The industry is extremely competitive with the market being served by numerous competitors, ranging from national multiple retailers to regional independent wholesalers. The Group competes by closely monitoring the activities of competitors and ensuring it continues to improve the choice, price and service to its customers.

• Regulation
The Group operates in an environment governed by strict regulations to ensure the safety and protection of customers, shareholders, staff and other stakeholders and the operation of an open and competitive market. These regulations include food hygiene, health and safety, data protection, the rules of the London Stock Exchange and competition law. In all cases, the Board takes its responsibilities very seriously, and recognises that any breach of regulation could cause reputational and financial damage to the Group.

• Product quality and safety
The quality and safety of our products is of critical importance and any failure in this regard would affect the confidence of our customers in us. We work with our suppliers to ensure the integrity of the products supplied. Food hygiene practices are taken very seriously throughout the Group, and are monitored both through internal audit procedures and by external bodies such as environmental health departments. We have well prepared procedures for crisis management in order to act quickly when required. We are aware that if we fail or are perceived to have failed to deliver, to our customers' satisfaction, the expected standards of quality and safety in our products this has the potential to impact on their loyalty to us. This in turn could adversely impact on our market share and our financial results.

• Employee engagement and retention
The continued success of the Group relies heavily on the investment in the training and development of our employees. The Group's employment policies, remuneration and benefits packages are designed to be competitive, as well as providing colleagues with fulfilling career opportunities. The Group continually engages with colleagues across the business to ensure that we keep strengthening our team at every level.

• Supplier credit
A significant reduction in the availability of supplier credit could adversely impact the Group.

• Financial and treasury
The Group's financial results may be subject to volatility arising from movements in commodity prices, foreign currencies, interest rates and the availability of sources of funding.

• Pensions
The Group operates a defined benefit scheme, where judgements are required to determine the assumptions for future salary and pension increases, discount rate, inflation, investment returns and member longevity. There is a risk of underestimating this liability. This risk is mitigated by: maintaining a relatively strong funding position over time, taking advice from independent qualified actuaries, agreeing appropriate investment policies with the Trustees and closely monitoring the funding position with the Trustees.

• Information technology (IT)
The Group is exposed to the risk that the IT systems upon which it relies fail. The Group has appropriate controls in place to mitigate the risk of systems failure, including systems back up procedures and disaster recovery plans, and also has appropriate virus protection and network security controls.

Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:
  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first 24 weeks of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining 28 weeks of the year; and
  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 24 weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Charles Wilson	Jonathan Prentis
Chief Executive	Finance Director

16 October 2013

Independent review report to Booker Group plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 24 weeks ended 13 September 2013 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, the consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 24 weeks ended 13 September 2013 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Nicola Quayle
For and on behalf of KPMG Audit Plc
Chartered Accountants
St James' Square
Manchester
M2 6DS

16 October 2013