17 May 2016

Premier Foods plc

Preliminary results for the 52 weeks ended 2 April 2016

Quarter 4 and Full Year sales trajectory provides strong platform to accelerate growth

- **Full Year Group sales +0.6%; Branded sales flat**
- **Q4 Group sales up +1.4%; Branded sales up +1.0%**
- **Trading profit[3] £131.0m, in line with last year**
- **Adjusted profit before tax[5] increased +£2.9m to £86.1m**
- **Adjusted earnings per share[5] increased +4.6% to 8.3 pence**
- **Net debt reduced to £534.2m from £584.9m - includes consolidation of Knighton**
- **Improved overall IAS 19 pension schemes position**
- **FY16/17 sales growth guidance raised to 2-4%**

Premier Foods today announces its Preliminary results for the 52 weeks ended 2 April 2016.

Gavin Darby, Chief Executive Officer

"We are very pleased to report sales growth both in the year and the fourth quarter in what continues to be a deflationary market. Our strategy of investing behind our brands and bringing new innovative products to market continues to deliver very positive results, with six of our major brands growing on average +3.4% in the year. The Sweet Treats business reported sales growth in every quarter of the year while the International business also displayed excellent progress during the year with sales up +18%[6]."

"Our adjusted earnings per share increased by +4.6% in the year, we reduced Net debt by over £50m and on an accounting basis our pension schemes have an improved financial position."

"We recently set out some additional strategic initiatives which we believe will further accelerate our growth and now expect to deliver sales growth of 2-4% in both FY16/17 and the medium term. The potential opportunities presented by our partnership with Nissin are also very exciting. The Board is focused on delivering shareholder value and we see a strong future for Premier Foods with its leading category positions, great brands and strong operational cash flows."

Continuing operations	2 April 2016 (52 weeks)	4 April 2015 (15 months)
Revenue (£m)	771.7	964.3
Operating profit/(loss) (£m)	54.5	(44.1)
Profit/(loss) after taxation (£m)	34.0	(92.7)
Basic earnings/(loss) per share (pence)	4.1	(12.7)
Adjusted earnings per share (pence)	8.1	9.0

Underlying results (unaudited)	2 April 2016 (52 weeks)	4 April 2015[2] (52 weeks)	Change (%)
Group sales (£m)	771.7	767.4	0.6%
Trading profit (£m)[3]	131.0	131.0	0.0%
Adjusted profit before tax (£m)[5]	86.1	83.2	3.5%
Adjusted earnings per share (pence)	8.3	8.0	4.6%

Measures above are defined on page 2 and reconciled to statutory measures in the appendices, where necessary

A presentation to investors and analysts will take place today, 17 May 2016, at 9:30am BST. The presentation will be webcast at www.premierfoods.co.uk/investors/investor-centre. A recording of the webcast will be available on the Company's website later in the day.

A conference call for bond investors and analysts will take place today, 17 May 2016, at 1:30pm BST. Dial in details are outlined below:

Telephone:	0800 694 5707
	+44 1452 541003
Conference ID:	8881822

A factsheet of the Preliminary results is available at:
www.premierfoods.co.uk/investors/results-centre

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Notes to editors:

1. The statutory accounting period is the 52 weeks from 5 April 2015 to 2 April 2016.
2. Comparative pro forma results are prepared for the 52 weeks ended 4 April 2015 and are unaudited.
3. Trading profit for the underlying business is reconciled to continuing operations Trading profit in the appendices and is defined as Operating profit before amortisation of intangible assets, impairment, fair value movements on foreign exchange and other derivative contracts, restructuring costs, profits and losses associated with divestment activity and net interest on pensions and administration costs.
4. EBITDA is Trading profit excluding depreciation.
5. Adjusted profit before tax is defined as Trading profit for the underlying business less net regular interest. Net regular interest is defined as net finance cost after excluding write-off of financing costs, fair value movements on interest rate financial instruments and other interest. Adjusted earnings per share is defined as Adjusted profit before tax less a notional tax charge of 20.0% (2014/15: 21.0%) divided by the weighted average of the number of shares of 826.0million (52 weeks ended 4 April 2015: 824.4million). The weighted average of the number of shares and notional tax charge for the financial period from 1 January 2014 to 4 April 2015 was 731.4 million and 21.4% respectively.
6. International sales growth is stated excluding the impact of foreign currency movements.

A Premier Foods image gallery is available using the following link:

www.premierfoods.co.uk/media/image-gallery/

Operating review

The following commentary unless otherwise stated is prepared for the 52 weeks ended 2 April 2016 with comparative results for the 52 weeks ended 4 April 2015. Results are stated on an 'Underlying business' basis which are unaudited and exclude all disposals and joint ventures transactions previously completed. The comparative results are stated on a 'Pro forma' basis. Trading results of Knighton Foods Limited ("Knighton") which was consolidated on 1 April 2016 are not reflected in the Sales and Trading profit results and associated commentary of the Operating review. All references to the 'year', unless otherwise stated, are for the 52 weeks ended 2 April 2016 and the comparative period, 52 weeks ended 4 April 2015. All references to the 'quarter', unless otherwise stated, are for the 13 weeks ended 2 April 2016 and the comparative period, 13 weeks ended 4 April 2015.

£m	**2015/16 (52 weeks)**	2014/15[2] (52 weeks)	Change (%)
Group Sales			
Branded	**683.4**	683.7	(0.0)
Non-branded	**88.3**	83.7	5.5
Total	**771.7**	767.4	0.6
Divisional contribution	**167.1**	163.2	2.4
Group & corporate costs	**(36.1)**	(32.2)	(12.1)
Trading profit[3]	**131.0**	131.0	0.0
EBITDA	**147.1**	144.9	1.5

Quarter 4 sales results

£m	**2015/16 Q4 (13 weeks)**	2014/15 Q4 (13 weeks)	Change (%)
Group Sales			
Branded	**168.8**	167.2	1.0
Non-branded	**16.7**	15.7	6.5
Total	**185.5**	182.9	1.4

Introduction

Group sales for the 52 weeks ended 2 April 2016 were £771.7m, an increase of 0.6% on the prior year. In the fourth quarter of the year, total sales grew by 1.4% to £185.5m compared to the equivalent quarter a year ago. While branded sales were flat, six of the Group's eight largest brands delivered average sales growth of 3.4% during the year. These six brands have received more focus on innovation and marketing investment over the last two years and this result clearly demonstrates that the Group's innovation and brand marketing strategy is working.

Trading profit[3] for the 52 weeks ended 2 April 2016 was £131.0m; in line with both the prior year and the Company's expectations. Within this, the group has invested approximately £3m more consumer marketing compared to the prior year, while depreciation was £2.2m higher following recent increased levels of capital investment in the Group's cake bakeries.

Market overview

During the past year, the UK grocery market has continued to display volume growth alongside a consistently deflationary environment. The rate of UK food deflation has remained broadly constant at

1.5%-2.0% over the last twelve months and as previously commented, reflects a combination of benign input costs and price competition across the wider grocery market.

The significant growth channels of discounters and online have continued their respective progress over the last year with the Group displaying growth broadly in line with both these growth sectors of the market. This reflects commitments to deliver growth in the discounters channel, principally but not exclusively through our non-branded offering, while dedicated resource has been recruited to realise the opportunities in online through a more focused and tailored approach.

During the year the Group continued to expand its offering of products with a nutritional benefit in response to a growing consumer demand for healthy choices. This included the launch of the 'Exceedingly Good' range of *Mr Kipling* Snack Pack slices containing wholesome ingredients such as oats, cranberry and coconut, the launch of Bisto Best Reduced Salt which has been a strong seller since its introduction in 2015 and increased vegetable content of its *Loyd Grossman, Sharwood's* and *Homepride* cooking sauces so that around 70% contain 'one of your five a day'. Building on existing achievements, the Group has recently refreshed its nutrition strategy for the next three years including plans to reduce calories and levels of added sugar in a number of product categories through reformulation initiatives, the introduction of calorie caps for individual cakes and the expansion of single portion packs of cake as a percentage of the portfolio. The Company also plans further salt reductions throughout its portfolio and will expand the number of new products launched into market with added nutritional benefits or calorie reductions.

Brand investment and innovation

The Group increased its investment in consumer marketing in the year to approximately £36m, an increase of nearly 10% on the prior year. The Group is committed to progressively increasing its consumer marketing investment over the medium term. In FY16/17 the Group plans to spend £42-£44m on consumer marketing, increasing its expenditure on media advertising and preparing the foundations for the launch of certain Grocery brands in the chilled arena. Consequently, nine of the Group's brands are planned to benefit from TV advertising in FY16/17.

Where the Group has invested in marketing its brands and introducing new products to market, it has demonstrated positive results. During the past year, six of the Group's largest eight brands; *Bisto, Oxo, Loyd Grossman, Sharwood's, Mr Kipling* and *Cadbury* cake all grew sales and on average, by +3.4%. *Ambrosia* and *Batchelors*, the other two major brands, saw sales decline by (2.9%) in the year. In aggregate, the former six benefitted from both higher level levels of marketing investment as a proportion of sales and more product launches. In FY16/17, the *Ambrosia* and *Batchelors* brands will receive higher levels of marketing investment and are also expected to benefit from new products which align to current consumer trends such as *Ambrosia* Deluxe custard, *Ambrosia* Frozen Custard ice cream and *Batchelors* High Protein and High Veg pots.

Customer relationships

The Group counts all of the major food retailers in the UK as key customers of its products. In the ordinary course of business, it is customary for the food retailers to regularly review their product categories to ensure they offer their customers the best value and choice in their stores through category range reviews. Some of the Group's major customers have undertaken category range reviews over the past year and in overall terms, the outcome of these reviews is that they have concluded in line with the Company's expectations. While the Company has lost some slower selling product codes in some areas, it has also gained increased availability of some higher selling product codes in other areas; both changes were as expected. With its category based strategy, the Company continues to enjoy good relationships across its customer portfolio.

Grocery

£m	**FY15/16 (52 weeks)**	FY14/15 (52 weeks)	Change (%)	Q4 Change (%)
Sales				
Branded	**504.9**	508.5	(0.7%)	0.2%
Non-branded	**43.7**	43.2	1.1%	3.8%
Total sales	**548.6**	551.7	(0.6%)	0.5%
Divisional contribution	**142.1**	145.2	(2.1%)	-

Grocery sales were £548.6m in the year, slightly behind the prior year as growth in non-branded sales was offset by a small decline in branded sales to £504.9m. Sales in the fourth quarter increased by 0.5%, with both branded and non-branded delivering growth compared to the prior year. These results are set against the backdrop of deflation in the wider UK Grocery market. Divisional contribution was £3.1m lower at £142.1m due to increased consumer marketing investment in the year.

In the Flavourings & Seasonings category, *Bisto* and *Oxo* recorded strong performances, growing both sales and volumes during the year. For *Bisto*, the Group's second largest brand, new products launched into market contributed to over half the sales growth, with the new reduced salt *Bisto Best* product proving particularly popular among consumers. *Oxo* sales benefitted from the launch of Stock Pots using gel pot technology, aligned to key consumer trends and which accounted for approximately half the brand's sales growth in the year. This category has received a significant level of investment and focus over the last two years and clearly demonstrates that the Group's category led strategy is delivering results.

In the Cooking Sauces and Accompaniments category, sales of *Loyd Grossman* and *Sharwood's* continued their positive trajectory from the first half of the year, with both delivering full year sales growth. *Loyd Grossman* sales benefitted from the rollout of its 'Gastro' and 'Classic' pouches range and the gel pot Pan Melts product, while *Sharwood's* Stir fry Melts were supported by a major TV advertising campaign.

Sales of *Ambrosia* were down slightly in the year, however they returned to healthy growth in the fourth quarter, assisted by two new product ranges. These comprised a range of premium Deluxe custard including clotted cream, toffee and contemporary salted caramel flavours and a significant extension of the brand into the ice cream market with a range of frozen custard ice cream. Elsewhere in the Desserts category, *Mr. Kipling* and *Cadbury* sponge puddings and *Cadbury* desserts pots have all performed strongly in the year.

As previously highlighted, while sales and volumes of *Batchelors* have experienced significant declines in the past, this declining trend has materially reduced. New premium cup-a-soup products were launched in the first half of the year, with flavours including Thai Inspired Chicken & Sweet Potato and Southern Style Pulled Pork. Additional new products to be launched in FY16/17 include High Protein pots, High Veg pots and Soup Dippers.

In the fourth quarter, the Group entered into a partnership with renowned baker, Paul Hollywood and launched a unique range of premium artisanal home-baking products which are now available in a number of the Group's major retail customers.

Sweet Treats

£m	**FY15/16 (52 weeks)**	FY14/15 (52 weeks)	Change (%)	Q4 Change (%)
Sales				
Branded	**178.5**	175.2	1.9%	3.0%
Non-branded	**44.6**	40.5	10.0%	10.5%
Total sales	**223.1**	215.7	3.4%	3.8%
Divisional contribution	**25.0**	18.0	38.9%	-

Sweet Treats total sales increased by 3.4% in the full year and by 3.8% in the fourth quarter. This marks a consistently strong trajectory for the business unit which has delivered sales growth in all four quarters of the year. Both branded and non-branded sales grew in the year; up 1.9% and 10.0% respectively, with similar trends recorded for the fourth quarter. Volumes, measured in cases and packets of products, also displayed healthy increases in the year. As expected, the business unit achieved its target of delivering double-digit Divisional contribution margins in the year, increasing from 8.3% in the prior year to 11.2% for FY15/16.

Cadbury cake enjoyed an excellent year, with sales and volumes growing in double-digit percentage terms in both the year and the fourth quarter. While new products such as Amaze Bites and Hot Cakes have provided nearly half of the brand's growth in the year, the core range has also performed very well. *Cadbury* cake benefitted from its first television advertising for eight years during the year and this will be repeated in FY16/17.

Mr Kipling launched a number of new products in the year including Deluxe Viennese Whirls, Fabulous Fancy, Victoria Sponge and Coffee cakes, Exceedingly Good slices and premium cup cakes. *Mr Kipling* grew sales in the year and up to the third quarter this year, had delivered six quarters of consistent growth. Sales were lower in the fourth quarter due to an exceptionally strong comparative quarter in FY14/15. Both *Mr Kipling* and *Cadbury* have been instrumental in driving category growth during the year with a number of the new product launches supporting the Group's premiumisation strategy.

Over half of the business unit's non-branded sales are generated in the third quarter of the year, and the strong performance in this area reflected mince pie contract gains across both multiple retail and discounter channels. In 2015, the Company sold 185 million mince pies, an 8% increase on the prior year. Other non-branded contract wins in the year which contributed to this sales and volume growth included fruit pies.

The strong Divisional contribution margin delivery in the year reflects improved asset utilisation through increased branded and non-branded volumes, improving the product profitability mix and efficiency benefits from capital projects.

International

Sales in the International business increased by approximately 15% in the year, and excluding the impact of adverse foreign currency movements, were ahead approximately 18%.

The Australian business performed very well, up 47% during the year as a result of new listings of both *Sharwood's* and *Mr Kipling* and *Cadbury* cakes in certain retailers. Market share of Indian cooking sauces increased by +4.6 percentage points reflecting improved distribution levels.

Sales in the USA grew by 23%, with the fourth quarter particularly strong, reflecting a very good *Sharwood's* performance with market share in Indian cooking sauces up +2.2 percentage points in the year. The Company also undertook a new trial of *Mr. Kipling* Apple, Fruit and Mississippi Mud Pies across

250 stores of a major US retailer in the third quarter of the year which delivered some encouraging results. Ireland sales grew in constant currency, supported by *Bisto* and *Oxo* TV advertising in the second half of the year.

The International business unit has significantly increased the size of the team during the year to reflect the growth aspirations of the Group. The business unit now employs 28 people, an increase from just 9 a year ago, across a range of key functions to support the Group's growth plans.

Efficiency and cost control

Over the coming financial year, the Group will be looking more closely at improving the quality and product consistency across certain lines within its Grocery business. Expertise will be used to review current manufacturing processes to identify areas for improvement which are expected to deliver increased line efficiencies. Additionally, and following a review of its Grocery plant line management operations, teams will become more streamlined, delivering greater flexibility within manufacturing sites and resulting in overhead cost reductions.

In logistics, the Group is reviewing options in both its transport and warehousing operations which may lead to changes in the configuration of its network. While these reviews are ongoing, the majority of these changes are likely to take place late in the year and into FY17/18.

The Group maintains a continual focus on improving the returns on investment from promotional activity in which it participates with major customers. In the third quarter of the year, the Group's key trading period of the year, the Grocery business delivered improved returns on investment on promotional activity and also executed 27% more off shelf instore shipper displays compared to the prior year.

HM Government has recently implemented a National Living Wage (NLW) for all employees above the age of 25 which was effective from April 2016. The Company expects there will be a relatively small increase in labour costs in FY16/17 as a result of this legislation. The impact is expected to be greater at some of the Group's manufacturing sites than others. While the NLW is expected to rise to at least £9.00 an hour by 2020, this level represents the bottom of current government forecasts. Additionally, HM Government have also proposed to implement an Apprenticeship Levy, effective from April 2017. The Group will look to offset the impact of this levy through its continued investment in training and apprenticeships and create a more flexible workforce.

Net regular interest

£m	**FY15/16 (52 weeks)**	FY14/15 (52 weeks)	**Change (%)**
Senior secured notes interest	**30.8**	30.9	0.2
Bank debt interest	**8.5**	10.2	17.7
Securitisation interest	**1.2**	2.5	48.9
	40.5	43.6	7.1
Amortisation and deferred fees	**4.4**	4.2	(5.4)
Net regular interest	**44.9**	47.8	6.0

Net regular interest for FY15/16 was £44.9m, in line with the Group's expectations and £2.9m lower than the prior year. The Group's sources of financing were largely unchanged in the year, except for the previously announced closure of its £80m debtors securitisation programme. As a result of the low utilisation and subsequent closure of this securitisation programme, interest charges attributable to it more than halved to £1.2m in the year. As expected, the largest component of financing was interest due to holders of the senior secured notes and was £30.8m in the year. Bank debt interest was £1.7m lower in the year due to approximately one month's term loan debt from the previous financing structure included in the comparative period.

The Company expects net regular interest for the 2016/17 financial year to be marginally lower than FY15/16.

Associate investments

As at 4 April 2015, the Company held a 49% interest in both Hovis Limited ("Hovis") and Knighton. On 1 April 2016, the Company gained control of Knighton for reporting purposes under IFRS 10 and consequently this business is consolidated in the financial statements for the year from that date.

£m	Hovis	Knighton	Total
4 April 2015	22.6	12.6	35.2
Interest receivable	0.8	0.2	1.0
Share of loss from associates	(14.1)	(8.5)	(22.6)
Impairment charge	(9.3)	(4.3)	(13.6)
2 April 2016	-	-	-

For the financial period ended 2 April 2016, the Company recognised a share of loss from associates of (£22.6m), of which (£14.1m) is due to the share of loss from its investment in Hovis. This loss reflects the highly competitive UK Bread market. The share of loss from the Company's investment in Knighton was (£8.5m) during the period due to challenging market conditions, an unsatisfactory systems implementation and following a review of the carrying value of certain assets.

Additionally, the Group wrote off its remaining investment in Hovis which is reflected in the impairment charge of £9.3m. The remaining £4.3m investment in Knighton was written off reflecting the challenging market conditions faced by the business. Consequently, associate investments had a nil value as at 2 April 2016.

Cash flow

£m	FY 15/16
Trading profit	**131.0**
Depreciation	16.1
Other non-cash items	4.1
Interest	(41.7)
Pension contributions	(12.9)
Capital expenditure	(25.4)
Working capital & other	0.3
Recurring cash inflow	**71.5**
Restructuring costs	(7.5)
Free cash flow	**64.0**
Knighton consolidation	(8.3)
Total cash inflow	**55.7**

Total cash inflows in the year were £55.7m. Trading profit was £131.0m, while depreciation of £16.1m was in line with the Company's expectations, although this is expected to be slightly higher in FY16/17 at £17-18m. Interest paid was £41.7m and capital expenditure was £25.4m. Pension contributions of £12.9m were broadly in line with the previously agreed schedule of pension deficit contributions and costs associated with administering the pension schemes. Other non-cash items principally relate to the addback of share based payments. Cash restructuring costs relating to a major re-organisation of the Group's IT function is one of the main elements of the £7.5m outflow in the year.

Net debt

Net debt at 2 April 2016 was £534.2m. This represents a £50.7m reduction in Net debt compared to the prior year and also includes the impact of consolidating Knighton.

	£m
Net debt at 4 April 2015	**584.9**
Free cash flow generation in period	(64.0)
Knighton consolidation	8.3
Movement in debt issuance costs	5.0
Net debt at 2 April 2016	**534.2**
EBITDA	147.1
Net debt / EBITDA	**3.6x**

The Company's Net debt / EBITDA ratio reduced to 3.6x at the year end, down from 4.0x as at the end of 2014/15 and reflects the Group's focus on debt reduction. The Group expects deleveraging will progress at a slower rate from FY16/17 due to the increase in the previously agreed annual deficit cash contributions to the pension schemes.

Pensions

IAS 19 Accounting Valuation (£m)	**2 April 2016**			**4 April 2015**		
	RHM	Premier Foods	**Combined**	RHM	Premier Foods	**Combined**
Assets	3,758.7	584.2	**4,342.9**	3,636.0	612.5	**4,248.5**
Liabilities	(3,207.8)	(1,004.2)	**(4,212.0)**	(3,394.4)	(1,065.9)	**(4,460.3)**
Surplus/(Deficit)	550.9	(420.0)	**130.9**	241.6	(453.4)	**(211.8)**
Net of tax (20.0%/21.4%)	440.7	(336.0)	**104.7**	189.9	(356.4)	**(166.5)**

The IAS 19 pension schemes valuation reported a surplus for the combined RHM and Premier Foods' pension schemes at 2 April 2016 of £130.9m, equivalent to £104.7m net of notional tax charge. This compares to a deficit at 4 April 2015 of £211.8m and £166.5m after tax.

The valuation at 2 April 2016 comprised a £550.9m surplus in respect of the RHM schemes and a deficit of £420.0m in relation to the Premier Foods schemes.

One of the key reasons for the £248.3m reduction in combined liabilities in the schemes, from £4,460.3m to £4,212.0m is the 25 basis points increase in the discount rate from 3.30% at 4 April 2015 to 3.55% at 2 April 2016. One of the largest movements in the asset classes is in the swaps classification; this reflects the impact of the RHM schemes hedging strategy.

The reduction in the pension valuation between these dates has no impact on the previously agreed pension deficit cash contributions which are fixed until December 2019. As previously highlighted, one approach in valuing the pension liabilities as part of the Enterprise value of the Company is to discount the post tax future cash flows of the agreed deficit contribution payment schedule. On this basis, the pension schemes deficit could be valued between £400m-420m.

Combined pensions schemes (£m)	2 April 2016	4 April 2015
Assets		
Equities	**405.4**	348.5
Government bonds	**474.8**	547.5
Corporate bonds	**1.9**	329.8
Property	**292.3**	260.0
Absolute return products	**1,227.6**	1,332.9
Cash	**326.9**	294.4
Infrastructure funds	**228.0**	196.6
Swaps	**862.5**	430.0
Private equity	**259.4**	250.9
Other	**264.1**	257.9
Total Assets	**4,342.9**	4,248.5
Liabilities		
Discount rate	**3.55%**	3.30%
Inflation rate (RPI/CPI)	**3.0%/1.9%**	3.0%/1.9%
Total Liabilities	**(4,212.0)**	(4,460.3)
Surplus/(Deficit)	**130.9**	(211.8)
Notional tax (20.0%/21.4%)	**(26.2)**	45.3
Surplus/(Deficit) net of tax	**104.7**	(166.5)

Pension sensitivities

Pension sensitivities (IAS 19 basis, £m)	Increase/ (Reduction) in assets	Increase/ (Reduction) in liabilities	Increase/ (Reduction) in deficit
25 basis point decrease in government gilts	170	181	11
25 basis point increase in credit spreads	-	(170)	(170)
25 basis point increase in RPI	55	71	16
Life expectancy increase by 1 year	-	171	171

The above table intends to provide assistance in understanding the sensitivity of the valuation of pension assets and liabilities to market movements of government gilts, credit spreads and the retail price index (RPI). The asset movement caused by a change in government gilts is predominantly driven by hedging in the RHM pension scheme. It is stressed that these sensitivities are indicative only and may change over time as the schemes' execution of their investment strategies may evolve to maximise asset performance.

Accelerating growth strategy

On 23 March 2016, the Group announced a number of strategic initiatives to help accelerate growth across its three business units of Grocery, Sweet Treats and International. Together with the Group's existing plans, these new initiatives are expected to support the Group to deliver its medium term sales growth guidance of 2-4%.

The new initiatives will leverage the Company's existing platforms, infrastructure and brand presence to expand further into new formats, channels and markets:

- In Sweet Treats, we plan to build on the successful trial of our Cake-On-The-Go range of *Mr Kipling* twin pack slices and *Cadbury* mini roll twin pack by accelerating growth of our brands in broader convenience channels through capitalising on our manufacturing investments, innovation expertise and dedicated new team.

- In Grocery, we intend to extend our strong brands into premium areas within the chilled grocery sector in both the sweet and savoury segments, to meet consumers' growing health-consciousness.
- In International, we plan to leverage the investment we have already made in hiring an experienced team to step-change the size of our International business. Our focus will be on accelerating the expansion of our cake brands in the US and other geographies using our differentiated offering, unique formats and packaging. Initial store trials have demonstrated the potential for future growth in these markets.

The Group also announced on 23 March 2016 that it had entered into a co-operation agreement with Nissin Foods Holdings Co., Ltd. ("Nissin") and subsequently a Relationship agreement was entered into.

Over recent years, the Group has discussed a number of potential strategic opportunities with Nissin. This new strategic partnership has the potential to create significant long-term value for both organisations through strategic co-operation in the following areas:

- Providing Premier with access to Nissin's innovative products and formats to distribute in the UK market under either Nissin's or Premier's brands, such as *Batchelors*.
- Enabling Premier to benefit from Nissin's international scale to accelerate the distribution of Premier's products in key overseas markets.
- Sharing of Nissin's significant intellectual property, innovation and technical know-how to develop new products.
- Creating opportunities for both companies to leverage their joint manufacturing capabilities and infrastructure.
- Facilitating sharing of expertise and best practice through appropriate secondments of personnel.

Further to the Relationship agreement dated 22 April 2016, the Group is today announcing that Mr. Kijima, Managing Director of Nissin, is appointed a non-executive director of the Board of Premier Foods with effect from 21 July 2016.

Outlook

The Group's strategy of investing behind its brands and bringing new innovative products to market delivered positive results in FY15/16. In FY16/17 consumer marketing investment is expected to increase again, to £42-£44m, with nine brands planned to benefit from television advertising. Building on this trajectory, the Group now expects to deliver sales growth of 2-4% in both FY16/17 and the medium term, and together with its supply chain efficiency programme, anticipates good progress to be delivered in FY16/17.

Future prospects for the Group are reinforced by the recently announced initiatives to accelerate growth in each of its business units in addition to the potential opportunities presented by the partnership with Nissin. The Board are focused on delivering shareholder value and see a strong future for Premier Foods with its leading category positions, great brands and strong operational cash flows.

Financial review

Within this financial review, the Company presents its results for the 52 weeks ended 2 April 2016 (364 days) with comparative information for the financial period from 1 January 2014 to 4 April 2015 (459 days). All commentary on the performance of the Company included below refers to continuing operations unless otherwise stated and therefore reflects the respective periods that the Company maintained ownership of previously completed disposals.

Income statement

Revenue from continuing operations in the year was £771.7m compared to £964.3m in the prior year. Revenue in the comparative period benefitted from an additional 95 days due to the transition to the Company's new financial year end. As commented on in the Operating review, revenues on a pro forma basis grew slightly in the year with revenues of branded goods flat and non-branded goods higher. Grocery revenues for the 52 weeks ended 2 April 2016 were £548.6m compared to £699.6m in the comparative period, while Sweet Treats revenues were £223.1m compared to the prior period of £264.7m.

Gross profit was £295.5m in the year, a decrease of £38.0m compared to the prior period, primarily due to the fewer days in the accounting period. Within this, good progress was made in the Sweet Treats business unit in the year, reflecting improved asset utilisation through increased branded and non-branded volumes, improving the product profitability mix and efficiency benefits from capital projects. Gross margins increased by 3.7 percentage points to 38.3% for the year to 2 April 2016.

Divisional contribution for the Group was £167.1m in the year compared to £196.4m for the period ended 4 April 2015. Grocery Divisional contribution was £142.1m, a decrease of £37.5m compared to the prior period, while Sweet Treats Divisional contribution was £25.0m, an increase of £8.2m, reflecting the points identified above despite being a shorter time period.

Operating profit

The Group reported an Operating profit for the year of £54.5m, set against an Operating loss of (£44.1m) for the comparative period. Before impairment and loss on disposal of operations, the Group delivered an Operating profit of £68.1m in the year, compared to £45.8m for the period ended 4 April 2015; an increase of £22.3m.

The main driver of the improved Operating performance in the period was due to lower impairment charges in the year and lower net interest on pensions and administrative expenses.

In the prior period impairments relating substantially to the Sweet Treats business unit goodwill resulted in charges for the period of £83.9m, while in FY15/16, impairment charges in the Group were significantly lower at £13.6m reflecting the write down of associate investments. Net interest on pensions and administrative expenses in the year were £14.5m; £33.5m lower than the prior period, due to a lower opening pension deficit (£211.8m compared with £603.3m) and fewer reporting days in the 52 weeks ended 2 April 2016.

Amortisation of intangible assets was £37.6m in the year, compared to £47.6m, although this entirely reflects the longer comparative reporting period. The Group continues to expect the annual run rate for intangible asset amortisation to be approximately £38-40m.

Restructuring costs were £11.2m in the year, largely due to costs associated with restructuring the Group's IT function and corporate activity fees.

Trading profit on this statutory reporting basis was £128.8m in the year compared to £150.2m in the prior reporting period. This is largely due to the longer comparative reporting period, and also includes £2.2m of costs predominantly relating to the write off of legacy fixed assets. The Group also invested approximately £3m more in consumer marketing in the year on a pro forma basis, reflecting its strategy of investing behind its brands.

Finance costs

Net finance cost for the year ended 2 April 2016 was £44.9m compared to £81.9m in the comparative period, in overall terms due to lower levels of Group net debt following the re-financing completed in April 2014. The Group's sources of financing were largely unchanged in the year, except for the previously announced closure of its £80m debtors securitisation programme. The largest component of financing costs in the year was interest payable on the senior secured notes issued by the Group in March 2014 and amounted to £30.8m.

The higher financing costs in the prior period were due to costs associated with previous financing facilities, and included interest payable on term facility (£7.2m); deferred fees associated with previous arrangements (£6.7m) and the write off of financing costs associated with previous arrangements (£14.6m). None of these costs relating to the Group's previous financing facilities, as described above, were repeated in the 52 weeks ended 2 April 2016.

Write off costs associated with the closure of the Group's securitisation programme in January 2016 amounted to £0.4m in the year.

Associate investments

The Group reported a share of loss from associates of £22.6m in the year, compared to a loss of £9.6m in the comparative period. The share of loss associated with Hovis was £14.1m and reflects competitive market conditions in the UK bread market. The share of loss from Knighton for the year was £8.5m and was due to a combination of challenging market conditions, costs associated with an unsatisfactory systems implementation and following a review of the carrying value of certain assets.

As a result of the losses in the year and challenging market conditions, the Group wrote off its remaining investment in Hovis which is reflected in the impairment charge of £9.3m. The remaining £4.3m investment in Knighton was written off reflecting the challenging market conditions faced by the Knighton business. Consequently, associate investments had a nil value as at 2 April 2016.

On 1 April 2016, the Group gained control (as defined under IFRS 10) of Knighton, in which the Group already held 49% of the ordinary share capital and associated voting rights and as a result, the Group has consolidated Net debt of £8.3m relating to this business. The securitisation facility drawn of £6.4m at 2 April 2016 relates to Knighton. In anticipation of acquiring 100% of the Knighton business, the Group has arranged a new debtor finance facility which was undrawn at the year end and is expected to accommodate any additional working capital requirements from Knighton.

Profit before taxation

The Group made a loss before tax of £13.0m for the year ended 2 April 2016 compared to a prior period loss of £135.6m. Operating profit of £54.5m was offset by net finance costs of £44.9m and a share of loss from associates of £22.6m as outlined above.

Taxation

A taxation credit of £47.0m is reported for the 52 weeks ended 2 April 2016, due to movements in deferred tax. This compares to a prior period credit of £42.9m, which largely reflects the loss incurred in the comparative period. The applicable rate of corporation tax for the year was 20.0% (4 April 2015: 21.4%).

The Group's deferred tax net asset as at 2 April 2016 was £25.9m. Within this deferred tax net asset of £25.9m, the Group recognises a deferred tax liability of £23.8m associated with retirement benefit obligations reflecting the combined pension schemes surplus at 2 April 2016. Additionally, the Group has recognised an asset reflecting prior year tax losses of £70.5m which equate to approximately £400m of losses which can be used to offset taxable profits in future periods. These losses can generally be carried forward indefinitely. Detailed proposals announced in the Chancellor of the Exchequer's 2016 budget regarding limits on interest charge deductions and the utilisation of prior year losses are yet to be announced and hence any potential implications on the Group's current or future tax position will be disclosed in due course.

The corporation tax rate for 2016/17 is expected to be 20.0% and the deferred tax rate is 18.0%.

Earnings per share

The Group reports a basic earnings per share on continuing operations for the 52 weeks ended 2 April 2016 of 4.1 pence, compared to a basic loss per share on continuing operations in the prior period of 12.7 pence. Earnings/(loss) per share is calculated by dividing the earnings/(loss) attributed to ordinary shareholders of £34.0m (4 April 2015: (£92.7m)) by the weighted number of shares in issue during the period. The weighted number of shares in the comparative period reflects the issue of new shares on 24 March 2014 and is adjusted for the relevant bonus factor.

Adjusted earnings per share for continuing operations were 8.1 pence (4 April 2015: 9.0 pence). Adjusted earnings per share on continuing operations has been calculated by dividing the adjusted earnings (defined as Trading profit less net regular interest and notional taxation) attributed to ordinary shareholders of £67.1m (4 April 2015: £65.9m) by the weighted number of ordinary shares in issue during each period. These earnings have been calculated by reflecting tax at a notional rate of 20.0% (4 April 2015: 21.4%). The weighted average number of shares in issue for the 52 weeks ended 2 April 2016 was 826.0m and the comparative period ended 4 April 2015 was 731.4m.

Cash flow and borrowings

The Group's net borrowings as at 2 April 2016 were £534.2m, a decrease of £50.7m since 4 April 2015. The cash inflow from operations to 4 April 2015 was £137.1m, compared to an inflow of £62.5m in the comparative period.

Net cash interest paid was £41.7m in the year (4 April 2015: £59.1m), of which £30.8m related to cash payments to holders of the Group's senior secured notes. The purchase of property, plant and equipment was £23.0m in the period, a reduction of £11.1m from the prior period and intangible asset purchases were £6.9m which relate to certain IT systems implementation to provide improved analysis in areas such as commercial reporting. No cash tax was payable in the year due to the availability of relief for capital expenditure and pension deficit contribution payments.

The Group repaid £58.0m of borrowings related to its revolving credit facility in the year and closed its debtors securitisation programme, resulting in a movement of £19.7m in the year.

In the comparative period, the Group received £500.0m proceeds from the issue of its senior secured fixed and floating notes and £353.4m gross proceeds from the issue of new equity following the completion of the Capital Refinancing Plan in 2014. These proceeds were used to repay term facilities under the previous financing arrangements of £679.5m. Financing fees and other costs of finance amounted to £58.3m which included fees associated with the raising of new equity, issuing senior secured notes, new revolving credit facilities, advisory fees and other fees arising from previous re-financing arrangements.

Retirement benefit schemes

At 2 April 2016, the Company's pension schemes under the IAS 19 accounting valuation showed a combined gross surplus of £130.9m, compared to a combined deficit of £211.8m at 4 April 2015. The valuation at 2 April 2016 comprised a £550.9m surplus in respect of the RHM schemes (4 April 2015: £241.6m) and a deficit of £420.0m (4 April 2015: £453.4m) in relation to the Premier Foods schemes. Further commentary on the Group's pension schemes is provided in the Operating review.

The Accounting Standards Board under IFRIC 14, are currently reviewing the recognition of a pensions surplus in the financial statements of an entity. Dependent upon the final published standard, there is potential that any future defined benefit surplus may not be recognised in the financial statements of the Group and additionally, the deficit valuation methodology may also change.

Alastair Murray
Chief Financial Officer

Appendices

The Company's results are presented for the 52 weeks ended 2 April 2016. Results are stated on an 'Underlying business' basis which exclude all disposals and joint ventures transactions previously completed and are unaudited. The comparative results are stated on a 'Pro forma' basis, are unaudited and are presented to illustrate the performance of the Company on the new reporting calendar methodology.

'**Continuing operations'** includes the respective periods that the Company maintained ownership of previously completed disposals and joint ventures entered into. The results of the 52 weeks ended 2 April 2016 and its comparative period for statutory reporting purposes, the financial period from 1 January 2014 to 4 April 2015, are commented on in the financial review.

£m	Continuing operations	Less: Disposals	Less: Knighton	Add/(Less): 1 Jan – 5 Apr 2014	'Underlying' business
2015/16					
Sales	**771.7**	0.0	N/A	N/A	**771.7**
Trading profit[3]	**128.8**	2.2	N/A	N/A	**131.0**
EBITDA[4]	**144.9**	2.2	N/A	N/A	**147.1**
2014/15[2]					
Sales	**964.3**	(0.2)	(8.1)	(188.6)	**767.4**
Trading profit[3]	**150.2**	3.8	0.7	(23.7)	**131.0**
EBITDA[4]	**168.7**	3.6	0.7	(28.1)	**144.9**

Continuing operations Trading profit of £128.8m in FY15/16 above includes £2.2m of non-cash costs predominantly relating to the write off of legacy fixed assets in the year and is excluded from 'Underlying business' Trading profit.

Continuing operations earnings per share is calculated as set out below:

£m	**FY15/16 (52 weeks)**	Period to 4 April 2015 (15 months)
Continuing Trading profit	**128.8**	150.2
Amortisation of intangible assets	**(37.6)**	(47.6)
Foreign exchange fair value movements	**2.6**	(0.6)
Net interest on pension and administrative expenses	**(14.5)**	(48.0)
Restructuring costs	**(11.2)**	(8.2)
Loss on disposal of operations	**-**	(6.0)
Impairment	**(13.6)**	(83.9)
Operating profit/(loss)	**54.5**	(44.1)
Net finance expense	**(44.9)**	(81.9)
Share of loss from associates	**(22.6)**	(9.6)
Loss before tax	**(13.0)**	(135.6)
Taxation credit	**47.0**	42.9
Profit/(loss) after tax	**34.0**	(92.7)
Divided by:		
Average shares in issue (millions)	**826.0**	731.4
Basic earnings/(loss) per share	**4.1p**	(12.7p)

Adjusted earnings per share is calculated as set out below:

£m	**2 April 2016 (52 weeks)**	4 April 2015[2] (52 weeks)
Underlying Trading profit	**131.0**	131.0
Less net regular interest	**(44.9)**	(47.8)
Adjusted profit before tax	**86.1**	83.2
Less notional tax at 20.0%/21.0%	**(17.2)**	(17.5)
Adjusted profit after tax	**68.9**	65.7
Divided by:		
Average shares in issue (millions)	**826.0**	824.4
Adjusted earnings per share	**8.3p**	8.0p

Pro forma results for 52 weeks to 2 April 2016 (Includes effect of Knighton consolidation)

The table below is presented to show the pro forma trading results of the Group as if it controlled Knighton for the duration of the 52 weeks ended 2 April 2016 and are unaudited.

These results will form the basis on which the Group will report its pro forma results for the 52 weeks ending 1 April 2017.

£m	**52 weeks to 2 April 2016**					
	Q1 (13 weeks)	**Q2** (13 weeks)	**H1** (26 weeks)	**Q3** (13 weeks)	**Q4** (13 weeks)	**FY** (52 weeks)
Grocery						
Branded sales	110.1	116.1	226.2	155.0	123.7	504.9
Non-branded sales	16.1	18.4	34.5	20.7	18.1	73.3
Total sales	**126.2**	**134.5**	**260.7**	**175.7**	**141.8**	**578.2**
Divisional contribution	**-**	**-**	**60.2**	**-**	**-**	**140.2**
Sweet Treats						
Branded sales	40.0	40.4	80.4	53.0	45.1	178.5
Non-branded sales	6.0	7.4	13.4	25.2	6.0	44.6
Total sales	**46.0**	**47.8**	**93.8**	**78.2**	**51.1**	**223.1**
Divisional contribution	**-**	**-**	**7.4**	**-**	**-**	**25.0**
Group						
Branded sales	150.1	156.5	306.6	208.0	168.8	683.4
Non-branded sales	22.1	25.8	47.9	45.9	24.1	117.9
Total sales	**172.2**	**182.3**	**354.5**	**253.9**	**192.9**	**801.3**
Divisional contribution	-	-	67.6	-	-	165.2
Group & corporate	-	-	(17.6)	-	-	(36.1)
Trading profit	-	**-**	**50.0**	-	**-**	**129.1**
EBITDA	-	-	58.3	-	-	146.5

- The Company reports its Full Year results on a 52 week ended basis.
- The term Divisional contribution refers to Gross Profit less selling, distribution and marketing expenses directly attributable to the relevant business unit.

- Group & corporate costs refer to group and corporate expenses which are not directly attributable to a business unit and are reported at total Group level.
- The International business unit is currently too small for separate disclosure and in line with accounting standards is aggregated within the Grocery business unit for reporting purposes.

Pension deficit contribution schedule

The table below shows the phasing of previously agreed deficit contributions in the context of the Company's new financial calendar.

£m	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Deficit contributions	48	49	44	44
Administration costs + PPF levy	8-10	8-10	8-10	8-10
Total cash outflow	**56-58**	**57-59**	**52-54**	**52-54**

Consolidated statement of profit or loss

	Note	52 weeks ended 2 Apr 2016 £m	Period ended 4 Apr 2015 £m
Continuing operations			
Revenue	3	**771.7**	964.3
Cost of sales		**(476.2)**	(630.8)
Gross profit		**295.5**	333.5
Selling, marketing and distribution costs		**(128.4)**	(135.2)
Administrative costs		**(112.6)**	(242.4)
Operating profit/(loss)		**54.5**	(44.1)
Operating profit before impairment and loss on disposal of operations		**68.1**	45.8
Impairment of goodwill and property, plant and equipment	7	**-**	(83.9)
Impairment of investments in associates	7, 8	**(13.6)**	-
Loss on disposal of operations		**-**	(6.0)
Finance cost	4	**(48.1)**	(82.5)
Finance income	4	**2.5**	1.8
Net movement on fair valuation of interest rate financial instruments	4	**0.7**	(1.2)
Share of loss from associates	8	**(22.6)**	(9.6)
Loss before taxation from continuing operations		**(13.0)**	(135.6)
Taxation credit	5	**47.0**	42.9
Profit/(loss) after taxation from continuing operations		**34.0**	(92.7)
Loss from discontinued operations		**(4.8)**	(30.9)
Profit/(loss) for the period attributable to owners of the parent		**29.2**	(123.6)
Basic and diluted earnings/(loss) per share			
From continuing operations (pence)	6	**4.1**	(12.7)
From discontinued operations (pence)	6	**(0.6)**	(4.2)
From profit/(loss) for the period		**3.5**	(16.9)
Adjusted earnings per share[1]			
From continuing operations (pence)	6	**8.1**	9.0

[1] Adjusted earnings per share is defined as trading profit less net regular interest, less a notional tax charge at 20% (2014/15: 21.4%) divided by the weighted average number of ordinary shares of the Company.

Consolidated statement of comprehensive income

	Note	52 weeks ended 2 Apr 2016 £m	Period ended 4 Apr 2015 £m
Profit/(loss) for the period		**29.2**	(123.6)
Other comprehensive income, net of tax			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability	12	**344.8**	379.3
Deferred tax charge	5	**(65.9)**	(75.8)
Items that are or may be reclassified to profit or loss			
Exchange differences on translation		**(0.4)**	(0.6)
Other comprehensive income, net of tax		**278.5**	302.9
Total comprehensive income attributable to owners of the parent		**307.7**	179.3

Consolidated balance sheet

	Note	As at 2 Apr 2016 £m	As at 4 Apr 2015 £m
ASSETS:			
Non-current assets			
Property, plant and equipment		**187.8**	183.3
Goodwill		**649.8**	646.0
Other intangible assets		**496.0**	528.4
Retirement benefit assets	12	**550.9**	241.6
Investments in associates	8	**-**	35.2
Deferred tax assets	5	**25.9**	41.9
		1,910.4	1,676.4
Current assets			
Inventories		**63.2**	68.8
Trade and other receivables		**100.5**	123.5
Cash and cash equivalents	14	**8.0**	44.7
Derivative financial instruments		**1.6**	-
		173.3	**237.0**
Total assets		**2,083.7**	1,913.4
LIABILITIES:			
Current liabilities			
Trade and other payables		**(204.7)**	(212.6)
Financial liabilities			
– short term borrowings	10	**(0.4)**	(42.0)
– derivative financial instruments		**(2.0)**	(3.7)
Provisions for liabilities and charges	11	**(6.3)**	(8.6)
Current income tax liabilities		**(0.7)**	(0.7)
		(214.1)	(267.6)
Non-current liabilities			
Financial liabilities – long term borrowings	10	**(541.8)**	(587.6)
Retirement benefit obligations	12	**(420.0)**	(453.4)
Provisions for liabilities and charges	11	**(47.3)**	(51.6)
Other liabilities	13	**(12.0)**	(13.0)
		(1,021.1)	(1,105.6)
Total liabilities		**(1,235.2)**	(1,373.2)
Net assets		**848.5**	540.2
EQUITY:			
Capital and reserves			
Share capital		**82.7**	82.6
Share premium		**1,406.6**	1,406.4
Merger reserve		**351.7**	351.7
Other reserves		**(9.3)**	(9.3)
Profit and loss reserve		**(979.3)**	(1,291.2)
Capital and reserves attributable to owners of the parent		**852.4**	540.2
Non-controlling interest	9	**(3.9)**	-
Total equity		**848.5**	540.2

Consolidated statement of cash flows

	Note	**52 weeks ended 2 Apr 2016 £m**	Period ended 4 Apr 2015 £m
Cash generated from operations	14	**137.1**	62.5
Interest paid		**(44.2)**	(60.9)
Interest received		**2.5**	1.8
Cash generated from operating activities		**95.4**	3.4
Sale of businesses		**-**	8.3
Cash outflow on business combination		**(0.2)**	-
Loan notes issued		**-**	(15.7)
Purchases of property, plant and equipment		**(23.0)**	(34.1)
Purchases of intangible assets		**(6.9)**	(7.9)
Sale of property, plant and equipment		**-**	1.7
Cash used in investing activities		**(30.1)**	(47.7)
Repayment of borrowings		**(58.0)**	(771.0)
Proceeds from borrowings		**-**	500.0
Movement in securitisation funding programme		**(19.7)**	(100.3)
Financing fees and other costs of finance		**-**	(58.3)
Proceeds from share issue		**0.3**	353.4
Share issue costs		**-**	(13.3)
Purchase of shares to satisfy share awards		**(1.8)**	(1.5)
Cash used in financing activities		**(79.2)**	(91.0)
Net decrease in cash and cash equivalents		**(13.9)**	(135.3)
Cash, cash equivalents and bank overdrafts at beginning of period		**21.7**	157.0
Cash, cash equivalents and bank overdrafts at end of period	14	**7.8**	21.7

Consolidated statement of changes in equity

	Note	Share capital	Share premium	Merger reserve	Other reserves	Profit and loss reserve	Non-controlling interest	Total equity
		£m	£m	£m	£m	£m	£m	£m
At 1 January 2014		24.0	1,124.7	404.7	(9.3)	(1,526.3)	0.1	17.9
Loss for the period		-	-	-	-	(123.6)	-	(123.6)
Remeasurements of defined benefit schemes	12	-	-	-	-	379.3	-	379.3
Deferred tax charge	5	-	-	-	-	(75.8)	-	(75.8)
Exchange differences on translation		-	-	-	-	(0.6)	-	(0.6)
Other comprehensive income		-	-	-	-	302.9	-	302.9
Total comprehensive income		-	-	-	-	179.3	-	179.3
Shares issued		58.6	295.0	-	-	-	-	353.6
Cost of shares issued		-	(13.3)	-	-	-	-	(13.3)
Share-based payments		-	-	-	-	4.3	-	4.3
Shares purchased to satisfy share awards		-	-	-	-	(1.5)	-	(1.5)
Disposal of non-controlling interest		-	-	-	-	-	(0.1)	(0.1)
Realisation of merger reserve		-	-	(53.0)	-	53.0	-	-
At 4 April 2015		82.6	1,406.4	351.7	(9.3)	(1,291.2)	-	540.2
At 4 April 2015		**82.6**	**1,406.4**	**351.7**	**(9.3)**	**(1,291.2)**	**-**	**540.2**
Profit for the period		**-**	**-**	**-**	**-**	**29.2**	**-**	**29.2**
Remeasurements of defined benefit schemes	12	**-**	**-**	**-**	**-**	**344.8**	**-**	**344.8**
Deferred tax charge	5	**-**	**-**	**-**	**-**	**(65.9)**	**-**	**(65.9)**
Exchange differences on translation		**-**	**-**	**-**	**-**	**(0.4)**	**-**	**(0.4)**
Other comprehensive income		**-**	**-**	**-**	**-**	**278.5**	**-**	**278.5**
Total comprehensive income		**-**	**-**	**-**	**-**	**307.7**	**-**	**307.7**
Shares issued		**0.1**	**0.2**	**-**	**-**	**-**	**-**	**0.3**
Share-based payments		**-**	**-**	**-**	**-**	**4.1**	**-**	**4.1**
Shares purchased to satisfy share awards		**-**	**-**	**-**	**-**	**(1.8)**	**-**	**(1.8)**
Deferred tax movements on share-based payments		**-**	**-**	**-**	**-**	**1.9**	**-**	**1.9**
Non-controlling interest on change of ownership		**-**	**-**	**-**	**-**	**-**	**(3.9)**	**(3.9)**
At 2 April 2016		**82.7**	**1,406.6**	**351.7**	**(9.3)**	**(979.3)**	**(3.9)**	**848.5**

1. Basis of preparation

The financial information included in this preliminary announcement does not constitute the company's statutory accounts for the periods ended 02 April 2016 and 04 April 2015 but is derived from those accounts. Statutory accounts for the period ended 04 April 2015 have been delivered to the registrar of companies, and those for the period ended 02 April 2016 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (EU) (“adopted IFRS”) in response to IAS regulation (EC1606/2002), related interpretations and the Companies Act 2006 applicable to companies reporting under IFRS, and on the historical cost basis, with the exception of derivative financial instruments which are incorporated using fair value.

Basis for preparation of financial statements on a going concern basis

The Group’s revolving credit facility includes net debt/EBITDA and EBITDA/interest covenants. In the event these covenants are not met then the Group would be in breach of its financing agreement and, as would be the case in any covenant breach, the banking syndicate could withdraw funding to the Group. The Group was in compliance with its covenant tests as at 2 October 2015 and 2 April 2016. The Group’s forecasts, taking into account reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities including covenant tests. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2. Critical accounting policies, estimates and judgements

The following are areas of particular significance to the Group’s financial statements and include the use of estimates and the application of judgement, which is fundamental to the compilation of a set of financial statements.

Employee benefits

The present value of the Group's defined benefit pension obligations depends on a number of actuarial assumptions. The primary assumptions used include the discount rate applicable to scheme liabilities, the long-term rate of inflation and estimates of the mortality applicable to scheme members.

At each reporting date, and on a continuous basis, the Group reviews the macro-economic, Company and scheme specific factors influencing each of these assumptions, using professional advice, in order to record the Group's ongoing commitment and obligation to defined benefit schemes in accordance with IAS 19 (Revised). Key assumptions used are mortality rates, discount rates and inflation set with reference to bond yields. Each of the underlying assumptions is set out in more detail in note 12.

Goodwill and other intangible assets

Impairment reviews in respect of goodwill are performed annually unless an event indicates that an impairment review is necessary. Impairment reviews in respect of intangible assets are performed when an event indicates that an impairment review is necessary. Examples of such triggering events include a significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses, or a significant reduction in cash flows. The recoverable amounts of CGUs are determined based on the higher of net realisable value and value in use calculations. These calculations require the use of estimates.

The Group has considered the impact of the assumptions used on the calculations and has conducted sensitivity analysis on the impairment tests of the CGUs carrying values.

Acquired brands, trademarks and licences are considered to have finite lives that range from 20 to 40 years for brands and trademarks and 10 years for licences. The determination of the useful lives takes into account certain quantitative factors such as sales expectations and growth prospects, and also many qualitative factors such as history and heritage, and market positioning, hence the determination of useful lives are subject to estimates and judgement.

Advertising and promotion costs

Sales rebates and discounts are accrued on each relevant promotion or customer agreement and are charged to the statement of profit or loss at the time of the relevant promotional buy-in as a deduction from revenue. Accruals for each individual promotion or rebate arrangement are based on the type and length of promotion and nature of customer agreement. At the time an accrual is made the nature and timing of the promotion is typically known. Areas of estimation are sales volume/activity and the amount of product sold on promotion.

For short term promotions, the Group performs a true up of estimates where necessary on a monthly basis, using real time sales information where possible and finally on receipt of a customer claim which typically follows 1-2 months after the end of a promotion. For longer term discounts and rebates the Group uses actual and forecast sales to estimate the level of rebate. These accruals are updated monthly based on latest actual and forecast sales.

Expenditure on advertising is charged to the statement of profit or loss when incurred, except in the case of airtime costs when a particular campaign is used more than once. In this case they are charged in line with the airtime profile.

Deferred tax assets

When assessing whether the recognition of a deferred tax asset can be justified, and if so at what level, the directors take into account the following:

- Projected profits or losses included in the latest board approved forecast and other relevant information that allow profits chargeable to corporation tax to be derived
- The total level of recognised and unrecognised losses that can be used to reduce future forecast taxable profits
- The period over which there is sufficient certainty that profits can be made that would support the recognition of an asset

Further disclosures of the amounts recognised (and unrecognised) are contained within note 5.

Associates

Associates are all entities over which the Group has significant influence but not control.

Judgement is sometimes required when assessing whether the Group has significant influence or control. Control is illustrated by the power over relevant activities and the exposure to the variability of returns. In determining whether the Group has the practical ability to direct relevant activities, factors such as voting rights, financial and operational dependency and any special relationships are taken into consideration.

In addition, the carrying value of investments is assessed for impairment with reference to current and future projections of profitability and cash generation.

3. Segmental analysis

IFRS 8 requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Executive Leadership Team as it is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The Group's operating segments are defined as "Grocery", "Sweet Treats" and "International". The Grocery segment primarily sells savoury ambient food products and the Sweet Treats segment sells sweet ambient food products. The International segment has been aggregated within the Grocery segment for reporting purposes, in accordance with the criteria set out in IFRS 8.

The CODM uses Divisional contribution as the key measure of the segments' results. Divisional contribution is defined as gross profit after selling, marketing and distribution costs. Divisional contribution is a consistent measure within the Group and reflects the segments' underlying trading performance for the period under evaluation.

The Group uses trading profit to review overall group profitability. Trading profit is defined as operating profit before amortisation of intangible assets, impairment, fair value movements on foreign exchange and other derivative contracts, restructuring costs, profits and losses associated with divestment activity and net interest on pensions and administrative costs.

The segment results for the 52 weeks ended 2 April 2016 and for the period ended 4 April 2015 and the reconciliation of the segment measures to the respective statutory items are as follows:

	52 weeks ended 2 Apr 2016		
	Grocery	**Sweet Treats**	**Continuing operations**
	£m	**£m**	**£m**
Revenue	**548.6**	**223.1**	**771.7**
Divisional contribution	**142.1**	**25.0**	**167.1**
Group and corporate costs			**(38.3)**
Trading profit			**128.8**
Amortisation of intangible assets			**(37.6)**
Fair value movements on foreign exchange and other derivative contracts			**2.6**
Restructuring costs			**(11.2)**
Net interest on pensions and administrative expenses			**(14.5)**
Operating profit before impairment and loss on disposal of operations			**68.1**
Impairment of investments in associates			**(13.6)**
Operating profit			**54.5**
Finance cost			**(48.1)**
Finance income			**2.5**
Net movement on fair valuation of interest rate financial instruments			**0.7**
Share of loss from associates			**(22.6)**
Loss before taxation from continuing operations			**(13.0)**
Depreciation	**(8.2)**	**(7.9)**	**(16.1)**

	Grocery	Sweet Treats	Continuing operations
			Period ended 4 Apr 2015
	£m	£m	£m
Revenue	699.6	264.7	964.3
Divisional contribution	179.6	16.8	196.4
Group and corporate costs			(46.2)
Trading profit			150.2
Amortisation of intangible assets			(47.6)
Fair value movements on foreign exchange and other derivative contracts			(0.6)
Restructuring costs			(8.2)
Net interest on pensions and administrative expenses			(48.0)
Operating profit before impairment and loss on disposal of operations			45.8
Impairment of goodwill and property, plant and equipment			(83.9)
Loss on disposal of operations			(6.0)
Operating loss			(44.1)
Finance cost			(82.5)
Finance income			1.8
Net movement on fair valuation of interest rate financial instruments			(1.2)
Share of loss from associates			(9.6)
Loss before taxation from continuing operations			(135.6)
Depreciation	(10.1)	(8.4)	(18.5)

Revenues in the 52 weeks ended 2 April 2016, on a continuing basis, from the Group's four principal customers, which individually represent over 10% of total revenue, are £164.7m, £124.1m, £92.8m and £92.4m (Period ended 4 April 2015: £224.4m, £161.2m, £122.4m and £113.6m).

Inter-segment transfers or transactions are entered into under the same terms and conditions that would be available to unrelated third parties.

The Group primarily supplies the UK market, although it also supplies certain products to other countries in Europe and the rest of the world. The following table provides an analysis of the Group's revenue, which is allocated on the basis of geographical market destination, and an analysis of the Group's non-current assets by geographical location.

Revenue - continuing operations

	52 weeks ended 2 Apr 2016	Period ended 4 Apr 2015
	£m	£m
United Kingdom	**735.5**	925.0
Other Europe	**18.8**	23.4
Rest of world	**17.4**	15.9
Total	**771.7**	964.3

Non-current assets

	As at 2 Apr 2016 £m	As at 4 Apr 2015 £m
United Kingdom	**1,910.4**	1,676.4

4. Finance income and costs

	52 weeks ended 2 Apr 2016 £m	Period ended 4 Apr 2015 £m
Interest payable on bank loans and overdrafts	**(5.1)**	(7.8)
Interest payable on term facility	**-**	(7.2)
Interest payable on senior secured notes	**(30.8)**	(32.3)
Interest payable on revolving facility	**(5.9)**	(7.0)
Interest payable on interest rate derivatives	**(1.2)**	(2.9)
Other interest (payable)/receivable	**(0.3)**	0.3
Amortisation of debt issuance costs	**(4.4)**	(4.3)
Deferred fees[1]	**-**	(6.7)
	(47.7)	(67.9)
Write off of financing costs[2]	**(0.4)**	(14.6)
Total finance cost	**(48.1)**	(82.5)
Interest receivable on bank deposits	**2.5**	1.8
Total finance income	**2.5**	1.8
Movement on fair valuation of interest rate derivative financial instruments	**0.7**	(1.2)
Net finance cost	**(44.9)**	(81.9)

[1] Relates to accrual of deferred interest relating to the Group's previous financing arrangements.

[2] Relates to the write-off of debt issuance costs relating to the Group's previous financing arrangements in 2014/15 and securitisation facility in 52 weeks ended 2 April 2016, which terminated in January 2016.

The net movement on fair valuation of interest rate financial instruments relates to a £0.7m favourable movement on interest rate swaps held (2014/15: £1.2m adverse).

5. Taxation

Current tax

	Continuing operations £m	Discontinued operations £m	Total £m
2015/16			
Deferred tax			
- Current period	**51.9**	**1.0**	**52.9**
- Prior periods	**(4.5)**	**-**	**(4.5)**
- Adjustment to restate opening deferred tax at 18.0%	**(0.4)**	**-**	**(0.4)**
Income tax credit	**47.0**	**1.0**	**48.0**
2014/15			
Deferred tax			
- Current period	42.3	2.1	44.4
- Prior periods	0.6	-	0.6
Income tax credit	42.9	2.1	45.0

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 2 April 2016 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. If enacted, this will reduce the Company's future current tax charge accordingly and reduce the deferred tax asset at 2 April 2016 by £1.4m.

Tax relating to items recorded in other comprehensive income for continuing operations was:

	52 weeks ended 2 Apr 2016 £m	Period ended 4 Apr 2015 £m
Deferred tax charge on reduction of corporate tax rate	**(3.7)**	-
Deferred tax charge on pension movements	**(62.2)**	(75.8)
	(65.9)	(75.8)

The tax credit for the period differs from the standard rate of corporation tax in the United Kingdom of 20.0% (2014/15: 21.4%). The reasons for this are explained below:

	52 weeks ended 2 Apr 2016 £m	Period ended 4 Apr 2015 £m
Loss before taxation for continuing operations	**(13.0)**	(135.6)
Tax credit at the domestic income tax rate of 20.0% (2014/15: 21.4%)	**2.6**	29.0
Tax effect of:		
Non-deductible items	**(1.0)**	(1.0)
Other disallowable items	**-**	(1.3)
Impairment of goodwill	**-**	(14.5)
Share of loss from associates	**(4.6)**	(2.1)
Previously unrecognised advanced capital allowances	**-**	(9.6)
Adjustment for share-based payments	**(0.9)**	(1.0)
Previously unrecognised losses utilised	**0.1**	7.3
Adjustment due to current period deferred tax being provided at 18.0% (2014/15: 20%)	**0.4**	(1.1)
Movements in losses recognised	**55.3**	36.6
Adjustment to restate opening deferred tax at 18% (2014/15: 20%)	**(0.4)**	-
Adjustments to prior periods	**(4.5)**	0.6
Income tax credit	**47.0**	42.9

Deferred tax

Deferred tax is calculated in full on temporary differences using the tax rate appropriate to the jurisdiction in which the asset/(liability) arises and the tax rates that are expected to apply in the periods in which the asset or liability is settled. In all cases this is 18.0% (2014/15: 20.0%) except for an asset of £0.3m (2014/15: £2.0m) relating to Irish retirement benefit obligations where the local rate of 12.5% has been used.

	52 weeks ended 2 April 2016 £m	Period ended 4 April 2015 £m
At 5 April 2015 / 1 January 2014	**41.9**	72.7
Credited to the statement of profit or loss	**48.0**	45.0
Charged to other comprehensive income	**(65.9)**	(75.8)
Credited to equity	**1.9**	-
At 2 April 2016 / 4 April 2015	**25.9**	41.9

The Group has recognised a deferred tax asset based on future taxable profits, derived from the latest Board approved forecasts.

Due to the level of taxable profits anticipated the Group has not recognised deferred tax assets of £nil (2014/15: £43.0m) relating to UK corporation tax losses. In addition, the Group has losses of £22.4m (2014/15: £24.9m) relating to ACT and £13.4m (2014/15: £14.9m) relating to capital losses. Under current legislation these losses can generally be carried forward indefinitely.

Deferred tax liabilities	Intangibles	Retirement benefit obligation	Other	Total
	£m	£m	£m	£m
At 1 January 2014	(73.0)	-	(4.0)	(77.0)
Current period credit	3.1	-	-	3.1
Prior period credit	0.1	-	-	0.1
At 4 April 2015	**(69.8)**	**-**	**(4.0)**	**(73.8)**
Prior period restatement of opening balances				
- To income statement	**7.0**	**-**	**0.4**	**7.4**
Current period credit	**2.1**	**-**	**-**	**2.1**
Prior period (charge)/credit	**(0.7)**	**-**	**3.4**	**2.7**
Charged to other comprehensive income	**-**	**(23.8)**	**-**	**(23.8)**
At 2 April 2016	**(61.4)**	**(23.8)**	**(0.2)**	**(85.4)**

Deferred tax assets	Accelerated tax depreciation £m	Retirement benefit obligation £m	Share based payments £m	Financial instruments £m	Losses £m	Other £m	Total £m
At 1 January 2014	25.5	120.7	1.0	2.5	-	-	149.7
Prior period credit							
- To statement of profit or loss	0.2	0.1	0.2	-	-	-	0.5
- To other comprehensive income	-	0.8	-	-	-	-	0.8
Current period (charge)/credit	(5.0)	(2.0)	(0.4)	0.4	41.9	4.3	39.2
Charged to other comprehensive income	-	(76.6)	-	-	-	-	(76.6)
Deferred tax credit on discontinued activities	2.1	-	-	-	-	-	2.1
At 4 April 2015	**22.8**	**43.0**	**0.8**	**2.9**	**41.9**	**4.3**	**115.7**
Prior period restatement of opening balances							
- To income statement	**(2.2)**	**(0.5)**	**(0.1)**	**(0.3)**	**(4.2)**	**(0.4)**	**(7.7)**
- To equity	-	**(3.7)**	**-**	**-**	**-**	**-**	**(3.7)**
Current period credit/(charge)	**14.2**	**0.8**	**0.3**	**(0.6)**	**36.3**	**(0.2)**	**50.8**
Prior period charge							
- To statement of profit or loss	**(1.2)**	**(1.2)**	**(0.1)**	**-**	**(4.5)**	**(1.3)**	**(8.3)**
Charged to other comprehensive income	**-**	**(38.4)**	**-**	**-**	**-**	**-**	**(38.4)**
Credited to equity	**-**	**-**	**1.9**	**-**	**-**	**-**	**1.9**
Deferred tax credit on discontinued activities	**-**	**-**	**-**	**-**	**1.0**	**-**	**1.0**
At 2 April 2016	**33.6**	**-**	**2.8**	**2.0**	**70.5**	**2.4**	**111.3**

Net deferred tax asset	£m
52 weeks ended 2 April 2016	**25.9**
Period ended 4 April 2015	41.9

Where there is a legal right of offset and an intention to settle as such, deferred tax assets and liabilities may be presented on a net basis. This is the case for most of the Group's deferred tax balances and therefore they have been offset in the tables above. Substantial elements of the Group's deferred tax assets and liabilities, primarily relating to the defined benefit pension obligation, are greater than one year in nature.

6. Earnings/(loss) per share

Basic earnings/(loss) per share has been calculated by dividing the profits attributable to owners of the parent of £29.2m (2014/15: £123.6m loss) by the weighted average number of ordinary shares of the Company.

Weighted average shares

	2015/16 Number (000s)	2014/15 Number (000s)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**826,017**	731,390
Effect of dilutive potential ordinary shares:		
- Share options	**1,005**	1,907
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**827,022**	733,297

Earnings per share calculation

	52 weeks ended 2 Apr 2016			Period ended 4 Apr 2015		
	Basic	**Dilutive effect of share options**	**Diluted**	Basic	Dilutive effect of share options	Diluted
Continuing operations						
Earnings/(Loss) after tax (£m)	**34.0**		**34.0**	(92.7)		(92.7)
Earnings/(Loss) per share (pence)	**4.1**	**0.0**	**4.1**	(12.7)	-	(12.7)
Discontinued operations						
Loss after tax (£m)	**(4.8)**		**(4.8)**	(30.9)		(30.9)
Loss per share (pence)	**(0.6)**	**0.0**	**(0.6)**	(4.2)	-	(4.2)
Total						
Earnings/(Loss) after tax (£m)	**29.2**		**29.2**	(123.6)		(123.6)
Earnings/(Loss) per share (pence)	**3.5**	**0.0**	**3.5**	(16.9)	-	(16.9)

Dilutive effect of share options

The dilutive effect of share options is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The only dilutive potential ordinary shares of the Company are share options. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options.

No adjustment is made to the profit or loss in calculating basic and diluted earnings per share.

There is no dilutive effect of share options calculated in the prior period as the Group made a loss.

Adjusted earnings per share ("Adjusted EPS")

Adjusted earnings per share is defined as trading profit less net regular interest, less a notional tax charge at 20.0% (2014/15: 21.4%) divided by the weighted average number of ordinary shares of the Company.

Net regular interest is defined as net finance costs after excluding write-off of financing costs, fair value movements on interest rate financial instruments and other interest.

Trading profit and Adjusted EPS have been reported as the directors believe these provide an alternative measure by which the shareholders can better assess the Group's underlying trading performance.

	52 weeks ended 2 Apr 2016 £m	Period ended 4 Apr 2015
Trading profit	**128.8**	**150.2**
Less net regular interest	**(44.9)**	**(66.4)**
Adjusted profit before tax	**83.9**	**83.8**
Notional tax at 20.0% / 21.4%	**(16.8)**	**(17.9)**
Adjusted profit after tax	**67.1**	**65.9**
Average shares in issue (m)	**826.0**	**731.4**
Adjusted EPS (pence)	**8.1**	**9.0**
Net regular interest		
Net finance cost	**(44.9)**	**(81.9)**
Exclude fair value movements on interest rate financial instruments	**(0.7)**	**1.2**
Exclude write-off of financing costs	**0.4**	**14.6**
Exclude other interest	**0.3**	**(0.3)**
Net regular interest	**(44.9)**	**(66.4)**

7. Impairment

There has been no goodwill or intangible asset impairment recognised in 2015/16. A total impairment charge of £13.6m was recognised during the year relating to the Group's investments in Hovis Holdings Limited ("Hovis") (£9.3m) and Knighton Foods Investments Limited ("Knighton") (£4.3m). The impairment relating to Hovis reflects the highly competitive bread industry and the significant losses in the year to date. The impairment relating to Knighton reflects the challenging market conditions faced by the Knighton business.

In 2014/15, a total impairment charge of £83.9m was recognised in continuing operations, comprising goodwill allocated to the Sweet Treats CGU (£67.9m) and property, plant and equipment relating to a reduction in the recoverable value of certain assets in the Grocery business (£16.0m). A total impairment charge of £10.9m was recognised in discontinued operations in 2014/15 due to the write down of software (£6.8m) and inventory (£4.1m) associated with the Bread business.

8. Associates

During 2014/15, the Group disposed of its majority interest in the Bread business and the Powdered Beverages and Desserts business. The Group's 49% retained interest in the share capital of these businesses was recognised as an investment in associate and the carrying value of these investments are given in the table below.

The Group issued a loan note to Hovis for £15.7m on 26 April 2014. As part of the Powdered Beverages and Desserts business disposal transaction, the Group held a promissory note from Knighton of £3.5m. These loans were reclassified to investments in associates during the period, in order to reflect the fact that in substance they form part of the carrying value of the Group's respective investments, in accordance with IAS 28 *Investments in Associates and Joint Ventures*.

Refer to note 7 for details of impairment charges.

	Hovis	**Knighton**	**Total**
	£m	**£m**	**£m**
At 1 January 2014	-	-	-
Additions	**30.1**	**13.1**	**43.2**
Interest receivable	**1.4**	**0.2**	**1.6**
Share of loss from associates	**(8.9)**	**(0.7)**	**(9.6)**
At 4 April 2015	**22.6**	**12.6**	**35.2**
Interest receivable	**0.8**	**0.2**	**1.0**
Share of loss from associates	**(14.1)**	**(8.5)**	**(22.6)**
Impairment charge	**(9.3)**	**(4.3)**	**(13.6)**
At 2 April 2016	**-**	**-**	**-**

9. Ownership of subsidiaries/businesses

On 1 April 2016, the Group gained control (as defined under IFRS 10) of Knighton, in which the Group already held 49% of the ordinary share capital and associated voting rights. The Group considers that it had power to control Knighton as the company became financially and operationally dependent upon the Group, with the Group taking operational decisions over the relevant activities of the company.

On acquiring such control, the Group was required to consolidate Knighton.

At 2 April 2016, the Group owned 49% of the ordinary share capital.

Goodwill of £3.8m is attributable to the intellectual property of Knighton and synergies which arise on acquisition.

Given the proximity of the transfer of control to period end the fair values of all the assets and liabilities are provisional.

The following table summarises the consideration for Knighton, and the amounts of the assets acquired and liabilities assumed.

Recognised amounts of identifiable assets acquired and liabilities assumed	Provisional values on acquisition £m
Property, plant & equipment	2.4
Inventories	7.0
Trade and other receivables	9.2
Trade and other payables	(16.2)
Cash and cash equivalents	(0.2)
Financial liabilities – borrowings and other loans	(9.9)
Total identifiable net liabilities	(7.7)
Non-controlling interest	3.9
Goodwill	3.8
Total consideration	-

Pro-forma consolidated results

The pro-forma consolidated results of the Group, as if control of Knighton had been gained at the beginning of the period, would include revenue from continuing operations of £801.3m (compared with Group revenue of £771.7m) and underlying losses before taxation of £21.9m (compared with underlying losses before taxation of £13.0m).

In preparing the proforma results, revenue and costs have been included as if the businesses were acquired on 5 April 2015 and the inter-company transactions have been eliminated.

Contribution since acquisition has had no material impact on Group results.

Subsidiaries with significant non-controlling interests

The Group has one subsidiary company which has a material non-controlling interest of 51%, Knighton. Summary financial information in relation to Knighton is shown above.

10. Bank and other borrowings

	As at 2 Apr 2016 £m	As at 4 Apr 2015 £m
Current:		
Bank overdrafts	**(0.2)**	(23.0)
Securitisation facility	**-**	(19.7)
Transaction costs	**-**	0.7
Finance lease obligations	**(0.2)**	-
Total borrowings due within one year	**(0.4)**	**(42.0)**
Non-current:		
Secured senior credit facility – revolving	**(55.0)**	(113.0)
Transaction costs	**6.9**	8.3
	(48.1)	(104.7)
Bank term loan	**(1.5)**	-
	(1.5)	-
Senior secured notes	**(500.0)**	(500.0)
Transaction costs	**14.2**	17.1
	(485.8)	(482.9)
Securitisation facility	**(6.4)**	-
	(6.4)	-
Total borrowings due after more than one year	**(541.8)**	(587.6)
Total bank and other borrowings	**(542.2)**	(629.6)

Revolving credit facility
The revolving credit facility of £272m is due to mature in March 2019 and attracts an initial bank margin of 3.50% above LIBOR. Banking covenants of net debt / EBITDA and EBITDA / interest are in place and are tested biannually.

The Group entered into a three year floating to fixed interest rate swap in June 2014, with a nominal value of £150m amortising to £50m, attracting a swap rate of 1.44%.

Term loan
The term loan at the period end relates to that of Knighton and matures in October 2018, priced at 2.75% above LIBOR.

Securitisation facility
The Group's existing debtor's securitisation facility was terminated in January 2016. The securitisation facility drawn at the period end relates to that of Knighton and matures in October 2018, priced at 2.25% above LIBOR.

Senior secured notes
The senior secured notes totalling £500m are split between fixed and floating tranches. The fixed note of £325m matures in March 2021 and attracts an interest rate of 6.50%. The floating note of £175m matures in March 2020 and attracts an interest rate of 5.00% above LIBOR.

11. Provisions for liabilities and charges

Total provisions for liabilities and charges of £53.6m at 2 April 2016 (4 April 2015: £60.2m) comprise restructuring provisions of £26.4m (4 April 2015: £25.9m) which primarily relate to provisions for non-operational leasehold properties, and other provisions of £27.2m (4 April 2015: £34.3m) which primarily relate to insurance claims, dilapidations against leasehold properties and environmental liabilities.

12. Retirement benefit schemes

Defined benefit schemes

The Group operates a number of defined benefit schemes under which current and former employees have built up an entitlement to pension benefits on their retirement. These are as follows:

(a) The Premier schemes, which comprise:

Premier Foods Pension Scheme ("PFPS")
Premier Grocery Products Pension Scheme ("PGPPS")
Premier Grocery Products Ireland Pension Scheme ("PGPIPS")
Chivers 1987 Pension Scheme
Chivers 1987 Supplementary Pension Scheme.

(b) The RHM schemes, which comprise:

RHM Pension Scheme
Premier Foods Ireland Pension Scheme

The most recent triennial actuarial valuation of the PFPS, the PGPPS and RHM pension schemes was carried out on 31 March 2013 / 5 April 2013 to establish ongoing funding arrangements. Deficit recovery plans have been agreed with the Trustees of each of the schemes. The current triennial valuations as at 31 March 2016 / 2 April 2016 are ongoing but will not affect deficit recovery contributions until after 2019. Actuarial valuations for the schemes based in Ireland took place during the course of 2014. The Premier Foods Ireland pension scheme is a triennial scheme.

The exchange rates used to translate the overseas euro based schemes are £1.00 = €1.3584 for the average rate during the period, and £1.00 = €1.2536 for the closing position at 2 April 2016.

At the balance sheet date, the combined principal actuarial assumptions were as follows:

	Premier schemes	RHM schemes
At 2 April 2016		
Discount rate	**3.55%**	**3.55%**
Inflation – RPI	**3.00%**	**3.00%**
Inflation – CPI	**1.90%**	**1.90%**
Expected salary increases	**n/a**	**n/a**
Future pension increases	**2.00%**	**2.00%**
At 4 April 2015		
Discount rate	3.30%	3.30%
Inflation – RPI	3.00%	3.00%
Inflation – CPI	1.90%	1.90%
Expected salary increases	n/a	n/a
Future pension increases	2.00%	2.00%

For the smaller overseas schemes the discount rate used was 1.85% (2014/15: 1.40%) and future pension increases were 1.50% (2014/15: 1.50%).

The mortality assumptions are based on standard mortality tables and allow for future mortality improvements. The assumptions are as follows:

	Premier schemes	RHM schemes
Life expectancy at 2 April 2016		
Male pensioner, currently aged 65	**87.8**	**86.2**
Female pensioner, currently aged 65	**90.0**	**88.4**
Male non-pensioner, currently aged 45	**89.1**	**87.5**
Female non-pensioner, currently aged 45	**91.5**	**89.9**
Life expectancy at 4 April 2015		
Male pensioner, currently aged 65	87.8	86.4
Female pensioner, currently aged 65	90.1	88.6
Male non-pensioner, currently aged 45	89.2	87.7
Female non-pensioner, currently aged 45	91.6	90.1

A sensitivity analysis on the principal assumptions used to measure the scheme liabilities at the period end is as follows:

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £69m/£71m
Inflation	Increase/decrease by 0.1%	Increase/decrease by £29m/£29m
Assumed life expectancy at age 60 (rate of mortality)	Increase by 1 year	Increase by £171m

The sensitivity information has been derived using projected cash flows for the Schemes valued using the relevant assumptions and membership profile as at 2 April 2016. Extrapolation of these results beyond the sensitivity figures shown may not be appropriate.

The fair values of plan assets split by type of asset are as follows:

	Premier schemes £m	% of total %	RHM schemes £m	% of total %	Total £m	% of total
Assets with a quoted price in an active market at 2 April 2016:						
UK equities	**1.4**	**0.2**	**0.5**	**0.0**	**1.9**	**0.1**
Global equities	**18.5**	**3.1**	**385.0**	**10.2**	**403.5**	**9.3**
Government bonds	**22.7**	**3.9**	**452.1**	**12.0**	**474.8**	**10.9**
Corporate bonds	**-**	**-**	**1.9**	**0.1**	**1.9**	**0.0**
Property	**8.2**	**1.4**	**284.1**	**7.6**	**292.3**	**6.7**
Absolute return products	**368.3**	**63.1**	**859.3**	**22.9**	**1,227.6**	**28.2**
Cash	**8.7**	**1.5**	**318.2**	**8.5**	**326.9**	**7.5**
Other	**156.1**	**26.7**	**2.5**	**0.1**	**158.6**	**3.7**
Assets without a quoted price in an active market at 2 April 2016:						
Infrastructure funds	**-**	**-**	**228.0**	**6.1**	**228.0**	**5.2**
Swaps	**-**	**-**	**862.5**	**22.8**	**862.5**	**20.0**
Private equity	**-**	**-**	**259.4**	**6.9**	**259.4**	**6.0**
Other	**0.3**	**0.1**	**105.2**	**2.8**	**105.5**	**2.4**
Fair value of scheme assets as at 2 April 2016	**584.2**	**100**	**3,758.7**	**100**	**4,342.9**	**100**
Assets with a quoted price in an active market at 4 April 2015:						
UK equities	0.9	0.1	51.7	1.4	52.6	1.2
Global equities	21.4	3.5	274.5	7.5	295.9	7.0
Government bonds	21.4	3.5	526.1	14.5	547.5	12.9
Corporate bonds	4.4	0.7	325.4	8.9	329.8	7.8
Property	7.5	1.3	252.5	7.0	260.0	6.1
Absolute return products	391.0	63.8	941.9	25.9	1,332.9	31.4
Cash	13.8	2.3	280.6	7.7	294.4	6.9
Other	152.1	24.8	-	-	152.1	3.6
Assets without a quoted price in an active market at 4 April 2015:						
Infrastructure funds	-	-	196.6	5.4	196.6	4.6
Swaps	-	-	430.0	11.9	430.0	10.1
Private equity	-	-	250.9	6.9	250.9	5.9
Other	-	-	105.8	2.9	105.8	2.5
Fair value of scheme assets as at 4 April 2015	612.5	100	3,636.0	100	4,248.5	100

The RHM scheme invests directly in interest rate and inflation swaps to protect from fluctuations in interest rates and inflation.

The amounts recognised in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes are as follows:

	Premier schemes £m	RHM schemes £m	Total £m
At 2 April 2016			
Present value of funded obligations	**(1,004.2)**	**(3,207.8)**	**(4,212.0)**
Fair value of plan assets	**584.2**	**3,758.7**	**4,342.9**
(Deficit)/surplus in schemes	**(420.0)**	**550.9**	**130.9**
At 4 April 2015			
Present value of funded obligations	(1,065.9)	(3,394.4)	(4,460.3)
Fair value of plan assets	612.5	3,636.0	4,248.5
(Deficit)/surplus in schemes	(453.4)	241.6	(211.8)

The aggregate deficit of £211.8m has moved to a surplus of £130.9m in the current period. This movement of £342.7m (2014/15: £391.5m decrease) is primarily due to asset performance in the RHM schemes and the impact of an increase in the discount rate on the defined benefit obligations.

Changes in the present value of the defined benefit obligation were as follows:

	Premier schemes £m	**RHM schemes £m**	**Total £m**
Defined benefit obligation at 1 January 2014	(916.9)	(2,904.8)	(3,821.7)
Current service cost	(0.1)	-	(0.1)
Interest cost	(49.4)	(156.5)	(205.9)
Remeasurement losses	(149.4)	(521.5)	(670.9)
Exchange differences	6.6	3.5	10.1
Benefits paid	43.3	184.9	228.2
Defined benefit obligation at 4 April 2015	**(1,065.9)**	**(3,394.4)**	**(4,460.3)**
Interest cost	**(33.7)**	**(109.3)**	**(143.0)**
Remeasurement gains	**63.0**	**162.2**	**225.2**
Exchange differences	**(4.6)**	**(2.5)**	**(7.1)**
Benefits paid	**37.0**	**136.2**	**173.2**
Defined benefit obligation at 2 April 2016	**(1,004.2)**	**(3,207.8)**	**(4,212.0)**

Changes in the fair value of plan assets were as follows:

	Premier schemes £m	**RHM schemes £m**	**Total £m**
Fair value of plan assets at 1 January 2014	531.4	2,687.0	3,218.4
Interest income on plan assets	28.5	145.4	173.9
Remeasurement gains	81.7	968.5	1,050.2
Administrative costs	(7.8)	(8.1)	(15.9)
Contributions by employer	28.2	31.1	59.3
Exchange differences	(6.2)	(3.0)	(9.2)
Benefits paid	(43.3)	(184.9)	(228.2)
Fair value of plan assets at 4 April 2015	**612.5**	**3,636.0**	**4,248.5**
Interest income on plan assets	**18.7**	**117.4**	**136.1**
Remeasurement (losses)/gains	**(19.4)**	**139.0**	**119.6**
Administrative costs	**(2.6)**	**(5.0)**	**(7.6)**
Contributions by employer	**7.6**	**5.3**	**12.9**
Exchange differences	**4.4**	**2.2**	**6.6**
Benefits paid	**(37.0)**	**(136.2)**	**(173.2)**
Fair value of plan assets at 2 April 2016	**584.2**	**3,758.7**	**4,342.9**

The reconciliation of the net defined benefit (deficit)/surplus over the period is as follows:

	Premier schemes £m	RHM schemes £m	Total £m
Deficit in schemes at 1 January 2014	(385.5)	(217.8)	(603.3)
Amount recognised in profit or loss	(28.8)	(19.2)	(48.0)
Remeasurements recognised in other comprehensive income	(67.7)	447.0	379.3
Contributions by employer	28.2	31.1	59.3
Exchange rate gains	0.4	0.5	0.9
(Deficit)/surplus in schemes at 4 April 2015	**(453.4)**	**241.6**	**(211.8)**
Amount recognised in profit or loss	**(17.6)**	**3.1**	**(14.5)**
Remeasurements recognised in other comprehensive income	**43.6**	**301.2**	**344.8**
Contributions by employer	**7.6**	**5.3**	**12.9**
Exchange rate losses	**(0.2)**	**(0.3)**	**(0.5)**
(Deficit)/surplus in schemes at 2 April 2016	**(420.0)**	**550.9**	**130.9**

Remeasurements recognised in the consolidated statement of comprehensive income are as follows:

	Premier schemes £m	RHM schemes £m	Total £m
2015/16			
Remeasurement gain on plan liabilities	**63.0**	**162.2**	**225.2**
Remeasurement (loss)/gain on plan assets	**(19.4)**	**139.0**	**119.6**
Net remeasurement gain for the period	**43.6**	**301.2**	**344.8**
2014/15			
Remeasurement loss on plan liabilities	(149.4)	(521.5)	(670.9)
Remeasurement gain on plan assets	81.7	968.5	1,050.2
Net remeasurement (loss)/gain for the period	(67.7)	447.0	379.3

The actual return on plan assets was a £255.7m gain (2014/15: £1,224.1m gain), which is £119.6m more (2014/15: £1,050.2m more) than the interest income on plan assets of £136.1m (2014/15: £173.9m) at the start of the relevant periods.

The remeasurement gain on liabilities of £225.2m (2014/15: £670.9m loss) comprises a gain due to member experience of £15.5m (2014/15: £1.8m gain), a gain due to demographic assumptions of £49.8m (2014/15: £5.3m gain) and a gain due to changes in financial assumptions of £159.9m (2014/15: £678.0m loss).

The net remeasurement gain taken to the consolidated statement of comprehensive income was £344.8m (2014/15: £379.3m gain). This gain was £278.9m (2014/15: £303.4m gain) net of taxation (with tax at 18% for UK schemes, and 12.5% for Irish schemes).

The Group expects to contribute approximately £8-10m to its defined benefit plans in 2016/17 in relation to expenses and government levies and £48m of additional contributions to fund the scheme deficits.

The Group has an unconditional right to a refund of any surplus in the RHM Pension Scheme and so the asset has not been restricted and no additional liability has been recognised.

The total amounts recognised in the consolidated statement of profit or loss are as follows:

	Premier schemes £m	RHM schemes £m	Total £m
2015/16			
Operating profit			
Administrative costs	**(2.6)**	**(5.0)**	**(7.6)**
Net interest (cost)/credit	**(15.0)**	**8.1**	**(6.9)**
Total	**(17.6)**	**3.1**	**(14.5)**
2014/15			
Operating loss			
Current service cost	(0.1)	-	(0.1)
Administrative costs	(7.8)	(8.1)	(15.9)
Net interest cost	(20.9)	(11.1)	(32.0)
Total	(28.8)	(19.2)	(48.0)

Defined contribution schemes

A number of companies in the Group operate defined contribution schemes, predominantly stakeholder arrangements. In addition a number of schemes providing life assurance benefits only are operated. The total expense recognised in the statement of profit or loss of £5.4m (2014/15: £8.5m) represents contributions payable to the plans by the Group at rates specified in the rules of the plans.

13. Other liabilities

	As at 2 Apr 2016 £m	As at 4 Apr 2015 £m
Deferred income	**(11.7)**	(12.8)
Other accruals	**(0.3)**	(0.2)
Other liabilities	**(12.0)**	(13.0)

14. Notes to the cash flow statement

Reconciliation of loss before tax to cash flows from operating activities

	52 weeks ended 2 Apr 2016 £m	Period ended 4 Apr 2015 £m
Continuing operations		
Loss before taxation	**(13.0)**	(135.6)
Net finance cost	**44.9**	81.9
Share of loss from associates	**22.6**	9.6
Operating profit/(loss)	**54.5**	(44.1)
Depreciation of property, plant and equipment	**16.1**	18.5
Amortisation of intangible assets	**37.6**	47.6
Loss on disposal of businesses	**-**	6.0
Loss on disposal of non-current assets	**1.8**	2.5
Impairment of property, plant and equipment	-	16.0
Impairment of investments in associates	**13.6**	-
Impairment of goodwill	**-**	67.9
Fair value movements on foreign exchange and other derivative contracts	**(2.6)**	0.6
Equity settled employee incentive schemes	**4.1**	3.4
Decrease/(Increase) in inventories	**12.7**	(11.2)
Decrease in trade and other receivables	**26.2**	23.6
Decrease in trade and other payables and provisions	**(24.8)**	(53.4)
Movement in retirement benefit obligations	**1.6**	(7.1)
Cash generated from continuing operations	**140.8**	70.3
Discontinued operations	**(3.7)**	(7.8)
Cash generated from operating activities	**137.1**	62.5

Reconciliation of cash and cash equivalents to net borrowings

	52 weeks ended 2 Apr 2016 £m	Period ended 4 Apr 2015 £m
Net outflow of cash and cash equivalents	**(13.9)**	(135.3)
Increase in finance leases	**(0.2)**	**-**
Decrease in borrowings	**69.8**	401.7
Other non-cash movements	**(5.0)**	(20.5)
Decrease in borrowings net of cash	**50.7**	245.9
Total net borrowings at beginning of period	**(584.9)**	(830.8)
Total net borrowings at end of period	**(534.2)**	(584.9)

Analysis of movement in borrowings

	As at 4 April 2015 £m	Cash flows £m	Cash flows on acquisition £m	Other non-cash movements £m	As at 2 Apr 2016 £m
Bank overdrafts	(23.0)	23.0	(0.2)	-	**(0.2)**
Cash and bank deposits	44.7	(36.7)		-	**8.0**
Net cash and cash equivalents	21.7	(13.7)	(0.2)	-	**7.8**
Borrowings - term facilities	-	-	(1.5)	-	**(1.5)**
Borrowings - revolving credit facilities	(113.0)	58.0	-	-	**(55.0)**
Borrowings - senior secured notes	(500.0)	-	-	-	**(500.0)**
Finance lease obligations	-	-	(0.2)	-	**(0.2)**
Securitisation facility	(19.7)	19.7	(6.4)	-	**(6.4)**
Gross borrowings net of cash[1]	(611.0)	64.0	(8.3)	-	**(555.3)**
Debt issuance costs	26.1	-	-	(5.0)	**21.1**
Total net borrowings[1]	(584.9)	64.0	(8.3)	(5.0)	**(534.2)**

[1] Borrowings exclude derivative financial instruments.

15. Contingencies

There were no material contingent liabilities at 2 April 2016 (2014/15: none).

16. Subsequent events

On 22 April 2016, a Relationship agreement was entered into with Nissin Foods Holdings Co., Ltd. ("Nissin") on terms and conditions that are customary for a substantial shareholding of this nature. Nissin have a right to appoint a non-executive director to the Board of Premier Foods plc.