15 November 2016

Premier Foods plc (the "Group" or the "Company")

Half year results for the 26 weeks ended 1 October 2016

Continued strategic progress despite weaker second quarter sales for Grocery

- **H1 Group underlying sales[2] down (1.8%) due to weak Grocery sales (4.0%); partly offset by good performance in Sweet Treats +4.1%**
- **Q2 Grocery underlying sales[2] down (9.5%) due to warmer weather after good Q1**
- **Sweet Treats & International delivering consistently strong quarter on quarter growth**
- **Total reported sales up +2.0% reflecting Knighton Foods consolidation**
- **Underlying Trading profit[4] £48.0m, £2.0m lower partly due to increased marketing investment**
- **Net debt £556.0m at H1; £29m lower than prior year H1**
- **Combined IAS 19 pensions deficit £228.8m due to fall in discount rates**
- **Net present value of pension deficit recovery schedule expected to reduce by c.£100m**
- **Profit and Net debt expectations for the year unchanged**

Premier Foods today announces its Half year results for the 26 weeks ended 1 October 2016.

Gavin Darby, Chief Executive Officer

"Following a good first quarter where we saw a number of our brands in growth, the second quarter was much weaker in our Grocery business due to warmer weather which resulted in lower sales in the first half overall. However, our Sweet Treats and International businesses continued to demonstrate their strong momentum, delivering against our strategic priorities and growing over 4% and 9% respectively."

"We remain very confident in our strategic progress, our customer relationships are strong and we have an extensive new product innovation programme planned for the balance of the year. We are pleased with the progress that we have made on the 2016 triennial pension scheme valuations, which has resulted in the NPV of the pension deficit recovery plan expected to reduce by c.£100m. We expect Group sales to grow between 2-4% in the second half of the year and our profit and Net debt expectations for the full year remain unchanged."

Continuing operations	FY16/17 H1	FY15/16 H1
Revenue (£m)	348.0	341.2
Loss before taxation (£m)	(8.7)	(5.1)
Basic (loss)/earnings per share (pence)	(6.7)	2.6

Underlying results	FY16/17 H1	FY15/16 H1	Change (%)
Group sales (£m)	348.0	354.5	(1.8%)
Trading profit (£m)[4]	48.0	50.0	(4.0%)
Adjusted profit before tax (£m)[6]	26.3	27.5	(4.4%)
Adjusted earnings per share (pence)[7]	2.54	2.66	(4.6%)

Measures above are defined on page 2 and reconciled to statutory measures in the appendices.

A presentation to investors and analysts will take place today, 15 November 2016, at 9:00am. 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, 15 November 2016, at 1:30pm. Dial in details are outlined below:

Telephone:	0800 376 7922
	+44 20 7192 8000
Conference ID:	4286906

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

This announcement contains inside information

For further information, please contact:

Institutional investors and analysts:
Alastair Murray, Chief Financial Officer +44 (0) 1727 815 850
Richard Godden, Head of Investor Relations +44 (0) 1727 815 850

Media enquiries:
Richard Johnson, Corporate Affairs Director +44 (0) 1727 815 850
Marisa Fitch, Head of External Affairs +44 (0) 1727 815 850

Maitland +44 (0) 20 7379 5151
Kate O'Neill
Tom Eckersley

- Ends -

Notes to editors:

1. The statutory accounting period is the 26 weeks from 3 April 2016 to 1 October 2016 and comparative results are for the 26 weeks from 5 April 2015 to 3 October 2015.
2. Underlying business is defined as continuing operations excluding the results of previously disposed businesses and includes results of acquired businesses in current and comparative reporting periods.
3. Trading profit is reconciled to profit/(loss) before tax in the appendices and is defined as profit/(loss) before tax before net finance costs, profits and losses from share of associates, amortisation of intangible assets, impairment, fair value movements on foreign exchange and other derivative contracts, restructuring costs, and net interest on pensions and administration expenses.
4. Underlying Trading profit is Trading profit as defined in (3) above and excludes the results of previously disposed businesses and includes results of acquired businesses in current and comparative reporting periods.
5. EBITDA is Trading profit excluding depreciation.
6. Underlying adjusted profit before tax is defined as underlying Trading profit as defined in (4) above, 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.
7. Underlying adjusted earnings per share is defined as Adjusted profit before tax less a notional tax charge of 20.0% (2015/16: 20.0%) divided by the weighted average of the number of shares of 827.7million (26 weeks ended 3 October 2015: 825.7million).

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 26 weeks ended 1 October 2016 with comparative results for the 26 weeks ended 3 October 2015. Results are stated on an 'Underlying business' basis which are unaudited, include results of Knighton and exclude all disposals and joint ventures transactions previously completed. All references to the 'Half year', unless otherwise stated, are for the 26 weeks ended 1 October 2016 and the comparative period, 26 weeks ended 3 October 2015. All references to the 'quarter', unless otherwise stated, are for the 13 weeks ended 1 October 2016 and the comparative period, 13 weeks ended 3 October 2015.

£m	**FY16/17 H1 (26 weeks)**	FY15/16 H1 (26 weeks)	Change (%)
Group Sales			
Branded	**295.4**	306.6	(3.7%)
Non-branded	**52.6**	47.9	9.8%
Total	**348.0**	354.5	(1.8%)
Divisional contribution	**62.8**	67.6	(7.2%)
Group & corporate costs	**(14.8)**	(17.6)	16.4%
Trading profit	**48.0**	50.0	(4.0%)
EBITDA[5]	**56.1**	58.3	(3.8%)

Quarter 2 sales results

£m	**FY16/17 Q2 (13 weeks)**	FY15/16 Q2 (13 weeks)	Change (%)
Group Sales			
Branded	**144.1**	156.5	(7.9%)
Non-branded	**28.4**	25.8	10.1%
Total	**172.5**	182.3	(5.4%)

Introduction

Group sales for the 26 weeks ended 1 October 2016 were £348.0m, a (1.8%) decrease on the prior year. In the second quarter of the year, total sales were (5.4%) lower at £172.5m. Branded sales were £295.4m in the first half of the year, down (3.7%) while non-branded sales grew 9.8%.

While Trading profit for the 26 weeks ended 1 October 2016 was £48.0m compared to £50.0m reported in the prior period, the group invested nearly £1m more in consumer marketing in the first half compared to the prior year and a similar amount in its Cake on the go initiative.

Market overview

In overall terms, the UK Grocery market continues to display evidence of volume growth. Price deflation continued to be a feature of the market while consumer disposable incomes have steadily increased. Consequently, overall purchasing power for UK consumers has arguably been robust in recent months.

As previously commented, the Group recognises the broader macroeconomic uncertainty created by the UK electorate voting to the leave the European Union. Initial indications show that there has been little if any impact on consumer spending patterns; the main impact is expected to be the resultant effects of Sterling weakness over recent months. The Group's main direct foreign currency exposure is with respect to Euros of which it is a net purchaser of over €50m per annum. The Group has a broadly neutral position with respect to buying and selling of US dollars. All the Group's manufacturing and distribution sites are located in the United Kingdom and 89% of its expenditure is with UK based suppliers. While the Group uses forward cover contracts for certain commodities and currencies, it expects to employ a range of mitigating actions to recover the effects on any input cost inflation in the coming months. Input cost inflation, where it occurs, may be direct or indirect in form; the former reflects direct purchases from the Group's suppliers; the latter originating further down the supply chain.

Brand investment and innovation

The Group expects to spend approximately £36m on consumer marketing investment in this financial year. This is in line with the prior year and is the equal highest amount of annual marketing spend the Group has ever made. During the course of FY16/17, seven brands will benefit from TV advertising, with the peak of media spend planned to be in the third quarter of the year, aligning to the Group's highest quarter sales.

The largest element of consumer marketing investment involves advertising some of the Group's main brands on television. While the quantum of actual expenditure can be a general proxy for total investment, a more accurate measure for assessing how much consumer marketing will, or has been spent, is through the measurement of Television Viewer Ratings (TVRs). TVRs are measured by the number of people watching an individual television advertisement as a percentage of the total population. The more times an individual advertisement is shown, the higher the aggregate TVRs recorded. In the first half of this year, the Group's TVRs increased by 57%.

Over the last two years, the Group has invested significantly in ensuring it has the right size and calibre of teams in place to deliver on its strategy. In line with this, the Company has increased the number of its marketing colleagues across its three business units, particularly in the areas of consumer insights and research & development. Recruitment of new marketing colleagues has typically come from those with backgrounds and experience in major FMCG or consumer facing organisations.

Customer relationships

The Group has made demonstrable progress over recent years with its retail customers. In the last few months it has concluded category range reviews in partnership with a number of major customers. Every year, an independent survey of consumer goods companies who supply major retailers is undertaken. Each company is assessed on a core range of KPIs and a league table of results is compiled. In its Grocery categories, the Group has made significant improvement, climbing from 17th position (from 18 suppliers) three years ago to 7th (from 20 suppliers) in 2016. This excellent progress reflects improved ratings in areas such as category management, commitment to consumer marketing, promotional activity practices, personnel and customer service.

As part of building ever stronger relationships with its customers, the Group has launched certain new innovative products with many of its customers on an exclusive basis for an agreed period of time. The Group has also been successful in winning a number of awards in areas such as product innovation and supplier collaboration. The Group believes it is well placed to continue to develop these relationships.

Cost reduction and efficiency programmes

In logistics, the Group has continued to review 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 from FY17/18.

The National Living Wage (NLW) for all employees above the age of 25 was introduced by HM Government, with effect 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. 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.

The Group continues to simplify its processes and ways of working across the organisation. This involves streamlining certain processes to ensure the business remains agile and empowering its colleagues to work even more effectively and efficiently.

Grocery

£m	**FY16/17 H1 (26 weeks)**	FY15/16 H1 (26 weeks)	Change (%)	Q2 Change (%)
Sales				
Branded	**212.8**	226.2	(5.9%)	(12.4%)
Non-branded	**37.5**	34.5	8.6%	8.8%
Total sales	**250.3**	260.7	(4.0%)	(9.5%)
Divisional contribution	**56.2**	60.2	(6.6%)	-

Total sales in the Grocery business were £250.3m in the first half of the year, (4.0%) lower than the prior year as growth in non-branded sales was offset by a decline in branded sales to £212.8m. A good sales performance in the first quarter of +1.9% was offset by lower sales in the second quarter. Divisional contribution was £4.0m lower in the period at £56.2m due to lower Q2 volumes and higher consumer marketing.

In the second quarter of the period, a number of the Grocery business unit's categories were adversely impacted by warmer weather compared to the prior year. In this quarter, categories such as Gravy and Stocks and Soup declined in volume terms by (13.0%) and (16.3%) respectively, while Chilled Salads and Ice Cream, which the Group has no major presence in, grew by 13.7% and 17.3% respectively. As a result, and after a strong first quarter when six Grocery brands grew sales, none of the major Grocery brands grew in the second quarter.

In the Flavourings & Seasonings category, *Bisto* and *Oxo* grew share in the period, with *Oxo* Stock Pots in particular performing well, taking share from the market leader. In the second half of the year, a new television advertising campaign featuring a modern day *Oxo* family will support the momentum of the Stock Pots range. Additionally, new products for the remainder of the year include *Oxo* Ready to Use stock in pouches, *Bisto* ready to serve pouches and *Bisto* Best sauces in pouches, all aligned to consumer trends such as convenience and foodieness.

Ambrosia benefitted from share gains in custard, driven by the new range of *Ambrosia* Deluxe products, with flavours such as Salted Caramel and Creamy Toffee. The *Ambrosia* brand saw a new advertising campaign, the 'Taste of Happy' to support this new range. This campaign will be repeated in the third quarter to align with one of the peak sales volumes periods for the *Ambrosia* brand.

Batchelors broadly held share in soup as it launched a new range of high protein soup products during the half. In the second half of the year, new products to market will include a range of filling, tasty and healthy snack pots which align strongly to consumer trends. High Protein pots, High Veg pots and Soup Dippers are the new product ranges which are expected to achieve a good range of distribution in major customers.

Historically, some of the Group's smaller brands have been encumbered by a lack of innovation and investment. With intent to redress this, the Group has two new product launches planned for the second half of the year from some of the smaller brands in its portfolio. First will be the launch of a premium stuffing offering under the *Paxo* brand. Launched in time for the run up to Christmas, *Paxo* Sensational Stuffing will be available in four exciting variants. Additionally, the Group will also be launching ready to eat

Angel Delight pots. This convenient range of individual portion size pots will have no artificial flavours, colours or preservatives.

Non-branded sales grew by 8.6% in the period to £37.5m owing to increased business to business volumes, notably in the Knighton business, but also due to a new contract win in retailer branded flour with a major customer.

Sweet Treats

£m	**FY16/17 H1 (26 weeks)**	FY15/16 H1 (26 weeks)	Change (%)	Q2 Change (%)
Sales				
Branded	**82.6**	80.4	2.7%	5.1%
Non-branded	**15.1**	13.4	12.5%	12.9%
Total sales	**97.7**	93.8	4.1%	6.4%
Divisional contribution	**6.6**	7.4	(12.1%)	-

Total sales in the Sweet Treats business increased by 4.1% in the first half of the year and by 6.4% in the second quarter; this being the sixth successive quarter of sales growth. Branded sales grew by 2.7% while non-branded sales were strongly ahead of the prior year; up 12.5%.

Divisional contribution was £6.6m in the half, £0.8m lower than the prior year. This reflects increased investment in instore marketing and enhanced organisational capability to deliver a successful Cake on the go operation.

Cadbury cake again enjoyed an excellent period, continuing its strong trajectory from the prior year. The Amaze Bites product was a standout performer, with retail sales now in the region of £6m on an annual basis and helping to deliver double-digit sales growth for Cadbury cake. The Double Choc and Chocolate Orange Amaze Bites products are the top two performing new cake products in the total category over the last year. In the second half of the year, Cadbury cake is expected to benefit from launches of Cadbury Choc Tarts and brand new variants of Mini Rolls, Caramel and Crunchie whole cakes.

Mr Kipling sales were lower in the period, primarily as a result of lower promotional activity. A range of premium Cupcakes exclusive in one major customer has been performing well and there is an exciting range of new seasonal lines including *Mr. Kipling* Stollen Slices launched for the Christmas period. The Group's Cake on the go initiative is building distribution well, with business won in new channels; particularly in key travel locations.

Non-branded sales growth reflected new contract wins across a broad range of retail customers and in both seasonal and all year round ranges. In particular, the business unit has been successful in gaining some premium Mince Pie contracts for the first time.

International

Sales in the International business increased by over 9% in the first half of the year driven by strong performances in Australia and the USA. On a constant currency basis, sales were up approximately 4% reflecting weaker sales in Ireland.

The Group's cake business in Australia has delivered positive growth, year on year, for the last two years. The Group is now the branded market leader in the Australian cake market. Sharwood's also continues to grow share in Australia and in the second half of the year, is expected to benefit from an integrated marketing campaign. This marks the business unit's evolution from a sales and distribution model to a strategy including marketing directly to its consumers.

At the beginning of the second half, the International business launched a comprehensive range of Cadbury cakes in the United Arab Emirates where the cake market is worth £120m. This launch is supported by a very strong instore marketing campaign with distribution expected to build to over 200 stores during the third quarter of the year.

Nissin opportunities

Work streams established for the co-operation agreement with Nissin are now well underway. Dedicated project teams in the UK, Europe and Japan are working at pace to deliver the first products to market under these still relatively new arrangements.

There are three major areas which the partnership is focusing its efforts. First is the distribution of existing Nissin branded products such as Soba noodles in the UK by the Company which are expected to build distribution across major retailers in the fourth quarter of this financial year.

Secondly, an exciting range of innovative new products under the Batchelors brand are currently under development at Nissin's manufacturing facility in Hungary and are expected to come to market in the first half of 2017.

Thirdly, the Group will leverage Nissin's presence and relationships in the USA market to substantially extend the distribution of its Sharwood's range of cooking sauces. This arrangement is expected to double the availability of Sharwood's in the USA and extend the brand into more states; particularly in the western half of the USA.

Net regular interest

£m	**FY16/17 H1 (26 weeks)**	FY15/16 H1 (26 weeks)	Change (%)
Senior secured notes interest	**15.3**	15.4	0.5
Bank debt interest	**4.4**	4.8	8.7
	19.7	20.2	2.5
Amortisation of debt issuance costs	**2.0**	2.3	12.1
Net regular interest	**21.7**	22.5	3.4

Net regular interest in the first half of the year was £21.7m; £0.8m lower than the comparative period and in line with the Group's expectations. The largest component of financing was interest due to holders of the senior secured notes and was £15.3m in the period. Bank debt interest was £4.4m in the half year, £0.4m lower than the comparative period reflecting lower average debt and lower levels of LIBOR. Expectations for Net regular interest of £44-£45m for the full year are unchanged.

Cash flow

Total cash outflows in the period were £19.8m and in line with the Company's expectations with Trading profit of £48.0m and depreciation of £8.1m. Interest paid in the period was £20.2m and capital expenditure was £6.2m. Pension contributions of £32.1m were £26.1m higher than the prior year, in line with the previously agreed schedule of pension deficit contributions and costs associated with administering the pension schemes. The pension contribution schedule is weighted more to the first half of the year. Other non-cash items principally relate to the add-back of share based payments. Cash restructuring costs of £11.3m relate to corporate activity costs earlier in the year and costs associated with redundancy payments.

£m	FY16/17 H1 (26 weeks)	FY15/16 H1 (26 weeks)
Trading profit	**48.0**	50.0
Depreciation	8.1	8.3
Other non-cash items	3.2	2.1
Interest	(20.2)	(20.7)
Pension contributions	(32.1)	(6.0)
Capital expenditure	(6.2)	(13.7)
Working capital & other	(8.6)	(13.7)
Recurring cash (outflow)/inflow	**(7.8)**	6.3
Restructuring costs	(11.3)	(2.8)
Free cash (outflow)/inflow	**(19.1)**	3.5
Purchase of own shares	(0.7)	(1.5)
Total cash (outflow)/inflow	**(19.8)**	2.0

Net debt

	£m
Net debt at 2 April 2016	**534.2**
Total cash outflow in period	19.8
Movement in debt issuance costs	2.0
Net debt at 1 October 2016	**556.0**

Net debt at 1 October 2016 was £556.0m, an increase of £21.8m from the year end position, principally reflecting the resumption of higher pension deficit contributions in this financial year and also as higher operational cash flows are usually seen in the second half of the year. In line with previous years, the Group's cash generation will be weighted to the second half of the year and its expectations for Net debt for the full year remain unchanged.

Pensions

IAS 19 Accounting Valuation (£m)	**1 October 2016**			**2 April 2016**		
	RHM	Premier Foods	**Combined**	RHM	Premier Foods	**Combined**
Assets	4,424.0	691.9	**5,115.9**	3,758.7	584.2	**4,342.9**
Liabilities	(4,062.0)	(1,282.7)	**(5,344.7)**	(3,207.8)	(1,004.2)	**(4,212.0)**
Surplus/(Deficit)	362.0	(590.8)	**(228.8)**	550.9	(420.0)	**130.9**
Net of notional tax (20.0%)	289.6	(472.6)	**(183.0)**	440.7	(336.0)	**104.7**

The IAS 19 pension schemes valuation reported a deficit for the combined RHM and Premier Foods' pension schemes at 1 October 2016 of £228.8m, equivalent to £183.0m net of a notional tax charge. This compares to a combined schemes surplus at 2 April 2016 of £130.9m and £104.7m after a notional tax charge.

The IAS 19 valuation at 1 October 2016 comprised a £362.0m surplus in respect of the RHM schemes and a deficit of £590.8m in relation to the Premier Foods schemes. The primary reasons for this change are movements in long-term interest rates and a decrease in corporate bond spreads of c.40 basis points since the vote for the UK to leave the EU on 23 June 2016. The valuation on an accounting basis is not relevant to future deficit recovery payments which are in any case fixed until December 2019.

Combined pensions schemes (£m)	**1 October 2016**	2 April 2016
Assets		
Equities	**467.6**	405.4
Government bonds	**491.4**	474.8
Corporate bonds	**174.1**	1.9
Property	**360.1**	292.3
Absolute return products	**1,188.7**	1,227.6
Cash	**115.7**	326.9
Infrastructure funds	**231.3**	228.0
Swaps	**1,436.6**	862.5
Private equity	**300.6**	259.4
Other	**349.8**	264.1
Total Assets	**5,115.9**	4,342.9
Financial assumptions		
Discount rate	**2.25%**	3.55%
Inflation rate (RPI/CPI)	**3.15%/2.05%**	3.0%/1.9%

The Company has reached agreement in principle with the Trustee of its largest pension scheme, the RHM Pension Scheme, on the basis to be used for the triennial actuarial valuation as at 31 March 2016. It is also in constructive dialogue with the respective Trustees of the two Premier schemes on the basis to be used for their valuations at 5 April 2016 and 31 March 2016 respectively. The Company expects to reach agreement with all Trustees on the basis used which will result in the combined scheme deficits having fallen from £1,062 million at the 2013 valuations to £416 million in 2016. The principal reason for this improvement is investment performance in the RHM scheme, which is heavily hedged against movements in long-term interest rates and is now fully funded. The overall position is summarised below.

	Actuarial valuation surplus/(deficit)		
£m	**2016**	**2013**	**Change**
RHM	135	(504)	639
Premier Foods	(551)	(538)	(13)
Irish schemes	0	(20)	20
Total schemes	**(416)**	**(1,062)**	**646**

Following the agreement of the actuarial valuation basis, the Company has agreed in principle a new contribution schedule with the Trustee of the RHM Pension scheme, which reflects the improved financial position of this fund. Under this schedule the Company will make no deficit recovery payments to the RHM Scheme after 1 January 2020. In the previous recovery plan, payments to the RHM scheme were £20m pa in 2020 rising to £24m pa from 2024 and increasing at 3% pa thereafter. Previously agreed payments in the period to 31 December 2019 remain unchanged.

In respect of the Premier Schemes, the Company expects the current dialogue with the respective Trustees to result in deficit recovery plans broadly in line with those agreed in 2013, and with no changes to payments made by the Group in the period to 31 December 2019.

Once the formal agreements with the Trustees are complete these will be submitted to The Pensions Regulator for review, as is standard practice with all UK defined benefit pension schemes.

Once formally adopted, these new recovery plans will represent a significant reduction in the Company's contractual obligations, and as a result the Company expects the NPV of future deficit recovery payments to reduce from the previously quoted value of £400-420m to £300-320m, a reduction of £100m. The

Company is also reducing its expectations for future pension administration costs and the PPF levy from £8-10m pa to £6-8m pa, effective from FY16/17 onwards.

In the normal way, deficit recovery payments for 2020/21 and beyond will be subject to further review following the 2019 actuarial valuation and are then subject to amendment in either direction depending on (among other factors) the financial position of the pension schemes at that point and company affordability.

Outlook

The Group remains confident that it is making good progress on its strategic priorities. It has an extensive new product innovation programme, its customer relationships are strong and it has demonstrated an ability to deliver cost efficiencies. Sales growth in the second half of FY16/17 is expected to be weighted to the fourth quarter and in the range of 2-4%, noting that as always, the outturn will be partly dependent on average seasonal temperatures. In the full year, sales are now expected to grow 1-2% and the Group's medium term target of 2-4% sales growth is unchanged. Profit expectations for the full year are unchanged, with this year's consumer marketing costs now expected to be broadly in line with last year's. The Group's expectation for Net debt at the full year is also unchanged, with cash generation weighted to the second half of the year reflecting the business's seasonality.

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 26 weeks ended 1 October 2016 with comparative information for the 26 weeks ended 3 October 2015. 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 first half of the year was £348.0m compared to £341.2m in the prior period. While revenue on an underlying basis declined in the period, the 2.0% growth to £348.0m reflects the consolidation of Knighton Foods Limited ("Knighton") from 1 April 2016. Grocery revenue for the 26 weeks ended 1 October 2016 was £250.3m compared to £247.4m in the comparative period, while Sweet Treats revenue was £97.7m compared to £93.8m in the prior period.

Gross profit was £123.7m in the half year, a decrease of £3.0m compared to the prior period. In the second quarter of the year, the Group's Grocery categories experienced declines as a result of much warmer weather compared to the comparative period and accordingly branded volumes and Gross profits were lower. Gross margins were lower in the period predominantly following the consolidation of Knighton.

Divisional contribution for the Group was £62.8m in the period compared to £68.2m for the prior year, largely reflecting the movement in Gross profit as outlined above. Grocery Divisional contribution was £56.2m, a decrease of £4.6m compared to the prior year, while Sweet Treats Divisional contribution was £6.6m, a decrease of £0.8m from £7.4m. The Grocery business invested more in consumer marketing in the first half of the year while the Sweet Treats business invested in instore marketing and enhanced organisational capability in its cake on the go operation.

Operating profit

The Group reported an Operating profit for the half year of £22.0m compared to £23.3m in the comparative period. Amortisation charges were broadly similar to the prior period at £19.0m, as were fair value movements on foreign exchange and other derivative contracts of £1.0m. Restructuring costs of £7.1m relate to corporate activity costs in the period and costs associated with redundancy payments. Net interest on pensions and administrative expenses in the year were £0.9m; £6.1m lower than the prior period, due to an opening combined pensions surplus (£130.9m compared with a deficit of £211.8m (4 April 2015)) and hence net interest credit of £2.7m, offset by administration charges of £3.6m.

Finance costs

Net finance cost for the period ended 1 October 2016 was £30.7m compared to £21.4m in the comparative period. The main factor driving this increase was £8.6m of discount unwind relating to long term property provisions held by the Group. This increase in the discount unwind, which has no cash effect, is a result of changes in government gilts over the last six months. Aside from this, finance costs were broadly unchanged from the prior year and the Group's sources of financing were largely unchanged in the period, except for the previously announced closure of its £80m debtors securitisation programme. The largest component of financing costs in the period was interest payable on the senior secured notes issued by the Group in March 2014 and amounted to £15.3m (FY15/16 H1: £15.4m).

Associate investments

In the prior year, the Group wrote off its investment in Hovis Limited ("Hovis") to £Nil. In the comparative period, the Group reported a (£7.0m) share of loss from associates, of which (£6.8m) was due to its share of loss from Hovis. 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 hence the results of Knighton are consolidated in the Group's financial statements for the period ended 1 October 2016. On 24 May 2016, the Group acquired the remaining 51% of the ordinary share capital of Knighton.

Loss before taxation

The Group made a loss before tax of £8.7m for the period ended 1 October 2016 compared to a prior period loss of £5.1m. Operating profit of £22.0m was offset by net finance costs of £30.7m as outlined above.

Taxation

A taxation charge of £46.9m is reported for the half year ended 1 October 2016 compared to a prior period credit of £26.8m. The charge in the period is offset by a credit recorded in the statement of other comprehensive income (OCI) of £50.2m. The P&L charge is ultimately driven by the movement of the IAS 19 pension valuation from a net surplus to net deficit in the period. This restricts the amount of deferred tax asset the group is able to recognise, resulting in derecognition of the majority of assets relating to losses. In the prior year the credit related to deferred tax movements on loss recognition. The applicable rate of corporation tax for the period was 20.0% (2015/16 H1: 20.0%).

The Group's deferred tax net asset as at 1 October 2016 was £30.1m. Within this deferred tax net asset of £30.1m, the Group has recognised an asset reflecting prior year tax losses of approximately £30m and this, together with a further £45m of unrecognised tax losses, equate to approximately £440m 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 the remainder of the 2016/17 financial year is expected to be 20.0% and the applicable deferred tax rate is 17.0%.

Earnings/(loss) per share

The Group reports a basic loss per share on continuing operations for the 26 weeks ended 1 October 2016 of (6.7) pence, compared to a basic earnings per share on continuing operations in the prior period of 2.6 pence. Earnings/(loss) per share is calculated by dividing the earnings/(loss) attributed to ordinary shareholders of (£55.6m) (2015/16 H1: £21.7m) by the weighted average number of shares in issue during the period.

Adjusted earnings per share for continuing operations were 2.5 pence (2015/16 H1: 2.7 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 £21.0m (2015/16 H1: £22.2m) by the weighted average number of ordinary shares in issue during each period. These earnings have been calculated by reflecting tax at a notional rate of 20.0%. The weighted average number of shares in issue for the 26 weeks ended 1 October 2016 was 827.7m and the comparative period ended 3 October 2015 was 825.7m.

Cash flow and borrowings

The Group's net borrowings as at 1 October 2016 were £556.0m, an increase of £21.8m since 2 April 2016 and a decrease of £29.3m since 3 October 2015. The cash inflow from operations for the half year to 1 October 2016 was £7.0m, compared to £42.2m in the comparative period. The principal change in the reduction in cash generated from operations is due to the increase in retirement benefit cash outflows, in line with the previously agreed fixed deficit repayment contribution schedule. Working capital outflows of £13.8m are principally due to stock builds towards the end of the period.

Net cash interest paid was £20.2m in the half year compared to £20.7m in the prior period. The purchase of property, plant and equipment and intangible assets was £6.0m in the period, £12.0m lower than the comparative period as capital programmes in the current year are weighted to the second half of the year. No cash tax was payable in the period due to the loss in the period.

The Group utilised £89.0m of its £272.0m revolving credit facility at the period end date and held £14.0m in net cash and cash equivalents.

Retirement benefit schemes

At 1 October 2016, the Company's pension schemes under the IAS 19 accounting valuation showed a combined gross deficit of £228.8m, compared to a combined surplus of £130.9m at 2 April 2016. The valuation at 1 October 2016 comprised a £362.0m surplus in respect of the RHM schemes (2 April 2016: £550.9m) and a deficit of £590.8m (2 April 2016: £420.0m) 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.

Principal risks and uncertainties

The Group's principal risks and uncertainties were disclosed on page 28 to 31 of the annual report and accounts for the financial period ended 2 April 2016. The major strategic and operational risks are summarised under the headings of Commercial Arrangements, Commodity prices / Brexit, Regulatory and Government policy, Investments, Pension fund deficit, Innovation and consumer trends, Operational continuity and Legal compliance.

The Brexit risk stated that the forecasted devaluation of sterling would have an adverse impact on imported raw material costs, only partially offset by positive currency benefits in our international business. Since the vote to leave the EU referendum on 23 June 2016, sterling has devalued as predicted and certain imported raw material costs are therefore increasing. While the Group has forward cover in place for certain currencies and commodities, the benefits of these are only short term in nature and the Group continues to look to minimise direct and indirect currency exposure through a range of mitigating actions, in line with its policy.

Alastair Murray
Chief Financial Officer

Appendices

The Company's results are presented for the 26 weeks ended 1 October 2016. Results are stated on an 'Underlying business' basis which include results of Knighton and exclude all disposals and joint ventures transactions previously completed and are unaudited.

'**Continuing operations'** includes the respective periods that the Company maintained ownership of previously completed disposals and joint ventures entered into. The results of the 26 weeks ended 1 October 2016 and its comparative period the 26 weeks ended 3 October 2015, are commented on in the financial review. In the table below, 'Acquisitions' in the comparative period refer to the results of Knighton.

£m	Continuing operations	Less: Disposals	Less: Associates	Add: Acquisitions	Underlying business
2016/17 H1					
Sales	**348.0**	0.0	0.0	0.0	**348.0**
Trading profit[4]	**48.0**	0.0	0.0	0.0	**48.0**
EBITDA[5]	**56.1**	0.0	0.0	0.0	**56.1**
2015/16 H1					
Sales	**341.2**	0.0	0.0	13.3	**354.5**
Trading profit[4]	**50.3**	0.2	0.1	(0.6)	**50.0**
EBITDA[5]	**58.0**	0.2	0.1	0.0	**58.3**

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

£m	FY16/17 H1 (26 weeks)	FY15/16 H1 (26 weeks)
Continuing Trading profit	**48.0**	50.3
Amortisation of intangible assets	**(19.0)**	(18.7)
Foreign exchange fair value movements	**1.0**	1.2
Net interest on pension and administrative expenses	**(0.9)**	(7.0)
Restructuring costs	**(7.1)**	(2.5)
Operating profit	**22.0**	23.3
Net finance cost	**(30.7)**	(21.4)
Share of loss from associates	**-**	(7.0)
Loss before tax	**(8.7)**	(5.1)
Taxation (charge)/credit	**(46.9)**	26.8
(Loss)/Profit after tax	**(55.6)**	21.7
Divided by:		
Average shares in issue (millions)	**827.7**	825.7
Basic (loss)/earnings per share	**(6.7p)**	2.6p

Underlying Adjusted earnings per share is calculated as set out below:

£m	FY16/17 H1 (26 weeks)	FY15/16 H1 (26 weeks)
Underlying Trading profit	**48.0**	50.0
Less net regular interest	**(21.7)**	(22.5)
Adjusted profit before tax	**26.3**	27.5
Less notional tax at 20.0%	**(5.3)**	(5.5)
Adjusted profit after tax	**21.0**	22.0
Divided by:		
Average shares in issue (millions)	**827.7**	825.7
Adjusted earnings per share	**2.54p**	2.66p

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

The table below is presented to show the underlying 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 form the basis on which the Group will report its underlying 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 pension deficit contributions.

£m	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Deficit contributions	48	49	44	40
Administration costs + PPF levy	6-8	6-8	6-8	6-8
Total cash outflow	**54-56**	**55-57**	**50-52**	**46-48**

Responsibility Statement of the Directors

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU

- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Premier Foods plc are listed on page 43 of the Premier Foods plc annual report and accounts for the financial period ended 2 April 2016. Tsunao Kijima has been appointed on the board as non-executive director with effect from 21 July 2016.

Approved by the Board on 14 November 2016 and signed on its behalf by:

Gavin Darby
Chief Executive Officer

Alastair Murray
Chief Financial Officer

INDEPENDENT REVIEW REPORT TO PREMIER FOODS PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the twenty six weeks ended 01 October 2016 which comprises the condensed consolidated balance sheet, the related condensed consolidated statement of profit and loss, statement of comprehensive income, statement of cash flows and statement of changes in equity for the twenty six week period then ended and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the twenty six weeks ended 01 October 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Richard Pinckard
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

14 November 2016

Condensed consolidated statement of profit or loss (unaudited)

	Note	**Period ended 1 Oct 2016 £m**	Period ended 3 Oct 2015 £m
Continuing operations			
Revenue	4	**348.0**	341.2
Cost of sales		**(224.3)**	(214.5)
Gross profit		**123.7**	126.7
Selling, marketing and distribution costs		**(60.9)**	(58.5)
Administrative costs		**(40.8)**	(44.9)
Operating profit	4	**22.0**	23.3
Finance cost	5	**(31.7)**	(24.1)
Finance income	5	**0.8**	2.2
Fair value movements on interest rate financial instruments	5	**0.2**	0.5
Share of loss from associates	10	**-**	(7.0)
Loss before taxation from continuing operations		**(8.7)**	(5.1)
Taxation (charge)/credit	6	**(46.9)**	26.8
(Loss)/profit after taxation from continuing operations		**(55.6)**	21.7
Loss from discontinued operations	8	**-**	(0.2)
(Loss)/profit for the period attributable to owners of the parent		**(55.6)**	21.5
Basic (loss)/earnings per share	7	**(6.7)**	2.6
Diluted (loss)/earnings per share	7	**(6.7)**	2.5
Adjusted earnings per share[1]	7	**2.5**	2.7

[1] Adjusted earnings per share is defined as trading profit less net regular interest payable, less a notional tax charge at 20.0% (2015/16: 20.0%) divided by the weighted average number of ordinary shares of the Company.

The notes on pages 23 to 40 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income (unaudited)

	Note	Period ended 1 Oct 2016 £m	Period ended 3 Oct 2015 £m
(Loss)/profit for the period		**(55.6)**	21.5
Other comprehensive income/(losses)			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit schemes	14	**(390.7)**	179.8
Deferred tax credit/(charge)		**50.2**	(35.5)
Items that are or may be reclassified to profit or loss			
Exchange differences on translation		**0.1**	0.4
Other comprehensive (loss)/income, net of tax		**(340.4)**	144.7
Total comprehensive (loss)/income attributable to owners of the parent		**(396.0)**	166.2

The notes on pages 23 to 40 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated balance sheet (unaudited)

	Note	As at 1 Oct 2016 £m	As at 2 Apr 2016 £m
ASSETS:			
Non-current assets			
Property, plant and equipment		**183.7**	187.8
Goodwill		**650.1**	649.8
Other intangible assets		**478.9**	496.0
Retirement benefit assets	14	**362.0**	550.9
Deferred tax assets		**30.1**	25.9
		1,704.8	1,910.4
Current assets			
Inventories		**80.5**	63.2
Trade and other receivables		**84.3**	100.5
Financial assets – derivative financial instruments	12	**1.7**	1.6
Cash and cash equivalents	15	**34.5**	8.0
		201.0	173.3
Total assets		**1,905.8**	2,083.7
LIABILITIES:			
Current liabilities			
Trade and other payables		**(198.0)**	(204.7)
Financial liabilities:			
– short-term borrowings	11	**(20.6)**	(0.4)
– derivative financial instruments	12	**(1.0)**	(2.0)
Provisions for liabilities and charges	13	**(6.1)**	(6.3)
Current income tax liabilities		**(0.8)**	(0.7)
		(226.5)	(214.1)
Non-current liabilities			
Financial liabilities – long-term borrowings	11	**(569.9)**	(541.8)
Retirement benefit obligations	14	**(590.8)**	(420.0)
Provisions for liabilities and charges	13	**(51.3)**	(47.3)
Other liabilities		**(11.3)**	(12.0)
		(1,223.3)	(1,021.1)
Total liabilities		**(1,449.8)**	(1,235.2)
Net assets		**456.0**	848.5
EQUITY:			
Capital and reserves			
Share capital		**82.7**	82.7
Share premium		**1,406.7**	1,406.6
Merger reserve		**351.7**	351.7
Other reserves		**(9.3)**	(9.3)
Profit and loss reserve		**(1,375.8)**	(979.3)
Capital and reserves attributable to owners of the Parent		**456.0**	852.4
Non-controlling interest	9	**-**	(3.9)
Total equity		**456.0**	848.5

The notes on pages 23 to 40 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of cash flows (unaudited)

	Note	Period ended 1 Oct 2016 £m	Period ended 3 Oct 2015 £m
Cash generated from operations	15	**7.0**	42.2
Interest paid		**(21.0)**	(22.3)
Interest received		**0.8**	1.6
Cash (used)/generated from operating activities		**(13.2)**	21.5
Purchase of property, plant and equipment		**(3.9)**	(13.9)
Purchase of intangible assets		**(2.1)**	(4.1)
Cash used in investing activities		**(6.0)**	(18.0)
Repayment of borrowings		**(1.6)**	(1.0)
Proceeds from borrowings		**34.0**	-
Movement in securitisation funding programme		**(6.4)**	(19.7)
Proceeds from share issue		**0.1**	-
Purchase of shares to satisfy share awards		**(0.7)**	(1.5)
Cash generated/(used) in financing activities		**25.4**	(22.2)
Net inflow/(outflow) of cash and cash equivalents		**6.2**	(18.7)
Cash, cash equivalents and bank overdrafts at beginning of period		**7.8**	21.7
Cash, cash equivalents and bank overdrafts at end of period	15	**14.0**	3.0

The notes on pages 23 to 40 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity (unaudited)

	Note	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Profit and loss reserve £m	Non-controlling interest £m	Total equity £m
At 5 April 2015		82.6	1,406.4	351.7	(9.3)	(1,291.2)	-	540.2
Profit for the period		-	-	-	-	21.5	-	21.5
Remeasurements of defined benefit schemes	14	-	-	-	-	179.8	-	179.8
Deferred tax charge		-	-	-	-	(35.5)	-	(35.5)
Exchange differences on translation		-	-	-	-	0.4	-	0.4
Other comprehensive income		-	-	-	-	144.7	-	144.7
Total comprehensive income		-	-	-	-	166.2	-	166.2
Share-based payments		-	-	-	-	2.1	-	2.1
Purchase of shares to satisfy share awards		-	-	-	-	(1.5)	-	(1.5)
At 3 October 2015		82.6	1,406.4	351.7	(9.3)	(1,124.4)	-	707.0
At 3 April 2016		**82.7**	**1,406.6**	**351.7**	**(9.3)**	**(979.3)**	**(3.9)**	**848.5**
Loss for the period		**-**	**-**	**-**	**-**	**(55.6)**	**-**	**(55.6)**
Remeasurements of defined benefit schemes	14	**-**	**-**	**-**	**-**	**(390.7)**	**-**	**(390.7)**
Deferred tax credit		**-**	**-**	**-**	**-**	**50.2**	**-**	**50.2**
Exchange differences on translation		**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Other comprehensive losses		**-**	**-**	**-**	**-**	**(340.4)**	**-**	**(340.4)**
Total comprehensive losses		**-**	**-**	**-**	**-**	**(396.0)**	**-**	**(396.0)**
Shares issued		**-**	**0.1**	**-**	**-**	**-**	**-**	**0.1**
Share-based payments		**-**	**-**	**-**	**-**	**3.2**	**-**	**3.2**
Purchase of shares to satisfy share awards		**-**	**-**	**-**	**-**	**(0.7)**	**-**	**(0.7)**
Deferred tax movements on share-based payments		**-**	**-**	**-**	**-**	**0.9**		**0.9**
Movement in non-controlling interest		**-**	**-**	**-**	**-**	**(3.9)**	**3.9**	**-**
At 1 October 2016		**82.7**	**1,406.7**	**351.7**	**(9.3)**	**(1,375.8)**	**-**	**456.0**

The notes on pages 23 to 40 form an integral part of the condensed consolidated interim financial information.

1. General information

Premier Foods plc (the "Company") is a public limited company incorporated and domiciled in England and Wales, registered number 5160050, with its registered office at Premier House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE. The principal activity of the Company and its subsidiaries (the "Group") is the manufacture and distribution of branded and own label ambient food products as described in the Group's annual report and accounts for the financial period ended 2 April 2016.

2. Significant accounting policies

Basis of preparation

The condensed consolidated financial information ("financial information") for the period ended 1 October 2016 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The financial information for the period ended 1 October 2016 should be read in conjunction with the Group's financial statements for the 52 weeks ended 2 April 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. They have been prepared applying the accounting policies and presentation as applied in the preparation of the Group's published consolidated financial statements for the 52 weeks ended 2 April 2016, except where new or revised accounting standards have been applied. There has been no significant impact on the Group profit or net assets on adoption of new or revised accounting standards in the period.

The financial information for the period ended 1 October 2016 is unaudited but has been subject to an independent review by KPMG LLP.

The Group's financial statements for the 52 weeks ended 2 April 2016, which were approved by the Board of Directors on 16 May 2016, were reported on by KPMG LLP and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not contain a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

This financial information was approved for issue on 14 November 2016.

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 April 2016 and 1 October 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.

3. Critical accounting policies, estimates and judgements

The following are areas of particular significance to the Group's interim financial information and include the use of estimates and the application of judgement, which is fundamental to the preparation of this condensed consolidated interim financial information. There have been no significant changes to critical estimates and judgements from the financial period ended 2 April 2016.

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. Each of the underlying assumptions is set out in more detail in note 14.

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).

In addition, the recognition of any defined benefit asset is assessed in accordance with IFRIC 14.

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.

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 include 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

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 management 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 either to offset deferred tax liabilities or 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.

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.

4. 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 profit/(loss) before tax before net finance costs, profits and losses from share of associates, amortisation of intangible assets, impairment, fair value movements on foreign exchange and other derivative contracts, restructuring costs, and net interest on pensions and administration expenses.

The segment results for the period ended 1 October 2016 and 3 October 2015, and the reconciliation of the segment measures to the respective statutory items included in the consolidated financial statements, are as follows:

	Period ended 1 Oct 2016		
	Grocery	**Sweet Treats**	**Continuing operations**
	£m	**£m**	**£m**
Revenue	**250.3**	**97.7**	**348.0**
Divisional contribution	**56.2**	**6.6**	**62.8**
Group and corporate costs			**(14.8)**
Trading profit			**48.0**
Amortisation of intangible assets			**(19.0)**
Fair value movements on foreign exchange and other derivative contracts			**1.0**
Restructuring costs			**(7.1)**
Net interest on pensions and administrative expenses			**(0.9)**
Operating profit			**22.0**
Finance cost			**(31.7)**
Finance income			**0.8**
Fair value movements on interest rate financial instruments			**0.2**
Loss before taxation from continuing operations			**(8.7)**
Depreciation	**(3.9)**	**(4.2)**	**(8.1)**

	Period ended 3 Oct 2015		
	Grocery	**Sweet Treats**	**Continuing operations**
	£m	**£m**	**£m**
Revenue	247.4	93.8	341.2
Divisional contribution	60.8	7.4	68.2
Group and corporate costs			(17.9)
Trading profit			50.3
Amortisation of intangible assets			(18.7)
Fair value movements on foreign exchange and other derivative contracts			1.2
Restructuring costs			(2.5)
Net interest on pensions and administrative expenses			(7.0)
Operating profit			23.3
Finance cost			(24.1)
Finance income			2.2
Fair value movements on interest rate financial instruments			0.5
Share of loss from associates			(7.0)
Loss before taxation from continuing operations			(5.1)
Depreciation	(4.1)	(3.6)	(7.7)

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

5. Finance income and costs

	Period ended 1 Oct 2016 £m	Period ended 3 Oct 2015 £m
Interest payable on bank loans and overdrafts	**(2.9)**	(2.5)
Interest payable on senior secured notes	**(15.3)**	(15.4)
Interest payable on revolving facility	**(1.9)**	(3.2)
Interest payable on interest rate financial instruments	**(0.4)**	(0.7)
Other interest payable[1]	**(9.1)**	-
Amortisation of debt issuance costs	**(2.0)**	(2.3)
	(31.6)	(24.1)
Write off of financing costs	**(0.1)**	-
Total finance cost	**(31.7)**	(24.1)
Interest receivable on bank deposits	**0.8**	1.6
Other interest receivable	**-**	0.6
Total finance income	**0.8**	2.2
Fair value movements on interest rate financial instruments	**0.2**	0.5
Net finance cost	**(30.7)**	(21.4)

[1]Included in other interest payable is £8.6m (2015: £nil) relating to the unwind of the discount on certain of the Group's long term provisions.

6. Taxation

The taxation charge on continuing operations for the period ended 1 October 2016 of £46.9m (2015: £26.8m credit) includes a credit of £1.0m (2015: £1.7m credit) relating to the loss for the period, which is based upon management's best estimate of the effective annual income tax rate expected for the full financial year, a charge of £44.9m (2015: £25.1m credit) relating to derecognising deferred tax assets in respect of losses, and a charge of £3.0m (2015: £nil) relating to the restatement of deferred tax balances at 17%.

7. Earnings/(loss) per share

Basic earnings/(loss) per share has been calculated by dividing the loss for the period ended 1 October 2016 attributable to owners of the parent of £55.6m (2015: £21.5m profit) by the weighted average number of ordinary shares of the Company.

	Period ended 1 Oct 2016 Number	Period ended 3 Oct 2015 Number
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**827,687,105**	825,741,256
Effect of dilutive potential ordinary shares	**46,059,476**	26,585,640
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**873,746,581**	852,326,896

	Period ended 1 Oct 2016			Period ended 3 Oct 2015		
	Basic	**Dilutive effect of share options**	**Diluted**	Basic	Dilutive effect of share options	Diluted
Continuing operations						
(Loss)/profit after tax (£m)	**(55.6)**		**(55.6)**	21.7		21.7
(Loss)/earnings per share (pence)	**(6.7)**	**-**	**(6.7)**	2.6	(0.1)	2.5
Discontinued operations						
Loss after tax (£m)	**-**		**-**	(0.2)		(0.2)
Loss per share (pence)	**-**	**-**	**-**	-	-	-
Total						
(Loss)/profit after tax (£m)	**(55.6)**		**(55.6)**	21.5		21.5
(Loss)/earnings per share (pence)	**(6.7)**	**-**	**(6.7)**	2.6	(0.1)	2.5

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 and share awards. 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 share awards and the subscription rights attached to the outstanding share options.

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

There is no dilutive effect of share options or share awards, as the Group made a loss in the period.

Adjusted earnings per share (“Adjusted EPS”)

Adjusted earnings per share is defined as trading profit less net regular interest payable, less a notional tax charge at 20.0% (2015: 20.0%) divided by the weighted average number of ordinary shares of the Company.

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.

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.

	Period ended 1 Oct 2016 £m	Period ended 3 Oct 2015 £m
Trading profit	**48.0**	50.3
Less net regular interest payable	**(21.7)**	(22.5)
Adjusted profit before tax	**26.3**	27.8
Notional tax at 20.0%	**(5.3)**	(5.6)
Adjusted profit after tax	**21.0**	22.2
Average shares in issue (m)	**827.7**	825.7
Adjusted EPS (pence)	**2.5**	2.7
Net regular interest		
Net finance cost	**(30.7)**	(21.4)
Exclude fair value movements on interest rate financial instruments	**(0.2)**	(0.5)
Exclude write off of financing costs	**0.1**	-
Exclude other interest	**9.1**	(0.6)
Net regular interest	**(21.7)**	(22.5)

8. Discontinued operations

Income and expenditure incurred on discontinued operations for the period ended 1 October 2016 and 3 October 2015 comprises costs relating to the previously disposed Bread business.

	Period ended 1 Oct 2016 £m	Period ended 3 Oct 2015 £m
Revenue	**-**	-
Operating expenses	**-**	(0.2)
Operating loss	**-**	(0.2)
Finance cost	**-**	-
Loss before taxation	**-**	(0.2)
Taxation credit	**-**	-
Loss after taxation on discontinued operations for the period	**-**	(0.2)

During the period ended 1 October 2016, discontinued operations contributed a £0.7m inflow (2015: £1.0m outflow) to the Group’s operating cash flows, £nil (2015: £nil) to investing activities and £nil (2015: £nil) to financing activities.

9. Ownership of subsidiaries/businesses

On 1 April 2016, the Group gained control (as defined under IFRS 10) of Knighton Foods Investments Limited ('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.

At 2 April 2016, the Group owned 49% of the ordinary share capital. On 24 May 2016, the Group acquired the remaining 51% of the ordinary share capital of Knighton.

Goodwill of £4.1m is attributable to the intellectual property of Knighton and synergies which arose on acquisition.

Given the proximity of the transfer of control to 2 April 2016, the values of identifiable assets and liabilities acquired were provisional. During the period, a fair value adjustment has been made in respect of provisions for liabilities that existed at the acquisition date. Fair values remain provisional until 12 months after the transfer of control.

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	At 2 April 2016 Provisional values on acquisition £m	Purchase of NCI £m	Fair Value adjustments £m	At 1 Oct 2016 Provisional fair values £m
Property, plant & equipment	2.4	-	-	2.4
Inventories	7.0	-	-	7.0
Trade and other receivables	9.2	-	-	9.2
Trade and other payables	(16.2)	-	(0.3)	(16.5)
Cash and cash equivalents	(0.2)	-	-	(0.2)
Financial liabilities – borrowings and other loans	(9.9)	-	-	(9.9)
Total identifiable net liabilities	(7.7)	-	(0.3)	(8.0)
Non-controlling interest	3.9	(3.9)	-	-
Goodwill	3.8	-	0.3	4.1
Equity	-	3.9	-	3.9
Total consideration	-	-	-	-

Subsidiaries with significant non-controlling interests

At 2 April 2016 the Group had one subsidiary company which had a material non-controlling interest of 51%, Knighton. Following the acquisition of the remaining 51% of the ordinary share capital of Knighton, the non-controlling interest recognised as at 2 April 2016 of £3.9m has subsequently been transferred to equity.

10. Investment in associates

In the 52 weeks ended 2 April 2016, a total impairment charge of £13.6m was recognised relating to the Group's investments in Hovis Holdings Limited ('Hovis') and Knighton. The impairment relating to Hovis reflected the highly competitive bread industry and the previous significant losses. The impairment of the Knighton investment reflected the challenges faced by the Knighton business.

At 2 April 2016, the Group owned 49% of the ordinary share capital. On 24 May 2016, the Group acquired the remaining 51% of the ordinary share capital of Knighton.

	Hovis	**Knighton**	**Total**
	£m	**£m**	**£m**
At 4 April 2015	22.6	12.6	35.2
Interest receivable	0.8	0.2	1.0
Share of loss from associates	(6.8)	(0.2)	(7.0)
At 3 October 2015	**16.6**	**12.6**	**29.2**
Share of loss from associates	(7.3)	(8.3)	(15.6)
Impairment charge	(9.3)	(4.3)	(13.6)
At 2 April 2016 and at 1 October 2016	**-**	**-**	**-**

11. Bank and other borrowings

	As at 1 Oct 2016 £m	As at 2 Apr 2016 £m
Current:		
Bank overdrafts	**(20.5)**	(0.2)
Finance lease obligations	**(0.1)**	(0.2)
Total borrowings due within one year	**(20.6)**	(0.4)
Non-current:		
Secured senior credit facility – revolving	**(89.0)**	(55.0)
Transaction costs	**6.2**	6.9
	(82.8)	(48.1)
Bank term loan	**-**	(1.5)
	-	(1.5)
Senior secured notes	**(500.0)**	(500.0)
Transaction costs	**12.9**	14.2
	(487.1)	(485.8)
Securitisation facility	**-**	(6.4)
	-	(6.4)
Total borrowings due after more than one year	**(569.9)**	(541.8)
Total bank and other borrowings	**(590.5)**	(542.2)

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 as at 2 April 2016 related to that of Knighton and was priced at 2.75% above LIBOR. This was repaid during the period.

Securitisation facility

The securitisation facility drawn as at 2 April 2016 related to that of Knighton and was priced at 2.25% above LIBOR. This was repaid during the period.

Senior secured notes

The senior secured notes are listed on the Irish GEM Stock Exchange. The 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.

12. Financial instruments

The following table shows the carrying amounts and fair values of the Group's financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Set out below is a summary of methods and assumptions used to value each category of financial instrument.

	As at 1 Oct 2016		As at 2 Apr 2016	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Loans and receivables:				
Cash and cash equivalents	**34.5**	**34.5**	8.0	8.0
Trade and other receivables	**58.9**	**58.9**	83.6	83.6
Financial assets at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**1.7**	**1.7**	1.6	1.6
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Commodity and energy derivatives	**(0.2)**	**(0.2)**	(1.0)	(1.0)
– Interest rate swaps	**(0.8)**	**(0.8)**	(1.0)	(1.0)
Financial liabilities at amortised cost:				
Trade and other payables	**(193.3)**	**(193.3)**	(199.9)	(199.9)
Senior secured notes	**(500.0)**	**(501.6)**	(500.0)	(511.7)
Senior secured credit facility – revolving	**(89.0)**	**(89.0)**	(55.0)	(55.0)
Bank term loan	**-**	**-**	(1.5)	(1.5)
Bank overdraft	**(20.5)**	**(20.5)**	(0.2)	(0.2)
Finance lease obligations	**(0.1)**	**(0.1)**	(0.2)	(0.2)
Securitisation facility	**-**	**-**	(6.4)	(6.4)

The following table presents the Group's assets and liabilities that are measured at fair value using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	As at 1 Oct 2016		As at 2 Apr 2016	
	Level 1 £m	**Level 2 £m**	Level 1 £m	Level 2 £m
Financial assets at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**1.7**	-	1.6
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Commodity and energy derivatives	**-**	**(0.2)**	-	(1.0)
– Interest rate swaps	**-**	**(0.8)**	-	(1.0)
Financial liabilities at amortised cost:				
Senior secured notes	**(501.6)**	**-**	(511.7)	-

13. Provisions for liabilities and charges

	As at 1 Oct 2016 £m	As at 2 Apr 2016 £m
Non-current	**(51.3)**	(47.3)
Current	**(6.1)**	(6.3)
Total	**(57.4)**	(53.6)

Total provisions for liabilities and charges of £57.4m at 1 October 2016 (2 April 2016: £53.6m) comprise restructuring provisions of £32.8m (2 April 2016: £26.4m) which primarily relate to provisions for non-operational leasehold properties, and other provisions of £24.6m (2 April 2016: £27.2m) which primarily relate to insurance claims, dilapidations against leasehold properties and environmental liabilities.

14. 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 full 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. Actuarial valuations for the schemes based in Ireland were carried out in 2014. Actuarial valuations as at 31 March 2016 / 5 April 2016 are substantially complete.

The exchange rates used to translate the overseas Euro based schemes are £1.00 = €1.1735 for the average rate during the period, and £1.00 = €1.1607 for the closing position at 1 October 2016.

At the balance sheet date, the combined principal actuarial assumptions used for all the schemes were as follows:

	Premier schemes	**RHM schemes**
At 1 October 2016		
Discount rate	**2.25%**	**2.25%**
Inflation – RPI	**3.15%**	**3.15%**
Inflation – CPI	**2.05%**	**2.05%**
Expected salary increases	**n/a**	**n/a**
Future pension increases	**2.10%**	**2.10%**
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%

For the smaller overseas schemes the discount rate used was 1.25% (2015/16: 1.85%) and future pension increases were 1.40% (2015/16: 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 1 October 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 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

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 1 October 2016:						
UK equities	**0.5**	**0.1**	**0.5**	**0.0**	**1.0**	**0.0**
Global equities	**6.1**	**0.9**	**460.5**	**10.4**	**466.6**	**9.1**
Government bonds	**25.2**	**3.6**	**466.2**	**10.5**	**491.4**	**9.6**
Corporate bonds	**-**	**-**	**174.1**	**3.9**	**174.1**	**3.4**
Property	**9.5**	**1.4**	**350.6**	**7.9**	**360.1**	**7.0**
Absolute return products	**404.6**	**58.5**	**784.1**	**17.7**	**1,188.7**	**23.2**
Cash	**10.1**	**1.4**	**105.6**	**2.4**	**115.7**	**2.3**
Other	**235.9**	**34.1**	**2.8**	**0.1**	**238.7**	**4.7**
Assets without a quoted price in an active market at 1 October 2016:						
Infrastructure funds	**-**	**-**	**231.3**	**5.2**	**231.3**	**4.5**
Swaps	**-**	**-**	**1,436.6**	**32.5**	**1,436.6**	**28.1**
Private equity	**-**	**-**	**300.6**	**6.8**	**300.6**	**5.9**
Other	**-**	**-**	**111.1**	**2.6**	**111.1**	**2.2**
Fair value of scheme assets as at 1 October 2016	**691.9**	**100**	**4,424.0**	**100**	**5,115.9**	**100**
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

The schemes invest in interest rate and inflation swaps to protect from fluctuations in interest and inflation.

The amounts recognised on 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 1 October 2016			
Present value of funded obligations	**(1,282.7)**	**(4,062.0)**	**(5,344.7)**
Fair value of plan assets	**691.9**	**4,424.0**	**5,115.9**
(Deficit)/surplus in schemes	**(590.8)**	**362.0**	**(228.8)**
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

The aggregate deficit has increased by £359.7m during the period ended 1 October 2016 (52 weeks ended 2 April 2016: £342.7m decrease) primarily due to a decrease in the discount rate assumption.

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 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)**
Interest cost	**(17.1)**	**(55.7)**	**(72.8)**
Remeasurement losses	**(275.2)**	**(874.2)**	**(1,149.4)**
Exchange differences	**(4.0)**	**(2.2)**	**(6.2)**
Benefits paid	**17.8**	**77.9**	**95.7**
Defined benefit obligation at 1 October 2016	**(1,282.7)**	**(4,062.0)**	**(5,344.7)**

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 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**
Interest income on plan assets	**10.1**	**65.4**	**75.5**
Remeasurement gains	**82.0**	**676.7**	**758.7**
Administrative costs	**(1.4)**	**(2.2)**	**(3.6)**
Contributions by employer	**30.9**	**1.2**	**32.1**
Exchange differences	**3.9**	**2.1**	**6.0**
Benefits paid	**(17.8)**	**(77.9)**	**(95.7)**
Fair value of plan assets at 1 October 2016	**691.9**	**4,424.0**	**5,115.9**

The reconciliation of the net defined benefit liability over the period is as follows:

	Premier schemes £m	RHM schemes £m	Total £m
(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**
Amount recognised in profit or loss	**(8.4)**	**7.5**	**(0.9)**
Remeasurements recognised in other comprehensive income	**(193.2)**	**(197.5)**	**(390.7)**
Contributions by employer	**30.9**	**1.2**	**32.1**
Exchange rate losses	**(0.1)**	**(0.1)**	**(0.2)**
(Deficit)/surplus in schemes at 1 October 2016	**(590.8)**	**362.0**	**(228.8)**

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

	Premier schemes £m	RHM schemes £m	Total £m
Period ended 1 October 2016			
Operating profit			
Administrative costs	**(1.4)**	**(2.2)**	**(3.6)**
Net interest (cost)/credit	**(7.0)**	**9.7**	**2.7**
Total for the period	**(8.4)**	**7.5**	**(0.9)**
Period ended 3 October 2015			
Operating profit			
Administrative costs	(1.3)	(2.4)	(3.7)
Net interest (cost)/credit	(7.4)	4.1	(3.3)
Total for the period	(8.7)	1.7	(7.0)
52 weeks ended 2 April 2016			
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)

15. Notes to the cash flow statement

Reconciliation of loss before taxation to cash flows from operating activities

	Period ended 1 Oct 2016 £m	Period ended 3 Oct 2015 £m
Continuing operations		
Loss before taxation	**(8.7)**	(5.1)
Net finance cost	**30.7**	21.4
Share of loss from associates	**-**	7.0
Operating profit	**22.0**	23.3
Depreciation of property, plant and equipment	**8.1**	7.7
Amortisation of intangible assets	**19.0**	18.7
Fair value movements on financial instruments	**(1.0)**	(1.2)
Equity settled employee incentive schemes	**3.2**	2.1
Increase in inventories	**(17.4)**	(13.8)
(Increase)/decrease in trade and other receivables	**15.4**	(4.0)
(Decrease)/Increase in trade and other payables and provisions	**(11.8)**	7.9
Movement in retirement benefit obligations	**(31.2)**	2.5
Cash generated from continuing operations	**6.3**	43.2
Discontinued operations	**0.7**	(1.0)
Cash generated from operations	**7.0**	42.2

Analysis of movement in borrowings

	As at 2 Apr 2016 £m	Cash flows £m	Other non-cash movements £m	As at 1 Oct 2016 £m
Bank overdrafts	(0.2)	(20.3)	-	**(20.5)**
Cash and bank deposits	8.0	26.5	-	**34.5**
Net cash and cash equivalents	7.8	6.2	-	**14.0**
Borrowings - term facilities	(1.5)	1.5	-	**-**
Borrowings - revolving credit facilities	(55.0)	(34.0)	-	**(89.0)**
Borrowings - senior secured notes	(500.0)	-	-	**(500.0)**
Finance lease obligations	(0.2)	0.1	-	**(0.1)**
Securitisation facility	(6.4)	6.4	-	**-**
Gross borrowings net of cash[1]	(555.3)	(19.8)	-	**(575.1)**
Debt issuance costs	21.1	-	(2.0)	**19.1**
Total net borrowings[1]	(534.2)	(19.8)	(2.0)	**(556.0)**

[1] Borrowings excludes derivative financial instruments.

16. Contingencies

There were no material contingent liabilities as at 1 October 2016 and 2 April 2016.

17. Related party transactions

There were no material related party transactions in the period ended 1 October 2016. The Group's related party transactions and relationships for the 52 weeks ended 2 April 2016 were disclosed on pages 129-130 of the annual report and accounts for the financial period ended 2 April 2016.

18. Subsequent events

There have been no material subsequent events.