23 July 2013

Premier Foods plc

Half Year results for the six months to 30 June 2013

Trading profit up 50%, Full Year expectations raised

- **Grocery Power Brand sales up 4.0%, delivering six successive quarters' growth**
- **Underlying business Trading profit up 50% to £47.4m**
- **Bread restructuring programme well ahead of plan**
- **£20m SG&A cost savings activity delivered**
- **Additional £10m annualised complexity cost savings to be delivered in H2**
- **FY 2013 Trading profit expected to be around the top end of market expectations**
- **Recurring cash flow guidance for 2013 raised to £50-70m**

Premier Foods today announces its Half Year results for 2013, demonstrating continued strong momentum against its strategies.

Gavin Darby, Chief Executive Officer, said:

"A 50% increase in Trading profit is a very encouraging result given the highly competitive environment. This shows that our turnaround strategy is delivering at the bottom line. We have now grown sales in our Grocery Power Brands for six consecutive quarters as we continue to build partnerships with our customers, deepen our understanding of consumers and invest more effectively in supporting our brands.

"We have already completed the actions to deliver the promised £20m of overhead cost savings for 2013 and continue to keep a tight control over costs. The restructuring of our bread and milling business is ahead of plan and we are taking the decisions necessary to create a more sustainable platform for this business.

"The second half will see further plans to grow our Power Brands, in addition to a new £10m of cost savings that we have now identified from our efforts to reduce complexity. As a result, we now expect Full Year Trading Profit to be around the top of market expectations.

"Looking further forward, we will continue to drive profitable top-line growth by focusing on growing our categories supported by ongoing cost savings from reducing complexity. At the right time, we will address our capital structure – from a position of growing strength given the delivery of our turnaround plan and the performance of our Power Brands. I am excited by the potential offered by Premier Foods in the longer term."

	2013 H1	2012 H1	Change
Underlying business			
Sales (excl Milling) (£m)	621.2	626.8	(0.9%)
Grocery Power Brand sales (£m)	253.2	243.6	4.0%
Trading profit (£m)	47.4	31.6	50.2%
Continuing operations			
Sales (£m)	742.2	852.8	(13.0%)
Trading profit (£m)	48.9	72.4	(32.4%)
Adjusted profit before tax (£m)	21.6	30.1	(28.2%)
Basic (loss) per share (pence)	(6.4)	(17.2)	62.8%

Premier Foods plc

A presentation to analysts will take place today, 23 July 2013, at 9.00am at the London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. Attendance is by invitation only. The presentation will be webcast at www.premierfoods.co.uk. A recording of the webcast will be available on the Company's website later in the day.

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

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- Ends -

Underlying business

The Company's results for the Half Year to 30 June 2013 are presented on an **'Underlying business'** basis, unless otherwise stated. 'Underlying business' excludes the results of previously announced business disposals, Milling (sales only), and strategic contract withdrawals. The tables below illustrate these items for 2013 H1 and 2012 H1 results.

The purpose of using the 'Underlying business' basis for measuring performance is to reflect the performance of the core business of the Company. With the Company having undergone a year of major restructuring in 2012, this basis better reflects the underlying performance of the business.

'**Continuing operations'** includes the results of disposed businesses for the respective periods until disposal was completed. For example, the Sweet Pickles and Table Sauces business disposal completed on 2 February 2013; therefore the results of the continuing operations for the Half Year 2013 include one month's results of this disposed business.

£m	Continuing operations	Less: Disposals	Less: Milling sales[6]	Less: Contract Withdrawals[7]	Less: 2012 Other credits (Pension)[8]	Underlying Business
2013 H1						
Sales	**742.2**	(5.7)	(115.3)	-	**-**	**621.2**
Trading profit	**48.9**	(1.5)	N/A	-	**-**	**47.4**
EBITDA[3]	**65.3**	(1.5)	N/A	-	**-**	**63.8**
2012 H1						
Sales	**852.8**	(124.5)	(86.7)	(14.8)	-	**626.8**
Trading profit	**72.4**	(20.8)	N/A	(1.0)	(19.0)	**31.6**
EBITDA[3]	**92.5**	(23.3)	N/A	(1.0)	(19.0)	**49.2**

Notes to editors:

1. The accounting period is from 1 January 2013 to 30 June 2013.
2. Trading profit is defined as operating profit before re-financing costs, restructuring costs, profits and losses associated with divestment activity, amortisation and impairment of intangible assets, the revaluation of foreign exchange and other derivative contracts under IAS 39 and pension administration costs and net interest on the net defined benefit liability.
3. EBITDA is Trading profit excluding depreciation.

4. Adjusted profit before tax is defined as Trading profit less net regular interest. Adjusted earnings per share is defined as Adjusted profit before tax less a notional tax charge of 23.25% (2012 H1: 24.5%) divided by the weighted average of the number of shares of 239.8 million. Net regular interest is defined as total net interest excluding write-off of financing costs, fair value adjustments on interest rate swaps and other financial liabilities at fair value through profit or loss and the unwind of the discount on provisions.
5. 2012 disposals are Vinegar and Sour Pickles, Elephant Atta Ethnic Flour, Sweet Spreads and Jellies and Sweet Pickles and Table Sauces.
6. Due to the cost plus pricing nature of the Milling business, fluctuations in the cost of wheat have a direct impact on reported sales, but not necessarily on Trading profit. As a result, the Milling business is excluded from the definition of 'Underlying business' for revenue only.
7. Strategic contract withdrawals. In 2013, the Company withdrew from a high cost to serve Bread contract and in 2012, one other non-core discrete contract. This contract finished at the end of April 2013, and therefore 2 months results of this contract are excluded from underlying business in 2012.
8. 2012 Other credits (Pensions) reflects the net credit following the decision by the RHM pension scheme to change the inflation assumption in evaluating scheme liabilities from RPI to CPI.
9. Measures on page 1 are defined above and reconciled to statutory measures in the appendices, where necessary

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

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

Certain statements in this document are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements.

Operating review

Underlying business

Underlying business excludes all completed disposals, strategic contract withdrawals and Milling sales. The following commentary is based on Underlying business unless otherwise stated.

£m	**2013 H1**	2012 H1	Change
Sales			
Grocery	**380.6**	384.5	(1.0%)
Bread	**240.6**	242.3	(0.7%)
Total	**621.2**	626.8	(0.9%)
Grocery divisional contribution	**77.4**	77.2	0.3%
Bread divisional contribution	**14.3**	18.7	(23.8%)
Total SG&A	**(44.3)**	(64.3)	31.1%
Trading profit	**47.4**	31.6	50.2%

£m	**2013 H1**	2012 H1	Change
Power Brands	**428.3**	415.1	3.2%
Support brands	**100.7**	106.1	(5.1%)
Total Branded	**529.0**	521.2	1.5%
Non-branded	**92.2**	105.6	(12.7%)
Total Sales	**621.2**	626.8	(0.9%)
Grocery Power Brands	**253.2**	243.6	4.0%

Introduction

Total Underlying business sales were down 0.9% at £621.2m compared to the first half of 2012. Sales of the Company's Power Brands grew by 3.2%, while sales of the Grocery Power Brands increased by 4.0%. This was offset by a sales decline of 5.1% in lower margin support brands.

Underlying business Trading profit increased by 50.2% to £47.4m in the period, predominantly driven by lower SG&A costs of £20.0m.

Grocery division

£m	**2013 H1**	2012 H1	Change
Branded sales	**343.8**	339.3	1.3%
Non-branded sales	**36.8**	45.2	(18.5%)
Total sales	**380.6**	384.5	(1.0%)
Power Brands sales	**253.2**	243.6	4.0%
Divisional contribution	**77.4**	77.2	0.3%

Branded sales in the Grocery division increased by 1.3% to £343.8m compared to £339.3m in 2012, driven by Grocery Power Brands sales growth of 4.0%. Total Grocery sales declined by 1.0% owing to a decrease in non-branded sales. Branded sales now account for over 90% of divisional sales while Grocery Power Brand sales comprise 66.5% of sales.

Grocery Power Brands grew by 4.4% in the second quarter this year - the sixth consecutive quarter, demonstrating the benefits of strategic focus, alongside sustained consumer marketing investment and consistently improving our customer partnerships. In the first six months of 2013, we led 100% more range reviews than the same period in 2012 which has resulted in over 37,000 incremental distribution points together with high distribution of new product launches across our customers' estates.

Ambrosia benefitted from a new marketing campaign on the core range while the new *Devon Dream* product was launched towards the end of the period, also supported by an advertising campaign. *Bisto* and *Oxo* performed well in the first six months of the year, reflecting their leading positions in a growing gravy and stocks category. Elsewhere the *Deli-Box* range, successfully launched last year, continues to contribute to the strong performance of *Batchelors*. We are also addressing growth opportunities in growing sales channels such as the discounter sector, through leveraging differentiated and affordable pack formats.

Divisional contribution performance was £77.4m, slightly ahead of the prior year. Consumer marketing activity is expected to be more equally balanced through 2013 compared to the prior year. The Grocery Power Brands benefitted from seven TV advertising campaigns in the period, including two for *Ambrosia*.

Total Grocery branded sales grew by 1.3% with the strong Power Brand performance partly offset by weaker support brand sales. While sales of Bird's custard have performed well in value-orientated channels, this has been offset by lower sales in Homebaking, Cadbury cake and Homepride cooking sauces. Over the medium term, support brands will become a more integral part of the Group's new focus on growing its categories.

Non-branded sales in the Grocery division decreased by 18.5% in the period, due to contract withdrawals in Desserts and powdered Beverages and stronger relative performance in branded Cake compared to non-branded.

Savings in manufacturing controllable costs are expected to continue to deliver gross savings in 2013 through process improvements at our manufacturing sites.

Bread division

£m	**2013 H1**	2012 H1	Change
Branded bread sales	**185.2**	181.9	1.8%
Non-branded bread sales	**55.4**	60.4	(8.3%)
Total bread sales	**240.6**	242.3	(0.7%)
Milling sales	**115.3**	86.7	33.0%
Total sales	**355.9**	329.0	8.2%
Divisional contribution	**14.3**	18.7	(23.8%)

Sales for the Bread division increased by 8.2% to £355.9m in the half year to the end of June, while sales excluding Milling declined 0.7% to £240.6m in the period. Milling sales were £115.3m in the first six months of 2013, up 33.0% compared to the prior year, principally reflecting higher pricing realised following the 2012 harvest. Divisional contribution declined by £4.4m to £14.3m in the half year to 30 June 2013.

Following the previously announced loss of a branded and non-branded bread contract, the Bread business is undergoing a year of major restructuring which is progressing well ahead of plan. In the first half of the year, the Eastleigh and Birmingham bakeries and Glasgow mill have all closed. The bakery in Greenford, West London, is expected to close in August. Additionally, the reconfiguration of our logistics network is now complete with the implementation of significant simplification of our direct to store delivery network.

The lost volume and margin from this contract is expected to be offset by manufacturing and distribution cost savings from the site closures and reconfigured logistics network. The full year cash costs associated with our restructuring programme are expected to be approximately £28m, of which £15.9m was incurred in the first half of the year. The Group expects to receive total cash proceeds relating to these site closures of £10-15m in 2014.

The Bread business now has a focused and dedicated organisational structure and has been relocated to our High Wycombe offices. Additionally and as previously announced, we are reconfiguring our Milling business unit to establish a separate business unit focused on our free trade customers which will be serviced by our Southampton, Manchester and Newbridge mills. Alongside this, we are vertically integrating our Mills at Andover, Gainsborough, Selby and Wellingborough into our Baking and Grocery businesses. The costs associated with the proposed closure of the Barry mill will be absorbed within the full year £28m restructuring costs.

In this year of restructuring, marketing investment is more focused, with the imminent launch of new Hovis packaging formats and improved Best of Both recipe formulation. Additionally, we have recently announced a five year licensing agreement for *Hovis Breakfast Bakes,* as we seek to build the *Hovis* brand in adjacent categories.

We are also delivering significant improvements in our plant capability through the roll out of a major refurbishment programme, resulting in increased capital investment levels per bakery.

Cost Savings Programme and SG&A costs

£m	**2013 H1**	2012 H1	Change
Total SG&A	**44.3**	64.3	31.1%

The previously announced SG&A cost savings programme has progressed very well with all activity now complete. The full savings of £20m will flow through during the remainder of the year. The SG&A cost base reduced by £20.0m in the first half of the year to £44.3m compared to £64.3m in the same period last year.

The restructuring of the SG&A cost base announced at the beginning of 2012 will have delivered annual run-rate savings in excess of £70m by the end of this year. This represents a reduction of nearly 50% on the 2011 exit position of approximately £155m per annum. This has been achieved through right-sizing both the commercial and support functions to ensure the overhead cost base better reflects the Company’s scale following the major disposal activity in 2012.

The costs to achieve the delivery of the savings programme in the first half of this year were £9.9m, with a further £1m expected to come through in the second half of the year.

As previously indicated, the Group continues to review ways to reduce complexity across the organisation. Initial efforts have focused on reducing the number of product units (or SKUs), working with fewer suppliers on more strategic partnerships and a planned consolidation of the Grocery logistics network this year. As a result, the Group expects a further £10m annualised savings will be delivered in the second half of 2013. Additional savings across the Group are expected in future periods as we progress with business complexity reduction.

Consumer Marketing

£m	2013 H1	2012 H1	Change
Consumer Marketing	**17.1**	23.5	27.3%

Total consumer marketing investment in the first half of the year was £6.4m lower than the prior year at £17.1m. During a year focusing on restructuring the Bread business, the Hovis brand has received more selected levels of brand investment in the first half, while Mr. Kipling and Cadbury cake have campaigns weighted more to the second half of 2013. While total spend is lower than 2012, our advertising media spend efficiency has improved by 40% in the period.

Six of the seven Grocery Power Brands have been advertised on TV in the first half of 2013 including the *Ambrosia Devon Dream* launch, the first *Batchelors* TV advertising in five years and strong support for the *Bisto Stock Melts* launch.

As previously indicated, consumer marketing activity is expected to be more equally balanced through 2013 compared to the prior year.

Net regular interest

£m	2013 H1	2012 H1	Change
Bank debt interest	**12.1**	19.1	36.6%
Swap contract interest	**3.7**	14.3	74.1%
Securitisation interest	**1.7**	1.2	(41.7%)
	17.5	34.6	49.4%
Amortisation and deferred fees	**9.8**	7.7	(27.3%)
Net regular interest	**27.3**	42.3	35.5%

Net regular interest charge was £27.3m in the period, 35.5% lower than the prior year. This lower charge was principally due to the conversion of the higher rate interest rate swaps into additional term loan at the end of March 2012, at a significantly lower interest rate and following completion of the previously announced re-financing agreement. Term debt interest was lower reflecting reduced levels of Net debt following the disposal of businesses during 2012.

The Company's Net regular interest guidance for 2013 of £60-65 million remains unchanged. Within this, the amortisation of deferred financing fees is expected to be approximately £22 million.

Cash flow

£m	2013 H1	2012 H1
Underlying business Trading profit	**47.4**	31.6
Underlying Trading profit adjustments	**-**	20.0
Depreciation	**16.4**	17.6
Other non-cash items	**2.2**	(19.6)
Interest	**(22.6)**	(34.8)
Taxation	**-**	-
Pension contributions	**(3.4)**	(10.7)
Capital expenditure	**(15.2)**	(27.4)
Working capital	**(29.8)**	(22.2)
Recurring cash outflow	**(5.0)**	(45.5)

Group recurring cash flow before non-recurring items such as restructuring activity, financing fees and the impact of disposals was an outflow of £5.0m in the period.

Underlying business Trading profit was ahead of last year while depreciation was slightly lower at £16.4m. Other non-cash items in 2013 largely reflect the add-back of share based payments.

Cash interest was significantly lower in the first half of the year owing to the close out of the higher rate interest rate swaps in the second quarter of the prior year following the re-financing agreement announced in March 2012. Cash tax was nil in the period and is expected to be minimal in the full year.

Pension deficit contribution payments to the Company schemes in the period (including administrative costs) were £3.4m, compared to £10.7m last year, owing to reduced pension deficit contribution payments as agreed with the Trustees as part of the re-financing agreement in 2012.

Capital expenditure was £15.2m in the first six months of the year, and £12.2m lower than the comparative period. As a consequence, capital expenditure for 2013 is expected to be approximately 2.5% of Group sales and therefore lower than previously guided.

The working capital outflow in the period of £29.8m was greater than the prior year however this is expected to be broadly neutral in the second half of the year.

£m	**2013 H1**	2012 H1
Recurring cash outflow	**(5.0)**	(45.5)
Disposed businesses cash flows	**2.6**	22.9
Restructuring activity	**(25.3)**	(9.1)
Operating cash flow from total Company	**(27.7)**	(31.7)
Disposal proceeds	**90.8**	34.5
Financing fees & finance leases	**0.1**	(25.1)
Free cash flow	**63.2**	(22.3)

Free cash flow, before repayment of borrowings, was £63.2m in the period, compared to an outflow of £22.3m in 2012 H1. Restructuring activity relating to disposed businesses, including costs related to the cost savings programme, resulted in a cash outflow of £25.3m in the period.

Disposal proceeds of £90.8m in the period were from the sale of the Sweet Pickles & Table Sauces business, net of fees and a working capital adjustment. Prior year disposal proceeds of £34.7m from the sale of the Irish brands business were partly offset by smaller items.

Net debt

	£m
Net debt at 31 December 2012	**950.7**
Movement in cash 2013 H1	(63.2)
Other non-cash items	2.9
Net debt at 30 June 2013	**890.4**

Group Net debt at 30 June 2013 was £890.4m. Recurring cash flow in the six months to 30 June 2013 was an outflow of £5.0m and the Company expects recurring cash flow guidance for the year now to be in the range of £50-70m, higher than guided to previously.

Pensions

Cash paid to pension schemes in the period was £11.1m. This included £7.7m of regular contributions. The net IAS 19 deficit at 30 June 2013 was £394.7m, equivalent to £302.9m net of deferred tax and is £72.1m lower than six months ago, principally due to the increase in the discount rate from 4.45% to 4.70%. The latest triennial evaluation is ongoing, the outcome of which is expected in early 2014.

Pensions (£m)	30 June 2013	30 June 2012	31 Dec 2012
Assets			
Equities	**278.2**	433.7	411.3
Government & Corporate bonds	**1,207.2**	1,162.8	1,197.7
Property	**136.5**	89.3	105.3
Absolute/Target returns	**773.4**	662.3	712.1
Swaps	**(82.0)**	164.2	(169.0)
Cash	**488.9**	202.6	494.4
Other	**456.6**	476.1	457.5
Total Assets	**3,258.8**	3,191.0	3,209.3
Liabilities			
Discount rate	**4.70%**	4.70%	4.45%
Inflation rate (RPI/CPI)	**3.3%/2.3%**	2.9%/1.7%	2.95%/2.15%
Total Liabilities	**(3,653.5)**	(3,463.6)	(3,676.1)
Gross deficit (IAS 19)	**(394.7)**	(272.6)	(466.8)
Deferred tax (23.25%)	**91.8**	65.4	114.4
Net deficit (IAS 19)	**(302.9)**	(207.2)	(352.4)

In the classification disclosed in the table above, 'Other' includes investments in infrastructure assets and private equity funds.

The Group acknowledges the significance of the current pension deficit in determining a fair reflection of the Group's Enterprise value. The Group's preferred approach is to discount the post tax future cash flows of the agreed pension deficit contribution schedule, which amount to approximately £290 million.

Business Disposals

On 2 February 2013, the Group completed the disposal of the Sweet Pickles and Table Sauces business for gross proceeds of £92.5m, the net proceeds of which were used to pay down debt.

No other disposal activity took place in the period.

Capital Structure

The Group's bank debt and revolving credit facilities are in place until mid 2016. At this stage, no decisions have been made about the timing or composition of the Company's future capital structure. However, the Board continues to review the full range of options available to the Company and this will be addressed at the right time.

Outlook & Guidance

The consumer environment remains highly competitive. Looking forward, the Company will drive profitable top-line growth by focusing on growing our categories supported by ongoing cost savings from reducing complexity. The SG&A cost savings programme activity from right-sizing the business following non-core disposals is complete, the Bread restructuring programme is well ahead of plan and the Company expects to deliver Trading profit for 2013 around the top end of market expectations, also raising recurring free cash flow guidance.

Financial review

The Company presents its financial results for the Half year to 30 June 2013 with comparative information for the Half year to 30 June 2012.

Company structure

The Company completed the disposal of the Sweet Pickles and Table Sauces business on 2 February 2013.

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 the businesses disposed during the year. For example, the Sweet Pickles and Table Sauces business disposal completed on 2 February; therefore the results of the continuing operations for the Half year ended 2013 include one months' results of this disposed business.

Statement of profit or loss

Revenue from continuing operations was £742.2m, a decrease of £110.6m compared to the prior year. The major driver of the decline is attributed to the disposals of the Irish brands, Vinegar and Sour Pickles, Elephant Atta Ethnic Flour, Sweet Spreads and Jellies businesses and Sweet Pickles and Table Sauces partly offset by Power Brands sales growth.

Operating profit

The company made an Operating loss in the period of (£2.6m), compared to a prior year profit of £15.1m.

Trading profit was £48.9m in the period, compared to £72.4m in the prior year. This decline principally reflected the impact of the businesses disposed during 2012. During the first six months of the year, the Company delivered significant savings in the SG&A overhead cost base. The prior year period also included other credits of £19.0m relating to pension credits arising from the decision of the RHM pension scheme trustees to change the inflation assumption in evaluating scheme liabilities from RPI to CPI.

Restructuring costs and losses associated with divestment activity were £12.4m in the period compared to £17.9m in the prior year period. These charges relate to access costs associated with the Company's cost savings programme and restructuring activity associated with the previously announced closure of three bakeries and two distribution sites in the Bread division.

Amortisation of intangible assets was £23.6m in the period, a reduction of £2.5m from the prior year. The net interest on pensions and administrative expenses of £12.7m in the Half Year compares to a restated charge of £11.5m in 2012. These charges are due to a new accounting standard, effective from 1 January 2013, whereby interest income on plan assets is calculated using the discount rate rather than a higher expected asset return value.

A loss on disposal of operations of £2.4m in the period related to the disposal of the Sweet Pickles and Table Sauces business.

Finance expense

Net finance expense in the Half year ended 30 June 2013 was £20.9m, compared to £60.9m in the prior year. Net regular interest reduced by £15.0m to £27.3m, due to the conversion of higher rate interest rate swaps into additional term loan at a significantly lower interest rate in addition to lower levels of Net debt following the disposal of businesses during the course of the year. The prior year included a charge of £10.8m relating to the acceleration of write-off of financing costs associated with the previous bank facilities. Additionally, the period to 30 June 2013 benefitted from a positive movement in the fair valuation of interest rate derivatives of £7.5m, compared to an adverse movement of £7.4m in the prior year.

Profit before taxation

The Company made a loss before tax of £23.5m, compared to a prior year loss of £45.8m. Operating loss in the year was £2.6m due to the reasons outline above and net finance expense was £20.9m. The prior year loss of £45.8m was principally due to higher net finance expense, partly offset by profits attributable to non-core disposed of businesses.

Taxation

The taxation credit for the period was £8.2m (30 June 2012: £4.5m). The effective rate of corporation tax in the first six months was 23.25%.

The corporation tax rate for the remainder of the year is expected to be 23.25%. The deferred tax rate is expected to be 23.0% for the tax year ending 5 April 2014.

Earnings per share

Basic loss per share of 6.4 pence for the year on continuing operations is calculated by dividing the loss attributed to ordinary shareholders of £15.3m (30 June 2012: £41.3m) by the weighted number of shares in issue during the year. This compares to a loss per share of 17.2p for the prior year.

Adjusted earnings per share for continuing operations was 6.9 pence (30 June 2012: 9.5 pence). Adjusted earnings per share on continuing operations has been calculated by dividing the adjusted earnings (defined as Trading profit less net regular interest payable and notional taxation) attributed to ordinary shareholders of £16.6m (30 June 2012: £22.7m) 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 23.25% (30 June 2012: 24.5%).

The weighted number of shares in issue for the period was 239.8 million.

Cash flow and borrowings

Company net borrowings as at 30 June 2013 were £890.4m, a decrease of £60.3m since 31 December 2012. Of the movement since 31 December 2012, the cash and non-cash elements were a £63.2m inflow and a £2.9m outflow respectively.

The cash outflow from operating activities to 30 June 2013 was £8.2m (30 June 2012: outflow of £70.4m). This included cash generated from continuing operations of £12.7m (30 June 2012: £37.2m outflow) and cash inflow from discontinued operations of £1.7m (30 June 2012: £1.6m). Additionally, net cash interest paid was £22.6m (30 June 2012: £34.8m) due to lower bank margins following the re-financing agreement concluded in March 2012. Tax paid in the period was nil (30 June 2012: nil).

Sale of subsidiaries and property, plant and equipment in the first half was £90.8m (30 June 2012: £34.7m) following the completion of the Sweet Pickles and Table Sauces disposal. Net capital expenditure on tangible and intangible assets in the period was £19.4m (30 June 2012: £36.1m).

Repayment of borrowings of £90.8m is due to the pay down of bank debt following the receipt of the Sweet Pickles and Table Sauces disposal. Proceeds from borrowings reflect utilisation of the revolving credit facility in the period.

Pension schemes

At 30 June 2013 the Company's pension schemes under the IAS 19 accounting valuation showed a gross deficit of £394.7m, compared to £466.8m at 31 December 2012. The valuation at 30 June 2013 comprised a £48.1m deficit in respect of the RHM schemes and a deficit of £346.6m in relation to the Premier Foods schemes.

The deficit decrease principally reflects a positive movement in the RHM deficit of £83.5m from £131.6m to £48.1m. Asset values in the RHM scheme increased by £55.3m due to an increase in the value of property, absolute return and swap assets while liabilities decreased by £28.2m, due to an increase in the discount rate of 0.25% since 31 December 2012.

Following the refinancing package concluded with the banking syndicate, swap counterparties and pension schemes in March 2012, pension deficit contribution payments were suspended from March 2012 to December 2013; deficit contribution payments resume from January 2014.

The current triennial actuarial valuation is ongoing and the outcome is expected in early 2014.

Mark Moran
Chief Financial Officer

APPENDICES

'**Continuing operations'** includes the results of disposed businesses for the respective periods until disposal was completed.

'Underlying business' excludes the results of previously completed business disposals, Milling (sales only) and strategic contract withdrawals.

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

	2013 H1 **£m**	2012 H1 £m
Continuing Trading profit	**48.9**	72.4
Amortisation of intangible assets	**(23.6)**	(26.1)
Foreign exchange valuation items	**0.3**	(0.9)
Restructuring costs relating to divestment activity	**(12.4)**	(17.9)
Re-financing costs	**(0.1)**	(1.2)
Net interest on pensions and administrative expenses	**(12.7)**	(11.5)
Impairment of intangible and tangible assets	**(0.6)**	-
(Loss)/Profit on disposal	**(2.4)**	0.3
Operating (loss)/profit	**(2.6)**	15.1
Net finance expense	**(20.9)**	(60.9)
Loss before tax	**(23.5)**	(45.8)
Taxation	**8.2**	4.5
Loss after tax	**(15.3)**	(41.3)
Divided by:		
Average shares in issue (millions)	**239.8**	239.8
Basic loss per share	**(6.4p)**	(17.2p)

Adjusted earnings per share is calculated as set out below:

	2013 H1 **£m**	2012 H1 £m
Continuing Trading profit	**48.9**	72.4
Less net regular interest	**(27.3)**	(42.3)
Adjusted profit before tax	**21.6**	30.1
Less notional tax at 23.25%/24.5%	**(5.0)**	(7.4)
Adjusted profit after tax	**16.6**	22.7
Divided by:		
Average shares in issue (millions)	**239.8**	239.8
Adjusted earnings per share	**6.9p**	9.5p

The Directors confirm to the best of their knowledge that this condensed consolidated interim financial information has been prepared in accordance with IAS 34, Interim Financial Reporting as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by the Disclosure and Transparency Rules ("DTR") 4.2.7 and DTR 4.2.8 namely:

- 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 information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The Directors of Premier Foods plc are listed in the Premier Foods plc annual report and accounts for the year ended 31 December 2012. Since that date Ian McHoul retired from the board as non-executive director with effect from 25 April 2013 and Pam Powell joined the board as a non-executive director from 7 May 2013.

By order of the Board
22 July 2013

Gavin Darby	**Mark Moran**
Chief Executive Officer	**Chief Financial Officer**

Independent review report to Premier Foods plc

Introduction

We have been engaged by the Company to review the condensed financial information in the half-yearly financial report for the six months ended 30 June 2013, which comprises the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and related 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 financial information.

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 Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed financial information included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed financial information in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 United Kingdom. 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 financial information in the half-yearly financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

PricewaterhouseCoopers LLP
London
Chartered Accountants **22 July 2013**

Notes
(a) The maintenance and integrity of the Premier Foods plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since they were initially presented on the website.
(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed consolidated statement of profit or loss (unaudited)

	Note	Half year ended 30 Jun 2013 £m	Half year ended 30 Jun 2012 (Restated)[1,2] £m	Year ended 31 Dec 2012 (Restated)[2] £m
Continuing operations				
Revenue	4	742.2	852.8	1,756.2
Cost of sales		(542.6)	(611.8)	(1,261.2)
Gross profit		199.6	241.0	495.0
Selling, marketing and distribution costs		(115.1)	(136.0)	(262.5)
Administrative costs		(87.5)	(88.0)	(172.4)
Net other operating income/(expense)		0.4	(1.9)	(4.0)
Operating (loss)/profit	4	(2.6)	15.1	56.1
Before disposal of operations and impairment and disposal of assets		0.4	14.8	28.6
Impairment and disposal of intangible and tangible assets		(0.6)	-	(36.2)
(Loss)/profit on disposal of operations	9	(2.4)	0.3	63.7
Finance cost	5	(30.1)	(56.1)	(86.3)
Finance income	5	1.7	2.6	4.1
Net movement on fair valuation of interest rate financial instruments	5	7.5	(7.4)	(9.7)
Loss before taxation for continuing operations		(23.5)	(45.8)	(35.8)
Taxation credit	6	8.2	4.5	31.4
Loss after taxation for continuing operations		(15.3)	(41.3)	(4.4)
Loss from discontinued operations	8	(0.2)	(12.4)	(13.5)
Loss for the period attributable to equity shareholders		(15.5)	(53.7)	(17.9)
Basic and diluted loss per share (pence)	7	(6.5)	(22.4)	(7.5)
Basic and diluted loss per share (pence) - continuing	7	(6.4)	(17.2)	(1.8)
Basic and diluted loss per share (pence) - discontinued	7	(0.1)	(5.2)	(5.6)
Adjusted earnings per share (pence) [3] - continuing	7	6.9	9.5	26.7

[1] Comparatives have been restated following an £12.8m reclassification of certain costs to align categorisation across the group.

[2] Comparatives have been restated to reflect the adoption of IAS19 Revised.

[3] Adjusted earnings per share is defined as trading profit less net regular interest payable, less a notional tax charge at 23.25% (2012: 24.5%) divided by the weighted average number of ordinary shares of the company.

The notes on pages 21 to 39 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income (unaudited)

	Note	Half year ended 30 Jun 2013 £m	Half year ended 30 Jun 2012 (Restated)[1] £m	Year ended 31 Dec 2012 (Restated)[1] £m
Loss for the period		(15.5)	(53.7)	(17.9)
Other comprehensive income				
Remeasurements	12	81.4	(16.5)	(191.4)
Deferred tax (charge)/credit		(18.7)	(4.1)	37.2
Items that will not be reclassified to profit or loss		62.7	(20.6)	(154.2)
Exchange differences on translation		(0.4)	(0.3)	-
Items that are or may be subsequently reclassified to profit or loss		(0.4)	(0.3)	-
Total other comprehensive income/(losses) for the period		62.3	(20.9)	(154.2)
Total comprehensive income/(losses) attributable to owners of the Company		46.8	(74.6)	(172.1)

[1] Comparatives have been restated to reflect the adoption of IAS19 Revised

Condensed consolidated balance sheet (unaudited)

	Note	As at 30 Jun 2013 £m	As at 30 Jun 2012 £m	As at 31 Dec 2012 £m
ASSETS:				
Non-current assets				
Property, plant and equipment		366.5	464.8	374.2
Goodwill		714.0	838.4	713.9
Other intangible assets		658.8	751.5	677.0
Deferred tax assets		61.5	-	71.9
Retirement benefit assets	12	-	12.0	-
Total non-current assets		1,800.8	2,066.7	1,837.0
Current assets				
Assets held for sale	10	-	34.9	81.0
Inventories		114.5	149.1	116.2
Trade and other receivables		259.6	274.2	298.6
Financial assets – derivative financial instruments	11	1.3	0.3	1.0
Cash and bank deposits		67.7	48.7	53.2
Total current assets		443.1	507.2	550.0
Total assets		2,243.9	2,573.9	2,387.0
LIABILITIES:				
Current liabilities				
Trade and other payables		(343.0)	(351.7)	(406.8)
Financial liabilities				
– short term borrowings		(101.2)	(185.1)	(229.8)
– derivative financial instruments	11	(12.2)	(19.5)	(19.6)
Accrued interest payable		(0.7)	(0.9)	(5.6)
Provisions	13	(12.9)	(12.8)	(25.6)
Current income tax liabilities		(0.8)	(0.8)	(0.8)
Liabilities held for sale	10	-	(2.4)	(3.4)
Total current liabilities		(470.8)	(573.2)	(691.6)
Non-current liabilities				
Financial liabilities				
– long term borrowings		(856.9)	(1,133.0)	(774.1)
Retirement benefit obligations	12	(394.7)	(284.6)	(466.8)
Provisions	13	(47.9)	(53.6)	(48.3)
Other liabilities		(20.7)	(26.6)	(1.3)
Deferred tax liabilities		-	(2.8)	-
Total non-current liabilities		(1,320.2)	(1,500.6)	(1,290.5)
Total liabilities		(1,791.0)	(2,073.8)	(1,982.1)
Net assets		452.9	500.1	404.9
EQUITY:				
Capital and reserves				
Share capital		24.0	24.0	24.0
Share premium		1,124.7	1,124.7	1,124.7
Merger reserve		587.5	606.0	587.5
Other reserves		(9.3)	(9.3)	(9.3)
Profit and loss reserve		(1,274.1)	(1,245.4)	(1,322.1)
Capital and reserves attributable to owners of the Parent		452.8	500.0	404.8
Non-controlling interest		0.1	0.1	0.1
Total equity		452.9	500.1	404.9

The notes on pages 21 to 39 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of cash flows (unaudited)

	Note	Half year ended 30 Jun 2013 £m	Half year ended 30 Jun 2012 £m	Year ended 31 Dec 2012 £m
Cash generated from operating activities	14	14.4	(35.6)	56.4
Interest paid		(24.0)	(37.6)	(56.8)
Interest received		1.4	2.8	4.3
Taxation (paid)/ received		-	-	0.3
Cash (outflow)/inflow from operating activities		(8.2)	(70.4)	4.2
Sale of subsidiaries		90.8	34.7	312.2
Purchase of property, plant and equipment		(17.2)	(31.6)	(49.4)
Purchase of intangible assets		(2.3)	(4.5)	(17.2)
Sale of property, plant and equipment		0.1	-	0.2
Cash inflow/(outflow) from investing activities		71.4	(1.4)	245.8
Repayment of borrowings		(90.8)	-	(312.2)
Proceeds from borrowings		104.6	73.2	1.5
Movement in securitisation programme funding		(19.0)	-	72.4
Financing costs		(0.1)	(23.7)	(24.0)
Cash (outflow)/inflow from financing activities		(5.3)	49.5	(262.3)
Net inflow/(outflow) of cash and cash equivalents	14	57.9	(22.3)	(12.3)
Cash and cash equivalents at beginning of period		9.7	22.1	22.1
Effect of movement in foreign exchange		0.1	(0.1)	(0.1)
Cash and cash equivalents at end of period		67.7	(0.3)	9.7

The notes on pages 21 to 39 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 £m
At 1 January 2013		24.0	1,124.7	587.5	(9.3)	(1,322.1)	0.1	404.9
Loss for the period		-	-	-	-	(15.5)	-	(15.5)
Remeasurements	12	-	-	-	-	81.4	-	81.4
Deferred tax charge		-	-	-	-	(18.7)	-	(18.7)
Exchange differences on translation		-	-	-	-	(0.4)	-	(0.4)
Other comprehensive income		-	-	-	-	62.3	-	62.3
Total comprehensive income		-	-	-	-	46.8	-	46.8
Share based payments		-	-	-	-	1.2	-	1.2
At 30 June 2013		24.0	1,124.7	587.5	(9.3)	(1,274.1)	0.1	452.9
At 1 January 2012		24.0	1,124.7	606.0	(9.3)	(1,172.8)	0.1	572.7
Loss for the period		-	-	-	-	(53.7)	-	(53.7)
Remeasurements[1]	12	-	-	-	-	(16.5)	-	(16.5)
Deferred tax charge[1]		-	-	-	-	(4.1)	-	(4.1)
Exchange differences on translation		-	-	-	-	(0.3)	-	(0.3)
Other comprehensive losses		-	-	-	-	(20.9)	-	(20.9)
Total comprehensive losses		-	-	-	-	(74.6)	-	(74.6)
Share based payments		-	-	-	-	2.0	-	2.0
At 30 June 2012		24.0	1,124.7	606.0	(9.3)	(1,245.4)	0.1	500.1
At 1 January 2012		24.0	1,124.7	606.0	(9.3)	(1,172.8)	0.1	572.7
Loss for the year		-	-	-	-	(17.9)	-	(17.9)
Remeasurements[1]	12	-	-	-	-	(191.4)	-	(191.4)
Deferred tax credit[1]		-	-	-	-	37.2	-	37.2
Other comprehensive losses		-	-	-	-	(154.2)	-	(154.2)
Total comprehensive losses		-	-	-	-	(172.1)	-	(172.1)
Realisation of merger reserve		-	-	(18.5)	-	18.5	-	-
Share based payments		-	-	-	-	4.3	-	4.3
At 31 December 2012		24.0	1,124.7	587.5	(9.3)	(1,322.1)	0.1	404.9

[1] Comparatives have been restated to reflect the adoption of IAS19 Revised

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 and principal place of business 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 food and beverage products as described in note 16 of the Group’s annual financial statements for the year ended 31 December 2012.

2. Significant accounting policies

Basis of preparation

The condensed consolidated financial information (“financial information”) for the period ended 30 June 2013 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 30 June 2013 should be read in conjunction with the Group’s financial statements for the year ended 31 December 2012 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 that were applied in the preparation of the Company’s published consolidated financial statements for the year ended 31 December 2012, 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 other than on adoption of IAS 19(R) as set out in note 12.

The financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information is unaudited but has been subject to an independent review by the auditor. The Group’s financial statements for the year ended 31 December 2012, which were approved by the Board of Directors on 1 March 2013, have been reported on by the Group’s auditors and delivered to the Registrar of Companies. The report of the auditors 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.

Consumer demand for convenience products tends to be higher in colder months of the year. Sales of certain products may therefore be affected by unseasonable weather conditions. Also certain products experience increased sales during the pre-Christmas period and this has an impact on working capital as production is higher and stock levels build in the run up to this period. Consequently, the results of operations for the half year periods are not necessarily indicative of the results to be expected for the full year.

This financial information was approved for issue on 22 July 2013.

Basis for preparation of financial information on a going concern basis

In March 2012 the Group signed a re-financing package with its banking syndicate, swap counterparties and pension schemes whereby the term loan and revolving credit facility were extended from 31 December 2013 to 30 June 2016. The current margin of 2.25% will increase to 3.25% on 1 January 2014.

The facility includes net debt/EBITDA and EBITDA/interest covenant tests and a requirement to realise disposal proceeds of £330m by 30 June 2014. 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 their funding to the Group.

Following the completion of the disposal of the Sweet Pickles and Table Sauces business on 2 February 2013 the Group has successfully met the disposal proceeds target. It is also in compliance with covenant tests at 30 June 2013. The Group's forecast, taking account of 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 Group meets its day-to-day working capital requirements through its banking facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year are those detailed on pages 48 to 51 of the Group's annual financial statements for 31 December 2012. The Directors have considered the principal risks and uncertainties and believe that these have not changed in the interim period. These include, amongst others: failure to execute cost saving initiatives, inability to respond to the competitive environment, change in cost and availability of raw materials, ability to meet banking covenants and disruption to the systems infrastructure.

3. Critical accounting 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 completion of this condensed consolidated interim financial information. There are no significant changes to critical estimates and judgements since year end 2012.

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.

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 cash-generating units ("CGU's") are determined based on the higher of realisable value and value-in-use calculations. These calculations require the use of estimates.

Acquired trademarks, brands, customer relationships, recipes and similar assets are considered to have finite lives that range from 7 to 40 years. 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

Trade spend and promotional activity is dependent on market conditions and negotiations with customers. Trade spend is charged to the statement of profit or loss according to the substance of the agreements with customers and the terms of any contractual relationship. Promotional support is generally charged to the statement of profit or loss at the time of the relevant promotion. These costs are accrued on best estimates. The actual costs may not be known until subsequent years when negotiations with customers are concluded. Such adjustments are recognised in the year when final agreement is reached.

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.

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 Chief Executive Officer and Chief Financial Officer as they are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The CODM uses divisional contribution as the key measure of the segments' results; it is defined as gross profit after marketing and distribution costs and is a consistent measure within the Group and reflects the segments' underlying trading performance for the period under evaluation. The reporting of this measure at the monthly business review meetings, which are organised according to product types, has been used to identify and determine the Group's operating segments.

The Group uses trading profit to review overall group profitability. Trading profit is defined as operating profit before re-financing costs, restructuring costs, profits and losses associated with divestment activity, amortisation and impairment of intangible assets, the revaluation of foreign exchange and other derivative contracts under IAS 39 and pension administration costs and net interest on the net defined benefit liability.

The Group's operating segments are "Grocery" and "Bread".

The Grocery segment sells ambient food products and the Bread segment sells bread, morning goods, flour products and frozen pizza bases.

During 2012 the Group completed the disposal of the four Irish Brands (*Chivers, Gateaux, McDonnells* and the *Erin* licence), the Elephant Atta Ethnic Flour Business, the Vinegar and Sour Pickles business and the Sweet Spreads and Jellies business and during 2013, the Group completed the disposal of the Sweet Pickles and Table Sauces business; the results of these businesses have not been reported separately as they were fully integrated within the Grocery and Bread segments.

The segment results for the half years ended 30 June 2013 and 30 June 2012 and for the year ended 31 December 2012 and the reconciliation of the segment measures to the respective statutory items included in the interim financial information are as follows:

	Half year ended 30 Jun 2013		
	Grocery	**Bread**	**Total for Group**
	£m	**£m**	**£m**
Revenue from continuing operations			
External	387.4	354.8	742.2
Inter-segment	-	11.0	11.0
Result			
Divisional contribution	79.9	14.3	94.2
SG&A costs			(45.3)
Trading profit			48.9
Amortisation of intangible assets			(23.6)
Fair value movements on foreign exchange and other derivative contracts			0.3
Restructuring costs relating to divestment activity			(12.4)
Re-financing costs			(0.1)
Net interest on pensions and administrative expenses			(12.7)
Operating profit before impairment and disposal of operations			0.4
Impairment and disposal of tangible assets			(0.6)
Loss on disposal of operations			(2.4)
Operating loss			**(2.6)**
Finance cost			(30.1)
Finance income			1.7
Net movement on fair valuation of interest rate financial instruments			7.5
Loss before taxation for continuing operations			**(23.5)**

	Half year ended 30 Jun 2012 (Restated)[1]		
	Grocery	**Bread**	**Total for Group**
	£m	**£m**	**£m**
Revenue from continuing operations			
External	504.5	348.3	852.8
Inter-segment	1.4	10.0	11.4
Result			
Divisional contribution	95.8	22.5	118.3
Total SG&A costs			(45.9)
Trading profit			72.4
Amortisation of intangible assets			(26.1)
Fair value movements on foreign exchange and other derivative contracts			(0.9)
Restructuring costs relating to divestment activity			(17.9)
Re-financing costs			(1.2)
Net interest on pensions and administrative expenses			(11.5)
Operating profit before disposal of operations			14.8
Profit on disposal of operations			0.3
Operating profit			**15.1**
Finance cost			(56.1)
Finance income			2.6
Net movement on fair valuation of interest rate financial instruments			(7.4)
Loss before taxation for continuing operations			**(45.8)**

[1] Comparatives have been restated to reflect the adoption of IAS19 Revised

	Year ended 31 Dec 2012 (Restated)[1]		
	Grocery	**Bread**	**Total for Group**
	£m	**£m**	**£m**
Revenue from continuing operations			
External	1,058.9	697.3	1,756.2
Inter-segment	0.5	21.2	21.7
Result			
Divisional contribution	223.9	30.2	254.1
Total SG&A costs			(99.9)
Trading profit			154.2
Amortisation of intangible assets			(53.3)
Fair value movements on foreign exchange and other derivative contracts			2.1
Restructuring costs associated with divestment activity			(46.1)
Re-financing costs			(1.1)
Net interest on pensions and administrative expenses			(27.2)
Operating profit before impairment and disposal of operations			**28.6**
Impairment of property, plant and equipment and intangible assets			(36.2)
Profit on disposal of operations			63.7
Operating profit			**56.1**
Finance cost			(86.3)
Finance income			4.1
Net movement on fair valuation of interest rate financial instruments			(9.7)
Loss before taxation for continuing operations			**(35.8)**

[1] Comparatives have been restated to reflect the adoption of IAS19 Revised

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 European countries and a number of other countries. The following table provides an analysis of the Group's revenue, which is allocated on the basis of geographical market destination.

Continuing operations - revenue	**Half year ended 30 Jun 2013**	**Half year ended 30 Jun 2012**	**Year ended 31 Dec 2012**
	£m	**£m**	**£m**
United Kingdom	722.5	819.4	1,697.4
Other Europe	11.7	23.7	36.5
Rest of world	8.0	9.7	22.3
Total for Group	742.2	852.8	1,756.2

5. Finance income and expense

	Half year ended 30 Jun 2013	Half year ended 30 Jun 2012	Year ended 31 Dec 2012
	£m	**£m**	**£m**
Interest payable on bank loans and overdrafts	(4.3)	(5.8)	(10.3)
Interest payable on term facility	(8.6)	(12.1)	(24.6)
Interest payable on revolving facility	(2.6)	(5.0)	(9.4)
Interest payable on interest rate derivatives	(3.7)	(4.5)	(5.8)
Interest payable on interest rate financial liabilities designated as other liabilities at fair value through profit or loss	-	(9.8)	(11.5)
Other interest	(1.1)	(0.4)	(0.8)
Amortisation of debt issuance costs and deferred fees	(9.8)	(7.7)	(13.1)
	(30.1)	(45.3)	(75.5)
Write-off of financing costs	-	(10.8)	(10.8)
Total financing cost	**(30.1)**	**(56.1)**	**(86.3)**
Interest receivable on bank deposits	1.7	2.6	4.1
Total finance income	**1.7**	**2.6**	**4.1**
Movement on fair valuation of interest rate derivatives	7.5	(12.5)	(14.8)
Movement on fair valuation of interest rate financial liabilities designated as other financial liabilities at fair value through profit or loss	-	5.1	5.1
Net movement on fair valuation of interest rate financial instruments	**7.5**	**(7.4)**	**(9.7)**
Net finance cost	**(20.9)**	**(60.9)**	**(91.9)**

6. Taxation

The taxation credit for the first half of 2013 is £8.2m (June 2012: £4.5m credit).

The credit on continuing operations of £8.2m comprises of a credit on operating activities of £4.7m, based upon managements best estimate of the effective annual income tax rate expected for the full financial year and a credit of £3.5m arising on the disposal of the Sweet Pickles and Table Sauces business.

7. Earnings/(loss) per share

Basic loss per share has been calculated by dividing the loss attributable to ordinary shareholders of £15.5m by the weighted average shares of the Company.

	Half year ended 30 Jun 2013			Half year ended 30 Jun 2012 (Restated)[1]			Year ended 31 Dec 2012 (Restated)[1]		
	Basic	Dilutive effect of share options	Diluted	Basic	Dilutive effect of share options	Diluted	Basic	Dilutive effect of share options	Diluted
Continuing operations									
Loss after tax (£m)	(15.3)	-	(15.3)	(41.3)	-	(41.3)	(4.4)	-	(4.4)
Weighted average number of shares (m)	239.8	-	239.8	239.8	-	239.8	239.8	-	239.8
Loss per share (pence)	(6.4)	-	(6.4)	(17.2)	-	(17.2)	(1.8)	-	(1.8)
Discontinued operations									
Loss after tax (£m)	(0.2)	-	(0.2)	(12.4)	-	(12.4)	(13.5)	-	(13.5)
Weighted average number of shares (m)	239.8	-	239.8	239.8	-	239.8	239.8	-	239.8
Loss per share (pence)	(0.1)	-	(0.1)	(5.2)	-	(5.2)	(5.6)	-	(5.6)
Total									
Loss after tax (£m)	(15.5)	-	(15.5)	(53.7)	-	(53.7)	(17.9)	-	(17.9)
Weighted average number of shares (m)	239.8	-	239.8	239.8	-	239.8	239.8	-	239.8
Loss per share (pence)	(6.5)	-	(6.5)	(22.4)	-	(22.4)	(7.5)	-	(7.5)

[1] Comparatives have been restated to reflect the adoption of IAS19 Revised

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.

For the half years ended 30 June 2013 and 30 June 2012, there is no dilutive effect as the outstanding share options that could have been acquired at fair value is less than the monetary value of the subscription rights attached to these options.

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

Adjusted earnings per share

Adjusted earnings per share ("Adjusted EPS") is defined as trading profit less net regular interest payable, less a notional tax charge at 23.25% (2012: 24.5%) divided by the weighted average number of ordinary shares of the Company.

Net regular interest payable is defined as net interest after excluding non-cash items, including write-off of financing costs, accelerated amortisation of debt issuance costs, fair value adjustments on interest rate financial instruments and the unwind of the discount on provisions.

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

	Half year ended 30 June 2013		
	Continuing £m	Discontinued £m	Total £m
Operating loss	(2.6)	(0.3)	(2.9)
Loss on disposal of operations	2.4	-	2.4
Impairment and disposal of tangible assets	0.6	-	0.6
Operating profit/(loss) before loss on disposal of operations and impairment and disposal of tangible assets	0.4	(0.3)	0.1
Amortisation of intangible assets	23.6	-	23.6
Fair value movements on foreign exchange and other derivative contracts	(0.3)	-	(0.3)
Restructuring costs relating to divestment activity	12.4	-	12.4
Re-financing costs	0.1	-	0.1
Net interest on pensions and administrative expenses	12.7	-	12.7
Trading profit/(loss)	48.9	(0.3)	48.6
Less net regular interest payable	(27.3)	-	(27.3)
Adjusted profit/(loss) before tax	21.6	(0.3)	21.3
Notional tax at 23.25%	(5.0)	0.1	(4.9)
Adjusted profit/(loss) after tax	16.6	(0.2)	16.4
Average shares in issue (m)	239.8	239.8	239.8
Adjusted EPS (pence)	6.9	(0.1)	6.8
Net regular interest payable			
Net interest payable	(20.9)	-	(20.9)
Exclude fair value adjustments on interest rate financial instruments	(7.5)	-	(7.5)
Exclude other interest	1.1	-	1.1
Net regular interest payable	(27.3)	-	(27.3)

	Half year ended 30 June 2012 (Restated)[1]		
	Continuing £m	Discontinued £m	Total £m
Operating profit/(loss)	15.1	(16.3)	(1.2)
Profit on disposal of operations	(0.3)	-	(0.3)
Operating profit/(loss) before profit on disposal of operations	14.8	(16.3)	(1.5)
Amortisation of intangible assets	26.1	-	26.1
Fair value movements on foreign exchange and other derivative contracts	0.9	-	0.9
Restructuring costs relating to divestment activity	17.9	-	17.9
Re-financing costs	1.2	-	1.2
Net interest on pensions and administrative expenses	11.5	-	11.5
Trading profit/(loss)	72.4	(16.3)	56.1
Less net regular interest payable	(42.3)	-	(42.3)
Adjusted profit/(loss) before tax	30.1	(16.3)	13.8
Notional tax at 24.5%	(7.4)	4.0	(3.4)
Adjusted profit/(loss) after tax	22.7	(12.3)	10.4
Average shares in issue (m)	239.8	239.8	239.8
Adjusted EPS (pence)	9.5	(5.1)	4.4
Net regular interest payable			
Net interest payable	(60.9)	-	(60.9)
Exclude exceptional write-off of financing costs	10.8	-	10.8
Exclude fair value adjustments on interest rate financial instruments	7.4	-	7.4
Exclude unwind of discount on provisions	0.4	-	0.4
Net regular interest payable	(42.3)	-	(42.3)

[1] Comparatives have been restated to reflect the adoption of IAS19 Revised

	Year ended 31 December 2012 (Restated)[1]		
	Continuing £m	**Discontinued £m**	**Total £m**
Operating profit/(loss)	56.1	(17.5)	38.6
Impairment of property, plant and equipment and intangible assets	36.2	-	36.2
Profit on disposal of operations	(63.7)	-	(63.7)
Operating profit/(loss) before impairment and profit on disposal of operations	28.6	(17.5)	11.1
Amortisation of intangible assets	53.3	-	53.3
Fair value movements on foreign exchange and other derivative contracts	(2.1)	-	(2.1)
Restructuring costs relating to divestment activity	46.1	-	46.1
Re-financing costs	1.1	-	1.1
Net interest on pensions and administrative expenses	27.2	-	27.2
Trading profit/(loss)	154.2	(17.5)	136.7
Less net regular interest payable	(69.5)	-	(69.5)
Adjusted profit/(loss) before tax	84.7	(17.5)	67.2
Notional tax at 24.5%	(20.8)	4.3	(16.5)
Adjusted profit/(loss) after tax	63.9	(13.2)	50.7
Average shares in issue (m)	239.8	239.8	239.8
Adjusted EPS (pence)	26.7	(5.5)	21.2
Net regular interest payable			
Net interest payable	(91.9)	-	(91.9)
Exclude exceptional write-off of financing costs and other	11.9	-	11.9
Exclude fair value adjustments on interest rate financial instruments	9.7	-	9.7
Exclude unwind of discount on provisions	0.8	-	0.8
Net regular interest payable	(69.5)	-	(69.5)

[1] Comparatives have been restated to reflect the adoption of IAS19 Revised

8. Discontinued operations

Income and expenditure incurred on discontinued operations during the year relates to operations that were disposed of in prior years. There were no new operations discontinued in 2012 or 2013.

	Half year ended 30 Jun 2013 £m	**Half year ended 30 Jun 2012 £m**	**Year ended 31 Dec 2012 £m**
Operating expenses	(0.3)	(16.3)	(17.5)
Loss before taxation	(0.3)	(16.3)	(17.5)
Taxation credit	0.1	3.9	4.0
Loss after taxation on discontinued operations for the year	(0.2)	(12.4)	(13.5)

During the period to 30 June 2013, discontinued operations contributed to a net inflow of £1.7m (June 2012: £1.6m inflow) to the Group’s net operating cash flows, and a nil cash flow to investing activities (June 2012: nil outflow).

9. Disposal of businesses

On 2 February 2013, the Group completed its sale of the Sweet Pickles and Table Sauces business to Mizkan for £92.5m before disposal costs. This is not a discontinued operation as it was previously integrated and reported as part of the Grocery business.

	Half year ended 30 June 2013 £m
Net cash inflow arising on disposal:	
Initial consideration	92.5
Proceeds deferred, working capital adjustments and disposal costs	(17.8)
Net cash inflow for the year	**74.7**
Property, plant and equipment	37.6
Intangible assets and goodwill	34.2
Inventories	8.7
Provisions and lease obligations	(3.4)
Net assets disposed	77.1
Loss on disposal before tax	**(2.4)**

10. Assets held for sale

At 31 December 2012, the assets and liabilities relating to the Sweet Pickles and Table Sauces business were held for sale in light of the decision to sell the business. The sale was completed on 2 February 2013.

At 30 June 2012, assets relating to the Vinegar and Sour Pickles business were held for sale prior to the completion of the sale to Mizkan Limited on 28 July 2012. In addition the assets relating to the Elephant Atta ethnic flour business were also held for sale following completion on 6 July 2012.

	Half year ended 30 Jun 2013 £m	Half year ended 30 Jun 2012 £m	Year ended 31 Dec 2012 £m
Non-current assets:			
Property, plant and equipment	-	6.6	37.6
Goodwill	-	17.8	31.1
Other intangible assets	-	5.0	3.1
Current assets:			
Inventories	-	5.5	9.2
Total assets held for sale	-	34.9	81.0
Non-current liabilities:			
Deferred tax liabilities	-	(2.4)	(3.4)
Total liabilities held for sale	-	(2.4)	(3.4)
Net assets and liabilities held for sale	-	32.5	77.6

11. Financial Instruments

Fair value

The following table shows the carrying amounts (which approximate to fair value) of the Group's financial assets and financial liabilities. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Set out below is a summary of methods and assumptions used to value each category of financial instrument.

	Half year ended 30 June 2013	Half year ended 30 June 2012	Year ended 31 December 2012
	Book & Market Value	**Book & Market Value**	**Book & Market Value**
	£m	**£m**	**£m**
Loans and receivables:			
Cash and bank deposits	67.7	48.7	53.2
Trade and other receivables	222.0	236.2	264.2
Financial assets at fair value through profit or loss:			
Derivative financial instruments			
– Forward foreign currency exchange contracts/currency options	1.3	0.3	0.7
– Commodity and energy derivatives	-	-	0.3
Financial liabilities at fair value through profit or loss:			
Derivative financial instruments			
– Forward foreign currency exchange contracts/currency options	(0.3)	(1.5)	(0.3)
– Commodity and energy derivatives	(0.3)	(1.2)	(0.1)
– Interest rate swaps	(11.6)	(16.8)	(19.2)
Financial liabilities at amortised cost:			
Trade and other payables	(331.0)	(339.7)	(393.7)
Bank Term Loan	(680.8)	(919.3)	(755.2)
Bank Revolver Facility (Drawn down)	(220.0)	(312.2)	(131.7)
Bank overdraft	-	(49.0)	(43.5)
Finance leases	-	(0.4)	(0.4)
Other loans	(76.7)	(62.8)	(95.7)
Interest payable	(0.7)	(0.9)	(5.6)

The following table presents the Group’s assets and liabilities that are measured at fair value at 30 June 2013 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).

	Half year ended 30 June 2013	Half year ended 30 June 2012	Year ended 31 December 2012
Financial assets at fair value through profit or loss:	**Level 2**	**Level 2**	**Level 2**
Derivative financial instruments			
– Forward foreign currency exchange contracts/currency options	1.3	0.3	0.7
– Commodity and energy derivatives	-	-	0.3
Financial liabilities at fair value through profit or loss:			
Derivative financial instruments			
– Forward foreign currency exchange contracts/currency options	(0.3)	(1.5)	(0.3)
– Commodity derivatives	(0.3)	(1.2)	(0.1)
– Interest rate swaps	(11.6)	(16.8)	(19.2)

12. Retirement benefit schemes

The Group operates a number of defined benefit schemes under which employees are entitled to retirement benefits which are based on career average salary on retirement. These are as follows:

a) Premier schemes

The Premier Foods Pension Scheme (“PFPS”) was the principal funded defined benefit scheme within the old Premier Group which also operated a smaller funded defined benefit scheme, the Premier Ambient Products Pension Scheme (“PAPPS”) for employees acquired with the Ambrosia business in 2001. As a result of the acquisition of Campbell’s in 2006, the Group inherited the Premier Grocery Products Pension Scheme (“PGPPS”) covering the employees of the Campbell’s UK business, and the Premier Grocery Products Ireland Pension Scheme (“PGPIPS”) covering the employees of Campbell’s Ireland. The Group also acquired two further schemes with the acquisition of Chivers Ireland in January 2007, the Chivers 1987 Pension Scheme, and the Chivers 1987 Supplementary Pension Scheme. These schemes are presented together below as the Premier schemes.

b) RHM schemes

As a result of the acquisition of RHM plc, the Group also acquired the RHM Pension Scheme, the Premier Foods Ireland Pension Scheme (1994), the Premier Foods Ireland Van Sales Scheme and the French Termination Indemnity Arrangements. These schemes are presented together below as the RHM schemes, with the exception of the French Termination Indemnity Arrangements which was disposed of with the speciality bakery businesses in 2009 and the Premier Foods Ireland Van Sales Scheme which was wound up in 2010.

The exchange rates used to translate the overseas Euro based schemes are £1.00 = 1.1775 Euros for the average rate during the period, and £1.00 = 1.16593 Euros for the closing position at 30 June 2013.

In July 2010, the UK government announced changes to the inflation index used for statutory pension increases (both for pensions in payment and pensions in deferment) to apply to private sector pension schemes. During half year 2012 a credit to past service costs of £46.4m was recognised in relation to members of the RHM pension scheme.

In March 2012, as part of the Group’s re-financing package, trustees of the Group’s UK pension schemes agreed to defer deficit contribution payments until 1 January 2014.

The assets of all defined benefit schemes are held by the trustees of the respective schemes and are independent of the Group's finances.

The schemes invest through investment managers appointed by the trustees in UK and European equities and in investment products made up of a broader range of assets. The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group. The pension schemes hold a charge over the assets of the Group.

IAS 19 (Revised) has been applied retrospectively from 1 January 2012. The principal change is that, expected returns on plan assets of defined benefit plans are not recognised in profit or loss. Instead, interest on net defined benefit obligation is recognised in profit or loss, calculated using the discount rate used to measure the net pension obligation or asset. In addition certain administration expenses are recognised in profit or loss rather than being deducted from the return on plan assets under the previous standard. Comparatives, have been restated for the impact of the adoption of IAS 19 (Revised).

Impact of transition to IAS19 Revised

Impact on condensed consolidated statement of profit or loss

	As at 30 Jun 2013	As at 30 Jun 2012	As at 31 Dec 2012
	£m	£m	£m
Increase in P&L expense	(18.1)	(18.5)	(40.2)
Decrease in current tax expense	-	5.0	9.5
Net decrease profit for the year	(18.1)	(13.5)	(30.7)
Attributable to equity holders of the parent	(18.1)	(13.5)	(30.7)
Non-controlling interest	-	-	-
Increase in actuarial movements in OCI	18.1	18.5	40.2
Increase in tax effect on actuarial movements in OCI	-	(5.0)	(9.5)
Net increase in OCI, net of tax	18.1	13.5	30.7
Net increase in total comprehensive income	-	-	-
Attributable to equity holders of parent	-	-	-
Non-controlling interest	-	-	-

There was no material impact on the Group's condensed consolidated statement of cash flows and condensed consolidated balance sheet.

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

	As at 30 Jun 2013 £m	As at 30 Jun 2012 £m	As at 31 Dec 2012 £m
Premier			
Discount rate	4.70%	4.70%	4.45%
Inflation- RPI	3.30%	2.90%	2.95%
Inflation- CPI	2.30%	1.70%	2.15%
Expected salary increases	4.30%	3.90%	3.95%
Future pension increases	2.15%	2.00%	2.05%
RHM			
Discount rate	4.70%	4.70%	4.45%
Inflation- RPI	3.30%	2.90%	2.95%
Inflation- CPI	2.30%	1.70%	2.15%
Expected salary increases	4.30%	3.90%	3.95%
Future pension increases	2.15%	2.00%	2.05%

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

	As at 30 Jun 2013 £m	As at 30 Jun 2012 £m	As at 31 Dec 2012 £m
Premier			
Present value of funded obligations	(876.7)	(805.5)	(871.1)
Fair value of plan assets	530.1	520.9	535.9
Deficit in scheme	(346.6)	(284.6)	(335.2)
RHM			
Present value of funded obligations	(2,776.8)	(2,658.1)	(2,805.0)
Fair value of plan assets	2,728.7	2,670.1	2,673.4
(Deficit)/surplus in scheme	(48.1)	12.0	(131.6)
TOTAL			
Present value of funded obligations	(3,653.5)	(3,463.6)	(3,676.1)
Fair value of plan assets	3,258.8	3,191.0	3,209.3
Deficit in scheme	(394.7)	(272.6)	(466.8)

The reduction in the aggregate deficit since the year end is as a result of favourable asset movements and a higher discount rate.

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

	As at 30 Jun 2013 £m	As at 30 Jun 2012 (Restated)[1] £m	As at 31 Dec 2012 (Restated)[1] £m
Premier			
Opening defined benefit obligation	(871.1)	(781.9)	(781.9)
Current service cost	(2.5)	(3.5)	(6.3)
Past service credit/(cost)	0.5	(18.0)	(18.6)
Interest cost	(18.8)	(18.7)	(37.3)
Remeasurements	(1.9)	(0.2)	(58.1)
Exchange differences	(2.5)	1.5	1.0
Contributions by plan participants	(1.4)	(2.0)	(3.8)
Benefits paid	21.0	17.3	33.9
Closing defined benefit obligation	(876.7)	(805.5)	(871.1)
RHM			
Opening defined benefit obligation	(2,805.0)	(2,656.5)	(2,656.5)
Current service cost	(5.2)	(5.9)	(11.5)
Past service credit	-	41.4	31.6
Interest cost	(61.0)	(62.5)	(124.0)
Remeasurements	34.4	(30.8)	(160.2)
Exchange differences	(1.1)	0.6	0.4
Contributions by plan participants	(2.9)	(3.7)	(6.8)
Benefits paid	64.0	59.3	122.0
Closing defined benefit obligation	(2,776.8)	(2,658.1)	(2,805.0)
TOTAL			
Opening defined benefit obligation	(3,676.1)	(3,438.4)	(3,438.4)
Current service cost	(7.7)	(9.4)	(17.8)
Past service credit	0.5	23.4	13.0
Interest cost	(79.8)	(81.2)	(161.3)
Remeasurements	32.5	(31.0)	(218.3)
Exchange differences	(3.6)	2.1	1.4
Contributions by plan participants	(4.3)	(5.7)	(10.6)
Benefits paid	85.0	76.6	155.9
Closing defined benefit obligation	(3,653.5)	(3,463.6)	(3,676.1)

[1] Comparatives have been restated to reflect the adoption of IAS19 Revised

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

	As at 30 Jun 2013 £m	As at 30 Jun 2012 (Restated)[1] £m	As at 31 Dec 2012 (Restated)[1] £m
Premier			
Opening fair value of plan assets	535.9	514.2	514.2
Interest income on plan assets	11.4	12.3	24.4
Remeasurements	(2.7)	0.7	14.1
Administrative costs	(1.1)	(1.1)	(1.8)
Contributions by employer	4.1	11.4	16.1
Contributions by plan participants	1.4	2.0	3.8
Exchange differences	2.1	(1.3)	(1.0)
Benefits paid	(21.0)	(17.3)	(33.9)
Closing fair value of plan assets	530.1	520.9	535.9
RHM			
Opening fair value of plan assets	2,673.4	2,641.8	2,641.8
Interest income on plan assets	58.2	62.6	124.4
Remeasurements	51.6	13.8	12.8
Administrative costs	(1.4)	(4.1)	(12.9)
Contributions by employer	7.0	12.2	23.0
Contributions by plan participants	2.9	3.7	6.8
Exchange differences	1.0	(0.6)	(0.5)
Benefits paid	(64.0)	(59.3)	(122.0)
Closing fair value of plan assets	2,728.7	2,670.1	2,673.4
TOTAL			
Opening fair value of plan assets	3,209.3	3,156.0	3,156.0
Interest income on plan assets	69.6	74.9	148.8
Remeasurements	48.9	14.5	26.9
Administrative costs	(2.5)	(5.2)	(14.7)
Contributions by employer	11.1	23.6	39.1
Contributions by plan participants	4.3	5.7	10.6
Exchange differences	3.1	(1.9)	(1.5)
Benefits paid	(85.0)	(76.6)	(155.9)
Closing fair value of plan assets	3,258.8	3,191.0	3,209.3

[1] Comparatives have been restated to reflect the adoption of IAS19 Revised

The amounts recognised in the statement of profit or loss were as follows:

	Half Year ended 30 Jun 2013 £m	Half Year ended 30 Jun 2012 (Restated)[1] £m	Year ended 31 Dec 2012 (Restated)[1] £m
Premier			
Current service cost	(2.5)	(3.5)	(6.3)
Past service credit/(cost)	0.5	(18.0)	(18.6)
Administrative costs	(1.1)	(1.1)	(1.8)
Interest cost	(18.8)	(18.7)	(37.3)
Interest income on plan assets	11.4	12.3	24.4
Total charge	(10.5)	(29.0)	(39.6)
RHM			
Current service cost	(5.2)	(5.9)	(11.5)
Past service credit	-	41.4	31.6
Administrative costs	(1.4)	(4.1)	(12.9)
Interest cost	(61.0)	(62.5)	(124.0)
Interest income on plan assets	58.2	62.6	124.4
Total (charge)/credit	(9.4)	31.5	7.6
Total			
Current service cost	(7.7)	(9.4)	(17.8)
Past service credit	0.5	23.4	13.0
Administrative costs	(2.5)	(5.2)	(14.7)
Interest cost	(79.8)	(81.2)	(161.3)
Interest income on plan assets	69.6	74.9	148.8
Total (charge)/credit	(19.9)	2.5	(32.0)

[1] Comparatives have been restated to reflect the adoption of IAS19 Revised

Defined contribution schemes

A number of companies in the Group operate defined contribution schemes which are predominantly stakeholder arrangements. In addition a number of schemes are operated providing only life assurance benefits. The total expense recognised in the statement of profit or loss of £0.7m (30 June 2012: £0.5m) represents contributions payable to the plans by the Group at rates specified in the rules of the schemes.

13. Provisions

Total provisions have decreased from £73.9m at 31 December 2012 to £60.8m at 30 June 2013. Provisions comprise restructuring provisions of £29.9m and other provisions of £30.9m.

Restructuring provisions primarily represent provisions in respect of the restructuring of the Bread business and programmes aimed at reducing the Group’s overhead cost base.

Other provisions primarily relate to insurance claims and dilapidations against leasehold properties. The costs relating to dilapidation provisions will be incurred over a number of years in accordance with the length of the leases. These provisions have been discounted at rates between 0.87% and 3.61%. The unwinding of the discount is charged to the statement of profit or loss under interest payable.

The decrease in provisions since year end is primarily due to the utilisation of the provision in respect of the Bread business restructuring.

14. Notes to the cash flow statement

Reconciliation of operating profit to cash generated from operating activities

	Half year ended 30 Jun 2013 £m	Half year ended 30 Jun 2012 (Restated)[1] £m	Year ended 31 Dec 2012 (Restated)[1] £m
Continuing operations			
Loss before taxation	(23.5)	(45.8)	(35.8)
Net finance cost	20.9	60.9	91.9
Operating (loss)/profit	(2.6)	15.1	56.1
Depreciation of property, plant and equipment	16.4	20.1	39.6
Amortisation of other intangible assets	23.6	26.1	53.3
Loss/(profit) on the sale of businesses	2.4	(0.3)	(63.7)
Loss on disposal of property, plant and equipment	0.6	0.6	7.1
Impairment of property, plant and equipment	0.3	-	12.5
Loss on disposal of intangible assets	-	0.4	0.4
Impairment of intangible assets	-	-	23.7
Revaluation (gains)/losses on financial instruments	(0.3)	0.9	(2.1)
Share based payments	1.8	2.3	4.7
Net cash inflow from operating activities before interest and tax and movements in working capital	42.2	65.2	131.6
Decrease/(increase) in inventories	2.1	(17.3)	(11.3)
Decrease/(increase) in trade and other receivables	33.7	15.1	(11.5)
Decrease in trade and other payables and provisions	(74.6)	(57.8)	(30.2)
Movement in retirement benefit obligations	9.3	(42.4)	(23.8)
Cash generated from continuing operations	12.7	(37.2)	54.8
Discontinued operations	1.7	1.6	1.6
Cash generated from operating activities	14.4	(35.6)	56.4

[1] Comparatives have been restated to reflect the adoption of IAS19 Revised.

Reconciliation of cash and cash equivalents to net borrowings

	Half year ended 30 Jun 2013 £m	Half year ended 30 Jun 2012 £m	Year ended 31 Dec 2012 £m
Net inflow/(outflow) of cash and cash equivalents	57.9	(22.3)	(12.3)
Decrease in finance leases	0.4	0.3	0.3
Decrease/(increase) in borrowings	5.2	(49.8)	262.0
Other non-cash changes	(3.2)	(202.5)	(205.6)
Decrease/(increase) in borrowings net of cash	60.3	(274.3)	44.4
Total net borrowings at beginning of the period	(950.7)	(995.1)	(995.1)
Total net borrowings at end of the period	(890.4)	(1,269.4)	(950.7)

Analysis of movement in borrowings

	As at 1 Jan 2013 £m	Cash flow £m	Other non-cash changes £m	As at 30 Jun 2013 £m
Bank overdrafts	(43.5)	43.5	-	-
Cash and bank deposits	53.2	14.4	0.1	67.7
Net cash and cash equivalents	9.7	57.9	0.1	67.7
Borrowings - term facilities	(755.2)	74.4	-	(680.8)
Borrowings - revolving credit facilities	(131.7)	(88.3)	-	(220.0)
Finance leases	(0.4)	0.1	0.3	-
Other	(95.7)	19.0	-	(76.7)
Gross borrowings net of cash[1]	(973.3)	63.1	0.4	(909.8)
Debt issuance costs	22.6	0.1	(3.3)	19.4
Total net borrowings[1]	(950.7)	63.2	(2.9)	(890.4)

[1] Borrowings excludes derivative financial instruments.

15. Related parties

WP X Investments Limited ("Warburg Pincus") is considered to be a related party of the Group by virtue of its 17.3% equity shareholding in Premier Foods plc and its power to appoint a member to the Board of Directors under the relationship agreement between Warburg Pincus and the Company. There have been no transactions during the year.

There have been no related party transactions during the period or changes in the make up of the Group's related parties as described in the last annual report, other than as described above, that could have a material effect on the financial position or performance of the Group during the period.

16. Contingencies

There were no material contingent liabilities at 30 June 2013.

17. Subsequent events

On 10 July 2013 the Company announced a reorganisation of its UK milling business into two distinct parts to strengthen focus on its free trade (3rd party) customer base while integrating the remaining milling operations into its baking and grocery businesses. As part of this reorganisation it is proposed that the Company's mill in Barry will close, resulting in the loss of around 43 employees plus a small number of local contractors.