10 November 2015

Premier Foods plc

Interim results for the 26 weeks ended 3 October 2015

Branded sales growth driven by innovation and investment

- **Branded sales in H1 increased +0.1% and Q2 up +1.6%; first quarterly increase for two years**
- **Trading profit[2] increased +8.4%**
- **Adjusted profit before tax up +21.6% and adjusted earnings per share increased +21.9%**
- **Operating profit £23.3m, up £36.1m on FY15 H1**
- **Profit after tax £21.7m, compared to prior period loss after tax (£49.1m)**
- **Net debt of £585.3m in line with expectations; will reduce significantly in H2**
- **Combined pension deficit reduced to £32.8m from £211.8m**
- **Announces introduction of new brand; Paul Hollywood premium baking mixes**

Premier Foods today announces its Interim results for the 26 weeks ended 3 October 2015.

Gavin Darby, Chief Executive Officer

"We are pleased to see Group branded sales growth in both the first half and second quarter of this financial year, as well as Trading profit progression. This reflects the clear benefits from our continued commitment to brand investment and innovation. It is also encouraging to see strong sales growth in our International business following the investment we've made in additional resources."

"In the third quarter of the year, we expect to deliver positive Group branded sales growth, with Sweet Treats performing more strongly than Grocery. The industry backdrop remains a challenging one, but with strategies which are delivering tangible results and significantly higher marketing spend planned for the second half, our profit expectations for the year remain unchanged."

"In our Sweet Treats business, we are on track to deliver double digit margins in FY15/16 a year earlier than previously expected. Looking further forward, we remain committed to investing for sales and profit growth, and expect to deliver branded sales growth for the Group of 1-2% in FY16/17 and the medium term."

Continuing operations	FY16 H1	FY15 H1
Revenue (£m)	341.2	343.9
Operating profit/(loss) (£m)	23.3	(12.8)
Profit/(loss) after taxation (£m)	21.7	(49.1)

Underlying results	FY16 H1	FY15 H1	Change (%)
Branded sales (£m)	306.6	306.4	0.1%
Trading profit (£m)[2]	50.6	46.7	8.4%
Adjusted profit before tax (£m)[4]	28.1	23.1	21.6%
Adjusted earnings per share (pence)[4]	2.7	2.2	21.9%

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

A presentation to investors and analysts will take place today, 10 November 2015, 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 factsheet of the Preliminary results is available at:
www.premierfoods.co.uk/investors/results-centre

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Statutory and Underlying results

The Company's results for the 26 weeks ended 3 October 2015 are presented on an **'Underlying'** basis, unless otherwise stated. The 'Underlying' results exclude the results of previously completed business disposals and associate investments. '**Continuing operations'** includes the respective periods that the Company previously maintained controlling ownership of associate investments.

£m	Continuing operations	Less: Disposals	Less: Associates	'Underlying' business
FY16 H1				
Sales	**341.2**	-	-	**341.2**
Trading profit[2]	**50.3**	0.2	0.1	**50.6**
EBITDA[3]	**58.0**	0.2	0.1	**58.3**
FY15 H1				
Sales	**343.9**	(0.3)	(3.9)	**339.7**
Trading profit[2]	**45.6**	0.5	0.6	**46.7**
EBITDA[3]	**52.3**	0.5	0.6	**53.4**

Notes to editors:

1. The statutory accounting period is for the 26 weeks from 5 April 2015 to 3 October 2015.
2. Trading profit for the underlying business is reconciled to Continuing operations Trading profit above and is defined as operating profit before, amortisation and impairment of intangible assets, fair value movements on foreign exchange and other derivative contracts, restructuring costs, and net interest on pensions and administration costs.
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 20.0% (FY14/15 H1: 21.0%) divided by the weighted average of the number of shares of 825.7 million (FY14/15 H1: 817.2 million). Net regular interest is defined as net finance cost excluding write-off of financing costs, fair value movements on interest rate financial instruments and other interest.
5. Household penetration defined as a percentage of UK households purchasing a brand once or more in a 52 week period; Kantar Worldpanel 52 weeks ended 13 September 2015.
6. Kantar Worldpanel, 52 weeks ended 16 August 2015.

A Premier Foods image gallery is available using the following link:
http://www.premierfoods.co.uk/media/image-gallery

Operating review

The following commentary unless otherwise stated is on an 'Underlying' basis, which excludes all previously completed disposals and associate investments and references the 26 weeks ended 3 October 2015 (FY15/16 H1) and the comparative period, 26 weeks ended 4 October 2014 (FY14/15 H1). All references to the 'quarter', unless otherwise stated, are for the 13 weeks ended 3 October 2015 and the comparative period, 13 weeks ended 4 October 2014.

£m	FY16 H1 (26 weeks)	FY15 H1 (26 weeks)	Change (%)
Sales			
Branded	**306.6**	306.4	0.1
Non-branded	**34.6**	33.3	3.7
Total sales	**341.2**	339.7	0.4
Divisional contribution	**68.2**	64.9	5.1
Group & corporate costs	**(17.6)**	(18.2)	3.3
Trading profit[2]	**50.6**	46.7	8.4
EBITDA	**58.3**	53.4	9.2

Quarter 2 sales results

£m	FY 16 Q2 (13 weeks)	FY15 Q2 (13 weeks)	Change (%)
Sales			
Branded	**156.5**	154.1	1.6
Non-branded	**18.5**	16.6	10.6
Total sales	**175.0**	170.7	2.4

Introduction

Total sales for the 26 weeks ended 3 October 2015 were £341.2m compared to £339.7m in the prior year, an increase of 0.4%. In the second quarter, total sales increased by 2.4%, with the Company's branded sales growing by 1.6% and non-branded sales up 10.6%. This represents the first quarterly branded sales growth for two years.

The Company is particularly pleased by the return to branded sales growth demonstrated both in the half and the second quarter of the year. This provides further evidence that the Company's strategy of investing behind its brands, bringing exciting new products to market and working in even closer partnership with its customers, is delivering tangible results. Additionally, this shows a progressively improving sales trend over the last three quarters as the positive benefits of the strategy flow through. With an increased focus on international, sales in the international business unit grew by 22% at constant currency in H1 and by 38% on the same basis in the second quarter.

Trading profit[2] for the 26 weeks ended 3 October 2015 was £50.6m, 8.4% higher than the prior year. Total Divisional contribution was £3.3m higher than the prior year at £68.2m, partly reflecting £2.4m lower consumer marketing as the Company rephases this activity towards its key trading period of the third quarter. Consumer marketing for the year is forecast at £36-38m (2014/15: £33m). Gross margins held up well during the first half of the year supported by improved asset utilisation in the Sweet Treats business and a period of benign input cost inflation. EBITDA grew by £4.9m in the first half, broadly following the trend of Trading profit.

Market overview

The backdrop to the UK grocery market is a well documented one. The growth channels of discounters, convenience stores and online have continued to gain market share, albeit the rate of growth in some of these channels has started to slow. Food deflation, reflecting a combination of benign input costs and a more competitive market has been prevalent for approximately twelve months, while grocery volumes have displayed a consistent return to growth of 1.5-2.0% through 2015.

In overall terms, the Company has grown share in its categories over the last 52 weeks and in particular, continued to gain share and drive category growth in the Cake and Flavourings & Seasonings categories. In these two categories, where the Group has focused its investment over the last twelve months, the Group has seen volume, value and share gains in each of the main brands; Bisto; Oxo; Mr. Kipling and Cadbury cake. Household penetration[5] rates have also increased for each of these four brands, reflecting both this brand investment and their relevance to the UK consumer.

Brand investment and innovation

Over the last twelve months, the Company has significantly increased its consumer marketing investment and launched a number of new products to market. Highlights have included the relaunch of *Mr. Kipling* with major TV advertising campaigns, the *Bisto* Together project with Simply Casserole and Rich Gravy Pastes, *Oxo* Herbs & More, *Cadbury* dessert pots, *Homepride* advertising featuring 'Fred' and *Sharwood's* Stir Fry Melts. In the most recent quarter's trading, branded sales increased 1.6%; a year ago branded sales recorded a decline of 4.3%. This turnaround demonstrates that the Company's strategy of investing behind its brands is delivering results and reinforces the plans for further product innovation and marketing. In the first half of the year, 15.2% of the Company's sales were delivered from products launched in the last two years; this compares to 11.3% for the 52 weeks ended 4 April 2015 and 6.9% two years ago.

The Company invested £13m in consumer marketing in the first half of the year, a slight decline on the prior period, although it expects to spend £36m - £38m in the full year. A large proportion of this investment will be focused on its key trading period of the third quarter, when the Company expects to deliver attractive returns on investment given the seasonal nature of its branded portfolio. This uplift in spend represents a 10-15% increase over the prior year and the Company expects to increase this further in FY17; a clear demonstration of the importance it places on brand investment as a driver of Group performance.

Additionally, the Company has been successful in delivering improved media buying efficiency through a lower cost per television rating. While the emergence of social and digital media has increased relevance, television advertising remains the most effective medium for the Company to communicate its brands to consumers.

Customer relationships

The Company employs a category based strategy, the overall premise of which is designed to deliver category growth for the mutual benefit of the Company, its customers and consumers. Over recent times, it has rationalised the range of product codes it sells, focusing on the bigger selling lines and worked in closer partnership with its customers, helping the Company achieve category captaincy and advisor statuses. The Company also works in close partnership to agree business plans and propose listings of new products with many of its customers.

A major customer has recently completed a review of the Company's Grocery categories, which has concluded in line with the Company's expectations. While the Company has lost some slower selling product codes as a result of this review, it has also gained increased availability of some higher selling product codes; both changes were as expected. With promotional activity always a feature of the commercial landscape, it remains too early to definitively gauge the overall impact of these ranging decisions, but the company continues to enjoy good relationships across its customer portfolio.

Grocery

£m	FY16 H1 (26 weeks)	FY15 H1 (26 weeks)	H1 Change (%)	Q2 Change (%)
Sales				
Branded	**226.2**	225.0	0.6%	3.1%
Non-branded	**21.2**	21.6	(2.4%)	5.6%
Total sales	**247.4**	246.6	0.3%	3.3%
Divisional contribution	**60.8**	60.1	1.2%	-

In the first half of the year, sales in the Grocery business grew by 0.3%, with branded sales ahead 0.6%, while Divisional contribution increased by 1.2% to £60.8m. In the second quarter, total sales increased by 3.3%, of which branded sales contributed 3.1%.

The business unit's biggest brand, *Bisto,* again recorded a strong performance, delivering both volume and sales growth in H1 and the second quarter. Sales benefitted from the launch of *Bisto* Simply Casserole pastes, launched approximately twelve months ago, which align strongly to key consumer trends such as convenience and 'foodieness'. This product, which has re-vitalised the category was recently renamed 'Made Simple' and now has additional, new flavour variants recently launched to market. Additionally, *Oxo* grew sales and volumes in the half, supported by the launch of *Oxo* Stock Pots, again aligned to key consumer trends.

While sales of *Ambrosia* were marginally down in the half and flat in the quarter, it held share and remains the clear market leader in the ambient desserts category. As part of its standard brand planning cycle, the business unit has undertaken some key usage and attitude consumer research and identified opportunities for the *Ambrosia* brand to premiumise its offering and stretch into adjacent categories. Consequently, *Ambrosia* is planning to launch new 'Deluxe' premium custard products to market in early 2016 in a variety of packaging formats. This exciting new product range is expected to be supported by new television advertising and plays to the premiumisation trend which has been followed with success by other brands in the portfolio.

In cooking sauces, *Sharwood's* and *Loyd Grossman* both enjoyed very healthy sales growth in H1 and in the second quarter. *Sharwood's* benefitted from the launch of Stir Fry Melts, a product based on gel pot technology used in other parts of the portfolio and aligned to consumer trends of convenience and 'foodieness', while *Loyd Grossman* also saw the launch of Pan Melts and continued momentum from its 'Gastro' and 'Classics' pouch range.

The *Batchelors* brand continues to experience falling sales, although this declining trend has to some extent reduced. New more premium cup-a-soup products were launched in the second quarter, with flavours including Thai Inspired Chicken & Sweet Potato and Southern Style Pulled Pork while further more contemporary *Batchelors* products are planned for introduction in 2016.

The Company's home-baking brands, including *McDougalls, Be-Ro* and *Atora*, have historically received less focus than its core categories. Given the increasing popularity of home-baking over recent years, this category is now worth £387m[6] with additional opportunities for growth in the premium segment of the market through new innovation. To capture these opportunities and help revitalise the category, the Company has entered into a partnership with renowned baker, Paul Hollywood, to launch a unique range of premium, artisanal home-baking products under the *Paul Hollywood* name.

These exciting new products will be created in conjunction with Paul according to his exacting standards and recipes and reflecting his vision to make artisanal baking products more accessible to a wider audience. The products will be produced at the Company's existing facilities and Paul will be instrumental in the marketing of the new range. The initial range of products includes 12 different bread, savoury and sweet mixes which are expected to be available in-store early in 2016. The Company's marketing investment plans for its existing branded portfolio remain unaffected by the new partnership.

Sweet Treats

£m	**FY16 H1 (26 weeks)**	**FY15 H1 (26 weeks)**	**H1 Change (%)**	**Q2 Change (%)**
Sales				
Branded	**80.4**	81.4	(1.3%)	(2.6%)
Non-branded	**13.4**	11.7	15.2%	18.7%
Total sales	**93.8**	93.1	0.8%	0.2%
Divisional contribution	**7.4**	4.8	54.2%	-

Sweet Treats delivered a strong first half performance with sales up 0.8% and Divisional contribution ahead 54.2% at £7.4m, the latter reflecting an increase in Divisional contribution margin from 5.2% to 7.9%. In the second quarter, total sales increased 0.2%, with lower branded sales offset by higher non-branded sales of over 18%. The lower branded sales were due to cycling the major Mr. Kipling brand relaunch in the prior year and phasing of promotional activity which is expected to reverse in the third quarter. In terms of market share, *Mr. Kipling* was successful in growing both volume and value share in the first half of the year.

The ambient cake category continues to grow and *Mr. Kipling* has maintained its momentum, delivering volume and sales increases in both the first half of the year and the second quarter. Sales in H1 were supported by the launch of milkshake flavour snack pack slices, while new products including Deluxe Viennese Whirls, Fabulous Fancy and Victoria sponge and Coffee cakes were also launched towards the end of the half. In the second half, the business unit expects to launch an exciting new range of wholesome oat, fruit and nut based snack pack slices which align closely to relevant consumer trends. All the new products the Sweet Treats business unit is introducing are based on pertinent consumer trends and insights such as ‘togetherness’; ‘reward’; ‘snacking’ and ‘nutrition’ to ensure maximum consumer and customer interest.

Cadbury cake benefitted from its first television advertising in eight years in the period, while new product development included ‘Amaze Bites’ and Hot Cakes. Both products have been very well received by retail customers and initial results are encouraging.

The increase in non-branded sales in the first half of the year reflects a number of new business wins across a variety of customers. One key area of focus is mince pies, of which the Company sold approximately 150 million in FY14/15. The business continues to evaluate all such business opportunities and while it is very focused on driving branded sales growth, recognises that certain non-branded business can nevertheless be attractive. One of the benefits of such an approach is in supporting manufacturing site utilisation which is already reflected in the increased divisional contribution margin seen in the first half of the year. With the delivery of this increased divisional contribution margin already evident, the Company now expects to deliver a double-digit Divisional contribution margin in the Sweet Treats business in the current financial year; a year earlier than previously indicated.

During the period, the Sweet Treats business completed the implementation of its new *Mr. Kipling* snack pack slices line at its factory in Barnsley, South Yorkshire. This new line provides additional capacity and flexibility, so presenting opportunities to enter the convenience channel with twin-pack format sizes where sales and margin per slice are typically higher than the core range.

A significant proportion of the Group's capital expenditure allocation this year is being spent at its Stoke cake bakery, where a number of automation projects are already delivering savings which have supported the Divisional contribution progress in the period.

International

In September 2014, the Company announced a new strategic business unit structure. Since the creation of this structure, the colleagues working in the International business unit have increased from nine to 27, with many of these joining the Company from other leading consumer sector companies in the last six months.

With this increased focus on international, sales of the business unit grew by 22% at constant currency in H1 and by 38% on the same basis in the second quarter. Strong performances were particularly noted in Australasia and Ireland. In Australasia, sales in the second quarter increased by 74% as a result of new listings of *Sharwood's*, gaining significant market share and moving up to second largest brand in the Indian food market. Ireland sales increased by 7.5% at constant currency in the quarter, growing share in a flat market. In the third quarter, the Irish business will benefit from *Bisto* and *Oxo* television advertising, for the first time in over two years.

In the USA, sales of *Sharwood's* are performing strongly; delivering double-digit sales growth and market share gains. Additionally, the Company has an exciting new trial of *Mr. Kipling* Apple, Fruit and Mississippi Mud Pies taking place across 250 stores of a major US retailer during November.

Group & corporate costs, efficiency and organisation structure

The Company is planning to invest approximately £25m in FY16 on capital projects across its manufacturing facilities. In particular, a number of projects have now been completed at our Stoke cake bakery to increase automation on packing lines, reducing a number of manual tasks and so delivering efficiency benefits. Additionally, the Company has embarked on a process optimisation programme at certain manufacturing facilities which involves working with a specialist partner to identify opportunities for sharper process control to deliver improvements in both product cost and quality. The payback on these cost reduction projects is expected to be just one year.

Group and corporate costs were slightly lower in the first half of the year compared to the prior period at £17.6m. Following the announcement by HM Government of the intention to implement a National Living Wage (NLW) for all employees above the age of 25 from April 2016, the Company has undertaken an initial analysis to assess the potential impact on its cost structure. While there is no impact in the current financial year, the Company expects there will be a relatively small increase in labour costs in the following year, FY16/17. The impact is expected to be greater at some of the Group's manufacturing sites than others. While the NLW is expected to rise to at least £9.00 an hour by 2020, this level represents the bottom of current government forecasts and the Company is currently undertaking a more detailed assessment of the potential cost implications by 2020.

The organisational structure of Grocery, Sweet Treats and International is now firmly in place and working well. An integral part of this structure has involved ensuring the right senior teams are in place across each business unit. Consequently, the Group has recruited some key talent from leading consumer sector companies each with a strong track record to support in delivery of the respective business unit objectives.

Net regular interest

£m	FY16 H1	FY15 H1	Change (%)
Senior secured notes interest	**15.4**	16.2	4.9
Bank debt interest	**4.0**	4.2	4.8
Securitisation interest	**0.8**	1.3	38.5
	20.2	21.7	6.9
Amortisation of debt issuance costs	**2.3**	1.9	(21.1)
Net regular interest	**22.5**	23.6	4.7

Net regular interest was £22.5m in the period, £1.1m lower than the prior year. Aside from lower bank debt interest, interest charges were largely unchanged and in line with the Company's expectations. The Company's expectations for net regular interest for the full year are also unchanged at approximately £45m.

Associate investments

The Company holds a 49% interest in both Hovis Limited and Knighton Foods Limited. In the first half of the year, the Company recognised a share of loss from associates of (£7.0m), of which (£6.8m) is due to the share of loss from the Hovis Limited investment. This loss primarily reflects a very competitive environment in the bread market and certain restructuring costs. The Company's investments in associates as at 3 October 2015 were £29.3m, which includes balances relating to Hovis Limited and Knighton Foods Limited that were previously classified as loans.

Cash flow

£m	FY16 H1	FY15 H1
Trading profit	**50.6**	46.7
Depreciation	7.7	6.7
Share based payments	2.1	1.8
Interest	(20.7)	(21.0)
Pension contributions	(6.0)	(28.6)
Capital expenditure	(13.7)	(15.1)
Working capital & other	(13.7)	3.0
Restructuring costs	(2.8)	(4.9)
Operating cash inflow/(outflow)	**3.5**	(11.4)
Disposal proceeds	-	10.0
Financing fees & other items	-	(58.6)
Net equity proceeds	-	242.2
Loan notes	-	(15.7)
Purchase of own shares	(1.5)	(1.5)
Movement in cash in period	**2.0**	165.0

Total cash inflows in the half were £2.0m, offset by movement in debt issuance costs of (£2.4m). Trading profit was £50.6m, while depreciation in H1 was £7.7m which is broadly in line with the Company's expectations for its ongoing rate of depreciation. Interest paid was (£20.7m) and reflects a bi-annual payment of interest relating to the senior secured notes in the half. Capital expenditure of £13.7m is also broadly as expected; as previously stated, the Company plans to spend approximately £25m in the full year. The working capital outflow of (£13.7m) is due to stock build in advance of the Group's key third quarter trading period; this is expected to partly unwind by the year end. Pension contributions of (£6.0m) are in line with the previously agreed schedule of pension deficit contributions and costs associated with administering the pension schemes. Restructuring costs of £2.8m in the period principally reflect costs associated with restructuring the Group's IT function and are expected to be approximately £5m in the full year.

Net debt

	£m
Reported Net debt at 4 April 2015	**584.9**
Movement in cash in period	(2.0)
Movement in debt issuance costs	2.4
Reported Net debt at 3 October 2015	**585.3**

Net debt at 3 October 2015 was £585.3m, which is broadly in line with the position as at 4 April 2015. Given the seasonal nature of the business, the Company's cash generation is higher in the second half of its financial year. The Company expects to deliver a significant reduction in Net debt by year end. The Net debt/EBITDA ratio at 3 October 2015, based on the last twelve months EBITDA is 3.9x, down from 4.0x at 4 April 2015.

Pensions

Combined pensions schemes (£m)	**3 October 2015**	4 April 2015
Assets		
Equities	**378.8**	348.5
Government bonds	**503.0**	547.5
Corporate bonds	**179.9**	329.8
Property	**298.8**	260.0
Absolute return products	**1,306.2**	1,332.9
Cash	**158.0**	294.4
Infrastructure funds	**217.7**	196.6
Swaps	**596.2**	430.0
Private equity	**246.1**	250.9
Other	**233.7**	257.9
Total Assets	**4,118.4**	4,248.5
Liabilities		
Discount rate	**3.70%**	3.30%
Inflation rate (RPI/CPI)	**3.1%/2.0%**	3.0%/1.9%
Mortality rate	**LTI +1.0%**	LTI +1.0%
Total Liabilities	**(4,151.2)**	(4,460.3)
Combined deficit	**(32.8)**	(211.8)
Deferred tax (20.0%/21.4%)	**6.6**	45.3
Combined deficit net of deferred tax	**(26.2)**	(166.5)

The IAS 19 combined pension deficit at 3 October 2015 was (£32.8m), equivalent to (£26.2m) net of deferred tax. This is £179.0m lower than the valuation as at 4 April 2015. The valuation at 3 October 2015 comprised a £383.2m surplus in respect of the RHM schemes and a deficit of (£416.0m) in relation to the Premier Foods schemes. This reduction is principally a result of changes in assumptions used for evaluating the liabilities of the schemes. The net impact of the movement in liabilities assumptions was approximately £140m lower than the position at 4 April 2015 and reflects an increase in the discount rate from 3.3% to 3.7%, partly offset by a slightly higher inflation rate assumption from 3.0% to 3.1%.

The reduction in the pension valuation between these dates has no impact on the previously agreed pension deficit cash contributions which are fixed until 2019. One approach in valuing the pension liabilities as part of the Enterprise value of the Company is to discount the post tax future cash flows of the agreed deficit contribution payment schedule. On this basis, the pension schemes deficit is valued at approximately £390m.

Pension sensitivities

Pension sensitivities (IAS 19 basis, £m)	**Increase/ (Reduction) in assets**	**Increase/ (Reduction) in liabilities**	**Increase/ (Reduction) in deficit**
25 basis point decrease in government gilts	165	182	17
25 basis point increase in credit spreads	-	(170)	(170)
25 basis point increase in RPI	55	67	12
Life expectancy increase by 1 year	-	146	146

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

Outlook

The Company is particularly pleased to report Group branded sales growth in both the first half and second quarter of the year, as well as Trading profit[2] and adjusted earnings progression. This reflects clear benefits of the Company's continued commitment to its brand investment and innovation programmes.

In the third quarter of the year, the Group expects to deliver positive branded sales growth, with Sweet Treats anticipated to perform more strongly than Grocery. The industry backdrop remains a challenging one, but with strategies which are delivering tangible results, and significantly higher marketing spend planned for the second half, the Group's profit expectations for the year remain unchanged.

In the Sweet Treats business, the Company is on track to deliver double digit divisional contribution margins in FY15/16; a year earlier than previously indicated. Looking further forward, the Company remains committed to investing for sales and profit growth and expects to deliver branded sales growth of 1-2% in FY16/17 and the medium term.

Financial review

Within this financial review, the Company presents its results for the 26 weeks from 5 April 2015 to 3 October 2015 (FY15/16 H1) with comparative information for the 26 weeks ended 4 October 2014 (FY14/15 H1). 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 completed disposals and associate investments.

In the prior period, the company completed two corporate transactions; the bread business on 26 April 2014 ("Hovis Limited") and the powdered beverages and desserts business ("Knighton Foods Limited") on 28 June 2014. Consequently, results for Hovis Limited and Knighton Foods Limited are reported as associates in the financial statements for the 26 weeks ended 3 October 2015.

As previously disclosed, the results of the International business unit are aggregated within the results of the Grocery segment, in line with IFRS 8.

Income statement

Revenue from continuing operations in the period was £341.2m compared to £343.9m in the prior year. Revenue in the prior period benefitted from sales from Knighton Foods Limited of £3.9m until the completion of the transaction as described above. This impact was partly offset by improved sales in both the Grocery and Sweet Treats businesses. Revenues of the Grocery segment in the period were £247.4m (FY14/15 H1: £250.8m), while revenues in the Sweet Treats segment increased by £0.7m to £93.8m (FY14/15 H1: £93.1m).

The Group employs a category based strategy, the core of which involves investing behind its brands and launching new products to market, while working in even closer partnership with its customers. The Group considers the benefits of this strategy are delivering results, evidenced by increasing sales and volumes of brands where it is investing most in. Further details of this progress are provided in the Operating review.

Gross profit was £126.7m in the period, an increase of £11.7m compared to the prior year and included the benefits to manufacturing overheads of higher utilisation of bakery sites in the Sweet Treats business, benefits to manufacturing costs from automation projects and relatively benign input costs. Gross margin increased by 3.7 percentage points to 37.1% for the 26 weeks ended 3 October 2015, reflecting the points identified above.

Divisional contribution for the Group was £68.2m in the period, an increase of £4.1m compared to the prior period. Grocery Divisional contribution was £60.8m, an increase of £1.5m on the 26 weeks ended 3 October 2015, while Sweet Treats Divisional contribution was £7.4m, a £2.6m increase on the prior period. The increased Divisional contribution partly reflects lower levels of consumer marketing investment in the Half year. This year, a larger proportion of the Group's consumer marketing investment will be focused on its key trading period of the third quarter.

Operating profit

Operating profit for the 26 weeks ended 3 October 2015 was £23.3m, compared to an Operating loss in the prior period of (£12.8m). Before impairment and loss on disposal of operations, Group Operating profit was also £23.3m in the period, compared to £9.2m for the 26 weeks ended 4 October 2014.

The main driver of the Group generating an Operating profit in the period compared to the Operating loss recorded in the prior year was the non-repeat of an impairment charge relating to certain of the Group's assets at its Lifton manufacturing site of £16.0m and a loss on disposal of operations of £6.0m due to the Knighton Foods Limited transaction which completed on 28 June 2014. Additionally, net interest on pensions and administrative expenses was £7.0m in the period (FY14/15 H1: £13.4m). This decrease reflects a lower opening combined pension deficit valuation for the current period compared to the prior year.

Trading profit[2] in the period was £4.7m higher at £50.3m, partly due to timing effects of consumer marketing expenditure during the period and partly due to increased sales and manufacturing efficiency benefits.

Restructuring costs of £2.5m in the period (FY14/15 H1: £3.9m) were principally due to redundancy costs associated with restructuring the Group's IT function. Amortisation of intangible assets was £18.7m in the Half year (FY14/15 H1: £18.9m) and the Group expects the annual run rate for intangible asset amortisation to be unchanged at approximately £38-40m per annum.

Finance costs

Net finance cost for the 26 weeks ended 3 October 2015 was (£21.4m) (FY14/15 H1: (£36.6m)). During the prior year period, the Group entered into a new set of financing arrangements following the completion of its Capital Refinancing Plan. The principal driver of the lower finance cost compared to the prior year period was the non-repeat of the write-off of debt issuance costs of £14.6m associated with the Group's previous financing arrangements.

Interest payable on the senior secured notes was £15.4m in the period (FY14/15 H1: £16.2m); interest payable on the Group's revolving facility was £3.2m in the period (FY14/15 H1: £2.5m) and interest payable on bank loans and overdrafts in the period was £2.5m (FY14/15 H1: £3.4m). Amortisation of debt issuance costs was £2.3m in the period (FY14/15 H1: £1.9m).

Associate investments

The Company holds a 49% interest in both Hovis Limited and Knighton Foods Limited. In the first half of the year, the Company recognised a share of loss from associates of (£7.0m), of which (£6.8m) is due to the share of loss from the Hovis Limited investment. This loss primarily reflects a very competitive environment in the bread market and certain restructuring costs. The Company's investments in associates as at 3 October 2015 were £29.3m, which includes balances relating to Hovis Limited and Knighton Foods Limited that were previously classified as loans.

Profit before taxation

The Group made a loss before tax of (£5.1m) for the period ended 3 October 2015 compared to a prior year loss of (£54.7m). An Operating profit of £23.3m, net finance costs of (£21.4m) and a share of loss from associates was (£7.0m), all as outlined above are the principal reasons for this performance.

Taxation

A taxation credit of £26.8m is reported for the period (FY14/15 H1: £5.6m credit), which is due to movements in the components of the deferred tax asset. The applicable rate of corporation tax for the period was 20.0% (FY14/15 H1: 21.0%).

The Group's net deferred tax asset as at 3 October 2015 was £33.2m which includes tax benefits from future pension deficit contributions and benefits from prior year losses. Additionally, the Group has approximately £145m of unrecognised brought forward corporation tax losses which equates to approximately £29m of unrecognised deferred tax assets. In total, the Group has £94.0m of recognised deferred tax assets and unrecognised deferred tax assets which are available to offset over £450m of taxable profits in future periods. These losses can generally be carried forward indefinitely.

The corporation tax rate for the full year is expected to be unchanged at 20.0%.

Earnings per share

The Group reports a basic earnings per share on continuing operations for the 26 weeks ended 3 October 2015 of 2.6 pence, compared to a basic loss per share on continuing operations for the prior period of (6.0 pence). Earnings/(loss) per share is calculated by dividing the earnings/(loss) attributed to ordinary shareholders of £21.7m (FY14/15 H1: (£49.1m)) by the weighted number of shares in issue during the period. The weighted number of shares in the period were 825.7 million (FY14/15 H1: 817.2 million).

Adjusted earnings per share for continuing operations were 2.7 pence (FY14/15 H1: 2.1 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 £22.2m (FY14/15 H1: £17.4m) by the weighted number of ordinary shares in issue during each period. These earnings have been calculated by reflecting tax at a notional rate of 20.0% (FY14/15 H1: 21.0%).

Cash flow and borrowings

Company net borrowings as at 3 October 2015 were £585.3m, a slight increase of £0.4m since 4 April 2015. The cash inflow from operations to 3 October 2015 was £42.2m (FY14/15 H1: £24.8m). This included a cash inflow from continuing operations of £43.2m (FY14/15 H1: £17.6m inflow) and cash outflow from discontinued operations of (£1.0m) (FY14/15 H1: £7.2m inflow). The Group recorded an increase in inventories of £13.8m in the Half year, as it builds stock in advance of its key trading period of the year; the third quarter.

Net cash interest paid was £20.7m in the period (FY14/15 H1: £21.0m) and the purchase of property, plant and equipment was £13.9m in the period.

At 3 October 2015, the Group's revolving credit facility of £272.0m recorded drawings of £112.0m and the Group's £80m securitisation facility was undrawn. Cash and bank deposits were £21.1m (4 April 2015: £44.7m) and the Senior secured notes were unchanged at £500.0m.

Retirement benefit schemes

At 3 October 2015, the Company's pension schemes under the IAS 19 accounting valuation showed a combined gross deficit of (£32.8m), compared to (£211.8m) at 4 April 2015. The valuation at 3 October 2015 comprised a £383.2m surplus in respect of the RHM schemes and a deficit of (£416.0m) in relation to the Premier Foods schemes. Further detail on the pension schemes is provided in the Operating review.

Principal risks and uncertainties

The Group's principal risks and uncertainties were disclosed on page 23 to 25 of the annual report and accounts for the financial period ended 4 April 2015. The major strategic and operational risks are summarised under the headings of market conditions, organisational structure and capability, responsibility and stakeholder perception, commercial arrangements, pension fund deficit, operational continuity and legal and regulatory compliance.

Alastair Murray
Chief Financial Officer

APPENDICES

'**Continuing operations'** includes the respective periods that the Company maintained ownership of previously completed disposals and associate investments.

'Underlying' results exclude the results of previously completed business disposals and associate investments and are presented to illustrate the performance of the Company on the new reporting calendar methodology.

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

£m	3 October 2015 (26 weeks)	4 October 2014 (26 weeks)
Underlying business Trading profit	**50.6**	46.7
Previously completed disposals	**(0.3)**	(1.1)
Continuing Trading profit	**50.3**	45.6
Amortisation of intangible assets	**(18.7)**	(18.9)
Foreign exchange fair value movements	**1.2**	(0.2)
Net interest on pension and administrative expenses	**(7.0)**	(13.4)
Restructuring costs	**(2.5)**	(3.9)
Loss on disposal	**-**	(6.0)
Impairment of goodwill, property, plant & equipment	**-**	(16.0)
Operating profit/(loss)	**23.3**	(12.8)
Net finance expense	**(21.4)**	(36.6)
Share of loss from associates	**(7.0)**	(5.3)
(Loss) before tax	**(5.1)**	(54.7)
Taxation	**26.8**	5.6
Profit/(loss) after tax	**21.7**	(49.1)
Divided by:		
Average shares in issue (millions)	**825.7**	817.2
Basic earnings/(loss) per share	**2.6p**	(6.0p)

Adjusted earnings per share is calculated as set out below:

£m	3 October 2015 (26 weeks)	4 October 2014 (26 weeks)	Change (%)
Underlying Trading profit	**50.6**	46.7	8.4%
Less net regular interest	**(22.5)**	(23.6)	4.7%
Adjusted profit before tax	**28.1**	23.1	21.6%
Less notional tax at 20.0%/21.0%	**(5.6)**	(4.9)	(15.9%)
Adjusted profit after tax	**22.5**	18.2	23.2%
Divided by:			
Average shares in issue (millions)	**825.7**	817.2	1.0%
Adjusted earnings per share	**2.7p**	2.2p	21.9%

Pro forma results for 52 weeks to 4 April 2015

£m	52 weeks to 4 April 2015					
	Q1 (13 weeks)	**Q2** (13 weeks)	**H1** (26 weeks)	**Q3** (13 weeks)	**Q4** (13 weeks)	**FY** (52 weeks)
Grocery						
Branded sales	112.4	112.6	225.0	160.1	123.4	508.5
Non-branded sales	11.3	10.3	21.6	11.3	10.3	43.2
Total sales	**123.7**	**122.9**	**246.6**	**171.4**	**133.7**	**551.7**
Divisional contribution	**-**	**-**	**60.1**	**-**	**-**	**145.2**
Sweet Treats						
Branded sales	39.9	41.5	81.4	50.0	43.8	175.2
Non-branded sales	5.4	6.3	11.7	23.4	5.4	40.5
Total sales	**45.3**	**47.8**	**93.1**	**73.4**	**49.2**	**215.7**
Divisional contribution	**-**	**-**	**4.8**	**-**	**-**	**18.0**
Group						
Branded sales	152.3	154.1	306.4	210.1	167.2	683.7
Non-branded sales	16.7	16.6	33.3	34.7	15.7	83.7
Total sales	**169.0**	**170.7**	**339.7**	**244.8**	**182.9**	**767.4**
Divisional contribution	-	-	64.9	-	-	163.2
Group & corporate	-	-	(18.2)	-	-	(32.2)
Trading profit	-	**-**	**46.7**	-	**-**	**131.0**
EBITDA	-	-	53.4	-	-	144.9

- The Company has changed its financial year end to the beginning of April.
- It will report its next financial year for the 52 weeks to 2 April 2016.
- Interim results are presented on a 26 week basis.
- The comparatives for the prior year, 52 weeks to 4 April 2015, are set out in the table above.
- Divisional contribution, Trading profit[2] and EBITDA[3] will be reported at Interim and Preliminary results only.
- 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 will be reported at total Group level.
- Quarterly trading updates will be presented on a 13 week basis (compared to previous 3 month basis).
- Power Brands and support brands definitions have been removed.
- New reported segments to be Grocery and Sweet Treats with branded sales, non-branded sales and divisional contribution disclosure.
- International currently too small for separate disclosure and in line with accounting standards will be aggregated within Grocery.

Pension deficit contribution schedule

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

£m	2015/16	2016/17	2017/18	2018/19	2019/20
Deficit contributions	6	48	49	44	44
Administration costs + PPF levy	8-10	8-10	8-10	8-10	8-10
Total cash outflow	**14-16**	**56-58**	**57-59**	**52-54**	**52-54**

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 36 of the Premier Foods plc annual report and accounts for the financial period ended 4 April 2015. Charles Miller-Smith resigned from the board as non-executive director with effect from 1 June 2015.

Approved by the Board on 9 November 2015 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 3 October 2015 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.

In the last financial year the company changed its accounting reference date from 31 December to the closest Saturday to 31 March. The previous interim results were prepared for the six months to 30 June 2014. As a consequence, the review procedures set out above have not been performed in respect of the comparative period for the twenty six weeks ended 4 October 2014.

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 3 October 2015 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

9 November 2015

Condensed consolidated statement of profit or loss (unaudited)

	Note	**Period ended 3 Oct 2015 £m**	Period ended 4 Oct 2014 £m
Continuing operations			
Revenue	4	**341.2**	343.9
Cost of sales		**(214.5)**	(228.9)
Gross profit		**126.7**	115.0
Selling, marketing and distribution costs		**(58.5)**	(50.9)
Administrative costs		**(44.9)**	(76.9)
Operating profit/(loss)	4	**23.3**	(12.8)
Operating profit before impairment and loss on disposal of operations		**23.3**	9.2
Impairment of property, plant and equipment	10	**-**	(16.0)
Loss on disposal of businesses	9	**-**	(6.0)
Finance cost	5	**(24.1)**	(39.0)
Finance income	5	**2.2**	1.1
Fair value movements on interest rate financial instruments	5	**0.5**	1.3
Share of loss from associates	11	**(7.0)**	(5.3)
Loss before taxation from continuing operations		**(5.1)**	(54.7)
Taxation credit	6	**26.8**	5.6
Profit/(loss) after taxation from continuing operations		**21.7**	(49.1)
Loss from discontinued operations	8	**(0.2)**	(21.8)
Profit/(loss) for the period attributable to owners of the parent		**21.5**	(70.9)
Basic earnings/(loss) per share			
From continuing operations (pence)	7	**2.6**	(6.0)
From discontinued operations (pence)	7	**-**	(2.7)
From profit/(loss) for the period		**2.6**	(8.7)
Diluted earnings/(loss) per share			
From continuing operations (pence)	7	**2.5**	(6.0)
From discontinued operations (pence)	7	**-**	(2.7)
From profit/(loss) for the period		**2.5**	(8.7)
Adjusted earnings per share[1]			
From continuing operations (pence)	7	**2.7**	2.1

[1] Adjusted earnings per share is defined as trading profit less net regular interest payable, less a notional tax charge at 20.0% (2014: 21.0%) divided by the weighted average number of ordinary shares of the Company.

The notes on pages 25 to 45 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income (unaudited)

	Note	Period ended 3 Oct 2015 £m	Period ended 4 Oct 2014 £m
Profit/(loss) for the period		**21.5**	(70.9)
Other comprehensive income/(losses)			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit schemes	15	**179.8**	19.7
Deferred tax charge		**(35.5)**	(3.9)
Items that are or may be reclassified to profit or loss			
Exchange differences on translation		**0.4**	(3.2)
Other comprehensive income, net of tax		**144.7**	12.6
Total comprehensive income/(losses) attributable to owners of the parent		**166.2**	(58.3)

The notes on pages 25 to 45 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated balance sheet (unaudited)

	Note	As at 3 Oct 2015 £m	As at 4 Apr 2015 £m
ASSETS:			
Non-current assets			
Property, plant and equipment	10	**186.9**	183.3
Goodwill		**646.0**	646.0
Other intangible assets		**512.0**	528.4
Retirement benefit assets	15	**383.2**	241.6
Investments in associates[1]	11	**29.3**	35.2
Deferred tax assets		**33.2**	41.9
		1,790.6	1,676.4
Current assets			
Inventories		**82.6**	68.8
Trade and other receivables		**125.1**	123.5
Financial assets – derivative financial instruments	13	**0.4**	-
Cash and cash equivalents	16	**21.1**	44.7
		229.2	237.0
Total assets		**2,019.8**	1,913.4
LIABILITIES:			
Current liabilities			
Trade and other payables		**(218.5)**	(212.6)
Financial liabilities:			
– short-term borrowings	12	**(17.6)**	(42.0)
– derivative financial instruments	13	**(2.4)**	(3.7)
Provisions for liabilities and charges	14	**(8.6)**	(8.6)
Current income tax liabilities		**(0.7)**	(0.7)
		(247.8)	(267.6)
Non-current liabilities			
Financial liabilities – long-term borrowings	12	**(588.8)**	(587.6)
Retirement benefit obligations	15	**(416.0)**	(453.4)
Provisions for liabilities and charges	14	**(47.7)**	(51.6)
Other liabilities		**(12.5)**	(13.0)
		(1,065.0)	(1,105.6)
Total liabilities		**(1,312.8)**	(1,373.2)
Net assets		**707.0**	540.2
EQUITY:			
Capital and reserves			
Share capital		**82.6**	82.6
Share premium		**1,406.4**	1,406.4
Merger reserve		**351.7**	351.7
Other reserves		**(9.3)**	(9.3)
Profit and loss reserve		**(1,124.4)**	(1,291.2)
Total equity		**707.0**	540.2

[1] Loans to associates with a carrying amount of £20.5m at 3 October 2015 (4 April 2015: £20.8m) were reclassified to investments in associates during the period, in order to reflect the fact that in substance they form part of the carrying value of the Group's respective investments. Further details are disclosed in note 11.

The notes on pages 25 to 45 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of cash flows (unaudited)

	Note	**Period ended 3 Oct 2015 £m**	Period ended 4 Oct 2014 £m
Cash generated from operations	16	**42.2**	24.8
Interest paid		**(22.3)**	(21.8)
Interest received		**1.6**	0.8
Cash generated from operating activities		**21.5**	3.8
Sale of businesses		**-**	8.3
Loan notes issued		**-**	(15.7)
Purchase of property, plant and equipment		**(13.9)**	(10.9)
Purchase of intangible assets		**(4.1)**	(4.2)
Sale of property, plant and equipment		**-**	1.7
Cash used in investing activities		**(18.0)**	(20.8)
Repayment of borrowings		**(1.0)**	(711.4)
Proceeds from borrowings		**-**	500.0
Movement in securitisation funding programme		**(19.7)**	(46.0)
Financing fees and other costs of finance		**-**	(58.6)
Proceeds from share issue		**-**	253.4
Share issue costs		**-**	(11.2)
Purchase of own shares		**(1.5)**	(1.5)
Cash used in financing activities		**(22.2)**	(75.3)
Net outflow of cash and cash equivalents		**(18.7)**	(92.3)
Cash, cash equivalents and bank overdrafts at beginning of period		**21.7**	98.8
Cash, cash equivalents and bank overdrafts at end of period	16	**3.0**	6.5

The notes on pages 25 to 45 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	15	**-**	**-**	**-**	**-**	**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**
Own shares acquired and held as Treasury shares		**-**	**-**	**-**	**-**	**(1.5)**	**-**	**(1.5)**
At 3 October 2015		**82.6**	**1,406.4**	**351.7**	**(9.3)**	**(1,124.4)**	**-**	**707.0**
At 6 April 2014		31.7	1,215.0	404.7	(9.3)	(1,533.0)	0.1	109.2
Loss for the period		-	-	-	-	(70.9)	-	(70.9)
Remeasurements of defined benefit schemes		-	-	-	-	19.7	-	19.7
Deferred tax charge		-	-	-	-	(3.9)	-	(3.9)
Exchange differences on translation		-	-	-	-	(3.2)	-	(3.2)
Other comprehensive income		-	-	-	-	12.6	-	12.6
Total comprehensive losses		-	-	-	-	(58.3)	-	(58.3)
Shares issued		50.7	202.7	-	-	-	-	253.4
Cost of shares issued		-	(11.2)	-	-	-	-	(11.2)
Share-based payments		-	-	-	-	1.8	-	1.8
Own shares acquired and held as Treasury shares		-	-	-	-	(1.5)	-	(1.5)
Disposal of non-controlling interest		-	-	-	-	-	(0.1)	(0.1)
At 4 October 2014		82.4	1,406.5	404.7	(9.3)	(1,591.0)	-	293.3

The notes on pages 25 to 45 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 note 15 of the Group’s annual report and accounts for the financial period ended 4 April 2015.

2. Significant accounting policies

Basis of preparation

The condensed consolidated financial information (“financial information”) for the 26 weeks ended 3 October 2015 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 26 weeks ended 3 October 2015 should be read in conjunction with the Group’s financial statements for the 15 months ended 4 April 2015, 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 15 months ended 4 April 2015, 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.

Following a competitive tender process, KPMG LLP were appointed as the Group’s auditor for the 52 weeks ended 2 April 2016. The financial information for the twenty six weeks ended 3 October 2015 is unaudited but has been subject to an independent review by KPMG LLP.

In the last financial period the Group changed its accounting reference date from 31 December to the closest Saturday to 31 March. The previous interim results were prepared for the six months to 30 June 2014. As a consequence, the review procedures have not been performed in respect of the comparative period for the 26 weeks ended 4 October 2014.

The Group's financial statements for the 15 months ended 4 April 2015, which were approved by the Board of Directors on 18 May 2015, were reported on by PricewaterhouseCoopers 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 9 November 2015.

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 4 April 2015 and 3 October 2015. 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 foreseeable future. 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 completion of this condensed consolidated interim financial information. There have been no significant changes to critical estimates and judgements since the 4 April 2015 financial period end.

Employee benefits

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

At each reporting date, and on a continuous basis, the Group reviews the macro-economic, Company and scheme specific factors influencing each of these assumptions, using professional advice, in order to record the Group's ongoing commitment and obligation to defined benefit schemes in accordance with IAS 19 (Revised). Key assumptions used are mortality rates, discount rates and inflation set with reference to bond yields. Each of the underlying assumptions is set out in more detail in note 15.

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

The Group considers the impact of the assumptions used on the calculations and conducts sensitivity analysis on the impairment tests of the CGUs carrying values.

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

Advertising and promotion costs

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

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

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

Deferred tax

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 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, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, under which the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group’s share of the profit or loss of the investee after the date of acquisition. Impairment reviews of the carrying amount of investments in associates are performed when an event indicates that an impairment review is necessary. The Group’s share of profit or loss is recognised in the statement of profit or loss.

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

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

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

The segment results for the 26 weeks ended 3 October 2015 and 4 October 2014, and the reconciliation of the segment measures to the respective statutory items included in the consolidated financial statements, are as follows:

			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)**

	Period ended 4 Oct 2014		
	Grocery	Sweet Treats	Continuing operations
	£m	£m	£m
Revenue	250.8	93.1	343.9
Divisional contribution	59.3	4.8	64.1
Group and corporate costs			(18.5)
Trading profit			45.6
Amortisation of intangible assets			(18.9)
Fair value movements on foreign exchange and other derivative contracts			(0.2)
Restructuring costs			(3.9)
Net interest on pensions and administrative expenses			(13.4)
Operating profit before impairment and loss on disposal of operations			9.2
Impairment of property, plant and equipment			(16.0)
Loss on disposal of operations			(6.0)
Operating loss			(12.8)
Finance cost			(39.0)
Finance income			1.1
Fair value movements on interest rate financial instruments			1.3
Share of loss from associates			(5.3)
Loss before taxation from continuing operations			(54.7)
Depreciation	(3.4)	(3.3)	(6.7)

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 3 Oct 2015 £m	Period ended 4 Oct 2014 £m
Interest payable on bank loans and overdrafts	**(2.5)**	(3.4)
Interest payable on senior secured notes	**(15.4)**	(16.2)
Interest payable on revolving facility	**(3.2)**	(2.5)
Interest payable on interest rate financial instruments	**(0.7)**	(0.4)
Amortisation of debt issuance costs	**(2.3)**	(1.9)
	(24.1)	(24.4)
Write off of financing costs[1]	**-**	(14.6)
Total finance cost	**(24.1)**	(39.0)
Interest receivable on bank deposits	**1.6**	0.8
Other interest receivable	**0.6**	0.3
Total finance income	**2.2**	1.1
Fair value movements on interest rate financial instruments	**0.5**	1.3
Net finance cost	**(21.4)**	(36.6)

[1] Relates to the write-off of debt issuance costs relating to the Group's previous financing arrangements.

6. Taxation

The taxation credit on continuing operations for the 26 weeks ended 3 October 2015 of £26.8m (2014: £5.6m) includes a credit of £1.7m (2014: £5.6m) 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, and a credit of £25.1m (2014: £nil) relating to the recognition of previously unrecognised assets following a review of the overall deferred tax asset and the level of taxable profits anticipated in the future.

The taxation credit on discontinued operations for the 26 weeks ended 4 October 2014 of £1.9m relates to a credit on the disposal of the Bread business.

7. Earnings/(loss) per share

Basic earnings/(loss) per share has been calculated by dividing the profit for the 26 weeks ended 3 October 2015 attributable to owners of the parent of £21.5m (2014: £70.9m loss) by the weighted average number of ordinary shares of the Company.

	Period ended 3 Oct 2015			Period ended 4 Oct 2014		
	Basic	**Dilutive effect of share options**	**Diluted**	Basic	Dilutive effect of share options	Diluted
Continuing operations						
Profit/(loss) after tax (£m)	**21.7**		**21.7**	(49.1)		(49.1)
Weighted average number of shares (m)	**825.7**	**26.6**	**852.3**	817.2	-	817.2
Earnings/(loss) per share (pence)	**2.6**	**(0.1)**	**2.5**	(6.0)	-	(6.0)
Discontinued operations						
Loss after tax (£m)	**(0.2)**		**(0.2)**	(21.8)		(21.8)
Weighted average number of shares (m)	**825.7**	**26.6**	**852.3**	817.2	-	817.2
Loss per share (pence)	**-**	**-**	**-**	(2.7)	-	(2.7)
Total						
Profit/(loss) after tax (£m)	**21.5**		**21.5**	(70.9)		(70.9)
Weighted average number of shares (m)	**825.7**	**26.6**	**852.3**	817.2	-	817.2
Earnings/(loss) per share (pence)	**2.6**	**(0.1)**	**2.5**	(8.7)	-	(8.7)

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.

There is no dilutive effect of share options in the 26 weeks to 4 October 2014 as the Group made a loss for that period.

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

	Period ended 3 Oct 2015 Number	Period ended 4 Oct 2014 Number
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**825,741,256**	817,196,222
Effect of dilutive potential ordinary shares	**26,585,640**	-
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**852,326,896**	817,196,222

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% (2014: 21.0%) 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 3 Oct 2015 Continuing operations £m
Operating profit	**23.3**
Net interest on pension and administrative expenses	**7.0**
Fair value movements on foreign exchange and other derivative contracts	**(1.2)**
Amortisation of intangible assets	**18.7**
Restructuring costs	**2.5**
Trading profit	**50.3**
Less net regular interest payable	**(22.5)**
Adjusted profit before tax	**27.8**
Notional tax at 20.0%	**(5.6)**
Adjusted profit after tax	**22.2**
Average shares in issue (m)	**825.7**
Adjusted EPS (pence)	**2.7**
Net regular interest	
Net finance cost	**(21.4)**
Exclude fair value movements on interest rate financial instruments	**(0.5)**
Exclude other interest	**(0.6)**
Net regular interest	**(22.5)**

	Period ended 4 Oct 2014 Continuing operations £m
Operating loss	(12.8)
Impairment of property, plant and equipment	16.0
Loss on disposal of operations	6.0
Operating profit before impairment and loss on disposal of operations	9.2
Net interest on pension and administrative expenses	13.4
Fair value movements on foreign exchange and other derivative contracts	0.2
Amortisation of intangible assets	18.9
Restructuring costs	3.9
Trading profit	45.6
Less net regular interest payable	(23.6)
Adjusted profit before tax	22.0
Notional tax at 21.0%	(4.6)
Adjusted profit after tax	17.4
Average shares in issue (m)	817.2
Adjusted EPS (pence)	2.1

Net regular interest	
Net finance cost	(36.6)
Exclude fair value movements on interest rate financial instruments	(1.3)
Exclude other interest	(0.3)
Exclude write-off of financing costs	14.6
Net regular interest	(23.6)

8. Discontinued operations

Income and expenditure incurred on discontinued operations for the 26 weeks ended 3 October 2015 and 4 October 2014 comprises the Bread business, in light of the completion of the sale of the Group's majority share in this business on 26 April 2014.

	Period ended 3 Oct 2015 £m	Period ended 4 Oct 2014 £m
Revenue	**-**	31.3
Operating expenses	**(0.2)**	(34.2)
Operating loss before impairment and loss on disposal of operations	**(0.2)**	(2.9)
Impairment	**-**	(11.7)
Loss on disposal of operations	**-**	(8.6)
Operating loss	**(0.2)**	(23.2)
Finance cost	**-**	(0.5)
Loss before taxation	**(0.2)**	(23.7)
Taxation credit	**-**	1.9
Loss after taxation on discontinued operations for the period	**(0.2)**	(21.8)

During the 26 weeks ended 3 October 2015, discontinued operations contributed a £1.0m outflow (2014: £7.2m inflow) to the Group's operating cash flows, £nil (2014: £2.0m inflow) to investing activities and £nil (2014: £nil) to financing activities.

9. Disposal of businesses

On 26 April 2014 the Group completed the transaction with the Gores Group which led to the disposal of the Group's majority share in the Bread business. The Bread business is classified as a discontinued operation for the period up to the date of sale and the loss on disposal is included in discontinued operations. The investment in associates of £14.4m was recognised at the fair value of the 49% retained share in the Bread business, based on the initial cash consideration of £15.0m being received for 51% of the business.

On 28 June 2014 the Group completed the transaction with Specialty Powders Holdings Limited which led to the disposal of the Group's majority share in the Powdered Beverages and Desserts business. This is not a discontinued operation as it was previously integrated and reported as part of the Grocery business. The loss on disposal is included within continuing operations. The investment in associates and loans to associates totalling £13.1m were recognised at the fair value of the assets that transferred to the associate as part of the disposal transaction.

		Period ended 4 Oct 2014
	Bread £m	Powdered Beverages and Desserts £m
Net cash flow arising on disposal:		
- Initial consideration	15.0	-
- Working capital adjustments and transaction costs	(12.7)	(0.7)
Net cash inflow/(outflow) for the period	**2.3**	**(0.7)**
Property, plant and equipment	3.5	13.9
Inventories	22.5	4.5
Trade and other receivables	0.6	-
Trade and other payables	(1.3)	-
Net assets disposed	**25.3**	**18.4**
Investments in associates	14.4	13.1
Loss on disposal before tax	**(8.6)**	**(6.0)**

10. Property, plant and equipment

During the 26 weeks ended 4 October 2014 an impairment charge of £16.0m was recognised against property, plant and equipment relating to a reduction in the recoverable value of certain assets in the Grocery business. There were no impairments to property, plant and equipment in the 26 weeks ended 3 October 2015.

11. Investment in associates

The Group disposed of its majority interest in the Bread business and Powdered Beverages and Desserts business in the 26 weeks ended 4 October 2014, as disclosed in note 9. The Group's 49% retained interest in the share capital of these businesses was recognised as an investment in associates and the carrying value of these investments are given in the table below.

The Group issued a loan note to Hovis Limited for £15.7m in the 26 weeks ended 4 October 2014. As part of the Powdered Beverages and Desserts business disposal transaction, the Group holds a promissory note from Knighton Foods of £3.5m. These loans were reclassified to investments in associates during the period, in order to reflect the fact that in substance they form part of the carrying value of the Group's respective investments, in accordance with "IAS 28 Investments in Associates and Joint Ventures". The carrying value of investments at 3 October 2015 includes interest accrued on these loans to date.

	Hovis Limited	**Knighton Foods Limited**	**Total**
	£m	**£m**	**£m**
At 1 January 2014	-	-	-
Additions	30.1	13.1	43.2
Interest receivable	1.4	0.2	1.6
Share of loss from associates	(8.9)	(0.7)	(9.6)
At 4 April 2015	**22.6**	**12.6**	**35.2**
Interest receivable	0.9	0.2	1.1
Share of loss from associates	(6.8)	(0.2)	(7.0)
At 3 October 2015	**16.7**	**12.6**	**29.3**

12. Bank and other borrowings

	As at 3 Oct 2015 £m	As at 4 Apr 2015 £m
Current:		
Bank overdrafts	**(18.1)**	(23.0)
Securitisation facility	**-**	(19.7)
Transaction costs	**0.5**	0.7
Total borrowings due within one year	**(17.6)**	(42.0)
Non-current:		
Revolving credit facility	**(112.0)**	(113.0)
Transaction costs	**7.6**	8.3
	(104.4)	(104.7)
Senior secured notes	**(500.0)**	(500.0)
Transaction costs	**15.6**	17.1
	(484.4)	(482.9)
Total borrowings due after more than one year	**(588.8)**	(587.6)
Total bank and other borrowings	**(606.4)**	(629.6)

Revolving credit facility

The revolving credit facility of £272m is due to mature in March 2019 and attracts a bank margin in the range of 2.50% to 4.00% above LIBOR, depending on the Group's leverage ratio. 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%.

Securitisation facility

The debtor's securitisation facility is secured against the Group's trade receivables. It is a three year programme maturing in December 2016, with a £80m facility priced at 2.75% above the cost of commercial paper.

Senior secured notes

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

13. 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 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.

	As at 3 Oct 2015		As at 4 Apr 2015	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Loans and receivables:				
Cash and cash equivalents	**21.1**	**21.1**	44.7	44.7
Trade and other receivables	**114.2**	**114.2**	105.7	105.7
Financial assets at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**0.4**	**0.4**	-	-
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**-**	(0.9)	(0.9)
– Commodity and energy derivatives	**(1.2)**	**(1.2)**	(1.1)	(1.1)
– Interest rate swaps	**(1.2)**	**(1.2)**	(1.7)	(1.7)
Financial liabilities at amortised cost:				
Trade and other payables	**(210.3)**	**(210.3)**	(207.5)	(207.5)
Senior secured notes	**(500.0)**	**(450.2)**	(500.0)	(497.9)
Senior secured credit facility – revolving	**(112.0)**	**(112.0)**	(113.0)	(113.0)
Bank overdraft	**(18.1)**	**(18.1)**	(23.0)	(23.0)
Securitisation facility	**-**	**-**	(19.7)	(19.7)

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 3 Oct 2015		As at 4 Apr 2015	
	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	**-**	**0.4**	-	-
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**-**	-	(0.9)
– Commodity derivatives	**-**	**(1.2)**	-	(1.1)
– Interest rate swaps	**-**	**(1.2)**	-	(1.7)
Financial liabilities at amortised cost:				
Senior secured notes	**(450.2)**	**-**	(497.9)	-

14. Provisions for liabilities and charges

	As at 3 Oct 2015 £m	As at 4 Apr 2015 £m
Non-current	**(47.7)**	(51.6)
Current	**(8.6)**	(8.6)
Total	**(56.3)**	(60.2)

Total provisions for liabilities and charges of £56.3m at 3 October 2015 (4 April 2015: £60.2m) comprise restructuring provisions of £23.6m (4 April 2015: £25.9m) which primarily relate to provisions for non-operational leasehold properties, and other provisions of £32.7m (4 April 2015: £34.3m) which primarily relate to insurance claims, dilapidations against leasehold properties and environmental liabilities.

15. 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.

The exchange rates used to translate the overseas Euro based schemes are £1.00 = 1.3893 Euros for the average rate during the period, and £1.00 = 1.3540 Euros for the closing position at 3 October 2015.

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

	Premier schemes	RHM schemes
At 3 October 2015:		
Discount rate	**3.70%**	**3.70%**
Inflation – RPI	**3.10%**	**3.10%**
Inflation – CPI	**2.00%**	**2.00%**
Expected salary increases	**n/a**	**n/a**
Future pension increases	**2.05%**	**2.05%**
At 4 April 2015:		
Discount rate	3.30%	3.30%
Inflation – RPI	3.00%	3.00%
Inflation – CPI	1.90%	1.90%
Expected salary increases	n/a	n/a
Future pension increases	2.00%	2.00%

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 3 October 2015:						
UK equities	**1.6**	**0.3**	**-**	**-**	**1.6**	**-**
Global equities	**17.5**	**3.0**	**359.7**	**10.2**	**377.2**	**9.2**
Government bonds	**19.5**	**3.4**	**483.5**	**13.7**	**503.0**	**12.2**
Corporate bonds	**-**	**-**	**179.9**	**5.1**	**179.9**	**4.4**
Property	**8.1**	**1.4**	**290.7**	**8.2**	**298.8**	**7.3**
Absolute return products	**395.3**	**68.4**	**910.9**	**25.7**	**1,306.2**	**31.6**
Cash	**4.9**	**0.8**	**153.1**	**4.3**	**158.0**	**3.8**
Other	**131.1**	**22.7**	**-**	**-**	**131.1**	**3.2**
Assets without a quoted price in an active market at 3 October 2015:						
Infrastructure funds	**-**	**-**	**217.7**	**6.1**	**217.7**	**5.3**
Swaps	**-**	**-**	**596.2**	**16.8**	**596.2**	**14.5**
Private equity	**-**	**-**	**246.1**	**7.0**	**246.1**	**6.0**
Other	**-**	**-**	**102.6**	**2.9**	**102.6**	**2.5**
Fair value of scheme assets as at 3 October 2015	**578.0**	**100**	**3,540.4**	**100**	**4,118.4**	**100**
Assets with a quoted price in an active market at 4 April 2015:						
UK equities	0.9	0.1	51.7	1.4	52.6	1.2
Global equities	21.4	3.5	274.5	7.5	295.9	7.0
Government bonds	21.4	3.5	526.1	14.5	547.5	12.9
Corporate bonds	4.4	0.7	325.4	8.9	329.8	7.8
Property	7.5	1.3	252.5	7.0	260.0	6.1
Absolute return products	391.0	63.8	941.9	25.9	1,332.9	31.4
Cash	13.8	2.3	280.6	7.7	294.4	6.9
Other	152.1	24.8	-	-	152.1	3.6
Assets without a quoted price in an active market at 4 April 2015:						
Infrastructure funds	-	-	196.6	5.4	196.6	4.6
Swaps	-	-	430.0	11.9	430.0	10.1
Private equity	-	-	250.9	6.9	250.9	5.9
Other	-	-	105.8	2.9	105.8	2.5
Fair value of scheme assets as at 4 April 2015	612.5	100	3,636.0	100	4,248.5	100

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

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

	Premier schemes £m	RHM schemes £m	Total £m
At 3 October 2015			
Present value of funded obligations	**(994.0)**	**(3,157.2)**	**(4,151.2)**
Fair value of plan assets	**578.0**	**3,540.4**	**4,118.4**
(Deficit)/surplus in schemes	**(416.0)**	**383.2**	**(32.8)**
At 4 April 2015			
Present value of funded obligations	(1,065.9)	(3,394.4)	(4,460.3)
Fair value of plan assets	612.5	3,636.0	4,248.5
(Deficit)/surplus in schemes	(453.4)	241.6	(211.8)

The aggregate deficit has decreased by £179.0m during the 26 weeks ended 3 October 2015 (15 months ended 4 April 2015: £391.5m decrease) primarily due to an increase 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 1 January 2014	(916.9)	(2,904.8)	(3,821.7)
Current service cost	(0.1)	-	(0.1)
Interest cost	(49.4)	(156.5)	(205.9)
Remeasurement losses	(149.4)	(521.5)	(670.9)
Exchange differences	6.6	3.5	10.1
Benefits paid	43.3	184.9	228.2
Defined benefit obligation at 4 April 2015	**(1,065.9)**	**(3,394.4)**	**(4,460.3)**
Interest cost	**(16.8)**	**(54.7)**	**(71.5)**
Remeasurement gains	**71.4**	**224.7**	**296.1**
Exchange differences	**(0.3)**	**(0.2)**	**(0.5)**
Benefits paid	**17.6**	**67.4**	**85.0**
Defined benefit obligation at 3 October 2015	**(994.0)**	**(3,157.2)**	**(4,151.2)**

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

	Premier schemes £m	RHM schemes £m	Total £m
Fair value of plan assets at 1 January 2014	531.4	2,687.0	3,218.4
Interest income on plan assets	28.5	145.4	173.9
Remeasurement gains	81.7	968.5	1,050.2
Administrative costs	(7.8)	(8.1)	(15.9)
Contributions by employer	28.2	31.1	59.3
Exchange differences	(6.2)	(3.0)	(9.2)
Benefits paid	(43.3)	(184.9)	(228.2)
Fair value of plan assets at 4 April 2015	**612.5**	**3,636.0**	**4,248.5**
Interest income on plan assets	**9.4**	**58.8**	**68.2**
Remeasurement losses	**(29.7)**	**(86.6)**	**(116.3)**
Administrative costs	**(1.3)**	**(2.4)**	**(3.7)**
Contributions by employer	**4.2**	**1.8**	**6.0**
Exchange differences	**0.5**	**0.2**	**0.7**
Benefits paid	**(17.6)**	**(67.4)**	**(85.0)**
Fair value of plan assets at 3 October 2015	**578.0**	**3,540.4**	**4,118.4**

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

	Premier schemes £m	RHM schemes £m	Total £m
Deficit in schemes at 1 January 2014	(385.5)	(217.8)	(603.3)
Amount recognised in profit or loss	(28.8)	(19.2)	(48.0)
Remeasurements recognised in other comprehensive income	(67.7)	447.0	379.3
Contributions by employer	28.2	31.1	59.3
Exchange rate gains	0.4	0.5	0.9
(Deficit)/surplus in schemes at 4 April 2015	**(453.4)**	**241.6**	**(211.8)**
Amount recognised in profit or loss	**(8.7)**	**1.7**	**(7.0)**
Remeasurements recognised in other comprehensive income	**41.7**	**138.1**	**179.8**
Contributions by employer	**4.2**	**1.8**	**6.0**
Exchange rate gains	**0.2**	**-**	**0.2**
(Deficit)/surplus in schemes at 3 October 2015	**(416.0)**	**383.3**	**(32.8)**

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

	Premier schemes £m	RHM schemes £m	Total £m
26 weeks ended 3 October 2015			
Operating profit			
Administrative costs	**(1.3)**	**(2.4)**	**(3.7)**
Net interest cost	**(7.4)**	**4.1**	**(3.3)**
Total for the period	**(8.7)**	**1.7**	**(7.0)**
26 weeks ended 4 October 2014			
Operating profit			
Administrative costs	(2.5)	(2.1)	(4.6)
Net interest cost	(7.2)	(1.6)	(8.8)
Total for the period	(9.7)	(3.7)	(13.4)
Period ended 4 April 2015			
Operating profit			
Current service cost	(0.1)	-	(0.1)
Administrative costs	(7.8)	(8.1)	(15.9)
Net interest cost	(20.9)	(11.1)	(32.0)
Total for the period	(28.8)	(19.2)	(48.0)

16. Notes to the cash flow statement

Reconciliation of loss before taxation to cash flows from operating activities

	Period ended 3 Oct 2015 £m	Period ended 4 Oct 2014 £m
Continuing operations		
Loss before taxation	**(5.1)**	(54.7)
Net finance cost	**21.4**	36.6
Share of loss from associates	**7.0**	5.3
Operating profit/(loss)	**23.3**	(12.8)
Depreciation of property, plant and equipment	**7.7**	6.7
Amortisation of intangible assets	**18.7**	18.9
Loss on disposal of businesses	**-**	6.0
Gain on disposal of property, plant and equipment	**-**	(0.1)
Impairment of property, plant and equipment	**-**	16.0
Fair value movements on financial instruments	**(1.2)**	0.2
Equity settled employee incentive schemes	**2.1**	1.8
Increase in inventories	**(13.8)**	(20.9)
(Increase)/decrease in trade and other receivables	**(4.0)**	3.9
Increase in trade and other payables and provisions	**7.9**	13.3
Movement in retirement benefit obligations	**2.5**	(15.4)
Cash generated from continuing operations	**43.2**	17.6
Discontinued operations	**(1.0)**	7.2
Cash generated from operations	**42.2**	24.8

Analysis of movement in borrowings

	As at 5 Apr 2015 £m	Cash flows £m	As at 3 Oct 2015 £m
Bank overdrafts	(23.0)	4.9	**(18.1)**
Cash and bank deposits	44.7	(23.6)	**21.1**
Net cash and cash equivalents	21.7	(18.7)	**3.0**
Borrowings - revolving credit facility	(113.0)	1.0	**(112.0)**
Borrowings - senior secured notes	(500.0)	-	**(500.0)**
Securitisation facility	(19.7)	19.7	**-**
Gross borrowings net of cash[1]	(611.0)	2.0	**(609.0)**
Transaction costs	26.1	(2.4)	**23.7**
Total net borrowings[1]	(584.9)	(0.4)	**(585.3)**

[1] Borrowings excludes derivative financial instruments.

17. Contingencies

There were no material contingent liabilities as at 3 October 2015 and 4 April 2015.

18. Related party transactions

There were no material changes in related parties or related party transactions in the 26 weeks ended 3 October 2015. The Group's related party transactions and relationships for the fifteen months ended 4 April 2015 were disclosed on page 127 of the annual report and accounts for the financial period ended 4 April 2015.

19. Subsequent events

There have been no material subsequent events.