Premier Foods plc

13 November 2018

Premier Foods plc

Half year results for the 26 weeks ended 29 September 2018

Trading profit up 6.2% - potential disposal of Ambrosia

Headline results	FY18/19 H1	FY17/18 H1	Change (%)
Revenue (£m)	358.0	353.3	+1.3%
Trading profit[1] (£m)	51.0	48.0	+6.2%
Adjusted profit before tax[4] (£m)	30.2	26.4	+14.3%
Adjusted earnings per share[7] (pence)	2.91	2.56	+13.8%
Net debt[9] (£m)	(509.5)	(535.3)	

Other measures	FY18/19 H1	FY17/18 H1	Change (%)
Operating profit (£m)	28.3	22.5	+25.7%
Loss before taxation (£m)	(2.2)	(1.2)	(83.3%)
(Loss)/Profit after taxation (£m)	(0.7)	0.3	-

Financial Headlines

- Half year revenue up +1.3%; Q2 revenue up +1.0%
- Trading profit growth of +6.2% to £51.0m
- Adjusted profit before tax up +14.3% to £30.2m
- Statutory loss before tax (£2.2m); loss after tax (£0.7m)
- Net debt £509.5m; a £25.8m reduction on H1 FY17/18
- Combined pensions surplus £282.7m compared to £317.0m at 31 March 2018

Strategic and operational Headlines

- *Mr Kipling* brand relaunch in the UK delivered revenue growth of +13%
- *Batchelors* strong performance as innovation programme continues to deliver results
- Quarter 2 revenue growth demonstrates portfolio resilience despite hot summer in the UK and operational challenges associated with final phase of logistics transformation programme
- Group in discussions with third parties regarding the potential disposal of *Ambrosia*

Gavin Darby, Chief Executive Officer

"We are pleased to report revenue growth of +1.3% in the first half, a +6.2% increase in Trading profit and Net Debt £26m lower compared to last year. Mr Kipling, the Group's largest brand was key to this growth following an excellent consumer response to its brand relaunch in the UK with revenues up +13%. Batchelors, the Group's third largest brand, delivered revenue growth of +6.8% as consumers continue to enjoy its new convenient pots range."

"We saw improved resilience displayed by the business during the hot summer experienced in the first half of the financial year; however we are presently experiencing some operational challenges with the implementation of the final Sweet Treats phase of our logistics transformation programme."

"While we are committed to our strategy of improving operating performance and targeting a Net debt to EBITDA ratio below 3.0x by March 2020, we are also working in parallel to identify other strategic opportunities to accelerate the Company's turnaround. The Board has determined that it should focus resources on areas of the business which have the best potential for growth through accelerated investment in consumer marketing and high return capital projects. Accordingly, we are pursuing options to fund these plans as well as delivering a meaningful reduction in Net debt, through discussions with third parties regarding the potential disposal of our Ambrosia brand. Although there is no certainty that any transaction will complete, we will update shareholders in due course."

"We have a strong innovation plan in place for the second half of the year, and profit expectations for the full year remain unchanged."

"Having today announced a new strategic initiative for the business, I have decided to step down as CEO on 31st January 2019, which will mark the sixth anniversary of my joining Premier Foods. The Board will now begin a recruitment process for my successor."

Non-GAAP measures above are defined on page 11 and reconciled to statutory measures throughout

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

A presentation to investors and analysts will take place today, 13 November 2018, at 9:00am GMT. The presentation will be webcast at www.premierfoods.co.uk/investors/investor-centre. A recording of the webcast will be available on the Company's website later in the day.

A conference call for bond investors and analysts will take place today, 13 November 2018, at 1:30pm GMT. Dial in details are outlined below:

Telephone:	0800 376 7922 (UK toll free)
	+44 20 7192 8000 (standard international access)
Conference ID:	9796465

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

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

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- Ends –

This announcement may contain "forward-looking statements" that are based on estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements are all statements other than statements of historical fact or statements in the present tense, and can be identified by words such as "targets", "aims", "aspires", "assumes", "believes", "estimates", "anticipates", "expects", "intends", "hopes", "may", "would", "should", "could", "will", "plans", "predicts" and "potential", as well as the negatives of these terms and other words of similar meaning. Any forward-looking statements in this announcement are made based upon Premier Foods' estimates, expectations and beliefs concerning future events affecting the Group and subject to a number of known and unknown risks and uncertainties. Such forward-looking statements are based on numerous assumptions regarding the Premier Foods Group's present and future business strategies and the environment in which it will operate, which may prove not to be accurate. Premier Foods cautions that these forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in these forward-looking statements. Undue reliance should, therefore, not be placed on such forward-looking statements. Any forward-looking statements contained in this announcement apply only as at the date of this announcement and are not intended to give any assurance as to future results. Premier Foods will update this announcement as required by applicable law, including the Prospectus Rules, the Listing Rules, the Disclosure and Transparency Rules, London Stock Exchange and any other applicable law or regulations, but otherwise expressly disclaims any obligation or undertaking to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Statement following AGM

The Board has reflected upon the expressed views of some shareholders at the AGM, held on 18th July 2018, culminating in their opposition to certain resolutions tabled at that meeting. The Board will give careful consideration to all shareholders' views and discussions with shareholders will continue, including matters arising from voting at the AGM. It is actively looking at strategic options which may accelerate the creation of shareholder value and developments in this respect as set out in the outlook statement.

Financial results

Revenue

Group revenue (£m)	Grocery	Sweet Treats	Group
Branded	210.2	86.7	296.9
Non-branded	45.8	15.3	61.1
Total	**256.0**	**102.0**	**358.0**
% change			
Branded	(2.1%)	7.4%	0.5%
Non-branded	13.6%	(13.1%)	5.5%
Total	**0.4%**	**3.8%**	**1.3%**

Group revenue for the 26 weeks ended 29 September 2018 was £358.0m, up from £353.3m in the equivalent period a year ago; an increase of 1.3%. Branded revenue grew by +0.5% to £296.9m while Non-branded revenue also increased, up +5.5% to £61.1m. In the second quarter, Group revenue was +1.0% higher than the same period a year ago and Group revenues have grown for five consecutive quarters.

Grocery business unit revenues grew by +0.4% in the period to £256.0m; branded revenues were (2.1%) lower and Non-branded revenue increased +13.6%. The Non-branded revenue growth in the period benefitted in particular from a strong performance by Knighton Foods. In the Sweet Treats business, half year revenues were £102.0m, a +3.8% increase on the prior year. Branded revenues grew +7.4% while Non-branded revenues declined by (13.1%).

The Group recognises the challenging time experienced by the wider consumer sector in recent months. However, it notes a clear disparity between revenue trends in the food sector compared to the non-food sector of the UK consumer goods market, with food sector sales demonstrating stronger trends over several months. In addition, while the rate of general inflation previously ran ahead of average earnings approximately a year ago, this trend has now reversed and accordingly purchasing power for consumers has strengthened.

During the Group's second financial quarter of the year, the UK experienced a prolonged period of hot weather, with average temperatures in July and August significantly higher than the equivalent months last year. Consequently, the majority of the Group's categories – some of which are biased to perform more strongly in colder weather - saw value declines in both July and August. *Bisto* gravy and *Ambrosia* custard were the branded products most affected by this temperature pattern during the second quarter and it is estimated that second quarter Group revenues were impacted by approximately 110 basis points as a result.

The recently launched new products continue to support growth in the business. The strongest performer in the Grocery business in the first half of the year was *Batchelors,* which saw growth of +6.8%. This reflected continued momentum from the Super Noodles and Pasta 'n' Sauce pot product ranges but also supported by new *Batchelors* Rice pots and Cup a Soup To Go! pots. In overall terms, the *Batchelors* pots range has more than doubled revenues in the first half of the year compared to the comparative period and demonstrates the importance of the Group's innovation strategy. *Nissin* Soba Noodles and Cup Noodle products also grew strongly in the half, up over +60% compared to the prior year period.

Oxo performed well during the period reflecting beneficial retailer ranging decisions while *Angel Delight* grew +22% following the continued success of its ready to eat pot product ranges. *Ambrosia* saw lower revenues in the first half of the year. This was due to a pro-active decision to reduce the levels of promotional investment which in turn reduced volumes and resulted in an increase in Divisional contribution but also lower sales of custard products in the second quarter due to a hotter summer in the UK.

In Sweet Treats, revenue increased by +3.8% in the first half of the year, with branded revenue up +7.4% while Non-branded revenues were (13.1%) lower. The major factor in the branded revenue growth was a strong performance by *Mr Kipling* following a major brand relaunch, including an updated brand logo, improved packaging, television advertising, and supported by new product development such as Unicorn and Flamingo slices. In *Cadbury* cake, sales of the core range grew in the first half of the year, but the removal of certain lower selling lines held back revenue.

The Group is committed to developing 'better for you' choices across its portfolio. This means providing a meaningful (typically 30%) reduction in sugar, salt, fat or calories; or no added sugar or salt; or a free from option such as gluten free. Alongside this, the Group is aiming to increase the proportion of its new product development which delivers 'better for you' options or which help consumers improve their diet.

The Group's International business has grown strongly over the last three years and in the first half of this year, a number of brands and geographies have continued on this same trajectory. However, and as expected, *Cadbury* cake sales were adversely affected in the first half by phasing shipments to Australia. Price increases implemented for UK wholesales who export some of the Group's products also resulted in lower sales. Consequently, reported International sales declined by 9% in the period. Excluding the effect of these two factors, International revenue would have grown approximately 9% in the first half of the year.

However, retail sales of branded cake in Australia, as measured by market share data, continue to be strong, with combined *Cadbury* cake and *Mr Kipling* market share in Australia achieving a record share of 16.6% during the period. Cake market share in Australia for the period as a whole increased to 12.4%.

Sharwood's recorded very strong performances in Australia, USA and Europe with revenue up +47% and the new *Batchelors* Soupa! range continued to do well in Australia.

Non-branded revenue grew +5.5% in the first half of the year. Grocery Non-branded performance was +13.6%. Approximately half this gain was due to an improved performance at B2B subsidiary Knighton Foods, with the balance coming from higher sales of private label products which benefitted from contract gains notably in Stuffings and Noodles. In Sweet Treats, after a very strong set of performances over recent years, the Group exited some lower value Pies and Tarts contracts and saw some shelf space conceded to branded products which resulted in lower revenues.

In overall terms, the Group's Non-branded business is one which plays an important and supportive role and accordingly, there are some key principles the Group employs. These principles are to: deploy low levels of capital investment; support the recovery of manufacturing overheads and apply strict financial hurdles on new contracts.

Trading profit

£m	**FY18/19 H1**	**FY17/18 H1**	**Change**
Divisional contribution[2]			
Grocery	57.0	51.4	+10.9%
Sweet Treats	11.3	11.5	(1.7%)
Total	68.3	62.9	+8.5%
Group & corporate costs	(17.3)	(14.9)	(16.1%)
Trading profit	**51.0**	**48.0**	**+6.2%**

The Group reported Trading profit of £51.0m in the first half of the year, +6.2% growth compared to FY17/18 H1. Divisional contribution of £68.3m was £5.4m higher than the comparative period. The Grocery business recorded Divisional contribution growth of £5.6m to £57.0m while Sweet Treats Divisional contribution was broadly in line with last year at £11.3m. Group & corporate costs were £2.4m higher than the prior year as the Group adopted a change to the phasing of its Group-wide management incentive scheme.

Grocery Divisional contribution benefitted from changes in the promotional strategy of Ambrosia and in this case, the Group has reduced the depth of promotional deals it has offered which resulted in lower volumes and revenue in the period but growth in Divisional contribution.

Divisional contribution margins in the Grocery business grew 2.1 percentage points in FY18/19 H1 compared to the prior year. This is in line with margins two years ago, whereby margins in the prior year were impacted by a longer than expected process to recover input cost inflation seen across the Group's categories. With recovery of this input cost inflation now complete, the Group saw the return of Divisional contribution margins seen two years ago. Consumer marketing investment in the full year is expected to be in line with the prior year.

The results of the International and Knighton business units are consolidated in the results of the Grocery business unit. Both these business units contributed to the growth in Divisional contribution in the period.

In Sweet Treats, the revenue benefits delivered in the first half of the year following the successful *Mr Kipling* brand relaunch were offset by short-term challenges in the Group's logistics transformation programme which will consolidate all warehousing and distribution operations in one central location. The third phase of this programme, the transfer of Sweet Treats to the new third-party managed warehouse in Tamworth, went live in September but did not initially achieve the required performance. These issues have adversely impacted both sales volume and efficiency. Although good progress is now being made, with supplementary capacity now in place for the peak trading period, customer service levels are currently below the Group's usual high standards which will adversely impact Sweet Treats in the third quarter.

Operating profit

£m	FY18/19 H1	FY17/18 H1	Change
Adjusted EBITDA[3]	**59.4**	**56.1**	**+5.9%**
Depreciation	(8.4)	(8.1)	(3.4%)
Trading profit	**51.0**	**48.0**	**+6.2%**
Amortisation of intangible assets	(17.8)	(18.0)	+1.1%
Fair value movements on foreign exchange and derivatives	0.8	0.9	(11.1%)
Restructuring costs	(5.1)	(3.1)	(64.5%)
Net interest on pensions and administrative expenses	(0.6)	(1.0)	+40.0%
Operating profit before impairment	28.3	26.8	+5.6%
Impairment of goodwill & intangible assets	-	(4.3)	-
Operating profit	**28.3**	**22.5**	**+25.7%**

Adjusted EBITDA grew by £3.3m in the first half of the year to £59.4m and depreciation was £8.4m, broadly in line with the prior year.

Operating profit grew by +25.7% to £28.3m in FY18/19 H1 largely due to the increase in Trading profit described above and non-repeat of impairment of goodwill and intangible assets. Restructuring costs were £2.0m higher than the comparative period at £5.1m and predominantly related to charges associated with the Group's logistics restructuring programme. An impairment charge of £4.3m in FY17/18 H1 related to the write-off of Knighton Foods goodwill.

Amortisation of intangible assets of £17.8m was broadly in line with the comparative period, as were fair value movements on foreign exchange and derivatives, at £0.8m. Net interest on pensions and administrative expenses was £0.6m, £0.4m lower than the prior period. This comprised administrative expenses incurred of £5.0m, partly offset by a net interest credit of £4.4m owing to an opening combined pension schemes surplus.

Finance costs

£m	FY18/19 H1	FY17/18 H1	Change
Senior secured notes interest	16.1	15.9	(1.3%)
Bank debt interest	2.8	3.6	+22.2%
	18.9	19.5	+3.1%
Amortisation of debt issuance costs	1.9	2.1	+9.5%
Net regular interest[5]	**20.8**	**21.6**	**+3.6%**
Fair value movements on interest rate financial instruments	-	(0.3)	-
Write-off of financing costs & early redemption fees	11.3	4.0	(182.5%)
Discount unwind	(1.6)	(2.0)	(20.0%)
Other interest	-	0.4	-
Net finance cost	**30.5**	**23.7**	**(28.7%)**

Net finance cost was £30.5m for the period; £6.8m higher than FY17/18 H1. Net regular interest in FY18/19 H1 was £20.8m, a decrease of £0.8m compared to the prior year period. The largest component of finance costs was interest due to holders of the Group's senior secured notes of £16.1m. Bank debt interest of £2.8m was £0.8m lower in the period due to lower levels of average debt and a lower coupon on the revolving credit facility following the refinancing completed in May 2018. Amortisation of debt issuance costs was £1.9m.

In the prior year, a £2.0m discount unwind credit relating to long term property provisions held by the Group due to an increase in gilt yields was reflected in the reported Net finance cost of £23.7m. In the current period, a discount unwind credit of £1.6m was included in the Net finance cost of £30.5m. Write-off of financing costs and early redemption fees of £11.3m include a £5.7m fee related to the write-off of transaction costs associated with the senior secured fixed rate notes due March 2021, which were repaid during the period.

Taxation

A tax credit of £1.5m in the period was in line with the comparative period. This includes a deferred tax credit of £0.5m and a credit of £1.1m relating to prepayment of foreign taxes paid in prior years.

A deferred tax liability at 29 September 2018 of £2.2m compared to a liability of £12.1m at 31 March 2018. This movement primarily reflects a lower pensions surplus reported at 29 September 2018 compared to 31 March 2018. Deferred tax assets relating to brought forward losses were approximately £42m which equate to around £250m of future taxable profits.

The corporation tax rate and deferred tax rate applied in calculations are 19.0% and 17.0% respectively.

Earnings per share

Earnings per share (£m)	FY18/19 H1	FY17/18 H1	Change
Operating profit	28.3	22.5	+25.7%
Net finance cost	(30.5)	(23.7)	(28.7%)
Loss before taxation	**(2.2)**	**(1.2)**	**(83.3%)**
Taxation	1.5	1.5	-
(Loss)/Profit after taxation	(0.7)	0.3	-
Average shares in issue	840.8	834.2	-
Basic (loss)/earnings per share (pence)	**(0.1)**	**0.0**	**-**

The Group reported a loss before tax of £2.2m in the period, compared to a loss before tax of £1.2m in the comparative period. A loss after tax was £0.7m, compared to a £0.3m profit in the prior year period.

Adjusted earnings per share (£m)	FY18/19 H1	FY17/18 H1	Change
Trading profit	51.0	48.0	+6.2%
Less: Net regular interest	(20.8)	(21.6)	+3.6%
Adjusted profit before tax	**30.2**	**26.4**	**+14.3%**
Less: Notional tax (19%)	(5.7)	(5.0)	(14.3%)
Adjusted profit after tax[6]	24.5	21.4	+14.3%
Average shares in issue (millions)	840.8	834.2	
Adjusted earnings per share (pence)	**2.91**	**2.56**	**+13.8%**

Adjusted profit before tax was £30.2m in FY18/19 H1, an increase of £3.8m in the period reflecting growth in Trading profit in the half of £3.0m and lower interest costs as described above. Adjusted profit after tax was £24.5m in H1 after deducting a notional 19.0% tax charge of £5.7m. This was an increase of £3.1m compared to the prior year. Based on average shares in issue of 840.8 million shares, adjusted earnings per share in the period was 2.91 pence, a +13.8% increase on the prior year period.

Free cash flow

£m	FY18/19 H1	FY17/18 H1
Trading profit	51.0	48.0
Depreciation	8.4	8.1
Other non-cash items	1.1	1.0
Interest	(13.9)	(17.2)
Taxation	-	1.0
Pension contributions	(18.8)	(19.8)
Capital expenditure	(7.0)	(8.6)
Working capital & other	(16.6)	(12.9)
Restructuring costs	(4.6)	(6.9)
Sale of property, plant & equipment	-	1.3
Financing fees	(11.8)	(6.8)
Free cash flow[10]	**(12.2)**	**(12.8)**
Statutory cash flow statement		
Cash generated from operating activities	6.5	1.2
Cash used in investing activities	(7.0)	(7.3)
Cash (used in)/generated from financing activities	(11.7)	22.3
Net (decrease)/increase in cash & cash equivalents	**(12.2)**	**16.2**

The Group reported an outflow of Free cash in the period of £12.2m. Trading profit of £51.0m was £3.0m ahead of FY17/18 H1 for the reasons outlined above, while depreciation of £8.4m was broadly in line with the comparative period. Net interest paid in the period was £13.9m due to benefits associated with the timing of interest payable on the recently issued £300m fixed rate notes due October 2023. This will have the effect of reducing the cash interest paid in the current year but will normalise thereafter. No taxation was paid in the period due to the availability of brought forward losses and capital allowances, however a payment of £1.0m was received in the prior period from Irish tax authorities in respect of tax paid in prior years. Pension contributions in FY18/19 H1 were £18.8m, in line with expectations, and £1.0m lower than the prior year.

Capital expenditure was £1.6m lower in the period at £7.0m; the Group's expectations for the current year is for investment of no more than £22m. Restructuring costs were £4.6m, predominantly associated with implementation costs of the Group's logistics transformation programme and also redundancies relating to the Group's cost reduction and efficiency programmes. Financing fees of £11.8m relate to costs associated with the extension of the Group's revolving credit facility and the issue of new £300m Senior secured fixed rate notes early in the financial year. This comprised £5.6m due to the early redemption of previously issued fixed rate notes due March 2021 and £6.2m of other fees associated with the issue of the new fixed rate notes and extension of the Group's revolving credit facility. Working capital and other was an outflow of £16.6m in the period, £3.7m higher than the comparative period largely due to higher stock levels.

The Group is committed to reducing Net debt by £25m per annum in a normal year. However, in the absence of certainty over the arrangements for the UK's departure from the EU, the Group shortly intends to start a process of building stocks of raw materials to protect the Company against the risk of delays at ports. Potentially this action will cause an adverse movement of up to £10m in working capital during quarter four, which we would expect to reverse the following financial year as the situation normalises.

On a statutory basis, cash generated from operations was £20.4m compared to £17.4m in FY17/18 H1. Cash generated from operating activities was £6.5m in the period after deducting net interest paid of £13.9m. Cash used in investing activities was (£7.0m) in FY18/19 H1 compared to (£7.3m) in the comparative period. Cash used in financing activities was (£11.7m) in the period compared to cash generated of £22.3m in the prior year. This was principally due to proceeds from borrowings of £300.0m which reflected the issue of new Senior secured fixed rate notes, the repayment of the 2021 £325.0m Senior secured fixed rate notes.

At 29 September 2018, the Group held cash and bank deposits of £11.4m and the Group's drawings on its revolving credit facility were £25.0m.

Net debt and sources of finance

	£m
Net debt at 31 March 2018	**496.4**
Free cash outflow in period	12.2
Movement in debt issuance costs	0.9
Net debt at 29 September 2018	**509.5**

Net debt at 29 September 2018 was £509.5m. This is a £13.1m increase compared to 31 March 2018 but £25.8m lower than the same point a year ago. The movement in debt issuance costs in the period was £0.9m.

In the first half of the year, the Group extended the term of its revolving credit facility with its lending syndicate from December 2020 to December 2022, subject to a future refinancing of the Group's £210m Floating rate notes. The total facility was reduced from £217m to £177m in June 2018 and was £25.0m drawn at 29 September 2018.

The Group also completed the issuance of new five year £300m Senior Secured floating rate notes due October 2023, at a coupon of 6.25% during the first half of the year. These new notes replaced the Group's

£325m Senior Secured floating rate notes, previously due to mature March 2021, and which attracted an interest coupon of 6.5%.

Pensions

IAS 19 Accounting Valuation (£m)	29 September 2018			31 March 2018		
	RHM	Premier Foods	Combined	RHM	Premier Foods	Combined
Assets	4,057.4	667.8	4,725.2	4,184.5	679.1	4,863.6
Liabilities	(3,341.9)	(1,100.6)	(4,442.5)	(3,430.5)	(1,116.1)	(4,546.6)
Surplus/(Deficit)	**715.5**	**(432.8)**	**282.7**	**754.0**	**(437.0)**	**317.0**
Net of deferred tax (17.0%)	593.8	(359.2)	234.6	625.8	(362.7)	263.1

The IAS 19 pension schemes valuation reported a surplus for the combined RHM and Premier Foods' pension schemes at 29 September 2018 of £282.7m, equivalent to £234.6m net of a deferred tax charge of 17.0%. This compares to a combined RHM and Premier Foods' schemes surplus at 31 March 2018 of £317.0m and £263.1m net of deferred tax. A deferred tax rate of 17.0% is deducted from the IAS19 retirement benefit valuation of the Group's schemes to reflect the fact that pension deficit contributions made to the Group's pension schemes are allowable for tax.

The valuation at 29 September 2018 comprised a £715.5m surplus in respect of the RHM schemes and a deficit of £432.8m in relation to the Premier Foods schemes. Assets in the combined schemes declined by £138.4m to £4,725.2m in the period. RHM scheme assets decreased by £127.1m to £4,057.4m while the Premier Foods' schemes assets decreased by £11.3m.

Liabilities in the combined schemes declined by £104.1m in the period to £4,442.5m. The value of liabilities associated with the RHM scheme were £3,341.9m, a reduction of £88.6m while liabilities in the Premier Foods schemes were £15.5m lower at £1,100.6m. The decrease in the value of liabilities in both schemes is due to a slight increase in the discount rate assumption, from 2.70% to 2.85% partly offset by an increase in the inflation rate assumption; from 3.15% to 3.25%.

Combined pensions schemes (£m)	29 September 2018	31 March 2018
Assets		
Equities	**192.1**	296.5
Government bonds	**1,021.8**	1,046.4
Corporate bonds	**20.2**	20.7
Property	**403.3**	391.0
Absolute return products	**1,369.1**	1,323.3
Cash	**48.5**	32.4
Infrastructure funds	**237.1**	254.6
Swaps	**592.9**	715.3
Private equity	**414.5**	344.0
Other	**425.7**	439.4
Total Assets	**4,725.2**	4,863.6
Liabilities		
Discount rate	**2.85%**	2.70%
Inflation rate (RPI/CPI)	**3.25%/2.15%**	3.15%/2.05%

The net present value of future deficit payments, to the end of the respective recovery periods remains at c.£300-320m.

The Group notes the recent Guaranteed Minimum Pension (GMP) equalisation ruling following the Lloyds Banking Group Trade Unions case. The Group is working with the Schemes Trustees to assess the impact on the Group's pension schemes and will provide further updates in due course.

Principal risks and uncertainties

The Group's principal risks and uncertainties were disclosed on page 25 to 29 of the annual report and accounts for the financial period ended 31 March 2018 and these remain relevant for the current period. The major strategic and operational risks are summarised under the headings of Market and retailer actions, Brexit & macroeconomic environment, Operational integrity, Technology, Legal compliance, Product portfolio, HR and employee risk, Strategy delivery, International expansion, Treasury and pensions.

Gavin Darby, CEO

Having today announced an important development in the Group's strategic direction, Gavin Darby will be stepping down as Chief Executive Officer and Director of the Company with effect from 31 January 2019. This will mark the sixth anniversary of Gavin's appointment as CEO and the Board will now commence its search for his successor. Financial arrangements relating to Gavin Darby's departure will be posted on the Company website in accordance with section 430(2B) of the Companies Act 2006 when finalised.

Outlook

The Group's strategy is to improve operating performance through driving profitable revenue growth and deliver cost efficiencies to generate cash. Accordingly, its prime focus is on achieving an initial leverage target of below 3.0x Net debt/EBITDA by March 2020. The Group is committed to reducing Net debt by £25m per annum although it notes that dependent on the nature of a Brexit outcome, it may be impacted by short-term working capital movements over the coming months.

Additionally, the Group continues to work in parallel to identify other strategic opportunities to accelerate the Company's turnaround. The Board has determined that it should focus resources on areas of the business which have the best potential for growth through accelerated investment in consumer marketing and high return capital projects. The Group is pursuing options to fund these plans as well as delivering a meaningful reduction in Net debt, through active discussions with third parties regarding the potential disposal of *Ambrosia*. Although there is no certainty that any transaction may complete, the Board will update shareholders in due course.

The Group has a strong innovation plan in place for the second half of the year, and while it expects the logistics transformation programme to adversely impact Sweet Treats revenues in the third quarter, profit expectations for the full year remain unchanged.

Gavin Darby
Chief Executive Officer

Alastair Murray
Chief Financial Officer

Appendices

The Company's Half year results are presented for the 26 weeks ended 29 September 2018 and the comparative period, 26 weeks ended 30 September 2017. All references to the 'quarter', unless otherwise stated, are for the 13 weeks ended 29 September 2018 and the comparative period, 13 weeks ended 30 September 2017.

Quarter 2 Sales

Q2 Sales (£m)	**Grocery**	**Sweet Treats**	**Group**
Branded	109.4	42.8	152.2
Non-branded	25.0	7.9	32.9
Total	**134.4**	**50.7**	**185.1**
% change			
Branded	(2.7%)	+7.3%	0.0%
Non-branded	17.8%	(19.0%)	+6.5%
Total	**+0.6%**	**+2.1%**	**+1.0%**

Notes and definitions of Non-GAAP measures

The Company uses a number of non-GAAP measures to measure and assess the financial performance of the business. The Directors believe that these non-GAAP measures assist in providing additional useful information on the underlying trends, performance and position of the Group. These non-GAAP measures are used by the Group for reporting and planning purposes and it considers them to be helpful indicators for investors to assist them in assessing the strategic progress of the Group.

1. Trading profit is defined as profit/(loss) before tax before net finance costs, amortisation of intangible assets, impairment, fair value movements on foreign exchange and other derivative contracts, restructuring costs, and net interest on pensions and administration expenses.
2. Divisional contribution refers to Gross Profit less selling, distribution and marketing expenses directly attributable to the relevant business unit.
3. Adjusted EBITDA is Trading profit as defined in (1) above excluding depreciation.
4. Adjusted profit before tax is Trading profit as defined in (1) above less net regular interest.
5. Net regular interest is defined as net finance cost after excluding write-off of financing costs, the early redemption fee paid in the period, fair value movements on interest rate financial instruments and other interest.
6. Adjusted profit after tax is Adjusted profit before tax as defined in (4) above less a notional tax charge of 19.0% (2017/18 H1: 19.0%).
7. Adjusted earnings per share is Adjusted profit after tax as defined in (6) above divided by the weighted average of the number of shares of 840.8million (26 weeks ended 30 September 2017: 834.2 million).
8. International sales remove the impact of foreign currency fluctuations and adjusts prior year sales to ensure comparability in geographic market destinations. The constant currency calculation is made by adjusting the current year's sales to the same exchange rate as the prior year.
9. Net debt is defined as total borrowings, less cash and cash equivalents and less capitalised debt issuance costs.
10. Free cash flow is defined as the change in Net debt as defined in (9) above before the movement in debt issuance costs.
11. References to 'Underlying results' in previous financial periods have been removed as there are no adjustments required to be made to statutory results for FY18/19 H1 or FY17/18 H1.

Additional notes:

- Group & corporate costs refer to group and corporate expenses which are not directly attributable to a business unit and are reported at total Group level.
- In line with accounting standards, the International and Knighton business units, the results of which are aggregated within the Grocery business unit, are not required to be separately disclosed for reporting purposes.

£m	Future pension cash payments schedule				
	2018/19	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Deficit contributions	35	37	38	38	38
Administration costs	6-8	6-8	8-10	8-10	8-10
Total	**41-43**	**43-45**	**46-48**	**46-48**	**46-48**

Responsibility Statement of the Directors

We confirm that to the best of our knowledge:

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

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

  (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first twenty-six weeks of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining 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 twenty-six weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Premier Foods plc are listed on page 31 of the Premier Foods plc annual report and accounts for the financial period ended 31 March 2018.

Approved by the Board on 12 November 2018 and signed on its behalf by:

Gavin Darby
Chief Executive Officer

Alastair Murray
Chief Financial Officer

INDEPENDENT REVIEW REPORT TO PREMIER FOODS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 29 September 2018 which comprises the condensed consolidated balance sheet, the related condensed consolidated statement of profit or loss, statement of comprehensive income, statement of cash flows, statement of changes in equity and the related explanatory notes.

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 26 weeks ended 29 September 2018 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

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 International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 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.

The purpose of our review work and to whom we owe our responsibilities

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 DTR of 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.

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

12 November 2018

Condensed consolidated statement of profit or loss (unaudited)

	Note	26 weeks ended 29 Sept 2018 £m	26 weeks ended 30 Sept 2017 £m
Revenue	4	**358.0**	353.3
Cost of sales		**(237.0)**	(240.4)
Gross profit		**121.0**	112.9
Selling, marketing and distribution costs		**(52.8)**	(50.0)
Administrative costs		**(39.9)**	(40.4)
Operating profit	4	**28.3**	22.5
Operating profit before impairment		**28.3**	26.8
Impairment of goodwill	8	**-**	(4.3)
Finance cost	5	**(32.9)**	(26.7)
Finance income	5	**2.4**	2.7
Net movement on interest rate financial instruments	5	**-**	0.3
Loss before taxation		**(2.2)**	(1.2)
Taxation credit	6	**1.5**	1.5
(Loss)/profit for the period attributable to owners of the parent		**(0.7)**	0.3
Basic (loss)/earnings per share (pence)	7	**(0.1)**	0.0
Diluted (loss)/earnings per share (pence)	7	**(0.1)**	0.0
Adjusted earnings per share[1]	7	**2.91**	2.56

[1] Adjusted earnings per share is defined as trading profit less net regular interest payable, less a notional tax charge at 19.0% (2017/18: 19.0%) divided by the weighted average number of ordinary shares of the Company.

The notes on pages 20 to 38 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income (unaudited)

	Note	**26 weeks ended 29 Sept 2018 £m**	26 weeks ended 30 Sept 2017 £m
(Loss)/profit for the period		**(0.7)**	0.3
Other comprehensive income/(losses)			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit schemes	12	**(52.5)**	3.2
Deferred tax credit/(charge)		**8.9**	(0.3)
Items that are or may be reclassified to profit or loss			
Exchange differences on translation		**-**	-
Other comprehensive (loss)/income, net of tax		**(43.6)**	2.9
Total comprehensive (loss)/income attributable to owners of the parent		**(44.3)**	3.2

The notes on pages 20 to 38 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated balance sheet (unaudited)

	Note	As at 29 Sept 2018 £m	As at 31 Mar 2018 £m
ASSETS:			
Non-current assets			
Property, plant and equipment		**184.3**	185.2
Goodwill	8	**646.0**	646.0
Other intangible assets		**412.3**	428.4
Net retirement benefit assets	12	**715.5**	754.0
		1,958.1	2,013.6
Current assets			
Inventories		**99.6**	76.4
Trade and other receivables		**65.9**	74.8
Derivative financial instruments	10	**0.4**	0.1
Cash and cash equivalents	13	**11.4**	23.6
		177.3	174.9
Total assets		**2,135.4**	2,188.5
LIABILITIES:			
Current liabilities			
Trade and other payables		**(220.0)**	(214.4)
Financial liabilities:			
– derivative financial instruments	10	**(2.0)**	(2.1)
Provisions for liabilities and charges	11	**(7.1)**	(7.9)
		(229.1)	(224.4)
Non-current liabilities			
Financial liabilities – long-term borrowings	9	**(520.9)**	(520.0)
Net retirement benefit obligations	12	**(432.8)**	(437.0)
Provisions for liabilities and charges	11	**(32.3)**	(35.7)
Deferred tax liabilities		**(2.2)**	(12.1)
Other liabilities		**(11.4)**	(10.0)
		(999.6)	(1,014.8)
Total liabilities		**(1,228.7)**	(1,239.2)
Net assets		**906.7**	949.3
EQUITY:			
Capital and reserves			
Share capital		**84.1**	84.1
Share premium		**1,407.7**	1,407.6
Merger reserve		**351.7**	351.7
Other reserves		**(9.3)**	(9.3)
Profit and loss reserve		**(927.5)**	(884.8)
Total equity		**906.7**	949.3

The notes on pages 20 to 38 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of cash flows (unaudited)

	Note	**26 weeks ended 29 Sept 2018 £m**	26 weeks ended 30 Sept 2017 £m
Cash generated from operations	13	**20.4**	17.4
Interest paid		**(14.7)**	(17.9)
Interest received		**0.8**	0.7
Taxation received		**-**	1.0
Cash generated from operating activities		**6.5**	1.2
Purchase of property, plant and equipment		**(6.5)**	(7.0)
Purchase of intangible assets		**(0.5)**	(1.6)
Sale of property, plant and equipment		**-**	1.3
Cash used in investing activities		**(7.0)**	(7.3)
Repayment of borrowings		**(325.0)**	(181.0)
Proceeds from borrowings		**325.0**	210.0
Financing fees		**(11.8)**	(6.8)
Proceeds from share issue		**0.1**	0.1
Cash (used in)/generated from financing activities		**(11.7)**	22.3
Net (decrease)/increase of cash and cash equivalents		**(12.2)**	16.2
Cash, cash equivalents and bank overdrafts at beginning of period		**23.6**	(18.1)
Cash, cash equivalents and bank overdrafts at end of period	13	**11.4**	(1.9)

The notes on pages 20 to 38 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity (unaudited)

	Note	Share capital	Share premium	Merger reserve	Other reserves	Profit and loss reserve	Total equity
		£m	£m	£m	£m	£m	£m
At 2 April 2017		83.3	1,406.7	351.7	(9.3)	(1,039.6)	792.8
Profit for the period		-	-	-	-	0.3	0.3
Remeasurements of defined benefit schemes		-	-	-	-	3.2	3.2
Deferred tax charge		-	-	-	-	(0.3)	(0.3)
Other comprehensive income		-	-	-	-	2.9	2.9
Total comprehensive income		-	-	-	-	3.2	3.2
Shares issued		0.3	0.1	-	-	-	0.4
Share-based payments		-	-	-	-	1.5	1.5
Deferred tax movements on share-based payments		-	-	-	-	(0.9)	(0.9)
At 30 September 2017		83.6	1,406.8	351.7	(9.3)	(1,035.8)	797.0
At 1 April 2018		**84.1**	**1,407.6**	**351.7**	**(9.3)**	**(884.8)**	**949.3**
Loss for the period		**-**	**-**	**-**	**-**	**(0.7)**	**(0.7)**
Remeasurements of defined benefit schemes	12	**-**	**-**	**-**	**-**	**(52.5)**	**(52.5)**
Deferred tax charge		**-**	**-**	**-**	**-**	**8.9**	**8.9**
Exchange differences on translation		**-**	**-**	**-**	**-**	**-**	**-**
Other comprehensive income		**-**	**-**	**-**	**-**	**(43.6)**	**(43.6)**
Total comprehensive income		**-**	**-**	**-**	**-**	**(44.3)**	**(44.3)**
Shares issued		**0.0**	**0.1**	**-**	**-**	**-**	**0.1**
Share-based payments		**-**	**-**	**-**	**-**	**1.1**	**1.1**
Deferred tax movements on share-based payments		**-**	**-**	**-**	**-**	**0.5**	**0.5**
At 29 September 2018		**84.1**	**1,407.7**	**351.7**	**(9.3)**	**(927.5)**	**906.7**

The notes on pages 20 to 38 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 food products as described in the Group's annual report and accounts for the financial period ended 31 March 2018.

2. Significant accounting policies

Basis of preparation

The condensed consolidated financial information ("financial information") for the period ended 29 September 2018 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 29 September 2018 should be read in conjunction with the Group's financial statements for the 52 weeks ended 31 March 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. They have been prepared applying the accounting policies and presentation as applied in the preparation of the Group's published consolidated financial statements for the 52 weeks ended 31 March 2018, except where new or revised accounting standards have been applied. There has been no significant impact on the Group profit or net assets on adoption of new or revised accounting standards in the period.

The financial information for the period ended 29 September 2018 is unaudited but has been subject to an independent review by KPMG LLP.

The Group's financial statements for the 52 weeks ended 31 March 2018, which were approved by the Board of Directors on 15 May 2018, were reported on by KPMG LLP and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not contain a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

This financial information was approved for issue on 12 November 2018.

New accounting standards

On 1 April 2018 the Group adopted IFRS 9 'Financial Instruments', which replaced IAS 39 'Financial Instruments – Recognition and Measurement'. The Group has not restated comparative information for prior periods as permitted by the standard.

* Classification and Measurement: On 1 April 2018, the Group reclassified its financial assets to the new categories based on the Group's reason for holding the assets and the nature of the cash flows from the assets. See note 10 for further information. There were no changes to the carrying values of the Group's financial assets from adopting the new classification model. There have been no changes to the classification or measurement of the Group's financial liabilities.

* Impairment: From 1 April 2018 the Group implemented an expected credit loss impairment model for financial assets. For trade receivables, the calculation methodology has been updated to consider expected losses based on the ageing profile and forward-looking information. The adoption of the expected credit loss approach has not resulted in any material change in the impairment provision for any financial asset.

On 1 April 2018 the Group adopted IFRS 15 'Revenue from Contracts with Customers' with no material impact as accounting policies were materially in line with IFRS 15.

IFRS 16 'Leases' has been issued by the IASB and endorsed by the EU but is not yet adopted by the Group, it is effective for the Group from 31 March 2019. Work on implementing the new lease model prescribed is progressing as planned, and the Group continues to consider the implications of the standard on its consolidated results and financial position. Work is ongoing, and the Group has not yet estimated the amount of right of use assets and lease liabilities that will be recognised on the balance sheet or decided which exemptions and transition options will be adopted.

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 31 March 2018 and 29 September 2018. 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. Notwithstanding the net current liabilities position of the Group, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. The Group therefore continues to adopt the going concern basis in preparing its financial information.

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, which is fundamental to the preparation of this financial information.

Employee benefits

The present value of the Group's defined benefit pension obligations depends on a number of actuarial assumptions. The primary assumptions used include the discount rate applicable to scheme liabilities, the long-term rate of inflation and estimates of the mortality applicable to scheme members. Each of the underlying assumptions is set out in more detail in note 12.

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).

Plan assets of the defined benefit schemes include a number of assets for which quoted prices are not available. At each reporting date, the Group determines the fair value of these assets with reference to most recently available asset statements from fund managers. To the extent a surplus arises under IAS 19, the Group ensures that it can recognise the associated asset in line with IFRIC 14.

Goodwill and other intangible assets

Impairment reviews in respect of goodwill are performed annually unless an event indicates that an impairment review is necessary. Impairment reviews in respect of intangible assets are performed when an event indicates that an impairment review is necessary. Examples of such triggering events include a significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses, or a significant reduction in cash flows. In performing its impairment analysis, the Group takes into consideration these indicators including the difference between its market capitalisation and net assets.

The Group reviews its identified CGUs for the purposes of testing goodwill on an annual basis, taking into consideration whether assets generate independent cash inflows. The recoverable amounts of CGUs are determined based on the higher of fair value less costs of disposal and value in use calculations. These calculations require the use of estimates.

The Group has considered the impact of the assumptions used on the calculations and conducts sensitivity analysis on the value in use calculations of the CGUs carrying values for the purposes of testing goodwill.

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 many qualitative factors such as history and heritage, and market positioning, hence the determination of useful lives are subject to estimates and judgement. The brands, trademarks and licences are deemed to be individual CGUs.

Commercial arrangements

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

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

Judgements apart from those involving estimation as above, do not have a significant impact on the financial statements.

4. Segmental analysis

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

The Group's operating segments are defined as "Grocery", "Sweet Treats", "International" and "Knighton". The Grocery segment primarily sells savoury ambient food products and the Sweet Treats segment sells sweet ambient food products. The International and Knighton segments have been aggregated within the Grocery segment for reporting purposes as revenue is below 10 percent of the Group's total revenue and the segments are considered to have similar characteristics to that of Grocery. This is in accordance with the criteria set out in IFRS 8.

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

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

The segment results for the period ended 29 September 2018 and 30 September 2017, and the reconciliation of the segment measures to the respective statutory items included in the financial information, are as follows:

	26 weeks ended 29 Sept 2018		
	Grocery	**Sweet Treats**	**Total**
	£m	**£m**	**£m**
Revenue	**256.0**	**102.0**	**358.0**
Divisional contribution	**57.0**	**11.3**	**68.3**
Group and corporate costs			**(17.3)**
Trading profit			**51.0**
Amortisation of intangible assets			**(17.8)**
Fair value movements on foreign exchange and other derivative contracts			**0.8**
Restructuring costs			**(5.1)**
Net interest on pensions and administrative expenses			**(0.6)**
Operating profit			**28.3**
Finance cost			**(32.9)**
Finance income			**2.4**
Loss before taxation			**(2.2)**
Depreciation	(4.1)	(4.3)	(8.4)

	26 weeks ended 30 Sept 2017		
	Grocery	Sweet Treats	Total
	£m	£m	£m
Revenue	255.0	98.3	353.3
Divisional contribution	51.4	11.5	62.9
Group and corporate costs			(14.9)
Trading profit			48.0
Amortisation of intangible assets			(18.0)
Fair value movements on foreign exchange and other derivative contracts			0.9
Restructuring costs			(3.1)
Net interest on pensions and administrative expenses			(1.0)
Operating profit before impairment			26.8
Impairment of property, plant and equipment			(4.3)
Operating profit			22.5
Finance cost			(26.7)
Finance income			2.7
Net movement on interest rate financial instruments			0.3
Loss before taxation			(1.2)
Depreciation	(3.7)	(4.4)	(8.1)

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

	26 weeks ended 29 Sept 2018 £m	26 weeks ended 30 Sept 2017 £m
Interest payable on bank loans and overdrafts	**(3.1)**	(3.1)
Interest payable on senior secured notes	**(16.1)**	(15.9)
Interest payable on revolving facility	**(0.5)**	(0.9)
Interest payable on interest rate financial instruments	**-**	(0.3)
Other interest payable	**-**	(0.4)
Amortisation of debt issuance costs	**(1.9)**	(2.1)
	(21.6)	(22.7)
Write off of financing costs[1]	**(5.7)**	(4.0)
Early redemption fee[2]	**(5.6)**	-
Total finance cost	**(32.9)**	(26.7)
Interest receivable on bank deposits	**0.8**	0.7
Other interest receivable[3]	**1.6**	2.0
Total finance income	**2.4**	2.7
Fair value movements on interest rate financial instruments	**-**	0.3
Net finance cost	**(30.5)**	(23.7)

[1] Relates to the refinancing of the senior secured fixed rate notes due 2021 and revolving credit facility in the current period and senior secured floating rate notes due 2020 in the previous period.
[2] Relates to a non-recurring payment arising on the early redemption of the £325m senior secured fixed rate notes due 2021 as part of the refinancing of the Group's debt in the period.
[3] Included in other interest receivable is £1.6m (2017/18: £2.0m) relating to the unwind of the discount on certain of the Group's long term provisions.

6. Taxation

The taxation credit for the period ended 29 September 2018 of £1.5m (2017/18: £1.5m) includes a deferred tax credit of £0.5m (2017/18: £0.9m charge), 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 £1.1m (2017/18: £1.9m) largely relating to repayment of foreign taxes paid in prior years. In addition, a charge of £0.1m (2017/18: £0.5m credit) relating to adjustments to prior years arose in the period.

7. (Loss)/earnings per share

Basic (loss)/earnings per share has been calculated by dividing the loss for the period ended 29 September 2018 attributable to owners of the parent of £0.7m (2017/18: £0.3m profit) by the weighted average number of ordinary shares of the Company.

	26 weeks ended 29 Sept 2018 Number	26 weeks ended 30 Sept 2017 Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	**840,823,495**	834,183,666
Effect of dilutive potential ordinary shares	**4,927,124**	9,134,664
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**845,750,619**	843,318,330

	26 weeks ended 29 Sept 2018			26 weeks ended 30 Sept 2017		
	Basic	**Dilutive effect of share options**	**Diluted**	Basic	Dilutive effect of share options	Diluted
(Loss)/profit after tax (£m)	**(0.7)**		**(0.7)**	0.3		0.3
(Loss)/earnings per share (pence)	**(0.1)**	**-**	**(0.1)**	0.0	**-**	0.0

Dilutive effect of share options

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

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

There is no dilutive effect of share options or share awards in the 26 weeks ended 29 September 2018 as the Group made a loss in the period.

Adjusted earnings per share ("Adjusted EPS")

Adjusted earnings per share is defined as trading profit less net regular interest payable, less a notional tax charge at 19.0% (2017/18: 19.0%) 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, the early redemption fee paid in the period, fair value movements on interest rate financial instruments and other interest.

Trading profit and Adjusted EPS have been reported as the directors believe these assist in providing additional useful information on the underlying trends and performance of the Group.

	26 weeks ended 29 Sept 2018 £m	26 weeks ended 30 Sept 2017 £m
Trading profit	**51.0**	48.0
Less net regular interest	**(20.8)**	(21.6)
Adjusted profit before tax	**30.2**	26.4
Notional tax at 19% (2017/18: 19%)	**(5.7)**	(5.0)
Adjusted profit after tax	**24.5**	21.4
Average shares in issue (m)	**840.8**	834.2
Adjusted EPS (pence)	**2.91**	2.56

Net regular interest		
Net finance cost	**(30.5)**	(23.7)
Exclude fair value movements on interest rate financial instruments	**-**	(0.3)
Exclude write off of financing costs	**5.7**	4.0
Exclude early redemption fee	**5.6**	-
Exclude other interest	**(1.6)**	(1.6)
Net regular interest	**(20.8)**	(21.6)

8. Impairment of goodwill

An impairment charge of £4.3m was recognised during the prior period. This was related to the write off of goodwill relating to Knighton Foods Investments Limited ('Knighton'). The impairment reflected the challenging trading conditions faced by the Knighton business.

9. Bank and other borrowings

	As at 29 Sept 2018 £m	As at 31 Mar 2018 £m
Current:		
Bank overdrafts	**-**	-
Finance lease obligations	**-**	-
Total borrowings due within one year	**-**	-
Non-current:		
Secured senior credit facility - revolving	**(25.0)**	-
Transaction costs	**6.5**	5.6
	(18.5)	5.6
Senior secured notes	**(510.0)**	(535.0)
Transaction costs	**7.6**	9.4
	(502.4)	(525.6)
Total borrowings due after more than one year	**(520.9)**	(520.0)
Total bank and other borrowings	**(520.9)**	(520.0)

Revolving credit facility

The revolving credit facility of £177m is due to mature in December 2022 and attracts a leverage based margin of between 2.25% and 3.75% above LIBOR. Banking covenants of net debt / EBITDA and EBITDA / interest are in place and are tested biannually.

Senior secured notes

The senior secured notes are listed on the Irish GEM Stock Exchange. The notes totalling £510m are split between fixed and floating tranches. The fixed note of £300m matures in October 2023 and attracts an interest rate of 6.25%. The floating note of £210m matures in July 2022 and attracts an interest rate of 5.00% above LIBOR.

10. Financial instruments

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

	As at 29 Sept 2018		As at 31 Mar 2018	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£m	**£m**	£m	£m
Loans and receivables:				
Cash and cash equivalents	**11.4**	**11.4**	23.6	23.6
Trade and other receivables[1]	**-**	**-**	56.6	56.6
Financial assets at amortised cost:				
Trade and other receivables[1]	**36.9**	**36.9**	-	-
Financial assets at fair value through profit or loss:				
Trade and other receivables[1]	**5.7**	**5.6**	-	-
Derivative financial instruments				
– Forward foreign currency exchange contracts	**0.2**	**0.2**	-	-
– Commodity and energy derivatives	**0.2**	**0.2**	0.1	0.1
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**-**	(0.4)	(0.4)
Other financial liabilities	**(2.0)**	**(2.0)**	(1.7)	(1.7)
Financial liabilities at amortised cost:				
Trade and other payables	**(215.4)**	**(215.4)**	(209.7)	(209.7)
Senior secured notes	**(510.0)**	**(515.0)**	(535.0)	(539.3)
Senior secured credit facility – revolving	**(25.0)**	**(25.0)**	-	-

[1] Refer to "Adoption of IFRS 9" section below.

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 29 Sept 2018		As at 31 Mar 2018	
	Level 1	**Level 2**	Level 1	Level 2
	£m	**£m**	£m	£m
Financial assets at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**0.2**	-	-
– Commodity and energy derivatives	**-**	**0.2**	-	0.1
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**-**	-	(0.4)
Other financial liabilities	**-**	**(2.0)**	-	(1.7)
Financial liabilities at amortised cost:				
Senior secured notes	**(515.0)**	**-**	(539.3)	-

The fair value of trade and other receivables and trade and other payables is considered to be equal to the carrying amount of these items due to their short-term nature.

Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used in the 52 weeks ended 31 March 2018.

Adoption of IFRS 9 – Impact on measurement of financial assets

On the date of initial application of IFRS 9, 1 April 2018, financial assets of £56.6m previously measured as loans and receivables were reclassified, £6.2m to fair value through profit or loss under IFRS 9 and £50.4m to amortised cost under IFRS 9.

11. Provisions for liabilities and charges

	As at 29 Sept 2018 £m	As at 31 Mar 2018 £m
Non-current	**(32.3)**	(35.7)
Current	**(7.1)**	(7.9)
Total	**(39.4)**	(43.6)

Total provisions for liabilities and charges of £39.4m at 29 September 2018 (31 March 2018: £43.6m) comprise property provisions of £29.7m (31 March 2018: £32.1m) which primarily relate to provisions for non-operational leasehold properties and dilapidations provisions which will be incurred over a number of years in accordance with the length of the leases. Other provisions of £9.7m (31 March 2018: £11.5m) primarily relate to insurance claims and provisions for restructuring costs.

12. Retirement benefit schemes

Defined benefit schemes

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

(a) The Premier schemes, which comprise:

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

(b) The RHM schemes, which comprise:

RHM Pension Scheme
Premier Foods Ireland Pension Scheme

The most recent triennial actuarial valuations of the PFPS, the PGPPS and RHM pension schemes were carried out on 31 March 2016 / 5 April 2016 to establish ongoing funding arrangements. Deficit recovery plans have been agreed with the Trustees of each of the PFPS and PGPPS. The RHM Pension Scheme was in surplus and no deficit contributions are payable. On 28 March 2017, and following the finalisation of the triennial actuarial valuation, the Group announced it had agreed a revised schedule of pension payments with the Trustees of the pension schemes.

Actuarial valuations for the schemes based in Ireland took place during the course of 2016 and 2017.

The exchange rates used to translate the overseas Euro based schemes are £1.00 = €1.1294 for the average rate during the period, and £1.00 = €1.1261 for the closing position at 29 September 2018.

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

	Premier schemes	RHM schemes
At 29 September 2018		
Discount rate	**2.85%**	**2.85%**
Inflation – RPI	**3.25%**	**3.25%**
Inflation – CPI	**2.15%**	**2.15%**
Expected salary increases	**n/a**	**n/a**
Future pension increases	**2.10%**	**2.10%**
At 31 March 2018		
Discount rate	2.70%	2.70%
Inflation – RPI	3.15%	3.15%
Inflation – CPI	2.05%	2.05%
Expected salary increases	n/a	n/a
Future pension increases	2.10%	2.10%

For the smaller overseas schemes, the discount rate used was 1.85% (2017/18: 1.95%) and future pension increases were 1.45% (2017/18: 1.45%).

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

	Premier schemes	RHM schemes
Life expectancy at 29 September 2018		
Male pensioner, currently aged 65	**87.6**	**85.8**
Female pensioner, currently aged 65	**89.5**	**88.3**
Male non-pensioner, currently aged 45	**88.6**	**86.7**
Female non-pensioner, currently aged 45	**90.7**	**89.5**
Life expectancy at 31 March 2018		
Male pensioner, currently aged 65	87.6	85.8
Female pensioner, currently aged 65	89.5	88.3
Male non-pensioner, currently aged 45	88.6	86.7
Female non-pensioner, currently aged 45	90.7	89.5

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

	Premier schemes	% of total	RHM schemes	% of total	Total	% of total
	£m	%	£m	%	£m	%
Assets with a quoted price in an active market at 29 September 2018:						
UK equities	**0.5**	**0.0**	**0.4**	**0.0**	**0.9**	**0.0**
Global equities	**8.4**	**1.3**	**182.8**	**4.5**	**191.2**	**4.0**
Government bonds	**28.9**	**4.3**	**992.9**	**24.5**	**1,021.8**	**21.6**
Corporate bonds	**20.2**	**3.0**	**-**	**-**	**20.2**	**0.4**
Property	**7.7**	**1.2**	**395.6**	**9.8**	**403.3**	**8.5**
Absolute return products	**397.1**	**59.5**	**972.0**	**24.0**	**1,369.1**	**29.0**
Cash	**6.6**	**1.0**	**41.9**	**1.0**	**48.5**	**1.0**
Other	**195.0**	**29.2**	**2.8**	**0.1**	**197.8**	**4.2**
Assets without a quoted price in an active market at 29 September 2018:						
Infrastructure funds	**-**	**-**	**237.1**	**5.8**	**237.1**	**5.0**
Swaps	**-**	**-**	**592.9**	**14.6**	**592.9**	**12.5**
Private equity	**-**	**-**	**414.5**	**10.2**	**414.5**	**8.8**
Other	**3.4**	**0.5**	**224.5**	**5.5**	**227.9**	**4.8**
Fair value of scheme assets as at 29 September 2018	**667.8**	**100**	**4,057.4**	**100**	**4,725.2**	**100**
Assets with a quoted price in an active market at 31 March 2018:						
UK equities	0.2	0.0	0.3	0.0	0.5	0.0
Global equities	7.6	1.1	288.4	6.9	296.0	6.1
Government bonds	25.0	3.7	1021.4	24.3	1,046.4	21.5
Corporate bonds	20.7	3.0	-	-	20.7	0.4
Property	7.5	1.1	383.5	9.2	391.0	8.0
Absolute return products	391.0	57.7	932.3	22.3	1,323.3	27.2
Cash	12.8	1.9	19.6	0.5	32.4	0.7
Other	214.1	31.5	3.0	0.1	217.1	4.5
Assets without a quoted price in an active market at 31 March 2018:						
Infrastructure funds	-	-	254.6	6.1	254.6	5.2
Swaps	-	-	715.3	17.1	715.3	14.7
Private equity	-	-	344.0	8.2	344.0	7.1
Others	0.2	0.0	222.1	5.3	222.3	4.6
Fair value of scheme assets as at 31 March 2018	679.1	100	4,184.5	100	4,863.6	100

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

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

	Premier schemes £m	RHM schemes £m	Total £m
At 29 September 2018			
Present value of funded obligations	**(1,100.6)**	**(3,341.9)**	**(4,442.5)**
Fair value of plan assets	**667.8**	**4,057.4**	**4,725.2**
(Deficit)/surplus in schemes	**(432.8)**	**715.5**	**282.7**
At 31 March 2018			
Present value of funded obligations	(1,116.1)	(3,430.5)	(4,546.6)
Fair value of plan assets	679.1	4,184.5	4,863.6
(Deficit)/surplus in schemes	(437.0)	754.0	317.0

The aggregate surplus of £317.0m has decreased to a surplus of £282.7m during the period ended 29 September 2018 (52 weeks ended 31 March 2018: £212.2m increase) primarily due to the impact of a remeasurement loss on plan assets.

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 April 2017	(1,162.8)	(3,597.0)	(4,759.8)
Interest cost	(29.9)	(93.0)	(122.9)
Remeasurement gains	36.6	87.6	124.2
Exchange differences	(1.2)	(0.7)	(1.9)
Benefits paid	41.2	172.6	213.8
Defined benefit obligation at 31 March 2018	**(1,116.1)**	**(3,430.5)**	**(4,546.6)**
Interest cost	**(14.6)**	**(45.4)**	**(60.0)**
Remeasurement gains	**12.6**	**62.1**	**74.7**
Exchange differences	**(0.6)**	**(0.4)**	**(1.0)**
Benefits paid	**18.1**	**72.3**	**90.4**
Defined benefit obligation at 29 September 2018	**(1,100.6)**	**(3,341.9)**	**(4,442.5)**

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

	Premier schemes	RHM schemes	Total
	£m	£m	£m
Fair value of plan assets at 1 April 2017	673.7	4,190.9	4,864.6
Interest income on plan assets	17.3	108.6	125.9
Remeasurement (losses)/gains	(7.6)	58.2	50.6
Administrative costs	(3.0)	(2.5)	(5.5)
Contributions by employer	38.6	1.2	39.8
Exchange differences	1.3	0.7	2.0
Benefits paid	(41.2)	(172.6)	(213.8)
Fair value of plan assets at 31 March 2018	**679.1**	**4,184.5**	**4,863.6**
Interest income on plan assets	**8.9**	**55.5**	**64.4**
Remeasurement losses	**(17.9)**	**(109.3)**	**(127.2)**
Administrative costs	**(3.1)**	**(1.9)**	**(5.0)**
Contributions by employer	**18.3**	**0.5**	**18.8**
Exchange differences	**0.6**	**0.4**	**1.0**
Benefits paid	**(18.1)**	**(72.3)**	**(90.4)**
Fair value of plan assets at 29 September 2018	**667.8**	**4,057.4**	**4,725.2**

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

	Premier schemes	RHM schemes	Total
	£m	£m	£m
(Deficit)/surplus in schemes at 1 April 2017	(489.1)	593.9	104.8
Amount recognised in profit or loss	(15.6)	13.1	(2.5)
Remeasurements recognised in other comprehensive income	29.0	145.8	174.8
Contributions by employer	38.6	1.2	39.8
Exchange differences	0.1	-	0.1
(Deficit)/surplus in schemes at 31 March 2018	**(437.0)**	**754.0**	**317.0**
Amount recognised in profit or loss	**(8.8)**	**8.2**	**(0.6)**
Remeasurements recognised in other comprehensive income	**(5.3)**	**(47.2)**	**(52.5)**
Contributions by employer	**18.3**	**0.5**	**18.8**
Exchange differences	**-**	**-**	**-**
(Deficit)/surplus in schemes at 29 September 2018	**(432.8)**	**715.5**	**282.7**

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

	Premier schemes	RHM schemes	Total
	£m	£m	£m
26 weeks ended 29 September 2018			
Operating profit			
Administrative costs	**(3.1)**	**(1.9)**	**(5.0)**
Net interest (cost)/credit	**(5.7)**	**10.1**	**4.4**
Total for the period	**(8.8)**	**8.2**	**(0.6)**
26 weeks ended 30 September 2017			
Operating profit			
Administrative costs	**(1.5)**	**(1.0)**	**(2.5)**
Net interest (cost)/credit	**(6.3)**	**7.8**	**1.5**
Total for the period	**(7.8)**	**6.8**	**(1.0)**
52 weeks ended 31 March 2018			
Operating profit			
Current service costs	-	-	-
Administrative costs	(3.0)	(2.5)	(5.5)
Net interest (cost)/credit	(12.6)	15.6	3.0
Total	**(15.6)**	**13.1**	**(2.5)**

13. Notes to the cash flow statement

Reconciliation of loss before taxation to cash flows from operating activities

	26 weeks ended 29 Sept 2018 £m	26 weeks ended 30 Sept 2017 £m
Loss before taxation	**(2.2)**	(1.2)
Net finance cost	**30.5**	23.7
Operating profit	**28.3**	22.5
Depreciation of property, plant and equipment	**8.4**	8.1
Amortisation of intangible assets	**17.8**	18.0
Impairment of goodwill	**-**	4.3
Loss/(gain) on disposal of property, plant and equipment	**0.3**	(0.5)
Fair value movements on financial instruments	**(0.8)**	(0.9)
Equity settled employee incentive schemes	**1.1**	1.5
Increase in inventories	**(23.2)**	(18.7)
Decrease/(increase) in trade and other receivables	**9.0**	(14.8)
(Decrease)/increase in trade and other payables and provisions	**(1.7)**	16.7
Movement in retirement benefit obligations	**(18.8)**	(18.8)
Cash generated from operations	**20.4**	17.4

Analysis of movement in borrowings

	As at 31 Mar 2018 £m	**Cash flows £m**	**Other non-cash movements £m**	**As at 29 Sept 2018 £m**
Bank overdrafts	-	-	-	**-**
Cash and bank deposits	23.6	(12.2)	-	**11.4**
Net cash and cash equivalents	23.6	(12.2)	-	**11.4**
Borrowings - revolving credit facilities	-	(25.0)	-	**(25.0)**
Borrowings - senior secured notes	(535.0)	25.0	-	**(510.0)**
Gross borrowings net of cash[1]	(511.4)	(12.2)	-	**(523.6)**
Debt issuance costs	15.0	6.2	(7.1)	**14.1**
Total net borrowings[1]	(496.4)	(6.0)	(7.1)	**(509.5)**

[1] Borrowings excludes derivative financial instruments.

14. Contingencies

There were no material contingent liabilities as at 29 September 2018 and 31 March 2018.

15. Related party transactions

The Group's related party transactions and relationships for the 52 weeks ended 31 March 2018 were disclosed on page 108 of the annual report and accounts for the financial period ended 31 March 2018.

Transactions with associates and major shareholders during the period are set out below.

	26 weeks ended 29 Sept 2018 £m	26 weeks ended 30 Sept 2017 £m
Sale of goods:		
- Hovis	**0.1**	0.2
Sale of services:		
- Hovis	**0.2**	0.4
Total sales	**0.3**	0.6
Purchase of goods:		
- Hovis	**5.7**	5.3
- Nissin	**5.7**	2.5
Total purchases	**11.4**	7.8

Nissin Foods Holding Co., Ltd. ('Nissin') is considered to be a related party by virtue of its 19.56% (2017/18: 19.64%) equity shareholding in Premier Foods plc and of its power to appoint a member to the Board of directors. There have been recharges of £0.1m (2017/18: £0.1m) in the period.

16. Subsequent events

On 26 October 2018, the High Court issued a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that the schemes be amended in order to equalise benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other occupational pension schemes. The extent to which the judgment will increase the liabilities of the Premier and the RHM Pension Schemes and reduce the net accounting surplus of £283m as at 29 September 2018 is under consideration. Any adjustment necessary will be recognised by the Group in the second half of the current financial year ending 30 March 2019.