12 November 2019

Premier Foods plc

Half year results for the 26 weeks ended 28 September 2019

Strong first half with growth ahead of the market and increased debt reduction

Headline results	FY19/20 H1	FY18/19 H1	Change
Revenue (£m)	366.7	358.0	+2.4%
Trading profit[1] (£m)	51.1	51.0	+0.2%
Adjusted profit before tax[4] (£m)	31.7	30.2	+5.0%
Adjusted earnings per share[7] (pence)	3.03	2.91	+4.3%
Net debt[9,11] (£m)	(470.7)	(509.5)	+38.8

Other measures	FY19/20 H1	FY18/19 H1	Change
Operating profit (£m)	35.9	28.3	+26.9%
Profit/(Loss) before taxation (£m)	15.0	(2.2)	-
Basic earnings/(loss) per share (pence)	1.5	(0.1)	-
Net debt[9] (£m)	(492.9)	(509.5)	

Financial headlines

- Half year Group revenue up +2.4%; Q2 Group revenue up +3.6%
- H1 Branded revenue up +4.3%; Q2 Branded revenue up +5.6%
- Trading profit ahead in addition to increased marketing investment
- Adjusted profit before tax up +5.0% to £31.7m
- Statutory profit before tax £15.0m; profit after tax £12.3m, both reversing prior year losses
- Net debt £38.8m lower than a year ago on pre-IFRS 16 leases basis at £470.7m
- On track to meet 3.0x Net debt/EBITDA[3,11] by year end
- Combined pensions surplus £588.7m (30 March 2019: £373.1m)

Strategic & operational headlines

- Refocused Executive Leadership Team to increase consumer, customer and operational focus
- Sustained quarterly branded growth fuelled by successful innovation strategy
- Consumer marketing investment increased in H1 and set to continue in H2
- Exciting innovation pipeline for H2, including new plant-based brand ‘Plantastic’ now in market
- Increased rate of debt reduction due to strong underlying cash generation
- International business returned to growth – Q2 revenue up +6%
- Strategic review nearing conclusion

Alex Whitehouse, Chief Executive Officer

“In presenting my first set of results as CEO of Premier Foods I’m encouraged by our strong start to the year with total revenue up +2.4% and branded revenue ahead +4.3%. Our biggest brand, Mr Kipling, has continued its momentum from last year, with sales growth of +8% while sales of our Nissin branded ranges have more than doubled. We have launched a number of new product ranges including our new plant-based brand Plantastic and our International business returned to growth in Q2. Due to our strong cash generation, our Net debt[11] has reduced by £38.8m compared to the same point last year.”

“I am also announcing a new Executive Leadership team structure which provides us with sharper consumer, customer and operational focus. Our operational strategy is unchanged, but we now have increased energy and impetus. We are targeting some largely operational cost savings over the next two years and we are on track to meet our Net debt/EBITDA target of 3.0x by the end of this financial year. With a better H1 than planned, we are confident in our expectations for progress in the full year. As we look a little further ahead, and in light of our disciplined and consistent track record of Net debt reduction, we start to see options for our future deployment of cash.”

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

Non-GAAP measures above are defined on page 13 and reconciled to statutory measures throughout

Net debt/EBITDA is EBITDA on an adjusted basis as defined in the appendices

Further information

A presentation to investors and analysts will take place today, 12 November 2019, 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, 12 November 2019, 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:	8592769

A factsheet with highlights or the Interim 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.

Financial results

Revenue

Group revenue (£m)	Grocery	Sweet Treats	Group
Branded	218.2	91.5	309.7
Non-branded	45.8	11.2	57.0
Total	**264.0**	**102.7**	**366.7**
% change			
Branded	+3.8%	+5.5%	+4.3%
Non-branded	(0.1%)	(26.6%)	(6.8%)
Total	**+3.1%**	**+0.7%**	**+2.4%**

Group revenue for the 26 weeks ended 28 September 2019 was £366.7m, up +2.4% on the same period in the prior year. Branded revenue grew by +4.3% to £309.7m while Non-branded revenue was (6.8%) lower at £57.0m. In the second quarter, Group revenues accelerated to finish 3.6% higher than the comparative period. Within this, the Group's branded revenues increased +5.6% in Q2.

Taking the Group's top eight brands together, revenue growth was +4.8% and +5.8% in H1 and the second quarter respectively. In both cases, over half of this growth was volume driven; the balance being price and mix.

Grocery

Grocery branded revenues grew +3.8% to £218.2m in the first half and were up +6.2% in the second quarter. In overall terms, this reflected benefits from the Group's innovation strategy, favourable weather conditions in the second quarter and some Brexit stock building by customers.

The business unit's largest brand, *Bisto*, saw revenue growth in the period following benefits from the launch of convenient *Bisto* gravy microwave-ready pots and earlier advertising than in previous years.

Nissin Soba Noodles & *Cup Noodles* have continued to enjoy an exceptionally strong growth trajectory in the first half of the year, with sales growing +111% compared to the prior year. Performance as measured by market share data is equally strong, with the *Nissin* range reaching a 2.9% market share of the Quick Meals, Snacks & Soup category in the 12 weeks ended 28 September 2019. In the narrower Pot Snacks category, the *Nissin* range reached a market share of 4.8% in the same period. Sales of *Batchelors* were ahead in the UK although broadly flat at a Group level as it lapped strong comparatives in both of the previous two years.

The Group's cooking sauces brands, particularly *Sharwood's* and *Loyd Grossman,* saw volume growth following recent range reviews with UK retailers. Both brands delivered double-digit percentage growth in the UK in the first half of the year. Also in the period, *Sharwood's* launched new Rice Pots, a range of convenient curry flavoured pots in three flavour variants, building on the success of the pots ranges under the Group's *Batchelors* brand. This is an example of stretching one of the Group's brands into adjacent categories and the Group considers there to be further similar opportunities in the future.

Sales of *Ambrosia* benefitted from increased off-shelf execution with retailers and more favourable weather conditions compared to the prior year; particularly in the second quarter.

Collaboration with its retail customers is a high priority for the Group. Against the backdrop of tightening retailer ranges, the Group has delivered increased distribution of its products across its categories in the second quarter of the year. Additionally, it also increased the total SKU count listed by the top five retail customers in the same time period.

Sweet Treats

Following a very good year in FY18/19 when it received a major brand relaunch including new TV advertising, *Mr Kipling* continued this strong momentum into the first half of FY19/20, delivering revenue growth of 8% at a Group level. This progress was broadly equally balanced across the first two quarters of the year. Compared to the same period two years ago, *Mr Kipling* has grown its Group revenue nearly 22%.

Mr Kipling benefitted from TV advertising in the period, and in the second quarter saw the launch of its new 'Signature' range. This new offering of premium cakes includes After Dinner Mint Fancies; Apple, Pear & Custard Crumble Tarts and Chocolate, Caramel & Pecan slices all of which align to one of the Group's key consumer trends of 'indulgence' and targeting evening eating occasions.

Cadbury cake sales grew well in the period, reflecting the introduction of new *Cadbury cake* slices and also due to the later timing of Easter compared to the prior year. This recent expansion of the *Cadbury cake* portfolio includes three variants of Cadbury Dairy Milk slices and these are on track to be one of the strongest new product development launches in the cake category in the last five years.

Towards the end of the first half of the year the Group launched the first products under its new '*Plantastic*' brand. First to market are a range of delicious Flapjacks using plant-based ingredients targeting the growing trend of consumers looking for plant-based and vegan products. In H2, the Group plans to extend the brand to include Dessert pots with flavours including Mango & Passion Fruit.

In the second half of the year, the Group will be introducing a new range of *Mr Kipling* mini cakes including Mince Pies, Cherry Bakewells and Fruit Pies. The introduction of these new mini versions of some of *Mr Kipling's* most popular products follows the significant re-configuration of an existing manufacturing line at its Stoke bakery. This has vastly improved the flexibility of different cake sizes and types and facilitates the development of more new products which closely match consumer trends.

International

In the first half of the year, the International business unit saw revenue fall (6%) but returned to growth in the second quarter, with revenue +6% ahead. The standout performer here was *Mr Kipling* which again grew strongly in Australia through the benefits of further new product development with launches of Passion Fruit & Lemon cake, Salted Caramel cake and Chocolate Mint Fancies. The Group is branded market leader and enjoys a 10% share of the Australian cake market across both *Mr Kipling* and *Cadbury* cake.

Revenue from products sold in Ireland were markedly lower in the first quarter of the year due to the unwind of Brexit related stock in Irish customers' supply chains, however as expected, this effect concluded by the second quarter.

The Group expects to make further revenue progress in the second half of the year, reflecting continued momentum for cake in Australia.

Non-branded

In the Grocery business, Non-branded revenue was broadly flat in the first half of the year while second quarter revenue declined (1.8%). In Sweet Treats, revenue declined (26.6%) in the period and (17.2%) in the second quarter, as the business continues to focus on building its brands.

The Grocery business saw lower sales at Knighton offset by a better performance in the core business. In Sweet Treats, the sales decline was attributed to continued effects of contract exits from lower margin business in fruit pies and residual impacts from the Group's logistics programme transition in FY18/19.

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	FY19/20 H1	FY18/19 H1	Change
Divisional contribution[2]			
Grocery	59.3	57.0	4.0%
Sweet Treats	10.4	11.3	(8.0%)
Total	69.7	68.3	2.0%
Group & corporate costs	(18.6)	(17.3)	(7.5%)
Trading profit	**51.1**	**51.0**	**0.2%**

The Group reported Trading profit of £51.1m in the period, just slightly ahead of the equivalent period a year ago. The overall progress in Trading profit during the half was a little better than the Group expected.

Divisional contribution increased by £1.4m to £69.7m and was largely offset by Group & corporate costs which were £1.3m higher than the prior year. The Grocery business delivered an increase in Divisional contribution of £2.3m to £59.3m while Sweet Treats Divisional contribution was £0.9m lower than the prior year at £10.4m.

In the first half of the year, Grocery saw the good performance across its branded portfolio as described above flowing through to increased Divisional contribution. This was partly offset by increased consumer marketing investment in the period, with both *Batchelors* and *Bisto* benefitting from media advertising. Additionally, while Knighton delivered improved margins in H1, the International business encountered adverse product mix which resulted in a decline in margins.

In Sweet Treats, Divisional contribution was lower due to higher marketing costs and annualisation of filling commercial team vacancies in prior quarters.

Group & corporate costs increased by 7.5% due to higher depreciation charges following the adoption of IFRS 16 – leases and a change in phasing of management incentive schemes. Consumer marketing investment is expected to be higher in FY19/20 than the prior year with up to five of the Group's largest brands in line to benefit from media advertising in the year, with the continued focus on delivering strong branded revenue growth.

Operating profit

£m	FY19/20 H1	FY18/19 H1	Change
Adjusted EBITDA[3]	**60.5**	**59.4**	**1.1**
Depreciation	(9.4)	(8.4)	(1.0)
Trading profit	**51.1**	**51.0**	**0.1**
Non-trading items	(1.5)	(5.1)	3.6
Amortisation of intangible assets	(14.9)	(17.8)	2.9
Fair value movements on foreign exchange & derivatives	1.3	0.8	0.5
Net interest on pensions and administrative expenses	(0.1)	(0.6)	0.5
Operating profit	**35.9**	**28.3**	**7.6**

The Group delivered Operating profit of £35.9m in the first half of FY19/20, compared to £28.3m in the prior period. The growth was largely attributable to lower restructuring costs compared to the prior year and a lower charge for amortisation of intangible assets.

Non-trading items were £1.5m in FY19/20 H1; a £3.6m reduction on the equivalent period a year ago. In the prior year, the Group experienced restructuring costs associated with the consolidation of the Group's logistics operations to one central location which has since been completed. The costs incurred in FY19/20 H1 relate to the departure of previous Acting CEO Alastair Murray and advisory costs relating to the Group's strategic review.

Amortisation of intangibles was £14.9m in the period, £2.9m lower than the prior year. This follows the full amortisation of certain SAP software modules at the Group's main manufacturing sites during the second half of FY18/19. Fair valuation of foreign exchange and derivatives was a credit of £1.3m in the first half of the year.

Net interest on pensions and administrative expenses was a charge of £0.1m. Expenses for operating the Group's pension schemes were £4.9m in the period, offset by a net interest credit of £4.8m due to an opening surplus of the Group's combined pension schemes.

Finance costs

£m	FY19/20 H1	FY18/19 H1	Change
Senior secured notes interest	15.5	16.1	0.6
Bank debt interest - net	2.2	2.8	0.6
	17.7	18.9	1.2
Amortisation of debt issuance costs	1.7	1.9	0.2
Net regular interest[5]	**19.4**	**20.8**	**1.4**
Write-off of financing costs & early redemption fees	0.0	11.3	11.3
Discount unwind	1.0	(1.6)	(2.6)
Other interest cost	0.5	0.0	(0.5)
Net finance cost	**20.9**	**30.5**	**9.6**

Net finance cost was £20.9m for the half year; a decrease of £9.6m on FY18/19 H1. Net regular interest in the period was £19.4m, a decrease of £1.4m compared to the prior year. Consistent with recent periods, the largest component of finance costs in the period was interest due to holders of the Group's senior secured notes, which was £15.5m. The interest on the senior secured notes was £0.6m lower compared to the prior year following the re-financing in June 2018 of the June 2021 £325m fixed rate notes at a coupon of 6.5% to the October 2023 £300m fixed rate notes at the slightly lower coupon of 6.25%.

Bank debt interest of £2.2m was £0.6m lower in the period due to lower levels of average debt and a lower margin on the revolving credit facility following the refinancing completed in May 2018. Amortisation of debt issuance costs was £1.7m, £0.2m lower than the prior year. As there has been no re-financing of the Group's bank debt or Senior Secured Notes in the period, there was no repeat of the write off of financing fees and early redemption fees incurred last year.

A charge of £1.0m in the period relating to a discount rewind associated with properties held by the Group. In the prior year, a £1.6m discount unwind credit was reflected in reported Net finance cost and due to a movement in discount rates impacting Group provisions.

Taxation

The taxation charge for the period ended 28 September 2019 of £2.7m (2018/19: £1.5m credit) comprises a charge on operating activities of £2.7m (2018/19: £0.5m credit) based upon management's best estimate of the effective annual income tax rate expected for the full financial year. In addition, a charge of £nil (2018/19: £0.1m) relating to adjustments to prior years and a charge of £nil (2018/19: £1.1m credit) relating to repayment of foreign taxes paid in prior years. 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)	FY19/20 H1	FY18/19 H1	Change
Operating profit	35.9	28.3	7.6
Net finance cost	(20.9)	(30.5)	(9.6)
Profit/(loss) before taxation	**15.0**	**(2.2)**	**17.2**
Taxation	(2.7)	1.5	(4.2)
Profit/(loss) after taxation	12.3	(0.7)	13.0
Average shares in issue	846.1	840.8	5.3
Basic Earnings/(loss) per share (pence)	**1.5**	**(0.1)**	**1.6**

The Group reported a profit before tax of £15.0m in first half of the year, compared to a loss before tax of (£2.2m) in FY18/19 H1. Profit after tax was £12.3m, compared to a loss of £(0.7)m in the prior year.

Adjusted earnings per share (£m)	FY19/20 H1	FY18/19 H1	Change (%)
Trading profit	51.1	51.0	+0.2%
Less: Net regular interest	(19.4)	(20.8)	+6.8%
Adjusted profit before tax	**31.7**	**30.2**	**+5.0%**
Less: Notional tax (19%)	(6.0)	(5.7)	(5.0%)
Adjusted profit after tax[6]	25.7	24.5	+5.0%
Average shares in issue (millions)	846.1	840.8	+0.6%
Adjusted earnings per share (pence)	**3.03**	**2.91**	**+4.3%**

Adjusted profit before tax was £31.7m in the period, up +5.0% on the prior year, predominantly reflecting lower net regular interest costs as described above. Adjusted profit after tax increased £1.2m to £25.7m in the period after deducting a notional 19.0% tax charge of £6.0m. Based on average shares in issue of 846.1 million shares, adjusted earnings per share in the first half of the year grew +4.3% to 3.03p.

Free cash flow

£m	FY19/20 H1	FY18/19 H1
Statutory cash flow statement		
Cash generated from operating activities	8.3	6.5
Cash used in investing activities	(8.0)	(7.0)
Cash generated from/(used in) financing activities	0.6	(11.7)
Net increase/(decrease) in cash & cash equivalents	**0.9**	**(12.2)**

£m	FY19/20 H1	FY18/19 H1
Trading profit	51.1	51.0
Depreciation	9.4	8.4
Other non-cash items	1.2	1.0
Interest	(17.6)	(13.9)
Pension contributions	(24.2)	(18.8)
Capital expenditure	(8.1)	(7.0)
Working capital & other	(8.3)	(16.6)
Non-trading items	(3.3)	(4.6)
Proceeds from share issue	0.6	0.1
Sale of property, plant & equipment	0.1	-
Financing fees	-	(11.8)
Free cash flow[10]	**0.9**	**(12.2)**

The Group reported an inflow of Free cash in the period of £0.9m. Trading profit of £51.1m was slightly ahead of the prior year for the reasons outlined above, while depreciation of £9.4m was £1.0m higher as operating leases are now treated as an asset following the adoption of IFRS 16. Other non-cash items of £1.2m was predominantly due to share based payments.

Net interest paid of £17.6m was £3.7m higher than the comparative period. This was due to the later timing of the first interest payment on the Group's £300m fixed rate notes, which were issued in the first half of last year. As with the prior year period, no taxation was paid in the period due to the availability of brought forward losses and capital allowances.

Pension contributions in the period were £24.2m; £5.4m higher than 2018/19 H1 due to earlier payment of government levies compared to the prior year and planned increases in the deficit contribution payments. Pension deficit contributions payments made to the Premier Foods pension schemes of £17.8m were the largest component of cash paid in the first half of the year; the balance being expenses connected to administering both the RHM and Premier Foods schemes and government levies. Pension deficit contribution payments in the full year are expected to be circa £37m and administration and government levy costs approximately £6-8m.

Capital expenditure was £8.1m in the period, which was £1.1m higher than the comparative period. In the full year, the Group expects to increase its capital expenditure to c.£25m to fund investment in both growth projects supporting the Group's innovation strategy and cost release projects to deliver efficiency savings. For example, the Group is investing in one of its lines at its Stoke cake manufacturing site which will provide enhanced and varied product innovation capabilities.

A working capital outflow of £8.3m in the first half of the year compared to an outflow of £16.6m in FY18/19 H1.

Non-trading items of £3.3m were paid in H1 and reflect the cash impact of the final tranche of the Group's logistics transformation programme costs and also cash outflows relating to the departure of previous senior management. In the full year, non-trading items are expected to be between £6-7m and include costs associated with the Group's strategic review.

On a statutory basis, cash generated from operations was £25.9m compared to £20.4m in FY18/19 H1. Cash generated from operating activities was £8.3m in the year after deducting net interest paid of £17.6m. Cash generated in financing activities was £0.6m in the year versus £(11.7m) cash used in FY18/19 H1.

Net debt and sources of finance

	£m
Net debt at 30 March 2019	**469.9**
Free cash inflow in period	(0.9)
Movement in debt issuance costs	1.7
Net debt pre-IFRS 16 Leases	470.7
IFRS 16 Leases	22.2
Net debt at 28 September 2019	**492.9**

Net debt at 28 September 2019 was £492.9m, an increase of £23.0m in the first half of the year. During the period, the Group adopted IFRS 16 – Leases, which resulted in increasing reported Net debt at 28 September 2019 by £22.2m. Free cash inflow in the period was £0.9m and the movement in debt issuance costs was £1.7m.

There were no changes to the Group's lending facilities or its issued Senior Secured Notes in the period. At 28 September 2019, the Group held cash and bank deposits of £28.7m and the Group's Revolving Credit Facility was undrawn. The Group remains on track to achieve its Net debt/EBITDA target of 3.0x by March 2020.

Pensions

The IAS 19 pension schemes valuation reported a surplus for the combined RHM and Premier Foods' pension schemes at 28 September 2019 of £588.7m, £215.6m higher than 30 March 2019 and equivalent to £488.6m net of a deferred tax charge of 17.0%. 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. An increase in the RHM surplus of £232.2m to £1,070.0m was partly offset by an increase in the deficit of the Premier Foods' schemes of £16.6m to £481.3m.

IAS 19 Accounting Valuation (£m)	**28 September 2019**			**30 March 2019**		
	RHM	Premier Foods	Combined	RHM	Premier Foods	Combined
Assets	4,863.0	793.6	5,656.6	4,333.6	707.1	5,040.7
Liabilities	(3,793.0)	(1,274.9)	(5,067.9)	(3,495.8)	(1,171.8)	(4,667.6)
Surplus/(Deficit)	**1,070.0**	**(481.3)**	**588.7**	**837.8**	**(464.7)**	**373.1**
Net of deferred tax (17.0%)	888.1	(399.5)	488.6	695.4	(385.7)	309.7

Assets in the combined schemes increased by £615.9m to £5,656.6m in the period. RHM scheme assets increased by £529.4m to £4,863.0m while the Premier Foods' schemes assets increased by £86.5m to £793.6m. The most significant movement by asset class is that of Government bonds which increased by £142.3m in the period, predominantly in the RHM scheme.

Liabilities in the combined schemes increased by £400.3m in the first half of the year to £5,067.9m. The value of liabilities associated with the RHM scheme were £3,793.0m, an increase of £297.2m while liabilities in the Premier Foods schemes were £103.1m higher at £1,274.9m. The increase in the value of liabilities in both schemes is due to a lower discount rate assumption of 1.85% (30 March 2019: 2.45%) offset by a reduction in the RPI inflation rate assumption; from 3.25% to 3.05%.

The Triennial actuarial valuation of the Group's Pension Schemes remains ongoing. As previously outlined, this process typically takes a number of months to conclude; the output of which will be provided in due course.

Combined pensions schemes (£m)	28 September 2019	30 March 2019
Assets		
Equities	**179.7**	**179.5**
Government bonds	**1,632.7**	**1,490.4**
Corporate bonds	**20.5**	**26.9**
Property	**418.7**	**436.5**
Absolute return products	**1,260.0**	**1,141.2**
Cash	**61.5**	**38.1**
Infrastructure funds	**303.8**	**256.1**
Swaps	**516.6**	**556.4**
Private equity	**541.5**	**446.1**
Other	**721.6**	**469.5**
Total Assets	**5,656.6**	**5,040.7**
Liabilities		
Discount rate	**1.85%**	**2.45%**
Inflation rate (RPI/CPI)	**3.05%/1.95%**	**3.25%/2.15%**

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

IFRS 16 – Leases

A new accounting standard, IFRS 16 – Leases, came into effect for accounting periods commencing on or after 1 January 2019, replacing the previous standard, IAS 17. Accordingly, the 52 weeks ending 28 March 2020 is the first accounting period that the Group is adopting IFRS 16. As previously stated, the Group has elected to transition to IFRS 16 using the Modified Retrospective Approach, and as such, comparatives will not be re-stated at 28 March 2020. It is important to note that there is no economic or cash impact to the Group as a result of this accounting standard change.

As at 28 September 2019, the increase in leases held on the Group's balance sheet compared to 30 March 2019 was £22.2m following the adoption of IFRS 16. Accordingly, Net debt has increased to reflect this change. The Group's depreciation charge has also increased and was £9.4m in the first half of the year. It should be noted that in future years, there may be a degree of volatility in the value of assets and liabilities recognised with respect to leases, reflecting the timing of lease renewals and any fluctuations to discount rates.

Executive Leadership Team

The Group has changed its Executive Leadership Team (ELT) which is designed to deliver sharper consumer, customer and operational focus. With a more functional approach, three new appointments to the ELT are confirmed as Chief Customer Officer, Chief Marketing Officer and Operations Director. Consequently, the structure of the team has changed and resulted in the removal of the UK Managing Director and International Managing Director roles; however this does not detract from the Group's aspirations for its International business. These changes are expected to accelerate the pace and agility of decision making and streamline internal processes and reporting.

Corporate & Social Responsibility

As previously commented, the Company remains committed to reducing sugar across its portfolio and is on track to remove 1,000 tonnes of sugar from its products by the end of 2019, compared to a baseline date of 2015. The Group has also introduced a number of lower fat products in its portfolio, with its Sharwood's low fat Poppadoms receiving 'The Grocer' magazine new product award for best new low fat product.

In packaging, 94% of the Group's packaging by weight is recyclable and nearly 70% of the plastics used by the Group is recyclable. Plastics account for 11% of the Group's total packaging by weight. By the end of 2019, the Group will have removed all black packaging from its portfolio while 100% of all the Group's products in the UK have on pack recycling labelling.

Outlook

The Group's strategy is to drive sustainable and profitable revenue growth while delivering cost efficiencies to generate cash. The Group has a newly refocused Executive Leadership Team in place which will increase its consumer, customer and operational focus and will operate with enhanced energy and impetus. The first half of this year has seen the Group increase its branded revenues ahead of the market, deliver Trading profit ahead of its expectations and reduce Net debt by £39m compared to the same point a year ago on a pre-IFRS 16 basis.

Following this encouraging start to the year, with its marketing investment and exciting innovation programmes, the Group has increased confidence of building on this momentum to deliver progress in the full year and beyond. The Company is targeting additional, largely operational cost savings over the next two years and is on track to meet its Net debt/EBITDA target of 3.0x by the end of this financial year. Looking a little further ahead, the Group is starting to see options regarding its future cash deployment, especially in light of its disciplined and consistent track record of Net debt reduction.

Alex Whitehouse	Duncan Leggett
Chief Executive Officer	Acting Chief Financial Officer

Appendices

The Company's Half year results are presented for the 26 weeks ended 28 September 2019 and the comparative period, 26 weeks ended 29 September 2018. All references to the 'quarter', unless otherwise stated, are for the 13 weeks ended 28 September 2019 and the comparative period, 13 weeks ended 29 September 2018.

Quarter 2 Sales

Q2 Sales (£m)	Grocery	Sweet Treats	Group
Branded	116.2	44.6	160.8
Non-branded	24.5	6.5	31.0
Total	**140.7**	**51.1**	**191.8**
% change			
Branded	+6.2%	+4.1%	+5.6%
Non-branded	(1.8%)	(17.2%)	(5.7%)
Total	**+4.7%**	**+0.7%**	**+3.6%**

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, non-trading items, fair value movements on foreign exchange and other derivative contracts, 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, other finance income, early redemption fee, fair value movements on interest rate financial instruments and other interest payable.
6. Adjusted profit after tax is Adjusted profit before tax as defined in (4) above less a notional tax charge of 19.0% (2018/19: 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 846.1 million (26 weeks ended 29 September 2018: 840.8 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. Net debt on a pre-IFRS 16 basis.

Additional notes:

- The Directors believe that users of the financial statements are most interested in underlying trading performance and cash generation of the Group. As such intangible asset amortisation and impairment are excluded from Trading profit because they are non-cash items.
- Restructuring costs have been excluded from Trading profit because they are incremental costs incurred as part of specific initiatives that may distort a user's view of underlying trading performance.
- Net regular interest is used to present the interest charge related to the Group's ongoing financial indebtedness, and therefore excludes non-cash items and other credits/charges which are included in the Group's net finance cost.
- 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**			
	2019/20	**2020/21**	**2021/22**	**2022/23**
Deficit contributions	37	38	38	38
Administration costs	6-8	8-10	8-10	8-10
Total	**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 pages 32-33 of the Premier Foods plc annual report and accounts for the financial period ended 30 March 2019.

On 30 August 2019, Alex Whitehouse was appointed Chief Executive Officer and Colin Day was appointed Chairman. On the same day, Alastair Murray departed from his role as Acting Chief Executive Officer and Chief Financial Officer, and left the business.

Approved by the Board on 12 November 2019 and signed on its behalf by:

Alex Whitehouse
Chief Executive Officer

Duncan Leggett
Acting 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 28 September 2019 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 28 September 2019 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.

The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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 2019

Condensed consolidated statement of profit or loss (unaudited)

	Note	26 weeks ended 28 Sept 2019 £m	26 weeks ended 29 Sept 2018 £m
Revenue	4	**366.7**	358.0
Cost of sales		**(240.9)**	(237.0)
Gross profit		**125.8**	121.0
Selling, marketing and distribution costs		**(56.1)**	(52.8)
Administrative costs		**(33.8)**	(39.9)
Operating profit	4	**35.9**	28.3
Finance cost	5	**(22.0)**	(32.9)
Finance income	5	**1.1**	2.4
Profit/(loss) before taxation		**15.0**	(2.2)
Taxation (charge)/credit	6	**(2.7)**	1.5
Profit/(loss) for the period attributable to owners of the parent		**12.3**	(0.7)
Basic earnings/(loss) per share (pence)	7	**1.5**	(0.1)
Diluted earnings/(loss) per share (pence)	7	**1.4**	(0.1)
Adjusted earnings per share[1] (pence)	7	**3.03**	2.91

[1] Adjusted earnings per share is defined as trading profit less net regular interest payable, less a notional tax charge at 19.0% (2018/19: 19.0%) divided by the weighted average number of ordinary shares of the Company.

The notes on pages 22 to 41 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income (unaudited)

	Note	**26 weeks ended 28 Sept 2019 £m**	26 weeks ended 29 Sept 2018 £m
Profit/(loss) for the period		**12.3**	(0.7)
Other comprehensive income/(losses)			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit schemes	11	**191.3**	(52.5)
Deferred tax (charge)/credit		**(33.5)**	8.9
Items that are or may be reclassified to profit or loss			
Exchange differences on translation		**0.1**	-
Other comprehensive income/(loss), net of tax		**157.9**	(43.6)
Total comprehensive income/(loss) attributable to owners of the parent		**170.2**	(44.3)

The notes on pages 22 to 41 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated balance sheet (unaudited)

	Note	**As at 28 Sept 2019 £m**	As at 30 Mar 2019 £m
ASSETS:			
Non-current assets			
Property, plant and equipment		**196.8**	186.0
Goodwill		**646.0**	646.0
Other intangible assets		**352.1**	366.4
Net retirement benefit assets	11	**1,070.0**	837.8
		2,264.9	2,036.2
Current assets			
Inventories		**91.0**	77.8
Trade and other receivables		**90.8**	89.2
Cash and cash equivalents	12	**28.7**	27.8
		210.5	194.8
Total assets		**2,475.4**	2,231.0
LIABILITIES:			
Current liabilities			
Trade and other payables		**(247.7)**	(238.0)
Financial liabilities:			
– derivative financial instruments	9	**(0.3)**	(1.6)
– IFRS 16 lease liability	8	**(3.6)**	-
Provisions for liabilities and charges	10	**(5.8)**	(9.7)
		(257.4)	(249.3)
Non-current liabilities			
Financial liabilities – long-term borrowings			
– long term borrowings	8	**(499.4)**	(497.7)
– IFRS 16 lease liability	8	**(18.6)**	-
Net retirement benefit obligations	11	**(481.3)**	(464.7)
Provisions for liabilities and charges	10	**(9.8)**	(32.4)
Deferred tax liabilities		**(52.3)**	(13.5)
Other liabilities		**(9.3)**	(10.6)
		(1,070.7)	(1,018.9)
Total liabilities		**(1,328.1)**	(1,268.2)
Net assets		**1,147.3**	962.8
EQUITY:			
Capital and reserves			
Share capital		**84.7**	84.5
Share premium		**1,409.0**	1,408.6
Merger reserve		**351.7**	351.7
Other reserves		**(9.3)**	(9.3)
Profit and loss reserve		**(688.8)**	(872.7)
Total equity		**1,147.3**	962.8

The notes on pages 22 to 41 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of cash flows (unaudited)

	Note	**26 weeks ended 28 Sept 2019 £m**	26 weeks ended 29 Sept 2018 £m
Cash generated from operations	12	**25.9**	20.4
Interest paid		**(18.8)**	(14.7)
Interest received		**1.2**	0.8
Taxation received		**-**	-
Cash generated from operating activities		**8.3**	6.5
Purchase of property, plant and equipment		**(6.3)**	(6.5)
Purchase of intangible assets		**(1.8)**	(0.5)
Sale of property, plant and equipment		**0.1**	-
Cash used in investing activities		**(8.0)**	(7.0)
Repayment of borrowings		**-**	(325.0)
Proceeds from borrowings		**-**	325.0
Financing fees		**-**	(11.8)
Proceeds from share issue		**0.6**	0.1
Cash generated from/(used in) financing activities		**0.6**	(11.7)
Net increase/(decrease) of cash and cash equivalents		**0.9**	(12.2)
Cash, cash equivalents and bank overdrafts at beginning of period		**27.8**	23.6
Cash, cash equivalents and bank overdrafts at end of period	12	**28.7**	11.4

The notes on pages 22 to 41 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 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	11	-	-	-	-	(52.5)	(52.5)
Deferred tax charge		-	-	-	-	8.9	8.9
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
At 31 March 2019		**84.5**	**1,408.6**	**351.7**	**(9.3)**	**(872.7)**	**962.8**
Adjustment on initial application of IFRS 16 (net of tax)		**-**	**-**	**-**	-	**12.7**	**12.7**
Adjusted balance as at 31 March 2019		**84.5**	**1,408.6**	**351.7**	**(9.3)**	**(860.0)**	**975.5**
Profit for the period		**-**	**-**	**-**	**-**	**12.3**	**12.3**
Remeasurements of defined benefit schemes	11	**-**	**-**	**-**	**-**	**191.3**	**191.3**
Deferred tax charge		**-**	**-**	**-**	**-**	**(33.5)**	**(33.5)**
Exchange differences on translation		**-**	**-**	**-**	**-**	**0.1**	**0.1**
Other comprehensive income		**-**	**-**	**-**	**-**	**157.9**	**157.9**
Total comprehensive income		**-**	**-**	**-**	**-**	**170.2**	**170.2**
Shares issued		**0.2**	**0.4**	**-**	**-**	**-**	**0.6**
Share-based payments		**-**	**-**	**-**	**-**	**1.0**	**1.0**
At 28 September 2019		**84.7**	**1,409.0**	**351.7**	**(9.3)**	**(688.8)**	**1,147.3**

The notes on pages 22 to 41 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 30 March 2019.

2. Significant accounting policies

Basis of preparation

The condensed consolidated financial information ("financial information") for the period ended 28 September 2019 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 28 September 2019 should be read in conjunction with the Group's financial statements for the 52 weeks ended 30 March 2019, 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 30 March 2019, 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 28 September 2019 is unaudited but has been subject to an independent review by KPMG LLP.

The Group's financial statements for the 52 weeks ended 30 March 2019, which were approved by the Board of Directors on 14 May 2019, 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 2019.

Changes to accounting policies

This is the first set of accounts in which IFRS 16 Leases has been applied. IFRS 16 introduced a single, on-balance sheet accounting model for lessees and sets out the principles for the recognition, measurement, presentation and disclosure of leases. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, discounted at the Group's incremental borrowing rate at 31 March 2019. Accordingly the comparative information presented for 2018 has not been restated – i.e. it is presented as previously reported under IAS 17 and related interpretations. The Group had previously provided for some of these costs under IAS 37 therefore the Group has reviewed these provisions and made adjustments as necessary.

Details of the changes in accounting policies arising from the implementation of IFRS16 are as follows:

Lease recognition

Previously, the Group determined at the inception of a contract whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient allowing the standard to be applied only to contracts that were previously identified as leases under IAS17 and IFRIC 4. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 31 March 2019.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying asset is of low value ('low-value assets').

For leases of properties in which the Group is a lessee, it has applied the practical expedient permitted by IFRS16 and will account for each lease component and any associated non-lease components as a single lease component.

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. Right-of-use assets are subject to and reviewed regularly for impairment. Depreciation on right-of-use assets is predominantly recognised in cost of sales in the consolidated income statement.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed and variable lease payments that depend on an index or rate less any lease incentives receivable. Any variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Generally the Group uses its incremental borrowing rate as the discount rate.

After the commencement date, the lease liability is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the fixed lease payments. Interest charges are included in finance costs in the consolidated income statement.

Short-term leases and leases of low-value items

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery and equipment that have a lease term of less than 12 months and leases of low-value assets. Lease payments relating to short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of property leases

At the commencement date of property leases the Group determines the lease term to be the full term of the lease, assuming that any option to break or extend the lease is unlikely to be exercised. Leases are regularly reviewed and will be revalued if it becomes likely that a break clause or option to extend the lease is exercised.

Previously, the Group classified property leases as operating leases under IAS 17. In England, the majority of its property leases are protected by the Landlord and Tenant Act 1954 ("LTA") which affords protection to the lessee at the end of an existing lease term.

If the lease is subsequently renewed, judgement is required in respect of those property leases where the current lease term has expired but the Group remains in negotiation with the landlord for potential renewal. Where the Group believes renewal to be reasonably certain and the lease is protected by the LTA it will be treated as having been renewed at the date of termination of the previous lease term and on the same terms as the previous lease. Where renewal is not considered to be reasonably certain the leases are included with a lease term which reflects the anticipated notice period under relevant legislation. The lease will be revalued when it is renewed to take account of the new terms.

Impact of IFRS 16 on financial statements

The Group leases many assets including properties, cars and other equipment. As a lessee, the Group previously classified leases as operating leases or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership.

Balance sheet

The impact on the balance sheet on transition is summarised below:

	£m
Operating lease commitments as at 30 March 2019	18.3
Reclassification of provisions for non-operational property lease costs	8.9
Discounted using incremental borrowing rate	(3.8)
Other adjustment relating to implementation of IFRS 16	0.1
Lease liabilities recognised at 31 March 2019	23.5

The Group presents lease liabilities separately in the consolidated balance sheet.

Income statement

The Group has recognised depreciation and interest costs in respect of leases that were previously classified as operating leases in the income statement for the period, rather than rental charges. During the 26 weeks ended 28 September 2019, the Group recognised £1.2m of depreciation charges and £0.5m of interest costs in respect of these leases.

Reserves

The Group has previously provided for property costs under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. On transition to IFRS 16, the Group recognised right-of-use assets in respect of its non operational leasehold properties which were immediately impaired through reserves. Elements of the Group's provisions for non-operational properties cannot be recognised as lease creditors under IFRS 16 and have therefore been credited to reserves.

Cash flow statement

The implementation of IFRS 16 is an accounting change only and does not impact cash flows.

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 30 March 2019 and 28 September 2019. 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 may include the use of estimates, which is fundamental to the compilation of this financial information. Results may differ from actual amounts.

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 11.

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.

Where statements are not available at the reporting date, a roll forward of cash transactions between statement date and balance sheet date is performed.

Goodwill

Impairment reviews in respect of goodwill are performed annually unless 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 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.

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, phasing 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.

Judgements

The following are considered to be the key judgements within the financial information:

Non-trading items

Non-trading items have been presented separately throughout this financial information. These are items that management believes require separate disclosure by virtue of their nature in order that the users of the financial information obtain a clear and consistent view of the Group's underlying trading performance. In identifying non-trading items, management have applied judgement including whether i) the item is related to underlying trading of the Group; and/or ii) how often the item is expected to occur.

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, fair value movements on foreign exchange and other derivative contracts, non-trading items and net interest on pensions and administrative expenses.

The segment results for the period ended 28 September 2019 and 29 September 2018, and the reconciliation of the segment measures to the respective statutory items included in the financial information, are as follows:

	26 weeks ended 28 Sept 2019		
	Grocery	**Sweet Treats**	**Total**
	£m	**£m**	**£m**
Revenue	**264.0**	**102.7**	**366.7**
Divisional contribution	**59.3**	**10.4**	**69.7**
Group and corporate costs			**(18.6)**
Trading profit			**51.1**
Amortisation of intangible assets			**(14.9)**
Fair value movements on foreign exchange and other derivative contracts			**1.3**
Non-trading items:			
Restructuring costs			**(0.7)**
Other non-trading			**(0.8)**
Net interest on pensions and administrative expenses			**(0.1)**
Operating profit			**35.9**
Finance cost			**(22.0)**
Finance income			**1.1**
Profit before taxation			**15.0**
Depreciation	(5.4)	(4.0)	(9.4)

	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
Non-trading items:			
Restructuring costs			(5.1)
Net interest on pensions and administrative expenses			(0.6)
Operating profit before impairment			28.3
Impairment of property, plant and equipment			-
Operating profit			28.3
Finance cost			(32.9)
Finance income			2.4
Net movement on interest rate financial instruments			-
Loss before taxation			(2.2)
Depreciation	(4.1)	(4.3)	(8.4)

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 28 Sept 2019 £m	26 weeks ended 29 Sept 2018 £m
Interest payable on bank loans and overdrafts	**(3.3)**	(3.1)
Interest payable on senior secured notes	**(15.5)**	(16.1)
Interest payable on revolving facility	**-**	(0.5)
Amortisation of debt issuance costs	**(1.7)**	(1.9)
	(20.5)	(21.6)
Write off of financing costs[1]	**-**	(5.7)
Early redemption fee[2]	**-**	(5.6)
Other interest payable[3]	**(1.5)**	-
Total finance cost	**(22.0)**	(32.9)
Interest receivable on bank deposits	**1.1**	0.8
Other interest receivable[4]	**-**	1.6
Total finance income	**1.1**	2.4
Net finance cost	**(20.9)**	(30.5)

[1] Relates to the refinancing of the senior secured fixed rate notes due 2021 and revolving credit facility 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 previous period.

[3] Included in other interest payable is £0.5m (2018/19: £nil) relating to non-cash interest costs arising following the adoption of IFRS 16 and £1.0m (2018/19: £nil) relating to the discount on certain of the Group's long term provisions.

[4] Included in other interest receivable is £nil (2018/19: £1.6m) relating to the unwind of the discount on certain of the Group's long term provisions.

6. Taxation

The taxation charge for the period ended 28 September 2019 of £2.7m (2018/19: £1.5m credit) comprises of a charge on operating activities of £2.7m (2018/19: £0.5m credit) based upon managements best estimate of the effective annual income tax rate expected for the full financial year. In addition, a charge of £nil (2018/19: £0.1m) relating to adjustments to prior years and a charge of £nil (2018/19: £1.1m credit) relating to repayment of foreign taxes paid in prior years. The adjustment to the brought forward profit and loss reserve in respect of the implementation of IFRS 16 includes a tax charge of £2.6m (2018/19: £nil).

7. Earnings/(loss) per share

Basic earnings per share has been calculated by dividing the profit for the period ended 28 September 2019 attributable to owners of the parent of £12.3m (2018/19: £0.7m loss) by the weighted average number of ordinary shares of the Company.

	26 weeks ended 28 Sept 2019 Number	26 weeks ended 29 Sept 2018 Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	**846,120,970**	840,823,495
Effect of dilutive potential ordinary shares	**10,933,622**	4,927,124
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**857,054,592**	845,750,619

	26 weeks ended 28 Sept 2019			26 weeks ended 29 Sept 2018		
	Basic	**Dilutive effect of share options**	**Diluted**	Basic	Dilutive effect of share options	Diluted
Profit/(loss) after tax (£m)	**12.3**		**12.3**	(0.7)		(0.7)
Weighted average number of shares (m)	**846.1**	**10.9**	**857.1**	840.8	4.9	845.8
Earnings/(loss) per share (pence)	**1.5**	**(0.1)**	**1.4**	(0.1)	-	(0.1)

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 earnings/(loss) per share.

There was 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 prior 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% (2018/19: 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 prior 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 28 Sept 2019 £m	26 weeks ended 29 Sept 2018 £m
Trading profit	**51.1**	51.0
Less net regular interest	**(19.4)**	(20.8)
Adjusted profit before tax	**31.7**	30.2
Notional tax at 19% (2018/19: 19%)	**(6.0)**	(5.7)
Adjusted profit after tax	**25.7**	24.5
Average shares in issue (m)	**846.1**	840.8
Adjusted EPS (pence)	**3.03**	2.91

Net regular interest		
Net finance cost	**(20.9)**	(30.5)
Exclude write off of financing costs	**-**	5.7
Exclude early redemption fee	**-**	5.6
Exclude other interest	**1.5**	(1.6)
Net regular interest	**(19.4)**	(20.8)

8. Bank and other borrowings

	As at 28 Sept 2019 £m	As at 30 Mar 2019 £m
Current:		
IFRS 16 lease liability	**(3.6)**	-
Total borrowings due within one year	**(3.6)**	-
Non-current:		
Secured senior credit facility - revolving	**-**	-
Transaction costs	**5.0**	5.8
	5.0	5.8
IFRS 16 lease liability	**(18.6)**	-
	(18.6)	-
Senior secured notes	**(510.0)**	(510.0)
Transaction costs	**5.6**	6.5
	(504.4)	(503.5)
Total borrowings due after more than one year	**(518.0)**	(497.7)
Total bank and other borrowings	**(521.6)**	(497.7)

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.

9. 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 28 Sept 2019		As at 30 Mar 2019	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£m	**£m**	£m	£m
Loans and receivables:				
Cash and cash equivalents	**28.7**	**28.7**	27.8	27.8
Financial assets at amortised cost:				
Trade and other receivables	**56.4**	**56.4**	62.5	62.5
Financial assets at fair value through profit or loss:				
Trade and other receivables	**3.2**	**3.1**	4.6	4.5
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**-**	-	-
– Commodity and energy derivatives	**-**	**-**	-	-
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**(0.2)**	**(0.2)**	(1.5)	(1.5)
– Commodity and energy derivatives	**(0.1)**	**(0.1)**	(0.1)	(0.1)
IFRS 16 financial liabilities	**(22.2)**	**(22.2)**	-	-
Financial liabilities at amortised cost:				
Trade and other payables	**(242.9)**	**(242.9)**	(233.1)	(233.1)
Senior secured notes	**(510.0)**	**(518.5)**	(510.0)	(515.0)

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 28 Sept 2019		As at 30 Mar 2019	
	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	**-**	**-**	-	-
– Commodity and energy derivatives	**-**	**-**	-	-
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**(0.2)**	-	(1.5)
– Commodity and energy derivatives	**-**	**(0.1)**	-	(0.1)
Financial liabilities at amortised cost:				
Senior secured notes	**(518.5)**	**-**	(515.0)	-

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 30 March 2019.

10. Provisions for liabilities and charges

	As at 28 Sept 2019 £m	As at 30 Mar 2019 £m
Non-current	**(9.8)**	(32.4)
Current	**(5.8)**	(9.7)
Total	**(15.6)**	(42.1)

Total provisions for liabilities and charges of £15.6m at 28 September 2019 (30 March 2019: £42.1m) comprise primarily provisions for site costs, dilapidations and environmental liabilities related to lease hold properties and provisions for insurance and legal matters. The reduction in provisions since 30 March 2019 is driven by the adoption of IFRS 16 where provisions for lease costs for non-operational properties are accounted for as lease creditors.

11. 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.
Hillsdown Holdings Limited Pension Scheme[1]

[1]Hillsdown Holdings Limited Pension Scheme has transferred in during the year, this scheme has previously been excluded from the Group's IAS 19 results on the basis of materiality.

(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 the RHM pension scheme 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. Actuarial valuations as at 31 March 2019/5 April 2019 are ongoing.

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 = €1.1240 for the average rate during the period, and £1.00 = €1.1245 for the closing position at 28 September 2019.

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

	Premier schemes	RHM schemes
At 28 September 2019		
Discount rate	**1.85%**	**1.85%**
Inflation – RPI	**3.05%**	**3.05%**
Inflation – CPI	**1.95%**	**1.95%**
Expected salary increases	**n/a**	**n/a**
Future pension increases	**2.05%**	**2.05%**
At 30 March 2019		
Discount rate	2.45%	2.45%
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%

For the smaller overseas schemes, the discount rate used was 0.80% (2018/19: 1.50%) and future pension increases were 1.30% (2018/19: 1.30%).

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 28 September 2019		
Male pensioner, currently aged 65	**87.4**	**85.3**
Female pensioner, currently aged 65	**89.3**	**87.8**
Male non-pensioner, currently aged 45	**88.4**	**86.1**
Female non-pensioner, currently aged 45	**90.5**	**88.9**
Life expectancy at 30 March 2019		
Male pensioner, currently aged 65	87.4	85.3
Female pensioner, currently aged 65	89.3	87.8
Male non-pensioner, currently aged 45	88.4	86.1
Female non-pensioner, currently aged 45	90.5	88.9

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 28 September 2019:						
UK equities	**0.3**	**0.0**	**0.3**	**0.0**	**0.6**	**0.0**
Global equities	**6.9**	**0.9**	**172.2**	**3.5**	**179.1**	**3.2**
Government bonds	**38.1**	**4.8**	**1,594.6**	**32.9**	**1,632.7**	**28.8**
Corporate bonds	**20.5**	**2.6**	**-**	**-**	**20.5**	**0.4**
Property	**31.8**	**4.0**	**386.9**	**8.0**	**418.7**	**7.4**
Absolute return products	**333.0**	**42.0**	**927.0**	**19.1**	**1,260.0**	**22.3**
Cash	**8.8**	**1.1**	**52.7**	**1.1**	**61.5**	**1.1**
Other	**336.5**	**42.4**	**5.2**	**0.1**	**341.7**	**6.0**
Assets without a quoted price in an active market at 28 September 2019:						
Infrastructure funds	**-**	**-**	**303.8**	**6.2**	**303.8**	**5.4**
Swaps	**-**	**-**	**516.6**	**10.6**	**516.6**	**9.1**
Private equity	**-**	**-**	**541.5**	**11.1**	**541.5**	**9.6**
Other	**17.7**	**2.2**	**362.2**	**7.4**	**379.9**	**6.7**
Fair value of scheme assets as at 28 September 2019	**793.6**	**100**	**4,863.0**	**100**	**5,656.6**	**100**
Assets with a quoted price in an active market at 30 March 2019:						
UK equities	0.4	0.1	0.3	0.0	0.7	0.0
Global equities	7.5	1.1	171.3	4.0	178.8	3.5
Government bonds	29.9	4.2	1,460.5	33.6	1,490.4	29.7
Corporate bonds	26.9	3.8	-	-	26.9	0.5
Property	31.3	4.4	405.2	9.4	436.5	8.7
Absolute return products	365.7	51.7	775.5	17.9	1,141.2	22.6
Cash	8.0	1.1	30.1	0.7	38.1	0.8
Other	224.8	31.8	2.8	0.1	227.6	4.5
Assets without a quoted price in an active market at 30 March 2019:						
Infrastructure funds	-	-	256.1	5.9	256.1	5.1
Swaps	-	-	556.4	12.8	556.4	11.0
Private equity	-	-	446.1	10.3	446.1	8.8
Others	12.6	1.8	229.3	5.3	241.9	4.8
Fair value of scheme assets as at 30 March 2019	707.1	100	4,333.6	100	5,040.7	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 28 September 2019			
Present value of funded obligations	**(1,274.9)**	**(3,793.0)**	**(5,067.9)**
Fair value of plan assets	**793.6**	**4,863.0**	**5,656.6**
(Deficit)/surplus in schemes	**(481.3)**	**1,070.0**	**588.7**
At 30 March 2019			
Present value of funded obligations	(1,171.8)	(3,495.8)	(4,667.6)
Fair value of plan assets	707.1	4,333.6	5,040.7
(Deficit)/surplus in schemes	(464.7)	837.8	373.1

The aggregate surplus of £373.1m has increased to a surplus of £588.7m during the period ended 28 September 2019 (52 weeks ended 30 March 2019: £56.1m increase) primarily due to the impact of a remeasurement gains 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 31 March 2018	(1,116.1)	(3,430.5)	(4,546.6)
Interest cost	(29.1)	(90.3)	(119.4)
Past service cost	(11.1)	(26.5)	(37.6)
Remeasurement losses	(53.9)	(94.6)	(148.5)
Exchange differences	0.8	0.5	1.3
Benefits paid	37.6	145.6	183.2
Defined benefit obligation at 30 March 2019	**(1,171.8)**	**(3,495.8)**	**(4,667.6)**
Recognition of Hillsdown Holdings Limited Pension Scheme	**(0.5)**	**-**	**(0.5)**
Interest cost	**(13.8)**	**(41.8)**	**(55.6)**
Settlement	**0.7**	**-**	**0.7**
Remeasurement losses	**(107.1)**	**(331.3)**	**(438.4)**
Exchange differences	**(1.1)**	**(1.0)**	**(2.1)**
Benefits paid	**18.7**	**76.9**	**95.6**
Defined benefit obligation at 28 September 2019	**(1,274.9)**	**(3,793.0)**	**(5,067.9)**

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 31 March 2018	679.1	4,184.5	4,863.6
Interest income on plan assets	17.7	110.7	128.4
Remeasurement gains	14.2	187.5	201.7
Administrative costs	(6.5)	(3.8)	(10.3)
Contributions by employer	41.1	0.8	41.9
Exchange differences	(0.9)	(0.5)	(1.4)
Benefits paid	(37.6)	(145.6)	(183.2)
Fair value of plan assets at 30 March 2019	**707.1**	**4,333.6**	**5,040.7**
Recognition of Hillsdown Holdings Limited Pension Scheme	**0.6**	**-**	**0.6**
Interest income on plan assets	**8.4**	**52.0**	**60.4**
Settlement	**(0.8)**	**-**	**(0.8)**
Remeasurement gains	**74.7**	**554.9**	**629.6**
Administrative costs	**(2.7)**	**(2.1)**	**(4.8)**
Contributions by employer	**23.7**	**0.5**	**24.2**
Exchange differences	**1.3**	**1.0**	**2.3**
Benefits paid	**(18.7)**	**(76.9)**	**(95.6)**
Fair value of plan assets at 28 September 2019	**793.6**	**4,863.0**	**5,656.6**

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

	Premier schemes £m	RHM schemes £m	Total £m
(Deficit)/surplus in schemes at 31 March 2018	(437.0)	754.0	317.0
Amount recognised in profit or loss	(29.0)	(9.9)	(38.9)
Remeasurements recognised in other comprehensive income	(39.7)	92.9	53.2
Contributions by employer	41.1	0.8	41.9
Exchange differences recognised in other comprehensive income	(0.1)	-	(0.1)
(Deficit)/surplus in schemes at 30 March 2019	**(464.7)**	**837.8**	**373.1**
Recognition of Hillsdown Holdings Limited Pension Scheme	**0.1**	**-**	**0.1**
Amount recognised in profit or loss	**(8.2)**	**8.1**	**(0.1)**
Remeasurements recognised in other comprehensive income	**(32.4)**	**223.6**	**191.2**
Contributions by employer	**23.7**	**0.5**	**24.2**
Exchange differences recognised in other comprehensive income	**0.2**	**-**	**0.2**
(Deficit)/surplus in schemes at 28 September 2019	**(481.3)**	**1,070.0**	**588.7**

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 28 September 2019			
Operating profit			
Settlement cost	**(0.1)**	**-**	**(0.1)**
Administrative costs	**(2.7)**	**(2.1)**	**(4.8)**
Net interest (cost)/credit	**(5.4)**	**10.2**	**4.8**
Total for the period	**(8.2)**	**8.1**	**(0.1)**
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)**
52 weeks ended 30 March 2019			
Operating profit			
Past service costs			
GMP Equalisation	**(26.5)**	**(15.0)**	**(41.5)**
Other	**-**	**3.9**	**3.9**
Administrative costs	**(6.5)**	**(3.8)**	**(10.3)**
Net interest (cost)/credit	**(11.4)**	**20.4**	**9.0**
Total (cost)/credit	**(44.4)**	**5.5**	**(38.9)**

12. Notes to the cash flow statement

Reconciliation of loss before taxation to cash flows from operating activities

	26 weeks ended 28 Sept 2019 £m	26 weeks ended 29 Sept 2018 £m
Profit/(loss) before taxation	**15.0**	(2.2)
Net finance cost	**20.9**	30.5
Operating profit	**35.9**	28.3
Depreciation of property, plant and equipment	**9.4**	8.4
Amortisation of intangible assets	**14.9**	17.8
Loss/(gain) on disposal of property, plant and equipment	**0.2**	0.3
Fair value movements on financial instruments	**(1.3)**	(0.8)
Equity settled employee incentive schemes	**1.0**	1.1
Increase in inventories	**(13.2)**	(23.2)
(Increase)/decrease in trade and other receivables	**(1.5)**	9.0
Increase/(decrease) in trade and other payables and provisions	**4.8**	(1.7)
Movement in retirement benefit obligations	**(24.3)**	(18.8)
Cash generated from operations	**25.9**	20.4

Analysis of movement in borrowings

	As at 30 Mar 2019 £m	**Implementation of IFRS 16 £m**	**As at 30 Mar 2019 (revised) £m**	**Cash flows £m**	**Other non-cash movements £m**	**As at 28 Sept 2019 £m**
Bank overdrafts	-	-	-	-	-	**-**
Cash and bank deposits	27.8	-	27.8	0.9	-	**28.7**
Net cash and cash equivalents	27.8	-	27.8	0.9	-	**28.7**
Borrowings - revolving credit facilities	-	-	-	-	-	**-**
Borrowings - senior secured notes	(510.0)	-	(510.0)	-	-	**(510.0)**
Finance lease obligations	-	(23.5)	(23.5)	1.8	(0.5)	**(22.2)**
Gross borrowings net of cash[1]	(482.2)	(23.5)	(505.7)	2.7	(0.5)	**(503.5)**
Debt issuance costs	12.3	-	12.3	-	(1.7)	**10.6**
Total net borrowings[1]	(469.9)	(23.5)	(493.4)	2.7	(2.2)	**(492.9)**

[1] Borrowings excludes derivative financial instruments.

13. Contingencies

There were no material contingent liabilities as at 28 September 2019 and 30 March 2019.

14. Related party transactions

The Group's related party transactions and relationships for the 52 weeks ended 30 March 2019 were disclosed on page 117 of the annual report and accounts for the financial period ended 30 March 2019.

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

	26 weeks ended 28 Sept 2019 £m	26 weeks ended 29 Sept 2018 £m
Sale of goods:		
- Hovis	**-**	0.1
Sale of services:		
- Hovis	**0.4**	0.2
Total sales	**0.4**	0.3
Purchase of goods:		
- Hovis	**0.0**	5.7
- Nissin	**4.9**	5.7
Total purchases	**4.9**	11.4

As at 28 September 2019 the following are also considered to be related parties under the Listing Rules due to their shareholdings exceeding 10% of the Group's total issued share capital:

- Nissin Foods Holding Co., Ltd. ('Nissin') is considered to be a related party by virtue of its 19.44% (2018/19: 19.56%) 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 (2018/19: £0.1m) in the period.

- Oasis Management Company Ltd ("Oasis") is considered to be a related party to the Group by virtue of its 11.97% (2018/19: 11.99%) equity shareholding in Premier Foods plc and of its power to appoint a member to the Board of directors.

- Paulson Investment Company LLC, ("Paulson") is considered to be a related party to the Group by virtue of its 11.96% (2018/19: 11.98%) equity shareholding in Premier Foods plc, of which 4.42% is a total return swap and of its power to appoint a member to the Board of directors.

15. Subsequent events

There were no reportable events after the balance sheet date.