22 July 2014

Premier Foods plc ("the Company")

Half Year results for the six months to 30 June 2014

Trading profit increased 2.1% in challenging markets

- **Underlying business Trading profit up 2.1% to £48.1m**
- **Sales 6.1% lower due to challenging market conditions in our categories**
- **Strong second half programme of consumer marketing and new product introductions**
- **Continued progress on cost reduction and business simplification**
- **Trading profit expectations for the Full Year unchanged**
- **Category review confirms long-term potential for value creation through investment in brands, innovation, supply chain and people**

Premier Foods today announces its Half Year results to 30 June 2014.

Gavin Darby, Chief Executive Officer, said:

"I'm pleased to report a modest increase in Trading profit in the first half of the year, despite a fall in sales volumes which reflects the challenging market conditions in our categories.

"We are adapting quickly to the changing external environment through retaining a tight control of costs and margins and have a strong programme of consumer marketing and new product introductions planned for the second half of the year. Assuming normal weather patterns, we expect an improved second half branded sales performance and our Trading profit expectations for the year remain unchanged.

"Following an update of our category plans, we remain convinced of the medium and long-term potential for our brands to deliver profitable growth. We plan to continue investing in innovation, marketing, our supply chain capabilities and our people to create long-term shareholder value."

£m	2014 H1	2013 H1	Change
Underlying business			
Sales	364.4	387.9	(6.1%)
Power Brand sales	240.8	253.2	(4.9%)
Trading profit	48.1	47.1	2.1%
Continuing operations			
Sales	364.7	393.5	(7.3%)
Gross profit	126.3	130.5	(3.2%)
Trading profit	48.6	48.5	0.1%
Adjusted profit before tax	17.8	21.2	(16.0%)
Adjusted earnings per share (pence)	2.4	6.8	(64.7%)
Basic loss per share (pence)	(8.8)	(3.9)	(125.6%)

Continuing operations include one months' results of the previously disposed Sweet Pickles and Table Sauces business in the comparative period.

A presentation to analysts will take place today, 22 July 2014, at 9.00am at the London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. Attendance is by invitation only. The presentation will be webcast at www.premierfoods.co.uk. A recording of the webcast will be available on the Company's website later in the day.

A factsheet relating to the Half Year results is available at:
www.premierfoods.co.uk/investor-relations/results-centre

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Underlying business

The Company's results for the Half Year to 30 June 2014 are presented on an **'Underlying business'** basis, unless otherwise stated. 'Underlying business' excludes the results of previously completed business disposals[5]. The tables below illustrate these items for 2014 and 2013 H1 results. The purpose of using the 'Underlying business' basis for measuring performance is to reflect the performance of the core business of the Company.

'**Continuing operations'** includes one month's results of the previously disposed Sweet Pickles and Table Sauces business in 2013, which completed on 2 February 2013.

£m	Continuing operations[5]	Less: Disposals	Underlying Business
2014 H1			
Sales	**364.7**	(0.3)	**364.4**
Trading profit[2]	**48.6**	(0.5)	**48.1**
EBITDA[3]	**56.1**	(0.5)	**55.6**
2013 H1			
Sales	**393.5**	(5.6)	**387.9**
Trading profit[2]	**48.5**	(1.4)	**47.1**
EBITDA[3]	**57.2**	(1.4)	**55.8**

Notes to editors:

1. The accounting period is from 1 January 2014 to 30 June 2014.
2. Trading profit is defined as operating profit before re-financing costs, restructuring costs, profits and losses associated with divestment activity, amortisation and impairment of intangible assets, the revaluation of foreign exchange and other derivative contracts under IAS 39, profits and losses from associate companies and pension administration costs and net interest on the net defined benefit liability.
3. EBITDA is Trading profit before depreciation.
4. Adjusted profit before tax is defined as Trading profit less net regular interest. Adjusted earnings per share is defined as Adjusted profit before tax less a notional tax charge of 21.50% (2013 H1: 23.25%) divided by the weighted average of the number of shares of 588.2 million (2013 H1: 239.8 million). Net regular interest is

defined as total net interest excluding non-cash items such as write-off of financing costs, fair value adjustments on interest rate financial instruments and other interest.

5. Continuing operations for 2013 include one month's results for the disposed of Sweet Pickles and Table Sauces business. The results of the Powdered Desserts and Beverages business are included in both Continuing operations and Underlying business for the six months to 30 June 2014.
6. Measures on page 1 are defined above and reconciled to statutory measures in the appendices, where necessary
7. The Company's financial year end is moving from 31 December to a March year end, and therefore the next audited report and accounts will be for the fifteen months to 4 April 2015. The Company has committed to releasing a more comprehensive Interim Management Statement in January 2015 to provide a review of its performance for the twelve months ended 31 December 2014.
8. All references to the Full Year refer to the twelve months ended 31 December 2014, unless otherwise stated.

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

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

Operating review

Underlying business

Underlying business excludes all previously completed disposals[5]; the following commentary is set out on this basis, unless otherwise stated.

£m	2014 H1	2013 H1	Change
Sales			
Power Brands	**240.8**	253.2	(4.9%)
Support brands	**83.3**	91.8	(9.2%)
Total branded	**324.1**	345.0	(6.1%)
Non-branded	**40.3**	42.9	(6.0%)
Total Sales	**364.4**	387.9	(6.1%)
Trading profit	**48.1**	47.1	2.1%

Introduction

Total Underlying business sales were down 6.1% at £364.4m compared to the first half of 2013. Sales of the Company's Power Brands declined by 4.9%, while non-branded sales were 6.0% lower. Support brands decreased by £8.5m to £83.3m.

Underlying business Trading profit increased by 2.1% to £48.1m in the period, reflecting good cost control and margins along with re-phasing of some consumer marketing expenditure to the second half of the year.

First Half Sales Performance

The weak sales performance in the first half was caused by a combination of market and Company specific factors. The most significant of these were weather and the Company's more disciplined approach to promotional activity.

Market Factors

The overall ambient grocery market in the UK decreased in value by 1.3% in the first half of 2014, while the categories which the Company participates in declined by 4.0%. The Company recognises the changing nature of the grocery market and is continually adjusting priorities to reflect this challenging environment.

The most significant element of the market decline was caused by milder weather, with 20 of the 26 weeks in the first half recording higher average temperatures than their respective weeks in the prior year. Volume movements in the Company's categories are particularly sensitive to changes in temperature, with Flavourings & Seasonings and Easy Eating being particularly affected. The warm weather at Easter, which fell late this year, also resulted in a lower than expected seasonal uplift.

A further (and smaller) element of market volume decline is non-weather related. In previous reporting periods, the impact of lower volumes on market value has been partly or completely offset by price inflation. However, price inflation in the company's markets has fallen progressively every month since the start of 2014, partly reflecting a benign input cost environment. The company believes that it can drive volume growth back into the relevant markets through its category based strategies.

An additional element in the market value decline is consumers switching away from traditional multiple retailers towards "hard" discounters due to the lower consumer selling prices in this channel. These retailers stock 75%-90% private label, which reduces the sales opportunity for the Company's brands. Conversely, 'High Street Discounters' typically stock predominantly branded products which presents a growth opportunity. The Company continues to develop differentiated offerings specifically tailored for the discounter channel.

Overall in the major multiple retailers, the Company's categories have not seen a significant level of switching between branded and non-branded products.

Company Specific Factors

During the first half of 2014 the Company reviewed its promotional strategy, with a particular focus on eliminating deep-cut, loss-making promotions. In most categories this has reduced both the average depth and volume uplift per promotion, and while this strategy has the effect of reducing volumes and sales, is more profitable with average return on investment increasing from 36% to 48% compared to the same period last year.

New product introductions were very limited in the first half, with a much stronger programme of launches planned for the rest of the year. For operational reasons, some media spend has also been rephased from the first to the second half, notably in the cake category. Finally, in an environment of robust competitor activity, the Company chose to protect margins over sales, with some consequential loss of share.

Brand review

Loyd Grossman sauces continued their good performance following on from a good first quarter, growing sales with strong execution instore, while *Sharwood's* sales were lower due to competitive pressures in the category. *Bisto* consolidated its category position growing both share and sales and will benefit from some exciting new products due to launch into market in the second half of the year, while the *Batchelors* brand was affected both by the milder weather and the increasingly competitive Easy Eating category.

Mr. Kipling also gained market share in the period, due to increased sales of Snackpack slices and improved the Company's share of the cake category to 26.0%, and while sales of *Ambrosia* were lower; this reflected a more disciplined approach to promotional activity.

In support brands, *Cadbury* and *Lyons* cakes were down due to lower promotional sales and *Bird's* custard and *McDougall's* also underperformed although *Paxo* saw increased sales from its focus on launching new product formats into the discounter channel.

Non-branded sales declined by 6.0% in the first half, and benefitted in the second quarter from some one-off business to business contracts and the anniversary of some desserts and beverages contract exits. The Company will continue to take a disciplined approach in this area and expects non-branded sales to decline over the medium-term.

Second Half Plans

The second half of the year will see a number of new product launches, including *Bisto* gravy pastes, *Bisto* Simply Casserole pastes, *Oxo* Herbs & More, *Batchelors* Deli-Box Cous Cous, *Sharwood's* Mini Poppadoms and *Cadbury* sponge pudding desserts. Increasing the proportion of its sales from new products is central to the Company's strategy of driving category growth, alongside sustained and increased levels of consumer marketing investment. The Company is building its innovation pipeline and expects to continue this level of momentum as it increases resources to facilitate this growth.

In addition to the innovation launches, *Mr. Kipling* cake will benefit from a major re-launch in the third quarter of this year. This will include a new packaging design which includes significant impact for seasonal lines, a major television advertising campaign with prime time media slots and associated outdoor and social media support to engage consumers at every opportunity. Additionally, there will be a strong instore marketing campaign across all major retailers which will be aligned to the consumer marketing activity to ensure maximum returns for the Company's biggest brand.

The Company expects consumer marketing to be double its first half expenditure and materially greater than the prior year in the second half and aligned to communication of new product introductions and the *Mr. Kipling* re-launch. There will also be a full television advertising campaign for *Homepride* to support its recent packaging re-design and new flavour formulations and is the first major campaign for *Homepride* in ten years.

Category update

During the first half of the year, the Company updated its category plans, focussing on the opportunities to drive organic growth in its branded portfolio. This review highlighted robust growth opportunities which are consistent with the medium term sales guidance previously announced.

As a result of this process, the company now has refreshed category plans with clear priorities for investment. In particular, this review confirmed opportunities in the cake category, where the company is currently investing £20m on a new snack-pack line. This new snack-pack line will expand the packaging format varieties available to the Company and provides the opportunity to extend sales distribution beyond the mainstream retailers into convenience and impulse channels.

Important to the delivery of the Company's category based strategy is an effective category management function. Building on excellent work over the last two years, the Company will be investing further in its category management team, increasing resources to serve the growth channels such as convenience and improve merchandising of our brands on shelf. The Company has also recently added additional resource to its innovation team as it looks to increase both the speed and quantum of new product introductions to market. Innovation is one of the Company's central themes in developing the potential for delivering category growth, and investment in this area is expected to deliver good returns.

International opportunities

This work has also highlighted significant opportunities to grow our categories in certain geographies, notably China, USA, Canada and Australia through Sharwood's, Mr. Kipling and Ambrosia. As a result, the Board has agreed to long-term investment in international opportunities through the creation of a dedicated business unit. This business unit will focus on long term business development as distinct from tactical export opportunities.

Cost reduction and business simplification

In the first half of the year, SG&A costs were slightly reduced. Over the medium term, the Company will be selectively investing further in its international, innovation and category management teams, to reflect its strategy of driving category growth. This focus on enhancing our capabilities in these areas will be offset by cost savings elsewhere in the overhead cost base.

During the period the Company completed the joint venture transaction of Knighton Foods with its partner Specialty Powders Holdings Limited. As a result of this transaction, the Company will transfer two production lines to its Ashford site, which will result in significant further efficiencies in the broader Grocery manufacturing infrastructure.

The Company's focus on de-complexity continues to deliver results; it remains well on track to reduce the number of product codes to less than 1,100 by the end of 2014 and good progress has also been made on the supplier reduction programme. The number of suppliers is planned to reduce by over half to a new level of 1,350; a lower target which reflects the supplier base following the completion of the Bread joint venture transaction.

Over recent months, we have identified a number of previously deferred capital expenditure projects across the supply chain which offer attractive financial paybacks. These projects will support the Company's ongoing initiative to reduce manufacturing costs without excessively increasing capital expenditure. Capital expenditure for the year to December 2014 is expected to be around £40m-£45m and £20m-£25m in 2015.

The Company is nearing the end of its SAP implementation programme; the Moreton and Andover sites have gone live on SAP in the first half of this year and the last two sites, Stoke and Carlton (Barnsley) are expected to conclude by the end of 2014.

In June the Company won The Grocer Gold award alongside its logistics partner Jigsaw, for the innovative way it has improved the efficiency and sustainability of its transport operations. The Company continues to receive increasingly strong feedback from customers as a result of its progress in improving its customer service key performance indicators.

Net regular interest

£m	**2014 H1**	2013 H1	Change
Bank debt interest	**11.1**	12.1	8.4%
Bond interest	**8.9**	-	-
Swap contract interest	**1.7**	3.7	52.9%
Securitisation interest	**1.6**	1.7	5.9%
	23.3	17.5	(33.1%)
Amortisation and deferred fees	**7.5**	9.8	23.6%
Net regular interest	**30.8**	27.3	(12.8%)

Net regular interest charge was £30.8m in the period, £3.5m higher than the prior year. This was partly due to the dual running of the old bank term loan and new senior secured fixed and floating notes, when for a period of approximately one month, both tranches of debt attracted interest. The run rate exiting the first half is lower than the £30.8m reported for net regular interest, and therefore the second half charge is expected to be lower than the first six months of the year.

The Company's expects net regular interest for 2014 to be a minimum of around £50m, with cash interest no more than £45m. Within net regular interest, amortisation of financing fees is expected to be around £10m.

Cash flow

Group recurring cash flow before non-recurring items such as restructuring activity, financing fees, the impact of disposals and equity proceeds was an outflow of £30.2m in the first half of the year.

The pension deficit contribution payments to the Company pension schemes are weighted to the first half of the year and were £34.3m in the period. Additionally, payments are made by the Company to cover the schemes' administration and standard government levies, which amounted to £2.9m. In the full year, deficit contributions to the pension schemes will be £35m and administrative costs and government levies a further £8-10m.

£m	**2014 H1**	2013 H1
Trading profit	**48.1**	47.1
Depreciation	**7.5**	8.7
Other non-cash items	**2.1**	1.4
Interest	**(21.4)**	(22.6)
Taxation	**-**	-
Pension contributions	**(37.2)**	(3.4)
Capital expenditure	**(19.4)**	(15.2)
Working capital	**(9.9)**	(14.9)
Recurring cash outflow	**(30.2)**	1.1

Underlying business Trading profit was ahead of last year while depreciation was £7.5m, lower than the prior year charge of £8.7m. Other non-cash items of £2.1m were largely due to the add-back of share based payments.

Cash interest was £21.4m, in line with expectations, and cash tax was nil in line with current year and medium-term guidance. Capital expenditure in the period was £19.4m and is expected to be £40m-£45m in the full year.

The working capital outflow in the period of £9.9m reflects normal seasonal inventory rebuilding in the Grocery business, as well as higher creditor payments and reduced debtor receipts in January.

£m	**2014 H1**	2013 H1
Recurring cash outflow	**(30.2)**	1.1
Disposed businesses cash flows	**(1.1)**	(3.5)
Restructuring activity	**(3.7)**	(25.3)
Operating cash flow from total Company	**(35.0)**	(27.7)
Disposal proceeds	**16.3**	90.8
Financing fees & other costs of finance	**(57.6)**	0.1
Loan notes	**(15.7)**	-
Purchase of own shares	**(1.5)**	-
Net equity proceeds	**340.3**	-
Free cash flow	**246.8**	63.2

Free cash flow, before repayment of borrowings, was £246.8m in the first half of the year, compared to £63.2m in the comparative period. Restructuring activity relating to disposed businesses, resulted in a cash outflow of £3.7m, compared to £25.3m in the prior year and is expected to be a maximum of £10m for the full year. The disposed businesses cash out flow of £1.1m reflects both the return to average working capital levels for the Bread business after 31 December 2013 and the subsequent working capital inflow resulting from the completion of the transaction with the Gores Group.

Disposal proceeds in the period were £16.3m, of which £15.0m related to proceeds received from the Bread business joint venture transaction. The prior year proceeds of £90.8m refer to the sale of the Sweet Pickles & Table Sauces business which completed in February 2013. Loan notes amounted to £15.7m associated with the Bread joint venture transaction are as previously disclosed.

Financing fees and other costs of finance relate to the capital refinancing plan which concluded in the first half of the year and were £57.6m in the period. Following the completion of the capital refinancing plan, the Company concluded that due to the significantly smaller banking facilities agreed as part of this plan, its plain vanilla interest rate swap of 1.59% was no longer appropriate. Consequently, this swap arrangement has been closed and replaced with a much smaller and more appropriate nominal swap of £150m. The Company chose to settle the £7.1m swap closure cost in cash.

Net equity proceeds of £340.3m were received in the period following the completion of the placing and rights issue transactions and are stated after underwriting and advisory fees.

Net debt

	£m
Net debt at 31 December 2013	**830.8**
Movement in cash 2014 H1	(246.8)
Other cash and non-cash items	(12.1)
Net debt at 30 June 2014	**571.9**

Net debt at 30 June 2014 was £571.9m. Other cash and non-cash items include the net of financing fees associated with the completed capital refinancing plan of £28.7m and write-off of previous debt issuance costs and amortisation costs of £16.6m. Recurring cash flow in the six months to 30 June 2014 was an outflow of £30.2m. The Company maintains its medium-term leverage target of 2.5x Net debt/EBITDA.

Pensions

Pensions (£m)	**30 June 2014**	30 June 2013	31 Dec 2013
Assets			
Equities	**307.9**	278.2	299.7
Government bonds	**396.9**	558.8	515.7
Corporate bonds	**314.7**	388.7	384.1
Property	**169.7**	136.5	181.7
Absolute/Target returns	**1,217.2**	1,144.3	1,268.2
Swaps	**(16.9)**	(121.5)	(116.6)
Cash	**355.6**	493.1	192.3
Other	**620.2**	380.7	493.3
Total Assets	**3,365.3**	3,258.8	3,218.4
Liabilities			
Discount rate	**4.20%**	4.70%	4.40%
Inflation rate (RPI/CPI)	**3.25%/2.15%**	3.3%/2.3%	3.35%/2.35%
Total Liabilities	**(3,901.5)**	(3,653.5)	(3,821.7)
Gross deficit	**(536.2)**	(394.7)	(603.3)
Deferred tax (21.5%/23.25%)	**115.3**	91.8	140.3
Net deficit	**(420.9)**	(302.9)	(463.0)

Cash paid by the Company to the pension schemes in the period was £37.2m. This comprised £34.3m of deficit contributions in line with the recently concluded capital restructuring. The net IAS 19 deficit at 30 June 2014 was £536.2m, equivalent to £420.9m net of deferred tax and is £67.1m lower than six months ago, due to improved performance of the schemes' assets.

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

The Company acknowledges the significance of the current pension deficit in determining a fair reflection of its Enterprise value. While there are a number of different methodologies to value a pension scheme deficit, the Group notes that one approach is to discount the post tax future cash flows of the revised pension deficit contribution schedule. On this basis, the valuation of the pension schemes deficit is approximately £391m. This is based on the assumption that the Group has a tax shield available to it in the early years of an agreed 19 year recovery period. Details of the revised pension deficit contribution schedule are outlined in the Company's annual report and accounts for the year ended 31 December 2013.

Corporate transactions

On 26 April 2014, the Company completed the joint venture transaction relating to its Bread business with The Gores Group. The ongoing results of the 49% holding of this joint venture have been included in the Company's financial statements as an associate Company.

On 28 June 2014, the Company completed the joint venture transaction relating to its powdered beverages and desserts business. The joint venture will be known as Knighton Foods and the ongoing results of the 49% holding of this joint venture will also be included as an associate in the Company's financial statements.

Capital Structure

Earlier this year, the Company completed a transformational capital restructuring including an equity issue of £340m (net of underwriting and advisory fees), a senior secured notes issuance of £500m, a new revolving credit facility of £272m and a new pensions framework agreement. This capital re-financing agreement completed on 14 April 2014.

Outlook & Guidance

The Company expects the consumer environment to remain challenging. In the second half of 2014, we expect an improvement in sales performance reflecting new product introductions, consumer marketing investment and assumed average temperatures. With our strong supply chain capabilities retaining a tight control on costs, and selected investment in key strategic areas, our Trading profit expectations for the year remain unchanged. A detailed review of the Company's categories confirms the medium and long term value opportunity that these categories present. The Company retains its medium term Net debt / EBITDA target of 2.5x.

Financial review

The Company presents its financial results for the Half year to 30 June 2014 with comparative information for the Half year to 30 June 2013.

Company structure

The company completed two joint venture transactions in the period; the bread business on 26 April 2014 and the powdered beverages and desserts business on 28 June 2014. The bread business is reported as an associate in the financial statements for the six months ending 30 June 2014 and the powdered beverages and desserts business will be reported as an associate thereafter. On 2 February 2013, the Company completed the disposal of the Sweet Pickles and Table Sauces business.

All commentary on the performance of the Company included below refers to continuing operations unless otherwise stated and therefore reflects the respective periods that the Company maintained ownership of the businesses disposed during the year. For example, the Sweet Pickles and Table Sauces business disposal completed on 2 February; therefore the results of the continuing operations for the Half year ended 2013 include one months' results of this disposed business.

Statement of profit or loss

Revenue from continuing operations was £364.7m, a decrease of £28.8m compared to the prior year. The major driver of the decline is attributed to weaker performance of the categories in which the Company participates as a result of milder weather, lower promotional sales due to a more disciplined but profitable approach and channel mix effects. One month sales' of the disposed of Sweet Pickles and Table Sauce business also accounted for £5.6m revenue.

Operating profit

The company made an Operating loss in the period of £10.1m, compared to a profit of £5.2m in the prior period.

Trading profit was £48.6m in the period, compared to £48.5m in the prior year. The modest increase in Trading profit was due to tight control of costs, illustrated by an increase in Gross profit margin from 33.2% to 34.6%, partly offset by lower consumer marketing and one months' results of the Sweet Pickles and Table Sauces business in 2013.

Amortisation of intangible assets was £20.0m in the period, a reduction of £3.5m from the first six months of 2013. Net interest on pensions and administrative expenses were £17.3m in the Half Year compared to a restated charge of £12.7m in 2013. These charges reflect a revised accounting standard, effective from 1 January 2013, whereby interest income on plan assets is calculated using the discount rate rather than a higher expected asset return value. Costs associated with administering the Company pension schemes and payments to the government pension protection fund levy were £4.7m of this £17.3m charge.

The Company recognised impairment in the period of £16.0m relating to the write off of certain fixed assets at its Lifton site. A loss on disposal of operations of £6.1m was due to the Powdered Beverages and Desserts business transaction which completed on 28 June 2014.

Finance expense

Net finance expense for the Half year ended 30 June 2014 was £44.9m, compared to £20.9m in the prior year. Net regular interest increased by £3.5m to £30.8m, due to the dual running of previous term loan interest and new senior secured fixed and floating rate notes for a period of approximately one month. Net finance expense in the period also included £14.6m relating to the acceleration of write-off of financing costs associated with the previous bank facilities. Additionally, the period to 30 June 2013 benefitted from a positive movement in the fair valuation of interest rate derivatives of £7.5m, compared to a positive movement of £0.6m in the current year.

Profit before taxation

The Company made a loss before tax of £54.9m, compared to a loss of £15.7m in the prior period. The Operating loss in the six months of £10.1m was due to the reasons outlined above and net finance expense was £44.9m. The loss of £54.9m in the six months to 30 June 2014 was principally due to the impairment in the period, the write off of financing costs and the non-repeat of a positive movement in fair valuation of interest rate financial instruments.

Taxation

The taxation credit for the period was £3.0m (30 June 2013: £6.4m). The effective rate of corporation tax in the first six months was 21.5% (2013: 23.25%). A deferred tax asset of £69.8m is recognised in the financial statements; a reduction of £2.9m from 31 December 2013. The corporation tax rate for the remainder of the calendar year is expected to be 21.5%.

Earnings per share

Basic loss per share of 8.8 pence for the six months to 30 June 2014 on continuing operations is calculated by dividing the loss attributed to ordinary shareholders of £51.9m (30 June 2013: £9.3m) by the weighted number of shares in issue during the year. This compares to a loss per share of 3.9 pence for the prior period.

Adjusted earnings per share for continuing operations was 2.4 pence (30 June 2013: 6.8 pence). Adjusted earnings per share on continuing operations has been calculated by dividing the adjusted earnings (defined as Trading profit less net regular interest payable and notional taxation) attributed to ordinary shareholders of £14.0m (30 June 2013: £16.3m) by the weighted number of ordinary shares in issue during each period. These earnings have been calculated by reflecting tax at a notional rate of 21.5% (30 June 2013: 23.25%).

Following the equity issuance placing and rights issue, the weighted number of shares in issue for the period increased from 239.8 million in the prior year to 588.2 million in the six months to 30 June 2014.

Cash flow and borrowings

Company net borrowings as at 30 June 2014 were £571.9m, a decrease of £258.9m since 31 December 2013. Of the movement since 31 December 2013, the cash and non-cash elements were a £275.5m inflow and a £16.6m outflow respectively. The major cash inflows were the net proceeds of the share issuance in the period of £340.3m.

The cash outflow from operating activities in the six months to 30 June 2014 was £15.6m (30 June 2013: outflow of £8.2m). This included cash generated from continuing operations of £8.4m (30 June 2013: £28.7m) and cash outflow from discontinued operations of £2.6m (30 June 2013: £14.3m). Following the Bread business transaction with the Gores Group, the average stock holding as a proportion of Group sales is higher for the retained Grocery business than was previously the case. Net cash interest paid was £21.4m (30 June 2013: £22.6m) and no tax was paid in the period or prior period.

Sale of subsidiaries and property, plant and equipment in the first half was £16.3m (30 June 2013: £90.9m) following the completion of the Bread business transaction. Net capital expenditure on tangible and intangible assets was £19.4m and in line with the prior period.

During the period, the Company completed a capital refinancing plan which significantly altered its capital structure. As a result, it repaid its previous banking agreement term loan and revolving credit facilities and received proceeds from the launch of senior secured fixed and floating rate notes and from the issue of new equity. The proceeds received from the senior secured fixed and floating rate notes were £500m and the net proceeds from the equity issuance were £340.3m. Repayment of borrowings from the previous banking facilities amounted to £756.0m. Financing fees, principally associated with the completion of this capital refinancing were £57.6m. Loan notes of £15.7m were issued in the period to the Bread business transaction with the Gores Group.

Pension schemes

At 30 June 2014 the Company's pension schemes under the IAS 19 accounting valuation showed a gross deficit of £536.2m, compared to £603.3m at 31 December 2013. The valuation at 30 June 2014 comprised a £151.2m deficit in respect of the RHM schemes and a deficit of £385.0m in relation to the Premier Foods schemes.

The deficit decrease principally reflects a positive movement in the RHM deficit of £66.6m from £217.8m to £151.2m. Asset values in the RHM scheme increased by £131.8m due to an increase in the value of cash held, emerging market debt and swap assets while liabilities increased by £65.2m, due to an decrease in the discount rate of 0.20% since 31 December 2013. The Premier schemes deficit was broadly unchanged at £385.0m (31 December 2013: £385.5m).

Alastair Murray
Chief Financial Officer

APPENDICES

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

'Underlying business' excludes the results of previously completed business disposals, except for the results of the Powdered Desserts and Beverages business.

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

	2014 H1	2013 H1
	£m	£m
Continuing Trading profit	**48.6**	48.5
Amortisation of intangible assets	**(20.0)**	(23.5)
Foreign exchange valuation items	**0.3**	0.3
Restructuring costs relating to disposal activity	**0.4**	(4.5)
Re-financing costs	**-**	(0.1)
Net interest on pensions and administrative expenses	**(17.3)**	(12.7)
Impairment of intangible and tangible assets	**(16.0)**	(0.4)
Loss on disposal	**(6.1)**	(2.4)
Operating (loss)/profit	**(10.1)**	5.2
Net finance expense	**(44.9)**	(20.9)
Share of profit from associates	**0.1**	-
Loss before tax	**(54.9)**	(15.7)
Taxation	**3.0**	6.4
Loss after tax	**(51.9)**	(9.3)
Divided by:		
Average shares in issue (millions)	**588.2**	239.8
Basic loss per share	**(8.8p)**	(3.9p)

Adjusted earnings per share is calculated as set out below:

	2014 H1	2013 H1
	£m	£m
Underlying Trading profit	**48.1**	**47.1**
Less net regular interest	**(30.8)**	**(27.3)**
Adjusted profit before tax	**17.3**	**19.8**
Less notional tax at 21.5%/23.25%	**(3.7)**	**(4.6)**
Adjusted profit after tax	**13.6**	**15.2**
Divided by:		
Average shares in issue (millions)	**588.2**	239.8
Adjusted earnings per share	**2.3p**	6.3p

Retained Grocery business summary P&L

The following table is provided and is stated after excluding the Knighton Foods transaction

£m	**2012**	**2013**
Power Brands sales	533.1	543.5
Support brands sales	205.3	194.9
Total branded sales	**738.4**	**738.4**
Non-branded sales	110.3	94.0
Total sales	**848.7**	**832.4**
Trading profit	**132.0**	**139.5**
EBITDA	150.1	155.9

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

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

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

The Directors of Premier Foods plc are listed in the Premier Foods plc annual report and accounts for the year ended 31 December 2013. On 1 May 2014, David Wild resigned from the board as non-executive director following his appointment as permanent Chief Executive Officer of Domino's Pizza Group plc and Ian Krieger was appointed as senior non-executive director with immediate effect.

By order of the Board
21 July 2014

Gavin Darby	**Alastair Murray**
Chief Executive Officer	**Chief Financial Officer**

Independent review report to Premier Foods plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half year results of Premier Foods plc for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Premier Foods plc, comprise:

- the condensed consolidated balance sheet as at 30 June 2014;
- the condensed consolidated statement of profit or loss and statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the half-year results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half year results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The half-year results, including the condensed consolidated interim financial statements, are the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half year results in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

PricewaterhouseCoopers LLP
Chartered Accountants
London
21 July 2014

(a) The maintenance and integrity of the Premier Foods website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed consolidated statement of profit or loss (unaudited)

	Note	**Half year ended 30 Jun 2014 £m**	Half year ended 30 Jun 2013 (Restated)[1] £m
Continuing operations			
Revenue	4	**364.7**	393.5
Cost of sales		**(238.4)**	(263.0)
Gross profit		**126.3**	130.5
Selling, marketing and distribution costs		**(54.1)**	(56.6)
Administrative costs		**(82.3)**	(69.2)
Net other operating income		**-**	0.5
Operating (loss)/profit	4	**(10.1)**	5.2
Before impairment and loss on disposal of operations		**12.0**	8.0
Impairment of intangible assets and property, plant and equipment	10	**(16.0)**	(0.4)
Loss on disposal of operations	9	**(6.1)**	(2.4)
Finance cost	5	**(46.2)**	(30.1)
Finance income	5	**0.7**	1.7
Net movement on fair valuation of interest rate financial instruments	5	**0.6**	7.5
Share of profit from associates		**0.1**	-
Loss before taxation from continuing operations		**(54.9)**	(15.7)
Taxation credit	6	**3.0**	6.4
Loss after taxation from continuing operations		**(51.9)**	(9.3)
Loss from discontinued operations	8	**(17.3)**	(6.2)
Loss for the period attributable to owners of the Parent		**(69.2)**	(15.5)
Basic and diluted loss per share			
From continuing operations (pence)	7	**(8.8)**	(3.9)
From discontinued operations (pence)	7	**(2.9)**	(2.6)
From loss for the period		**(11.7)**	(6.5)
Adjusted earnings per share[2]			
From continuing operations (pence)	7	**2.4**	6.8

[1] Comparatives have been restated to reflect the reclassification of the Bread business as a discontinued operation.

[2] Adjusted earnings per share is defined as trading profit less net regular interest payable, less a notional tax charge at 21.5% (2013: 23.25%) divided by the weighted average number of ordinary shares of the Company.

The notes on pages 24 to 43 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income (unaudited)

	Note	**Half year ended 30 Jun 2014 £m**	Half year ended 30 Jun 2013 £m
Loss for the period		**(69.2)**	(15.5)
Other comprehensive income/(losses)			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability	17	**39.7**	81.4
Deferred tax charge		**(7.7)**	(18.7)
Items that are or may be reclassified to profit or loss			
Exchange differences on translation		**(1.5)**	(0.4)
Other comprehensive income, net of tax		**30.5**	62.3
Total comprehensive (losses)/income attributable to owners of the parent		**(38.7)**	46.8

The notes on pages 24 to 43 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated balance sheet (unaudited)

	Note	**As at 30 Jun 2014 £m**	As at 31 Dec 2013 £m
ASSETS:			
Non-current assets			
Property, plant and equipment	10	**172.1**	196.3
Goodwill		**713.9**	713.9
Other intangible assets		**552.6**	575.5
Investments in associates	11	**24.1**	-
Loans to associates	12	**19.2**	-
Deferred tax assets		**69.8**	72.7
		1,551.7	1,558.4
Current assets			
Assets held for sale	13	**-**	26.8
Inventories		**73.3**	68.9
Trade and other receivables		**133.7**	248.3
Financial assets – derivative financial instruments	15	**0.2**	0.5
Cash and cash equivalents	19	**69.1**	157.0
		276.3	501.5
Total assets		**1,828.0**	2,059.9
LIABILITIES:			
Current liabilities			
Liabilities held for sale	13	**-**	(1.4)
Trade and other payables		**(244.6)**	(336.7)
Financial liabilities			
– short-term borrowings	14	**(40.3)**	(169.1)
– derivative financial instruments	15	**(1.2)**	(9.5)
Provisions for liabilities and charges	16	**(11.1)**	(15.0)
Current income tax liabilities		**(0.9)**	(0.7)
		(298.1)	(532.4)
Non-current liabilities			
Financial liabilities – long-term borrowings	14	**(600.7)**	(818.7)
Retirement benefit obligations	17	**(536.2)**	(603.3)
Provisions for liabilities and charges	16	**(59.2)**	(57.2)
Other liabilities	18	**(13.8)**	(30.4)
		(1,209.9)	(1,509.6)
Total liabilities		**(1,508.0)**	(2,042.0)
Net assets		**320.0**	17.9
EQUITY:			
Capital and reserves			
Share capital		**82.4**	24.0
Share premium		**1,406.6**	1,124.7
Merger reserve		**404.7**	404.7
Other reserves		**(9.3)**	(9.3)
Profit and loss reserve		**(1,564.4)**	(1,526.3)
Capital and reserves attributable to owners of the Parent		**320.0**	17.8
Non-controlling interest		**-**	0.1
Total equity		**320.0**	17.9

The notes on pages 24 to 43 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of cash flows (unaudited)

	Note	**Half year ended 30 Jun 2014 £m**	Half year ended 30 Jun 2013 £m
Cash generated from operating activities	19	**5.8**	14.4
Interest paid		**(22.1)**	(24.0)
Interest received		**0.7**	1.4
Cash utilised by operating activities		**(15.6)**	(8.2)
Sale of subsidiaries/businesses		**15.0**	90.8
Purchase of property, plant and equipment		**(19.3)**	(17.2)
Purchase of intangible assets		**(0.1)**	(2.3)
Sale of property, plant and equipment		**1.3**	0.1
Cash (utilised by)/generated from investing activities		**(3.1)**	71.4
Repayment of borrowings		**(756.0)**	(90.8)
Proceeds from borrowings		**500.0**	104.6
Movement in securitisation funding programme		**(79.5)**	(19.0)
Financing fees and other costs of finance		**(57.6)**	(0.1)
Proceeds from share issue		**353.4**	-
Share issue costs		**(13.1)**	-
Purchase of own shares		**(1.5)**	-
Loan notes issued		**(15.7)**	-
Cash utilised by financing activities		**(70.0)**	(5.3)
Net (outflow)/inflow of cash and cash equivalents		**(88.7)**	57.9
Cash, cash equivalents and bank overdrafts at beginning of period		**157.0**	9.7
Effect of movement in foreign exchange		**-**	0.1
Cash, cash equivalents and bank overdrafts at end of period	19	**68.3**	67.7

The notes on pages 24 to 43 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	Non-controlling interest	Total equity
		£m	£m	£m	£m	£m	£m	£m
At 1 January 2014		**24.0**	**1,124.7**	**404.7**	**(9.3)**	**(1,526.3)**	**0.1**	**17.9**
Loss for the period		**-**	**-**	**-**	**-**	**(69.2)**	**-**	**(69.2)**
Remeasurements of defined benefit liability	17	**-**	**-**	**-**	**-**	**39.7**	**-**	**39.7**
Deferred tax charge		**-**	**-**	**-**	**-**	**(7.7)**	**-**	**(7.7)**
Exchange differences on translation		**-**	**-**	**-**	**-**	**(1.5)**	**-**	**(1.5)**
Other comprehensive income		**-**	**-**	**-**	**-**	**30.5**	**-**	**30.5**
Total comprehensive losses		**-**	**-**	**-**	**-**	**(38.7)**	**-**	**(38.7)**
Shares issued		**58.4**	**295.0**	**-**	**-**	**-**	**-**	**353.4**
Cost of shares issued		**-**	**(13.1)**	**-**	**-**	**-**	**-**	**(13.1)**
Share-based payments		**-**	**-**	**-**	**-**	**1.7**	**-**	**1.7**
Own shares acquired and held as Treasury shares		**-**	**-**	**-**	**-**	**(1.1)**	**-**	**(1.1)**
Disposal of non-controlling interest		**-**	**-**	**-**	**-**	**-**	**(0.1)**	**(0.1)**
At 30 June 2014		**82.4**	**1,406.6**	**404.7**	**(9.3)**	**(1,564.4)**	**-**	**320.0**
At 1 January 2013		24.0	1,124.7	587.5	(9.3)	(1,322.1)	0.1	404.9
Loss for the period		-	-	-	-	(15.5)	-	(15.5)
Remeasurements of defined benefit liability	17	-	-	-	-	81.4	-	81.4
Deferred tax charge		-	-	-	-	(18.7)	-	(18.7)
Exchange differences on translation		-	-	-	-	(0.4)	-	(0.4)
Other comprehensive income		-	-	-	-	62.3	-	62.3
Total comprehensive income		-	-	-	-	46.8	-	46.8
Share-based payments		-	-	-	-	1.2	-	1.2
At 30 June 2013		24.0	1,124.7	587.5	(9.3)	(1,274.1)	0.1	452.9

The notes on pages 24 to 43 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 and beverage products as described in note 16 of the Group's annual financial statements for the year ended 31 December 2013.

2. Significant accounting policies

Basis of preparation

The condensed consolidated financial information ("financial information") for the period ended 30 June 2014 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The financial information for the period ended 30 June 2014 should be read in conjunction with the Group's financial statements for the year ended 31 December 2013 which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. They have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2013, 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 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information is unaudited but has been subject to an independent review by the auditor. The Group's financial statements for the year ended 31 December 2013, which were approved by the Board of Directors on 4 March 2014, have been reported on by the Group's auditors and delivered to the Registrar of Companies. The auditor's report of the financial statements contained an unmodified audit opinion and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006. However, it did include an emphasis of matter in respect of going concern which related to the Shareholder vote required to approve the fully underwritten rights issue that was due to take place at the General Meeting on 8 April 2014 and, at the time of the approval of the financial statements, this indicated the existence of a material uncertainty which may have casted doubt over the Group's ability to continue as a going concern. The Shareholders subsequently voted in favour of the rights issue and there is therefore no material uncertainty which may cast doubt over the Group's ability to continue as a going concern at the date of approval of this financial information.

This financial information was approved for issue on 21 July 2014.

Basis for preparation of financial statements on a going concern basis

On 4 March 2014, the Group announced its proposal to diversify its sources of finance to provide a solid foundation on which it can drive future growth through its category-based strategy and leveraging its strengths. This transformational capital restructure included a fully underwritten equity offering of £353m (gross of fees) through a placing and rights issue, the issue of £500m senior secured loan notes and a new £272m revolving credit facility with a smaller bank syndicate. Significantly, the Group also reached a pensions framework agreement with the respective Pension Scheme trustees following the triennial actuarial valuation, which provided the platform for this new capital structure to be put in place. Following the Shareholder vote at the General Meeting on 8 April 2014 the Board were authorised to allot shares in the Company under the placing and the rights issue and the capital restructuring was completed in April 2014. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim 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 and the application of judgement, which is fundamental to the completion of this condensed consolidated interim financial information. There are no significant changes to critical estimates and judgements since the 2013 year end.

Employee benefits

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

At each reporting date, and on a continuous basis, the Group reviews the macro-economic, Company and scheme specific factors influencing each of these assumptions, using professional advice, in order to record the Group's ongoing commitment and obligation to defined benefit schemes in accordance with IAS 19 (Revised). Key assumptions used are mortality rates, discount rates and inflation set with reference to bond yields. Each of the underlying assumptions is set out in more detail in note 17.

Goodwill and other intangible assets

Impairment reviews in respect of goodwill are performed annually unless an event indicates that an impairment review is necessary. Impairment reviews in respect of intangible assets are performed when an event indicates that an impairment review is necessary. Examples of such triggering events include a significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses, or a significant reduction in cash flows. The recoverable amounts of CGU's are determined based on the higher of net realisable value 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 has conducted sensitivity analysis on the impairment tests of the CGU's carrying values.

Acquired trademarks, brands and customer relationships are considered to have finite lives that range from 7 to 40 years. The determination of the useful lives takes into account certain quantitative factors such as sales expectations and growth prospects, and also many qualitative factors such as history and heritage, and market positioning, hence the determination of useful lives are subject to estimates and judgement.

Advertising and promotion costs

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

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

4. Segmental analysis

IFRS 8 requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker "CODM". The CODM has been determined to be the Chief Executive Officer and Chief Financial Officer as they are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

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

The Group's operating segment is 'Grocery'. The Grocery segment, which has been redefined to include all continuing operations, sells both sweet and savoury ambient food products. Comparative figures for half year 2013 have been restated to reflect this.

The segment results for the half years ended 30 June 2014 and 30 June 2013 and the reconciliation of the segment measures to the respective statutory items included in the financial information are as follows:

	Half year ended 30 Jun 2014
	Grocery
	£m
Revenue	**364.7**
Trading profit	**48.6**
Amortisation of intangible assets	**(20.0)**
Fair value movements on foreign exchange and other derivative contracts	**0.3**
Restructuring costs associated with divestment activity	**0.4**
Net interest on pensions and administrative expenses	**(17.3)**
Operating profit before impairment and loss on disposal of operations	**12.0**
Impairment	**(16.0)**
Loss on disposal of operations	**(6.1)**
Operating loss	**(10.1)**
Finance cost	**(46.2)**
Finance income	**0.7**
Net movement on fair valuation of interest rate financial instruments	**0.6**
Share of profit from associates	**0.1**
Loss before taxation	**(54.9)**
Depreciation	**(7.5)**

	Half year ended 30 Jun 2013 (Restated)[1]
	Grocery £m
Revenue	393.5
Trading profit	48.5
Amortisation of intangible assets	(23.5)
Fair value movements on foreign exchange and other derivative contracts	0.3
Restructuring costs associated with divestment activity	(4.5)
Refinancing costs	(0.1)
Net interest on pensions and administrative expenses	(12.7)
Operating profit before impairment and loss on disposal of operations	8.0
Impairment	(0.4)
Loss on disposal of operations	(2.4)
Operating profit	5.2
Finance cost	(30.1)
Finance income	1.7
Net movement on fair valuation of interest rate financial instruments	7.5
Loss before taxation	(15.7)
Depreciation	(8.7)

[1] Comparatives have been restated to reflect the reclassification of the Bread business as a discontinued operation.

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

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

The Group primarily supplies the UK market, although it also supplies certain products to other European countries and a number of other countries. The following table provides an analysis of the Group's revenue, which is allocated on the basis of geographical market destination and an analysis of the Group's non-current assets by geographical location.

Continuing operations - revenue

	Half year ended 30 Jun 2014 £m	Half year ended 30 Jun 2013 (Restated)[1] £m
United Kingdom	**348.3**	375.8
Other Europe	**9.4**	9.7
Rest of world	**7.0**	8.0
Total	**364.7**	393.5

[1] Comparatives have been restated to reflect the reclassification of the Bread business as a discontinued operation.

5. Finance income and costs

	Half year ended 30 Jun 2014 £m	Half year ended 30 Jun 2013 £m
Interest payable on bank loans and overdrafts	**(3.6)**	(4.3)
Interest payable on term facility	**(7.2)**	(8.6)
Interest payable on senior secured notes	**(8.9)**	-
Interest payable on revolving facility	**(2.6)**	(2.6)
Interest payable on interest rate derivatives	**(1.7)**	(3.7)
Other interest payable	**(0.1)**	(1.1)
Amortisation of debt issuance costs and deferred fees	**(7.5)**	(9.8)
	(31.6)	(30.1)
Write off of financing costs[1]	**(14.6)**	-
Total finance cost	**(46.2)**	(30.1)
Interest receivable on bank deposits	**0.7**	1.7
Total finance income	**0.7**	1.7
Movement on fair valuation of interest rate derivatives	**0.6**	7.5
Net movement on fair valuation of interest rate financial instruments	**0.6**	7.5
Net finance cost	**(44.9)**	(20.9)

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

6. Taxation

The taxation credit on continuing operations of £3.0m (30 June 2013: £6.4m credit) relates to a credit on operating activities based upon managements best estimate of the effective annual income tax rate expected for the full financial year. The taxation credit on discontinued operations of £1.8m (30 June 2013: £1.9m credit) relates to a credit on the disposal of the Bread business.

7. Earnings/(loss) per share

Basic loss per share has been calculated by dividing the loss attributable to owners of the parent of £69.2m (2013: £15.5m loss) by the weighted average number of ordinary shares of the Company.

	Half year ended 30 Jun 2014			Half year ended 30 Jun 2013 (Restated)[1]		
	Basic	**Dilutive effect of share options**	**Diluted**	Basic	Dilutive effect of share options	Diluted
Continuing operations						
Loss after tax (£m)	**(51.9)**		**(51.9)**	(9.3)		(9.3)
Weighted average number of shares (m)	**588.2**	**-**	**588.2**	239.8	-	239.8
Loss earnings per share (pence)	**(8.8)**	**-**	**(8.8)**	(3.9)	-	(3.9)
Discontinued operations						
Loss after tax (£m)	**(17.3)**		**(17.3)**	(6.2)		(6.2)
Weighted average number of shares (m)	**588.2**	**-**	**588.2**	239.8	-	239.8
Loss per share (pence)	**(2.9)**	**-**	**(2.9)**	(2.6)	-	(2.6)
Total						
Loss after tax (£m)	**(69.2)**		**(69.2)**	(15.5)		(15.5)
Weighted average number of shares (m)	**588.2**	**-**	**588.2**	239.8	-	239.8
Loss per share (pence)	**(11.7)**	**-**	**(11.7)**	(6.5)	-	(6.5)

[1] Comparatives have been restated to reflect the reclassification of the Bread business as a discontinued operation.

Dilutive effect of share options

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

For the half years ended 30 June 2014 and 30 June 2013, there is no dilutive effect as the outstanding share options that could have been acquired at fair value is less than the monetary value of the subscription rights attached to these options.

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

Adjusted earnings per share ("Adjusted EPS")

Adjusted earnings per share is defined as trading profit less net regular interest payable, less a notional tax charge at 21.5% (2013: 23.25%) divided by the weighted average number of ordinary shares of the Company.

Net regular interest payable is defined as net interest after excluding non-cash items, such as write-off of financing costs, fair value adjustments on interest rate financial instruments and other interest.

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

	Note	Half year ended 30 Jun 2014 Continuing £m
Operating loss	4	(10.1)
Impairment of property, plant and equipment and intangible assets	4	16.0
Loss on disposal of operations	4	6.1
Operating profit before impairment and loss on disposal of operations	4	12.0
Net interest on pension and administrative expenses	4	17.3
Fair value movements on foreign exchange and other derivative contracts	4	(0.3)
Amortisation of intangible assets	4	20.0
Restructuring costs associated with divestment activity	4	(0.4)
Trading profit	4	48.6
Less net regular interest payable		(30.8)
Adjusted profit before tax		17.8
Notional tax at 21.5%		(3.8)
Adjusted profit after tax		14.0
Average shares in issue (m)		588.2
Adjusted EPS (pence)		2.4
Net regular interest payable		
Net interest payable	5	(44.9)
Exclude fair value adjustments on interest rate financial instruments	5	(0.6)
Exclude write off of financing costs	5	14.6
Exclude other interest	5	0.1
Net regular interest payable		(30.8)

		Half year ended 30 Jun 2013 (Restated)[1]
		Continuing £m
Operating profit	4	5.2
Impairment of property, plant and equipment and intangible assets	4	0.4
Loss on disposal of operations	4	2.4
Operating profit before impairment and loss on disposal of operations	4	8.0
Net interest on pension and administrative expenses	4	12.7
Fair value movements on foreign exchange and other derivative contracts	4	(0.3)
Amortisation of intangible assets	4	23.5
Restructuring costs associated with divestment activity	4	4.5
Re-financing costs	4	0.1
Trading profit	4	48.5
Less net regular interest payable		(27.3)
Adjusted profit before tax		21.2
Notional tax at 23.25%		(4.9)
Adjusted profit after tax		16.3
Average shares in issue (m)		239.8
Adjusted EPS (pence)		6.8
Net regular interest payable		
Net interest payable	5	(20.9)
Exclude fair value adjustments on interest rate financial instruments	5	(7.5)
Exclude other interest	5	1.1
Net regular interest payable		(27.3)

[1] Comparatives have been restated to reflect the reclassification of the Bread business as a discontinued operation.

8. Discontinued operations

Income and expenditure incurred on discontinued operations during the year comprises the Bread business, in light of the completion of the sale of the Group's majority share in this business on 26 April 2014.

	Half year ended 30 Jun 2014 £m	Half year ended 30 Jun 2013 £m
Revenue	**178.1**	348.7
Operating expenses	**(178.1)**	(356.5)
Operating loss before impairment and loss on disposal of operations	**-**	(7.8)
Impairment	**(11.6)**	(0.3)
Loss on disposal of operations	**(7.0)**	-
Operating loss	**(18.6)**	(8.1)
Finance cost	**(0.5)**	-
Loss before taxation	**(19.1)**	(8.1)
Taxation credit	**1.8**	1.9
Loss after taxation on discontinued operations for the year	**(17.3)**	(6.2)

9. Disposal of businesses

On 26 April 2014 the Group completed the transaction with the Gores Group which led to the disposal of the Group's majority share in the Bread business. The Bread business is classified as a discontinued operation for the period up to the date of sale and the loss on disposal is included in discontinued operations.

On 28 June 2014 the Group completed the transaction with Specialty Powders Holdings Limited which led to the disposal of the Group's majority share in the Powdered Beverages and Desserts business. This is not a discontinued operation as it was previously integrated and reported as part of the Grocery business. The loss on disposal is included within continuing operations.

	Bread	Powdered Beverages and Desserts
	£m	£m
Net cash flow arising on disposal:		
Initial consideration	15.0	-
Working capital adjustments and transaction costs	(12.1)	(0.7)
Net cash inflow/(outflow) for the year	2.9	(0.7)
Property, plant and equipment	2.4	13.8
Inventories	22.5	4.5
Trade and other receivables	0.6	-
Trade and other payables	(1.2)	-
Net assets disposed	24.3	18.3
Investments in associates	14.4	9.6
Loans to associates	-	3.3
Loss on disposal before tax	(7.0)	(6.1)

10. Property, plant and equipment

During 2014 an impairment of £16.0m has been made to property, plant and equipment relating to a reduction in the recoverable value of certain assets in the Grocery business.

11. Investment in associates

As disclosed in note 9, the Group disposed of its majority interest in the Bread business and Powdered Beverages and Desserts business in 2014. The Group's retained interest in the share capital of these businesses has been recognised as an investment in associates. The carrying value at 30 June 2014 is £14.5m for the Bread business and £9.6m for the Powdered Beverages and Desserts business.

12. Loans to associates

The Group issued a loan note to Hovis Limited in 2014 for £15.7m. The value as at 30 June 2014 of £15.9m includes interest accrued to date. As part of the Powdered Beverages and Desserts business disposal transaction, the Group holds a promissory note of £3.3m.

13. Assets and liabilities held for sale

As at 31 December 2013, the assets and associated liabilities relating to the Bread business were held for sale in light of the announcement of the conditional sale of the Group's majority share in this business on 27 January 2014. The disposal completed on 26 April 2014. On recognition of the assets and liabilities as held for sale, an impairment loss of £234.4m was recognised in order to write down the disposal group to fair value less costs to sell. Management has assessed fair value less costs to sell based on the initial cash consideration of £15.0m being received for 51% of the business, less estimated costs to sell.

	As at 30 Jun 2014 £m	As at 31 Dec 2013 £m
Current assets:		
Inventories	-	25.0
Trade and other receivables	-	1.8
Total assets held for sale	-	26.8
Current liabilities:		
Trade and other payables	-	(1.4)
Total liabilities held for sale	-	(1.4)
Net assets and liabilities held for sale	-	25.4

14. Bank and other borrowings

	As at 30 Jun 2014 £m	As at 31 Dec 2013 £m
Current:		
Secured Senior Credit Facility – Revolving	**-**	(17.6)
Transaction costs	**-**	0.3
	-	(17.3)
Secured Senior Credit Facility – Term	**-**	(32.4)
Transaction costs	**-**	0.6
	-	(31.8)
Bank overdrafts	**(0.8)**	-
Total bank borrowings due within one year	**(0.8)**	(49.1)
Securitisation Facility	**(40.5)**	(120.0)
Transaction costs	**1.0**	-
	(39.5)	(120.0)
Total borrowings due within one year	**(40.3)**	(169.1)
Non-current:		
Secured Senior Credit Facility – Revolving	**(128.0)**	(186.9)
Transaction costs	**9.1**	3.4
	(118.9)	(183.5)
Secured Senior Credit Facility – Term	**-**	(647.1)
Transaction costs	**-**	11.9
	-	(635.2)
Senior Secured Notes	**(500.0)**	-
Transaction costs	**18.2**	-
	(481.8)	-
Total borrowings due after more than one year	**(600.7)**	(818.7)
Total bank and other borrowings	**(641.0)**	(987.8)

Following completion of the recapitalisation in 2014, the Group's previous term loan and revolving credit facilities were repaid to the respective lenders and replaced by a revolving credit facility and senior secured notes.

Revolving Credit Facility

The revolving credit facility of £272m is due to mature in March 2019 and attracts an initial bank margin of 3.50% above LIBOR. Banking covenants of net debt / EBITDA and EBITDA / interest are in place and are tested biannually.

The Group entered into a 3 year floating to fixed interest rate swap in June 2014, with a nominal value of £150m amortising to £50m, attracting a swap rate of 1.44%.

Securitisation Facility

The debtor's securitisation facility is secured against the Group's trade receivables. It is a three year programme maturing in December 2016, with a £120m facility priced at 2.75% above the cost of commercial paper.

Senior Secured Notes

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

15. Financial instruments

Fair value

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

	As at 30 Jun 2014 Book & Market Value £m	As at 31 Dec 2013 Book & Market Value £m
Loans and receivables:		
Cash and cash equivalents	**69.1**	157.0
Trade and other receivables	**107.5**	235.0
Financial assets at fair value through profit or loss:		
Derivative financial instruments		
– Forward foreign currency exchange contracts/currency options	**0.1**	0.2
– Commodity and energy derivatives	**-**	0.3
– Interest rate swaps	**0.1**	-
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments		
– Forward foreign currency exchange contracts/currency options	**(1.2)**	(1.9)
– Interest rate swaps	**-**	(7.6)
Financial liabilities at amortised cost:		
Trade and other payables	**(234.6)**	(320.4)
Bank Term Loan	-	(679.5)
Bank Revolver Facility (Drawn down)	**(128.0)**	(204.5)
Senior Secured Notes	**(500.0)**	-
Bank overdraft	**(0.8)**	-
Securitisation Facility	**(40.5)**	(120.0)

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 30 Jun 2014	As at 31 Dec 2013
Financial assets at fair value through profit or loss:	**Level 2**	Level 2
Derivative financial instruments		
– Forward foreign currency exchange contracts/currency options	**0.1**	0.2
– Commodity and energy derivatives	**-**	0.3
– Interest rate swaps	**0.1**	-
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments		
– Forward foreign currency exchange contracts/currency options	**(1.2)**	(1.9)
– Interest rate swaps	**-**	(7.6)

16. Provisions for liabilities and charges

Restructuring provisions at 30 June 2014 primarily relate to provisions for non-operational leasehold properties. Restructuring provisions at 30 June 2013 primarily relate to provisions in respect of the restructuring of the Bread business and programmes aimed at reducing the Group's overhead cost base.

Other provisions at 30 June 2014 and 2013 primarily relate to insurance claims, dilapidations against leasehold properties and environmental liabilities. The costs relating to dilapidation provisions will be incurred over a number of years in accordance with the length of the leases. These provisions have been discounted at rates between 0.81% and 3.62%. The unwinding of the discount is charged to the statement of profit or loss under interest payable.

17. Retirement benefit schemes

Defined benefit schemes

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

(a) The Premier schemes, which comprise:

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

(b) The RHM schemes, which comprise:

RHM Pension Scheme
Premier Foods Ireland Pension Scheme

The most recent full actuarial valuation of the PFPS, the PGPPS and RHM pension schemes was carried out on 31 March 2013 / 5 April 2013 to establish ongoing funding arrangements. Deficit recovery plans have been agreed with the Trustees of each of the schemes. Actuarial valuations for the schemes based in Ireland take place during the course of 2014.

The exchange rates used to translate the overseas Euro based schemes are £1.00 = 1.2196 Euros for the average rate during the period, and £1.00 = 1.2505 Euros for the closing position at 30 June 2014.

On 30 September 2013 the Group's UK defined benefit pension schemes closed to future accrual. The future pension provision for these members is now made through the Group's defined contribution pension scheme. In accordance with IAS 19 (Revised), the scheme obligations were re-valued by the scheme actuaries immediately prior to the change and assumptions reviewed at that date. The resulting change of £18.2m was credited to the income statement within past service costs.

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

	As at 30 Jun 2014	As at 30 Jun 2013	As at 31 Dec 2013
	£m	£m	£m
Premier & RHM			
Discount rate	4.20%	4.70%	4.40%
Inflation- RPI	3.25%	3.30%	3.35%
Inflation- CPI	2.15%	2.30%	2.35%
Expected salary increases	n/a	4.30%	n/a

For the smaller overseas schemes the discount rate used was 3.50% (2013: 3.50%) and future pension increases of 1.75% (2013: 1.75%).

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

Pension scheme assets	**Premier schemes £m**	**% of total %**	**RHM schemes £m**	**% of total %**	**Total £m**	**% of total**
Assets with a quoted price in an active market at 30 June 2014:						
UK equities	1.7	0.3	46.9	1.7	48.6	1.4
Global equities	19.4	3.5	239.9	8.5	259.3	7.7
Government bonds	17.7	3.2	379.2	13.5	396.9	11.8
Corporate bonds	28.6	5.2	286.1	10.1	314.7	9.4
Property	6.7	1.2	163.0	5.8	169.7	5.0
Absolute return products	371.4	68.1	845.8	30.0	1,217.2	36.1
Cash	10.7	2.0	344.9	12.2	355.6	10.6
Other	90.3	16.5	-	-	90.3	2.7
Assets without a quoted price in an active market at 30 June 2014:						
Infrastructure funds	-	-	191.3	6.8	191.3	5.7
Swaps	-	-	(16.9)	(0.6)	(16.9)	(0.5)
Private equity	-	-	203.8	7.2	203.8	6.1
Other	-	-	134.8	4.8	134.8	4.0
Fair value of scheme assets as at 30 June 2014	**546.5**	**100**	**2,818.8**	**100**	**3,365.3**	**100**
Assets with a quoted price in an active market at 31 December 2013:						
UK equities	0.9	0.2	46.6	1.7	47.5	1.5
Global equities	19.3	3.6	232.9	8.8	252.2	7.8
Government bonds	12.1	2.3	503.6	18.7	515.7	16.0
Corporate bonds	60.3	11.3	323.8	12.1	384.1	11.9
Property	0.9	0.2	180.8	6.7	181.7	5.6
Absolute return products	370.2	69.7	898.0	33.4	1,268.2	39.4
Cash	9.1	1.7	183.2	6.8	192.3	6.0
Other	58.6	11.0	0.1	-	58.7	1.8
Assets without a quoted price in an active market at 31 December 2013:						
Infrastructure funds	-	-	193.5	7.2	193.5	6.0
Swaps	-	-	(116.6)	(4.3)	(116.6)	(3.6)
Private equity	-	-	190.2	7.1	190.2	5.9
Other	-	-	50.9	1.8	50.9	1.7
Fair value of scheme assets as at 31 Dec 2013	**531.4**	**100**	**2,687.0**	**100**	**3,218.4**	**100**

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

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

	Premier schemes £m	RHM schemes £m	Total £m
As at 30 June 2014			
Present value of funded obligations	(931.5)	(2,970.0)	(3,901.5)
Fair value of plan assets	546.5	2,818.8	3,365.3
Deficit in scheme	(385.0)	(151.2)	(536.2)
As at 31 December 2013			
Present value of funded obligations	(916.9)	(2,904.8)	(3,821.7)
Fair value of plan assets	531.4	2,687.0	3,218.4
Deficit in scheme	(385.5)	(217.8)	(603.3)

The aggregate deficit has decreased by £67m during the half year (2013 full year: £137m increase) primarily due to asset performance in the period.

Changes in the present value of the defined benefit obligation were as follows:

	Premier schemes £m	RHM schemes £m	Total £m
2014			
Opening defined benefit obligation	(916.9)	(2,904.8)	(3,821.7)
Current service cost	-	-	-
Past service credit	-	-	-
Interest cost	(19.6)	(62.4)	(82.0)
Remeasurement losses	(14.9)	(70.3)	(85.2)
Exchange differences	1.9	0.9	2.8
Contributions by plan participants	-	-	-
Benefits paid	18.0	66.6	84.6
Closing defined benefit obligation as at 30 June 2014	**(931.5)**	**(2,970.0)**	**(3,901.5)**
2013			
Opening defined benefit obligation	(871.1)	(2,805.0)	(3,676.1)
Current service cost	(3.4)	(7.6)	(11.0)
Past service credit	17.7	18.3	36.0
Interest cost	(37.3)	(121.3)	(158.6)
Remeasurement losses	(56.6)	(118.4)	(175.0)
Exchange differences	(1.3)	(0.4)	(1.7)
Contributions by plan participants	(2.2)	(4.0)	(6.2)
Benefits paid	37.3	133.6	170.9
Closing defined benefit obligation as at 31 Dec 2013	**(916.9)**	**(2,904.8)**	**(3,821.7)**

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

	Premier schemes £m	RHM schemes £m	Total £m
2014			
Opening fair value of plan assets	531.4	2,687.0	3,218.4
Interest income on plan assets	11.4	58.0	69.4
Remeasurement gains	9.6	115.3	124.9
Administrative costs	(3.4)	(1.3)	(4.7)
Contributions by employer	17.3	27.3	44.6
Contributions by plan participants	-	-	-
Exchange differences	(1.8)	(0.9)	(2.7)
Benefits paid	(18.0)	(66.6)	(84.6)
Closing fair value of plan assets as at 30 June 2014	**546.5**	**2,818.8**	**3,365.3**
2013			
Opening fair value of plan assets	535.9	2,673.4	3,209.3
Interest income on plan assets	22.9	116.1	139.0
Remeasurement gains	2.1	20.2	22.3
Administrative costs	(5.9)	(5.7)	(11.6)
Contributions by employer	10.8	12.1	22.9
Contributions by plan participants	2.2	4.0	6.2
Exchange differences	0.7	0.5	1.2
Benefits paid	(37.3)	(133.6)	(170.9)
Closing fair value of plan assets as at 31 Dec 2013	**531.4**	**2,687.0**	**3,218.4**

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

	Premier schemes £m	RHM schemes £m	Total £m
2014			
Deficit in schemes at beginning of period	(385.5)	(217.8)	(603.3)
Amount recognised in profit or loss	(11.6)	(5.7)	(17.3)
Remeasurements recognised in other comprehensive income	(5.3)	45.0	39.7
Contributions by employer	17.3	27.3	44.6
Currency gains	0.1	-	0.1
Deficit in schemes as at 30 June 2014	**(385.0)**	**(151.2)**	**(536.2)**
2013			
Deficit in schemes at beginning of period	(335.2)	(131.6)	(466.8)
Amount recognised in profit or loss	(6.0)	(0.2)	(6.2)
Remeasurements recognised in other comprehensive income	(54.5)	(98.2)	(152.7)
Contributions by employer	10.8	12.1	22.9
Currency (losses)/gains	(0.6)	0.1	(0.5)
Deficit in schemes as at 31 Dec 2013	**(385.5)**	**(217.8)**	**(603.3)**

Remeasurements recognised in the consolidated statement of comprehensive income are as follows:

	Premier Schemes £m	RHM Schemes £m	Total £m
30 June 2014			
Remeasurement loss on plan liabilities	(14.9)	(70.3)	(85.2)
Remeasurement gain on plan assets	9.6	115.3	124.9
Net remeasurement (loss)/gain for the period	**(5.3)**	**45.0**	**39.7**
30 June 2013			
Remeasurement (loss)/gain on plan liabilities	(1.9)	34.4	32.5
Remeasurement (loss)/gain on plan assets	(2.7)	51.6	48.9
Net remeasurement (loss)/gain for the period	**(4.6)**	**86.0**	**81.4**
31 December 2013			
Remeasurement loss on plan liabilities	(56.6)	(118.4)	(175.0)
Remeasurement gain on plan assets	2.1	20.2	22.3
Net remeasurement loss for the year	**(54.5)**	**(98.2)**	**(152.7)**

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

	Premier schemes £m	RHM schemes £m	Total £m
30 June 2014			
Operating profit			
Current service cost	-	-	-
Past service credit	-	-	-
Administrative costs	(3.4)	(1.3)	(4.7)
Net interest cost	(8.2)	(4.4)	(12.6)
Total for the period	**(11.6)**	**(5.7)**	**(17.3)**
30 June 2013			
Operating profit			
Current service cost	(2.5)	(5.2)	(7.7)
Past service credit	0.5	-	0.5
Administrative costs	(1.1)	(1.4)	(2.5)
Net interest cost	(7.4)	(2.8)	(10.2)
Total for the period	**(10.5)**	**(9.4)**	**(19.9)**
31 December 2013			
Operating profit			
Current service cost	(3.4)	(7.6)	(11.0)
Past service credit	17.7	18.3	36.0
Administrative costs	(5.9)	(5.7)	(11.6)
Net interest cost	(14.4)	(5.2)	(19.6)
Total for the year	**(6.0)**	**(0.2)**	**(6.2)**

Defined contribution schemes

The Group operates defined contribution schemes in the UK and Ireland. In addition the Group has effected a number of life assurance schemes providing lump sum death benefits for employees who are members of the pension schemes. The total expense recognised by the Group in the statement of profit or loss in the period of £4.4m (30 June 2013: £0.7m) represents contributions payable to the plans by the Group at rates specified in the rules of the plans.

18. Other liabilities

Deferred financing fees held on the balance sheet at 31 December 2013 at £15.8m in relation to the previous financing arrangements were paid in the period as a result of the capital restructuring.

19. Notes to the cash flow statement

Reconciliation of loss before taxation to cash flows from operating activities

	Half year ended 30 Jun 2014 £m	Half year ended 30 Jun 2013 (Restated)[1] £m
Continuing operations		
Loss before taxation	**(54.9)**	(15.7)
Net finance cost	**44.9**	20.9
Share of profit from associates	**(0.1)**	-
Operating (loss)/profit	**(10.1)**	5.2
Depreciation of property, plant and equipment	**7.5**	8.7
Amortisation of intangible assets	**20.0**	23.5
Loss on disposal of operations	**6.1**	2.4
Loss on disposal of property, plant and equipment	**-**	1.0
Impairment of property, plant and equipment	**16.0**	0.4
Revaluation gains on financial instruments	**(0.3)**	(0.3)
Employee incentive schemes	**2.1**	1.8
Net cash inflow from operating activities before interest, tax and movements in working capital	**41.3**	42.7
Increase in inventories	**(15.8)**	(9.5)
Decrease in trade and other receivables	**28.8**	29.8
Decrease in trade and other payables and provisions	**(23.7)**	(43.6)
Movement in retirement benefit obligations	**(22.2)**	9.3
Cash generated from continuing operations	**8.4**	28.7
Discontinued operations	**(2.6)**	(14.3)
Cash generated from operating activities	**5.8**	14.4

[1] Comparatives have been restated to reflect the reclassification of the Bread business as a discontinued operation.

Reconciliation of cash and cash equivalents to net borrowings

	Half year ended 30 Jun 2014 £m	Half year ended 30 Jun 2013 £m
Net (outflow)/inflow of cash and cash equivalents	**(88.7)**	57.9
Decrease in finance leases	**-**	0.4
Decrease in borrowings	**364.2**	5.2
Other non-cash movements	**(16.6)**	(3.2)
Decrease in borrowings net of cash	**258.9**	60.3
Total net borrowings at beginning of period	**(830.8)**	(950.7)
Total net borrowings at end of period	**(571.9)**	(890.4)

Analysis of movement in borrowings

	As at 1 Jan 2014 £m	Cash flow £m	Other non-cash movements £m	As at 30 Jun 2014 £m
Bank overdrafts	-	(0.8)	-	**(0.8)**
Cash and bank deposits	157.0	(87.9)		**69.1**
Net cash and cash equivalents	157.0	(88.7)	-	**68.3**
Borrowings - term facilities	(679.5)	679.5	-	**-**
Borrowings - revolving credit facilities	(204.5)	76.5	-	**(128.0)**
Borrowings - bond	-	(500.0)	-	**(500.0)**
Securitisation facility	(120.0)	79.5	-	**(40.5)**
Gross borrowings net of cash[1]	(847.0)	246.8	-	**(600.2)**
Debt issuance costs	16.2	28.7	(16.6)	**28.3**
Total net borrowings[1]	(830.8)	275.5	(16.6)	**(571.9)**

[1] Borrowings excludes derivative financial instruments.

20. Contingencies

There were no material contingent liabilities as at 30 June 2014.

21. Related party transactions

As at 30 June 2014 the following are considered to be related parties under the Listing Rules due to their shareholdings exceeding 10% of the Group’s total issued share capital:

- Warburg Pincus LLC
- Schroders plc

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

22. Subsequent events

There were no subsequent events.