Europe's leading
specialist retail meat packing business

Hilton Food Group plc
Half year report 2009

Hilton Food Group plc, the leading specialist retail meat packing business supplying major international food retailers in Europe, is pleased to announce its interim results for the 28 weeks to 12 July 2009.

"I am pleased to report that in a challenging economic environment our trading over the first 28 weeks of 2009 has been resilient and in line with the Board's expectations.

"We have continued to grow the business through new product initiatives as well as achieving growth in new markets, such as Central Europe, whilst our modern well invested facilities have enabled us to support our customers in our established markets. Turnover growth has been underpinned by strong volume growth and some positive impact from foreign currency translation."

Robert Watson OBE, Chief Executive

Highlights

- Turnover growth of 13% and volume growth of 9%
- Profit before taxation 7% ahead of last year, earnings per share up 12%
- Cash generated from operations of £19.3m, enabling continued investment in equipment and facilities
- Spreadable meat products launched in Holland in late July 2009
- New bacon, sausage and gammon business in Ireland performing well
- Strong trading in Central Europe, with growing customer volumes

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Financial highlights

We are pleased to report that the first 28 weeks of 2009 have seen a resilient trading performance, with continuing sales and profit growth.

	28 weeks to 12 July 2009	28 weeks to 13 July 2008	52 weeks to 31 December 2008
Turnover	**£427.2m**	£378.5m	£729.5m
Operating profit	**£11.5m**	£11.2m	£20.2m
Profit before tax	**£10.4m**	£9.7m	£17.3m
Cash generated from operations	**£19.3m**	£19.4m	£35.3m
Earnings per share	**10.6p**	9.5p	16.5p
Interim dividend to be paid in December 2009	**2.6p**	2.4p	8.14p

Financial review

The Group is presenting its interim results for the 28 weeks to 12 July 2009, together with comparative information for the 28 weeks to 13 July 2008 and the year to 31 December 2008. The interim results of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Underlying trading performance has been solid, despite economic conditions remaining difficult across Europe, with volumes growing overall by 9%. Further details of volume growth by segment are detailed in the Review of operations, below.

Turnover rose by 13% to £427.2m, as compared to £378.5m in the corresponding 28 week period last year. The increase is above the level of volume gains, helped by the favourable impact of currency translation. Raw material prices increased slightly, but the effect on turnover was offset by a higher proportion of lower priced mince products in the sales mix.

The operating profit margin was 2.7% (3.0% in the first 28 weeks of 2008 and 2.8% for the year to 31 December 2008). The reduction in operating profit margin reflected the effect of consumers trading down to mince and less expensive meat cuts in a deep recession across Europe.

Operating profit for the first 28 weeks, at £11.5m, was £0.3m (3%) ahead of the operating profit of £11.2m earned in the corresponding period in 2008. Operating profit benefited from the higher volumes, but was moderated by the effect of continued consumer down trading noted above. The impact of currency translation on operating profit was not material.

Net finance costs reduced by £0.4m to £1.2m, reflecting decreased borrowing costs.

Profit before taxation was £10.4m (2008: £9.7m), reflecting the increase in operating profit of £0.3m and the reduction in finance charges of £0.4m. The tax charge for the period was £2.3m (2008: £2.5m), an effective underlying rate of tax of 23% (2008: 26%), as a result of an increased proportion of the Group's profit before taxation being earned in lower corporate tax rate jurisdictions.

Basic earnings per share in the first 28 weeks were 10.6p (2008: 9.5p) an increase of 12%.

The Directors propose an interim dividend of 2.6 pence per share, amounting to approximately £1.8m (compared with an interim dividend of 2.4 pence per share in 2008 amounting to £1.7m) to be paid on 4 December 2009, to shareholders on the register at close of business on 6 November 2009.

The Group generated £19.3m of cash from operations during the period, as compared to £19.4m in the corresponding period last year. This has enabled the Group to continue to reduce the level of net debt outstanding, despite continuing investment to improve and develop its facilities. Group borrowings, net of cash balances of £22.7m, were £25.2m at 12 July 2009 (£28.6m at 31 December, 2008).

Capital expenditure in the period, at £6.9m, included investments required to support the spreadable meat products launch in Holland, together with continuing expenditure on efficiency improvement, equipment modernisation and upgrading information systems across all our facilities.

Principal risks and uncertainties

The Group has in place a formal system to identify, assess and manage the impact of risks on its business. The principal risks and uncertainties faced by the Group, together with the Group's risk management process are detailed in the Corporate Governance report on pages 25 to 28 of the Hilton Food Group plc annual report and financial statements 2008. The principal risks and uncertainties identified in this report were:

- the Group's growth potential is dependent on the success of its customers and the future growth of their packed meat sales;
- the Group is dependent on a small number of customers who exercise significant buying power and influence;
- the Group's business is reliant on a number of key personnel and its ability to manage growth successfully;
- the Group's business is dependent on maintaining a wide and flexible global meat supply base;
- outbreaks of disease and feed contamination affecting livestock and media concerns can impact the Group's sales;
- the Group's business is dependent on the state of the economy and levels of consumer spending in the countries in which it operates.

The risks and uncertainties outlined above had no adverse impact on the results for the 28 weeks to 12 July 2009, beyond the effects of the recession across Europe on consumer spending patterns, as identified in this interim management report. These risks and uncertainties are expected to remain unchanged with respect to the last 25 weeks of the financial year, over which the macroeconomic environment across Europe is not anticipated to show any marked improvement.

Related parties

Transactions with related parties, which comprise only purchases of raw material meat and sales of packed retail products under normal market conditions, are covered in note 11 to the condensed consolidated interim financial information. The supply of packed retail products commenced in late 2008, otherwise the nature of these transactions is unchanged from previous years.

Forward looking information

This interim management report contains certain forward looking statements. These statements are made by the Directors in good faith based on the information available to them at the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

Review of operations

Western Europe

Operating profit of £10.2m (2008: £10.8m) on turnover of £396.1m (2008: £357.9m)

Continuing turnover and volume growth was achieved in Western Europe, with our customers continuing to achieve organic growth. Volume growth was 5%, with turnover growth of 11%, the latter reflecting the volume growth with some benefit from favourable currency translation rates. This was achieved despite a depressed macroeconomic environment, which has resulted in consumers trading down in relation to their meat purchases, to mince and less expensive meat cuts, but has not, to date, had any material effect on overall volumes of meat sold by our customers. The supply of spreadable meat products in Holland commenced in late July.

The new Irish bacon, sausage and gammon business is making good progress. We view product development and extending the range of products supplied to our customers as a key strategy for continuing to drive our business forward.

Other regions

Operating profit of £1.3m (2008: £0.4m) on turnover of £31.1m (2008: £20.6m)

In Central Europe, our business has expanded rapidly. Volumes continue to build, with products being supplied to Tesco stores in the Czech Republic, Hungary, Poland and Slovakia and, more recently, Rimi (a subsidiary of ICA) stores in Latvia. Volumes supplied to Ahold stores in the Czech Republic also continue to grow. Overall volume growth was 55%, with turnover growth of 51%.

The operating profit growth reflected both the volume gains and the absence of last year's start up costs.

Investment in maintaining state of the art facilities

Hilton continues to invest in its facilities, both to expand its business, as with the bacon, sausage and gammon facility in Ireland, the spreadable meats line in Holland and the Central European expansion, and to maintain all its facilities at a state of the art level. This ensures that we can achieve low unit costs and competitive selling prices at high levels of production throughput. Capital expenditure in the period was £6.9m (2008: £8.4m).

Employees

The continued progress made by the Group in the first 28 weeks of 2009 is once again attributable to the strength of the workforces and management teams we have in place in each country and, on behalf of the Board, we would like to thank them for their continuing enthusiasm, expertise and commitment.

Future outlook

During the first 28 weeks of 2009 we have achieved continuing growth in our business in spite of a depressed economic backdrop across Europe. In this environment consumers' drive for value is expected to continue, with retailers continuing to focus on driving sales of value lines. However, as a business with modern, well invested and flexible facilities, a good geographic spread and an extensive global procurement reach, the Board considers that Hilton remains well positioned both for the current economic environment and to explore opportunities for geographical expansion. The remainder of 2009 will inevitably see continuing challenges, but the Board expects the Group to meet its forecasts for the 2009 financial year.

Gordon Summerfield CBE
Non-Executive Chairman

Robert Watson OBE
Chief Executive

9 September 2009

Statement of Directors’ responsibilities

The Directors confirm that, to the best of their knowledge:

(a) the attached condensed consolidated interim financial information has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union;

(b) the Financial review on pages 2 and 3 and Review of operations on page 4 which constitute the ‘interim management report’ include a fair review of the information required by DTR 4.2.7R (indication of important events during the first 28 weeks and description of principal risks and uncertainties for the remaining 25 weeks of the year); and

(c) the attached condensed consolidated interim financial information includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and any changes).

The Directors of Hilton Food Group plc are listed in the Hilton Food Group plc annual report and financial statements 2008 on pages 16 and 17. There have been no changes in Directors since 31 December 2008, a list of which is maintained on the Hilton Food Group plc website: www.hiltonfoodgroupplc.com.

On behalf of the Board

Robert Watson OBE
Chief Executive

Nigel Majewski
Finance Director

9 September 2009

Income statement

Continuing operations	Note	28 weeks ended 12 July 2009 £'000	28 weeks ended 13 July 2008 £'000
Revenue	4	**427,215**	378,485
Cost of sales		**(371,942)**	(326,377)
Gross profit		**55,273**	52,108
Distribution costs		**(4,199)**	(3,841)
Administrative expenses		**(39,547)**	(37,062)
Operating profit	4	**11,527**	11,205
Finance income		**125**	610
Finance costs		**(1,299)**	(2,135)
Finance costs – net		**(1,174)**	(1,525)
Profit before income tax		**10,353**	9,680
Income tax expense	5	**(2,341)**	(2,539)
Profit for the half year		**8,012**	7,141
Attributable to:			
Equity holders of the Company		**7,395**	6,605
Minority interest		**617**	536
		8,012	7,141
Earnings per share for profit attributable to the equity holders of the Company			
– Basic and diluted (pence)	7	**10.6**	9.5

Statement of comprehensive income

	28 weeks ended 12 July 2009 £'000	28 weeks ended 13 July 2008 £'000
Profit for the half year	**8,012**	7,141
Other comprehensive income		
Currency translation differences	**(2,508)**	1,385
Adjustment in respect of employee share scheme	**119**	25
Other comprehensive income for the half year net of tax	**(2,389)**	1,410
Total comprehensive income for the half year	**5,623**	8,551
Total comprehensive income attributable to:		
Equity holders of the Company	**5,191**	7,960
Minority interest	**432**	591
	5,623	8,551

The notes on pages 10 to 15 form an integral part of this condensed consolidated interim financial information.

Balance sheet

	Note	12 July 2009 £'000	13 July 2008 £'000	31 December 2008 £'000
Assets				
Non-current assets				
Property, plant and equipment	8	**47,550**	47,151	51,325
Intangible assets	8	**2,943**	3,910	3,671
Deferred income tax assets		**461**	1,395	364
		50,954	52,456	55,360
Current assets				
Inventories		**17,640**	14,568	19,015
Trade and other receivables		**65,739**	62,410	78,511
Cash and cash equivalents		**22,676**	22,393	25,785
		106,055	99,371	123,311
Total assets		**157,009**	151,827	178,671
Capital and reserves attributable to equity holders of the Company				
Share capital	10	**6,966**	6,966	6,966
Other reserves		**1,783**	2,251	3,987
Retained earnings		**21,629**	15,022	18,232
		30,378	24,239	29,185
Reverse acquisition reserve		**(31,700)**	(31,700)	(31,700)
Merger reserve		**919**	919	919
		(403)	(6,542)	(1,596)
Minority interest in equity		**1,648**	958	1,752
Total equity		**1,245**	(5,584)	156
Liabilities				
Non-current liabilities				
Borrowings	9	**39,010**	48,497	45,417
Deferred income tax liabilities		**2,030**	1,710	2,186
Other non-current liabilities		**–**	56	–
		41,040	50,263	47,603
Current liabilities				
Borrowings	9	**8,901**	6,846	8,940
Trade and other payables		**104,819**	98,284	120,869
Current income tax liabilities		**1,004**	2,018	1,103
		114,724	107,148	130,912
Total liabilities		**155,764**	157,411	178,515
Total equity and liabilities		**157,009**	151,827	178,671

The notes on pages 10 to 15 form an integral part of this condensed consolidated interim financial information.

Statement of changes in equity

	Note	Share capital £'000	Other reserves £'000	Retained earnings £'000	Subtotal £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Total £'000	Minority interest £'000	Total equity £'000
		Attributable to equity holders of the Company								
Balance at 1 January 2008		6,966	896	12,039	19,901	(31,700)	919	(10,880)	367	(10,513)
Currency translation differences		–	1,330	–	1,330	–	–	1,330	55	1,385
Profit for the half year		–	–	6,605	6,605	–	–	6,605	536	7,141
Total recognised income for the 28 weeks ended 13 July 2008		–	1,330	6,605	7,935	–	–	7,935	591	8,526
Adjustment in respect of employee share scheme		–	25	–	25	–	–	25	–	25
Dividend paid	6	–	–	(3,622)	(3,622)	–	–	(3,622)	–	(3,622)
Balance at 13 July 2008		6,966	2,251	15,022	24,239	(31,700)	919	(6,542)	958	(5,584)
Balance at 1 January 2009		**6,966**	**3,987**	**18,232**	**29,185**	**(31,700)**	**919**	**(1,596)**	**1,752**	**156**
Currency translation differences		**–**	**(2,323)**	**–**	**(2,323)**	**–**	**–**	**(2,323)**	**(185)**	**(2,508)**
Profit for the half year		**–**	**–**	**7,395**	**7,395**	**–**	**–**	**7,395**	**617**	**8,012**
Total recognised income for the 28 weeks ended 12 July 2009		**–**	**(2,323)**	**7,395**	**5,072**	**–**	**–**	**5,072**	**432**	**5,504**
Adjustment in respect of employee share scheme		**–**	**119**	**–**	**119**	**–**	**–**	**119**	**–**	**119**
Dividend paid	6	**–**	**–**	**(3,998)**	**(3,998)**	**–**	**–**	**(3,998)**	**(536)**	**(4,534)**
Balance at 12 July 2009		**6,966**	**1,783**	**21,629**	**30,378**	**(31,700)**	**919**	**(403)**	**1,648**	**1,245**

The notes on pages 10 to 15 form an integral part of this condensed consolidated interim financial information.

Cash flow statement

	28 weeks ended 12 July 2009 £'000	28 weeks ended 13 July 2008 £'000
Cash flows from operating activities		
Cash generated from operations	19,345	19,366
Interest paid	(1,299)	(3,002)
Income tax paid	(2,471)	(2,585)
Net cash generated from operating activities	15,575	13,779
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,917)	(8,362)
Proceeds from sale of property, plant and equipment	5	196
Purchase of intangible assets	(34)	(59)
Interest received	125	610
Net cash used in investing activities	(6,821)	(7,615)
Cash flows from financing activities		
Proceeds from borrowings	–	2,440
Repayments of borrowings	(5,185)	(4,454)
Dividends paid to company shareholders	(3,998)	(3,622)
Dividends paid to minority interests	(536)	–
Net cash used in financing activities	(9,719)	(5,636)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(965)	528
Cash, cash equivalents and bank overdrafts at start of period	25,785	20,792
Exchange (losses)/gains on cash, cash equivalents and bank overdrafts	(2,144)	1,073
Cash, cash equivalents and bank overdrafts at end of period	22,676	22,393

The notes on pages 10 to 15 form an integral part of this condensed consolidated interim financial information.

Notes to the interim financial information

1 General information

Hilton Food Group plc ("the Company") and its subsidiaries (together "the Group") is a specialist retail meat packing business supplying major international food retailers in a number of European countries.

The Company is a public limited liability company incorporated and domiciled in the UK. The address of the registered office is 2–8 The Interchange, Latham Road, Huntingdon, Cambridgeshire PE29 6YE. The registered number of the Company is 6165540.

The Company has its primary listing on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 9 September 2009.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2008 were approved by the Board of Directors on 30 March 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has been reviewed, not audited.

2 Basis of preparation

This condensed consolidated interim financial information for the 28 weeks ended 12 July 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual report and financial statements for the year ended 31 December 2008 which have been prepared in accordance with IFRS as adopted by the European Union.

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual report and financial statements for the year ended 31 December 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2009.

IAS 1 (revised), 'Presentation of financial statements'. The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. There has been no change to the number of reportable segments presented. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Group's Executive Directors.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group.

IFRIC 13, 'Customer loyalty programmes relating to IAS 18, Revenue'.

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'.

IFRIC 15, 'Agreements for the construction of real estate'.

IFRIC 16, 'Hedges of a net investment in a foreign operation'.

3 Accounting policies (continued)

Amendment to IAS 32, 'Financial instruments: Presentation', and IAS 1, 'Presentation of financial statements' on 'Puttable financial instruments and obligations arising on liquidation'.

Amendment to IFRS 2, 'Share-based payments' on 'Vesting conditions and cancellations'.

Amendment to IAS 39, 'Financial instruments: Recognition and measurement', and IFRS 7, 'Financial instruments: Disclosures', on the 'Reclassification of financial assets' (*).

Amendment to IFRS 7, 'Financial instruments: Disclosures' (*).

Amendment to IFRIC 9 and IAS 39 regarding embedded derivatives (*).

IAS 23 (revised), 'Borrowing costs'.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

IAS 27 (revised), 'Consolidated and separate financial statements' (effective 1 July 2009) and IFRS 3 (revised), 'Business combinations' (effective 1 July 2009). The amendment to IAS 27 concerns accounting for transactions with non-controlling interests. IFRS 3 (revised) concerns accounting for acquisitions. The Group will apply these revised standards prospectively to transactions with non-controlling interests and business combinations from 1 January 2010.

Amendment to IAS 39 'Financial instruments' on 'Eligible hedged items', effective for annual periods beginning on or after 1 July 2009 (*).

Amendment to IFRS 2 ' Share-based payments' on 'Group cash settled share-based payments transactions' effective for annual periods beginning on or after 1 January 2010 (*).

IFRIC 12, 'Service concession arrangements', effective for annual periods beginning on or after 30 March 2009. This is not currently applicable for the Group as it does not have any service concession arrangements.

IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable for the Group as it has not made any non-cash distributions (*).

IFRIC 18, 'Transfer of assets from customers', effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group as it has not received any assets from customers (*).

(*) not yet endorsed by the EU.

Notes to the interim financial information
Continued

4 Segment information

	Total segment revenue £'000	Operating profit/ segment result £'000
28 weeks ended 12 July 2009		
Western Europe	**396,093**	**10,223**
Other	**31,122**	**1,304**
Total	**427,215**	**11,527**

	Total segment revenue £'000	Operating profit/ segment result £'000
28 weeks ended 13 July 2008		
Western Europe	357,876	10,797
Other	20,609	408
Total	378,485	11,205

	12 July 2009 £'000	13 July 2008 £'000	31 December 2008 £'000
Total assets			
Western Europe	**140,977**	133,740	161,917
Other	**15,571**	16,692	16,390
Total segment assets	**156,548**	150,432	178,307
Deferred income tax assets	**461**	1,395	364
Total assets per balance sheet	**157,009**	151,827	178,671

There are no significant seasonal fluctuations.

5 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2009 is 22.6%. The estimated tax rate for the 28 weeks ended 13 July 2008 was 26.2%.

6 Dividends

	28 weeks ended 12 July 2009 £'000	28 weeks ended 13 July 2008 £'000
Final dividend paid 5.74p (2008: 5.2p) per ordinary share	**3,998**	3,622
Total dividends paid	**3,998**	3,622

The Directors propose an interim dividend of 2.6 pence per share to be paid on 4 December 2009 to shareholders who are on the register at 6 November 2009. This interim dividend, amounting to £1.8m has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year to 31 December 2009.

Since incorporation the Company has declared and paid dividends totalling £10.8m out of distributable reserves. The Companies Act 2006 (and previously 1985) requires public companies where necessary to prepare and file relevant accounts with the Registrar of Companies. However it has come to the attention of the Directors that the Company did not fully comply with these requirements resulting in a technical infringement of the Companies Act. In order to address this situation a special resolution will be proposed at the Company's 2010 Annual General Meeting.

7 Earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	28 weeks ended 12 July 2009	28 weeks ended 13 July 2008
Profit attributable to equity holders of the company (£'000)	**7,395**	6,605
Weighted average number of ordinary shares in issue (thousands)	**69,657**	69,657
Basic and diluted earnings per share (pence)	**10.6**	9.5

8 Property, plant and equipment and intangible assets

28 weeks ended 13 July 2008	Property, plant and equipment £'000	Intangible assets £'000
Opening net book amount as at 1 January 2008	42,286	3,987
Exchange adjustments	2,701	347
Additions	8,362	59
Disposals	(89)	–
Depreciation and amortisation	(6,109)	(483)
Closing net book amount as at 13 July 2008	47,151	3,910
28 weeks ended 12 July 2009		
Opening net book amount as at 1 January 2009	**51,325**	**3,671**
Exchange adjustments	**(3,867)**	**(296)**
Additions	**6,917**	**34**
Disposals	**(5)**	**–**
Depreciation and amortisation	**(6,820)**	**(466)**
Closing net book amount as at 12 July 2009	**47,550**	**2,943**

Additions comprise investment in expansion and new products together with continuing expenditure on efficiency improvement, equipment modernisation and upgrading information systems across all facilities.

Notes to the interim financial information
Continued

9 Borrowings

	28 weeks ended 12 July 2009 £'000	28 weeks ended 13 July 2008 £'000	Year ended 31 December 2008 £'000
Current	**8,901**	6,846	8,940
Non-current	**39,010**	48,497	45,417
Total borrowings	**47,911**	55,343	54,357

Movements in borrowings is analysed as follows:

	28 weeks ended 12 July 2009 £'000	28 weeks ended 13 July 2008 £'000	Year ended 31 December 2008 £'000
Opening amount	**54,357**	56,984	56,984
Exchange adjustments	**(1,261)**	1,240	1,637
New borrowings	**–**	2,440	2,915
Repayment of borrowings	**(5,185)**	(5,321)	(7,179)
Closing amount	**47,911**	55,343	54,357

10 Share capital

	Number of shares (thousands)	Ordinary shares £'000	Total £'000
Opening balance 1 January 2008 and at 13 July 2008	69,657	6,966	6,966
Opening balance 1 January 2009 and at 12 July 2009	**69,657**	**6,966**	**6,966**

11 Related party transactions

The companies noted below are all deemed to be related parties by way of common Directors.

The following sales and purchases were made on an arm's length basis from related parties:

	28 weeks ended 12 July 2009 £'000	28 weeks ended 13 July 2008 £'000	Year ended 31 December 2008 £'000
Hilton Meats (International) Limited – sales	**6,423**	–	642
Hilton Meats (International) Limited – purchases	**41,537**	37,696	73,281
Romford Wholesale Meats Limited – purchases	**23,143**	23,909	44,344
RWM Dorset Limited – purchases	**11,701**	14,041	24,218
Foyle Food Group Limited – purchases	**21,422**	20,212	36,413

Amounts owing to and from related parties were as follows:

	12 July 2009 £'000	13 July 2008 £'000	31 December 2008 £'000
Amounts owing to related parties			
Hilton Meats (International) Limited	**4,510**	4,264	6,735
Romford Wholesale Meats Limited	**3,251**	2,540	4,259
RWM Dorset Limited	**1,729**	1,591	1,139
Foyle Food Group Limited	**2,941**	2,757	3,624
Amounts owing from related parties			
Hilton Meats (International) Limited	**2,209**	–	642

The ultimate shareholders of all the above companies have an interest in the share capital of the Company.

Auditors' review report

Independent review report to Hilton Food Group plc

Introduction

We have been engaged by the Company to review the condensed consolidated interim financial information in the half year financial report for the 28 weeks ended 12 July 2009 which comprises the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and related notes. We have read the other information contained in the half year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial information.

Directors' responsibilities

The half year financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

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

Our responsibility

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information in the half year financial report for the 28 weeks ended 12 July 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Belfast

9 September 2009

The maintenance and integrity of the Hilton Food Group plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial report since it was initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Shareholder information

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