Tuesday 8 September 2015

Hilton Food Group plc

Interim results for the 28 weeks to 12 July 2015

Strong Underlying Progress

Hilton Food Group plc, the specialist retail meat packing business supplying major international food retailers in Europe and Australia, is pleased to announce its interim results for the 28 weeks to 12 July 2015.

Financial highlights

	28 weeks to 12 July 2015	28 weeks to 13 July 2014	Percentage growth	52 weeks to 28 December 2014
Volume (tonnes)	127,913	121,832	5.0%	231,504
Turnover	£579.2m	£592.3m	(2.2)%	£1,099.0m
Operating profit	£13.7m	£13.6m	1.3%	£26.1m
Profit after tax	£10.3m	£10.2m	0.9%	£25.2m
Free cash inflow/(outflow) before dividends and financing	£13.4m	£(2.8)m		£(2.1)m
Net debt	£2.5m	£5.6m		£7.7m
Earnings per share	13.2p	13.1p	0.8%	25.0p
Interim dividend to be paid on 27 November 2015	4.1p	3.8p	7.9%	13.3p

- Equipping and commissioning a new purpose built retail packing facility for Woolworths in Victoria running to plan where production commenced on 1 September 2015.
- Strong volume growth in Europe, with UK volumes building under the new Tesco contract, a return to growth in our Irish business and continued growth in Holland where we have supported Albert Heijn with the development of its new innovation centre.
- Turnover impacted by adverse currency translation movements which reduced turnover by 7.7% and challenging trading conditions in Sweden and Denmark.
- Strong growth in underlying profitability largely offset by adverse currency translation movements in all the overseas territories in which the Group trades. Operating profit excluding the impact of adverse currency translation was 11.3% higher than last year.
- Continued strong cash generation and reduction in net debt following the completion of the major capital investment programmes recently undertaken in the UK and Sweden.
- Robust balance sheet with the interim dividend increased from 3.8p to 4.1p, an increase of 7.9%

Commenting, Robert Watson OBE, Chief Executive of Hilton Food Group plc said:

"We have achieved good growth despite challenging market conditions in some countries, with profitability at constant exchange rates increasing strongly. Strategically we continue to make sound progress, with the major capital investments made in the UK and Sweden in 2014 now bedded in and the new facility in Victoria, Australia having commenced production. Our aim continues to be to extend the geographic reach of the Hilton model and to explore and evaluate new expansion opportunities as they arise".

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Financial review

The Group is presenting its interim results for the 28 weeks to 12 July 2015, together with comparative information for the 28 weeks to 13 July 2014 and the 52 weeks to 28 December 2014. The interim results of the Group are prepared in accordance with IAS 34 as adopted by the European Union (EU).

Hilton's underlying trading performance remained strong, despite competitive retail grocery markets and weak macroeconomic conditions in some of its European markets. Volumes increased by 5.0%, reflecting the new contractual arrangements with Tesco in the UK, the resumption of growth in our Irish business and encouraging progress in Holland. Turnover in contrast fell by 2.2% to £579.2m (2014: £592.3m) due to adverse exchange translation movements (reducing turnover by 7.7%) and difficult trading conditions in Sweden and Denmark. Further details of turnover and volume growth by segment are detailed in the Review of operations, below.

Operating profit for the first 28 weeks of 2015 was at £13.7m, 1.3% ahead of last year, despite material adverse exchange translation movements.

The operating profit margin was 2.4% compared with 2.3% in the corresponding period last year.

Net finance costs, at £0.6m, were slightly higher than last year (2014: £0.5m) with higher borrowings but sterling and euro inter-bank offered rates remaining close to historically low levels. Interest cover was 24 times (30 times in 2014).

The taxation charge for the period was £2.9m (2014: £2.9m), representing an effective underlying rate of tax of 21.7%, as compared with 22.2% last year. Profit after taxation, at £10.3m, was £0.1m (0.9%) above last year (2014: £10.2m) reflecting higher operating profit, the increased interest charge and a lower effective rate of taxation.

The share of profit in our joint venture of £0.6m comprises the Group's 50% share of the post-tax profits of our Australian joint venture company, which earns processing fee income at Bunbury in Western Australia. Start-up costs are always incurred in advance of complex plant start-ups, such as that underway in Victoria, and over the first 28 weeks of 2015 £0.5m of start-up costs were incurred in Australia.

Basic earnings per share in the first 28 weeks of 2015, at 13.2p, were 0.8% above last year's level, with a 1.3% increase in net income partly offset by an increased number of shares in issue, following executive and sharesave scheme share option exercises.

The Directors will declare an interim dividend of 4.1 pence per share, amounting to £3.0m (compared with an interim dividend of 3.8 pence per share in 2014) to be paid on 27 November 2015, to shareholders on the register at close of business on 30 October 2015.

In the first 28 weeks the Group, moving back to more normal capital expenditure levels, generated £13.4m of free cash flow, before dividends and financing, as compared to an outflow of £2.8m last year. Group borrowings, net of cash balances of £40.5m, were £2.5m at 12 July 2015 (£7.7m net debt at 28 December 2014).

At 12 July 2015 the Group had undrawn overdraft and loan borrowing facilities of £39.3m (£46.5m at 28 December 2014).

The principal risks and uncertainties facing the Group's businesses

Hilton has well developed processes and structures for identifying and subsequently mitigating the key risks which the Group faces. The most significant risks and uncertainties faced by the Group, together with the Group's risk management processes are detailed in the review of Risk management and principal risks on pages 22 to 24 of the Hilton Food Group plc Annual report and financial statements 2014. The principal risks and uncertainties identified in that report, which remain unchanged, were:

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

These risks and uncertainties are expected to remain unchanged for the remainder of the 2015 financial year, over which the economic environment across northern Europe is expected to continue to improve, but potentially both somewhat unevenly and gradually.

The risks and uncertainties outlined above had no material adverse impact on the results for the 28 weeks to 12 July 2015, beyond the continuing effects of the difficult macroeconomic environment across Europe on consumer spending levels, as identified in this interim management report.

Forward looking information

This interim management report contains forward looking statements. Such statements are unavoidably subject to risk factors associated with, amongst other things, economic, political and business developments which may occur from time to time across the countries in which the Group operates. It is believed that the expectations reflected in these statements are reasonable, but all forward looking statements and forecasts are by their nature speculative and involve risk and uncertainty, quite simply because they relate to events and depend on circumstances that will occur in the future.

Going concern

The Group's bank borrowings are detailed in note 9 to the condensed consolidated interim financial information and the principal banking facilities which support the Group's existing and contracted new business are committed, with no renewal required until 2019. The Group is in compliance with all its banking covenants. Future expansion which is not yet contracted for, and which is not built into internal budgets and forecasts, may require additional or extended banking facilities and such future expansion will depend on our ability to negotiate appropriate additional or extended facilities as and when required.

The financial position of the Group including its cash flows, liquidity position and borrowings are described above, with its business activities and the factors likely to affect its future development, performance and position being covered in the Review of operations, below. As at the date of this report, the Directors have a reasonable expectation that the Group has adequate resources to continue in business for the foreseeable future. Accordingly, the condensed consolidated interim financial information has been prepared on a going concern basis.

Review of operations

The wide geographical spread of the Group's operations initially across Europe and more recently into the Asia Pacific region represents a material long term strength, in terms of progressively reducing Hilton's dependence on any one national economy, particularly during less certain economic times.

Since 62% of the Group's sales are earned in currencies other than its reporting currency its results reported in sterling have been materially influenced by the relative strength of sterling against these currencies.

Over the 28 weeks to 12 July 2015 the average exchange rates for the various overseas currencies in which the Group trades have all depreciated significantly against sterling, compared with the corresponding period in 2014, the

Euro by 10.9%, the Danish Krone by 10.8%, the Polish Zloty by 10.1%, the Swedish Krona by 14.6% and the Australian Dollar by 6.4%.

Western Europe

Operating profit of £15.4m (2014: £14.8m) on turnover of £539.9m (2014: £545.8m)

Volume growth of 5.1% was achieved in Western Europe, with the capacity expansion in the UK and continued product innovation and range extension. Turnover in contrast fell by 1.1%, reflecting principally the impact of unfavourable exchange rate movements (7.6%). The major capital expenditure programmes recently undertaken to modernise the Group's Huntingdon site and extend its capacity to service the new Tesco contract and to modernise the Vasteras site in Sweden to improve operational efficiency have been completed.

Consumer spending has remained fairly weak across Europe and retail markets very competitive. In this environment we have continued to work hard with our customers on product and packaging innovation and development, extending the range of products supplied and maintaining our unremitting focus on product quality, integrity and traceability.

Central Europe

Operating profit of £1.1m (2014: £1.2m) on turnover of £39.3m (2014: £46.5m)

Our facility at Tychy, in Southern Poland supplies Ahold stores in the Czech Republic and Slovakia, Tesco stores in the Czech Republic, Hungary, Poland and Slovakia and Rimi stores in Latvia, Lithuania and Estonia.

The business again faced competitive markets characterised by a high degree of consumer price sensitivity. Volumes were 4.4% higher than in the corresponding period last year but turnover reported in sterling fell by 15.5%, primarily reflecting unfavourable exchange translation movements.

Central costs and other (including Australia)

Net operating cost £2.8m (2014: £2.4m)

This segment includes the service fee income from our Australian joint venture of £0.6m, Australian start-up costs of £0.5m and central costs of £2.9m.

In Australia the Group is involved in a joint venture with Woolworths, under which it earns a fifty per cent share of the agreed fees charged by the joint venture company for operating certain of Woolworths' meat processing and packing plants, based on the volume of retail packed meat delivered to Woolworths' stores.

The equipping and commissioning of the new purpose built retail packing facility near Melbourne in Victoria being operated by the joint venture has in the first 28 weeks of 2015 necessitated the anticipated level of start-up costs.

Investment in our existing facilities

Hilton continues to invest in all its European facilities to maintain the state of the art levels required to service its customers' growth, extend the range of products supplied to those customers and deliver both first class service levels and further increases in production efficiency. This investment ensures that we can achieve low unit costs and competitive selling prices at increasingly high levels of production throughput. Capital expenditure in the period was £6.8m (2014: £21.3m) reflecting a return to more normal ongoing levels of capital expenditure.

Our colleagues

The progress made by the Group in the first half of 2015 to achieve continued expansion against a challenging retail environment and economic backdrop is once again attributable to the quality of the workforces and management teams we have in each country. On behalf of the Board, we would like to thank them for their continuing commitment, enthusiasm, professionalism and support.

Outlook

Hilton has continued to deliver year on year volume growth through difficult and uncertain economic times. We expect consumers' search for value to continue, but with up to date and well invested facilities, a broad geographic customer spread, flexible procurement capabilities and a constant focus on product quality, integrity and traceability, the Group remains well equipped to confront such challenges and deliver growth.

Currency translation impacts which are unpredictable could well continue and pressure from tight consumer expenditure is expected to remain a feature in Europe over the remainder of 2015. The Group nevertheless expects results for the full year to be in line with the Board's expectations, after factoring in the expected impact of the start-up costs in Australia and the continuing effect on its reported results of the recent relative strength of sterling.

Hilton continues to explore further opportunities for geographical expansion and grow its existing businesses through new product development and range extension.

Sir David Naish DL
Non-Executive Chairman

Robert Watson OBE
Chief Executive

7 September 2015

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 and Review of operations 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 therein).

The Directors of Hilton Food Group plc were listed in the Hilton Food Group plc annual report and financial statements 2014 on pages 32 and 33 and there have been no changes in Directors since 28 December 2014, a list of which is maintained on the Hilton Food Group plc website at www.hiltonfoodgroupplc.com.

On behalf of the Board

Robert Watson OBE
Chief Executive

Nigel Majewski
Finance Director

Income statement

Continuing operations	Notes	**28 weeks ended 12 July 2015 £'000**	28 weeks ended 13 July 2014 £'000
Revenue	4	**579,204**	592,305
Cost of sales		**(508,518)**	(521,526)
Gross profit		**70,686**	70,779
Distribution costs		**(5,399)**	(5,881)
Administrative expenses		**(52,100)**	(51,488)
Share of profit in joint venture		**556**	160
Operating profit	4	**13,743**	13,570
Finance income		**42**	49
Finance costs		**(624)**	(499)
Finance costs – net		**(582)**	(450)
Profit before income tax		**13,161**	13,120
Income tax expense	5	**(2,859)**	(2,909)
Profit for the period		**10,302**	10,211
Profit attributable to:			
Owners of the parent		**9,587**	9,463
Non-controlling interests		**715**	748
		10,302	10,211
Earnings per share for profit attributable to owners of the parent			
- Basic (pence)	7	**13.2**	13.1
- Diluted (pence)	7	**13.0**	13.0

Statement of comprehensive income

	28 weeks ended 12 July 2015 £'000	28 weeks ended 13 July 2014 £'000
Profit for the period	**10,302**	10,211
Other comprehensive income		
Items that may be subsequently reclassified to the income statement		
Currency translation differences	**(4,009)**	(3,006)
Other comprehensive income for the period net of tax	**(4,009)**	(3,006)
Total comprehensive income for the period	**6,293**	7,205
Total comprehensive income attributable to:		
Owners of the parent	**5,962**	6,675
Non-controlling interests	**331**	530
	6,293	7,205

The notes form an integral part of this condensed consolidated interim financial information.

Balance sheet

	Notes	**12 July 2015 £'000**	13 July 2014 £'000	28 December 2014 £'000
Assets				
Non-current assets				
Property, plant and equipment	8	**67,598**	63,283	72,642
Intangible assets	8	**10,880**	8,916	12,547
Investments		**1,653**	572	1,234
Deferred income tax assets		**560**	1,199	771
		80,691	73,970	87,194
Current assets				
Inventories		**18,174**	22,461	22,029
Trade and other receivables		**99,311**	111,228	115,609
Current income tax assets		**1,536**	2,882	1,532
Cash and cash equivalents		**40,546**	19,586	35,586
		159,567	156,157	174,756
Total assets		**240,258**	230,127	261,950
Equity				
Share capital	10	**7,283**	7,244	7,259
Share premium		**7,697**	6,396	7,235
Employee share schemes reserve		**791**	996	441
Foreign currency translation reserve		**(5,649)**	(366)	(2,024)
Retained earnings		**75,385**	66,862	72,717
Reverse acquisition reserve		**(31,700)**	(31,700)	(31,700)
Merger reserve		**919**	919	919
Capital and reserves attributable to owners of the parent		**54,726**	50,351	54,847
Non-controlling interests		**4,458**	4,133	4,786
Total equity		**59,184**	54,484	59,633
Liabilities				
Non-current liabilities				
Borrowings	9	**31,480**	18,035	32,573
Deferred income tax liabilities		**1,589**	1,371	1,875
		33,069	19,406	34,448
Current liabilities				
Borrowings	9	**11,539**	7,168	10,687
Trade and other payables		**136,466**	147,820	157,182
Current income tax liabilities		**-**	1,249	-
		148,005	156,237	167,869
Total liabilities		**181,074**	175,643	202,317
Total equity and liabilities		**240,258**	230,127	261,950

The notes form an integral part of this condensed consolidated interim financial information.

Statement of changes in equity

		Attributable to owners of the parent									
	Note	Share capital £'000	Share premium £'000	Employee share schemes reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 30 December 2013		7,216	5,885	857	2,422	63,989	(31,700)	919	49,588	4,670	54,258
Comprehensive income											
Profit for the period		-	-	-	-	9,463	-	-	9,463	748	10,211
Other comprehensive income											
Currency translation differences		-	-	-	(2,788)	-	-	-	(2,788)	(218)	(3,006)
Total comprehensive income		-	-	-	(2,788)	9,463	-	-	6,675	530	7,205
Transactions with owners											
Issue of new shares	10	28	511	-	-	-	-	-	539	-	539
Adjustment in respect of employee share schemes		-		139	-	-	-	-	139	-	139
Dividends paid	6	-	-	-	-	(6,590)	-	-	(6,590)	(1,067)	(7,657)
Total transactions with owners		28	511	139	-	(6,590)	-	-	(5,912)	(1,067)	(6,979)
Balance at 13 July 2014		7,244	6,396	996	(366)	66,862	(31,700)	919	50,351	4,133	54,484
Balance at 29 December 2014		**7,259**	**7,235**	**441**	**(2,024)**	**72,717**	**(31,700)**	**919**	**54,847**	**4,786**	**59,633**
Comprehensive income											
Profit for the period		**-**	**-**	**-**	**-**	**9,587**	**-**	**-**	**9,587**	**715**	**10,302**
Other comprehensive income											
Currency translation differences		**-**	**-**	**-**	**(3,625)**	**-**	**-**	**-**	**(3,625)**	**(384)**	**(4,009)**
Total comprehensive income		**-**	**-**	**-**	**(3,625)**	**9,587**	**-**	**-**	**5,962**	**331**	**6,293**
Transactions with owners											
Issue of new shares	**10**	**24**	**462**	**-**	**-**	**-**	**-**	**-**	**486**	**-**	**486**
Adjustment in respect of employee share schemes		**-**	**-**	**350**	**-**	**-**	**-**	**-**	**350**	**-**	**350**
Dividends paid	**6**	**-**	**-**	**-**	**-**	**(6,919)**	**-**	**-**	**(6,919)**	**(659)**	**(7,578)**
Total transactions with owners		**24**	**462**	**350**	**-**	**(6,919)**	**-**	**-**	**(6,083)**	**(659)**	**(6,742)**
Balance at 12 July 2015		**7,283**	**7,697**	**791**	**(5,649)**	**75,385**	**(31,700)**	**919**	**54,726**	**4,458**	**59,184**

The notes form an integral part of this condensed consolidated interim financial information.

Cash flow statement

	Note	**28 weeks ended 12 July 2015 £'000**	28 weeks ended 13 July 2014 £'000
Cash flows from operating activities			
Cash generated from operations		**23,585**	22,467
Interest paid		**(624)**	(499)
Income tax paid		**(2,865)**	(3,588)
Net cash generated from operating activities		**20,096**	18,380
Cash flows from investing activities			
Purchases of property, plant and equipment		**(6,790)**	(14,354)
Proceeds from sale of property, plant and equipment		**60**	72
Purchases of intangible assets		**(6)**	(6,974)
Interest received		**42**	49
Net cash used in investing activities		**(6,694)**	(21,207)
Cash flows from financing activities			
Proceeds from borrowings		**2,735**	15,473
Repayments of borrowings		**(2,159)**	(20,131)
Issue of new shares		**486**	539
Dividends paid to owners of the parent		**(6,919)**	(6,590)
Dividends paid to non-controlling interests		**(659)**	(1,067)
Net cash generated used in financing activities		**(6,516)**	(11,776)
Net increase/(decrease) in cash and cash equivalents		**6,886**	(14,603)
Cash and cash equivalents at beginning of the period		**35,586**	34,642
Exchange losses on cash and cash equivalents		**(1,926)**	(1,157)
Cash and cash equivalents at end of the period	11	**40,546**	18,882

The notes 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 thirteen European countries and Australia.

The Company is a public limited 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 06165540.

The Company maintains a Premium Listing on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 7 September 2015.

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 52 weeks ended 28 December 2014 were approved by the Board of Directors on 24 March 2015 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 2015 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual report and financial statements for the 52 weeks ended 28 December 2014 which have been prepared in accordance with IFRS as adopted by the European Union.

Estimates
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 52 weeks ended 28 December 2014, with the exception of changes in estimates that are required in determining the provision for income taxes.

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual report and financial statements for the 52 weeks ended 28 December 2014, as described in those annual financial statements.

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

International Financial Reporting Standards
(a) *Standards, amendments and interpretations effective in 2015 but not relevant to the Group's operations*
IAS 19 (amendment) Employee benefits

4 Segment information

Management have determined the operating segments based on the reports reviewed by the Executive Directors that are used to make strategic decisions.

The Executive Directors have considered the business from both a geographic and product perspective.

From a geographic perspective, the Executive Directors consider that the Group has seven operating segments: i) United Kingdom; ii) Netherlands; iii) Republic of Ireland; iv) Sweden; v) Denmark, vi) Central Europe including Poland, Czech Republic, Hungary, Slovakia, Latvia, Lithuania and Estonia and vii) Central costs and other including the share of profit from the joint venture in Australia. The United Kingdom, Netherlands, Republic of Ireland, Sweden and Denmark have been aggregated into one reportable segment 'Western Europe' as they have similar economic characteristics as identified in IFRS 8. Central Europe and Central costs and other comprise the other reportable segments.

From a product perspective the Executive Directors consider that the Group has only one identifiable product, wholesaling of meat. The Executive Directors consider that no further segmentation is appropriate, as all of the Group's operations are subject to similar risks and returns and exhibit similar long term financial performance.
The segment information provided to the Executive Directors for the reportable segments is as follows:

	Total segment revenue £'000	**Operating profit/(loss) segment result £'000**
28 weeks ended 12 July 2015		
Western Europe	**539,903**	**15,397**
Central Europe	**39,301**	**1,123**
Central costs and other	**-**	**(2,777)**
Total	**579,204**	**13,743**
28 weeks ended 13 July 2014		
Western Europe	545,780	14,825
Central Europe	46,525	1,214
Central costs and other	-	(2,469)
Total	592,305	13,570

	12 July 2015 £'000	13 July 2014 £'000	28 December 2014 £'000
Total assets			
Western Europe	**215,397**	200,746	240,231
Central Europe	**19,275**	22,216	15,949
Central costs and other	**3,490**	3,084	3,467
Total segment assets	**238,162**	226,046	259,647
Current income tax assets	**1,536**	2,882	1,532
Deferred income tax assets	**560**	1,199	771
Total assets per balance sheet	**240,258**	230,127	261,950

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 53 weeks to 3 January 2016 is 21.7%. The estimated average annual tax rate for the 28 weeks ended 13 July 2014 was 22.2%.

6 Dividends

	28 weeks ended 12 July 2015 £'000	28 weeks ended 13 July 2014 £'000
Final dividend paid 9.5p per ordinary share (2014: 9.1p)	**6,919**	6,590
Total dividends paid	**6,919**	6,590

The Directors will declare an interim dividend of 4.1 pence per share payable on 27 November 2015 to shareholders who are on the register at 30 October 2015. This interim dividend, amounting to £3.0m has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the 53 weeks to 3 January 2016.

7 Earnings per share

Basic 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.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options for which a calculation is done 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 outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

		28 weeks ended 12 July 2015		28 weeks ended 13 July 2014	
		Basic	**Diluted**	Basic	Diluted
Profit attributable to equity holders of the Company	(£'000)	**9,587**	**9,587**	9,463	9,463
Weighted average number of ordinary shares in issue	(thousands)	**72,661**	**72,661**	72,309	72,309
Adjustment for share options	(thousands)	**-**	**1,060**	-	623
Adjusted weighted average number of ordinary shares	(thousands)	**72,661**	**73,721**	72,309	72,932
Basic and diluted earnings per share	(pence)	**13.2**	**13.0**	13.1	13.0

8 Property, plant and equipment and intangible assets

	Property, plant and equipment £'000	Intangible assets £'000
28 weeks ended 13 July 2014		
Opening net book amount as at 30 December 2013	58,876	2,660
Exchange adjustments	(2,209)	(138)
Additions	14,354	6,974
Disposals	(146)	-
Depreciation and amortisation	(7,592)	(580)
Closing net book amount as at 13 July 2014	63,283	8,916
28 weeks ended 12 July 2015		
Opening net book amount as at 29 December 2014	**72,642**	**12,547**
Exchange adjustments	**(2,850)**	**(376)**
Additions	**6,790**	**6**
Disposals	**(151)**	**-**
Depreciation and amortisation	**(8,833)**	**(1,297)**
Closing net book amount as at 12 July 2015	**67,598**	**10,880**

Additions comprise continuing investments to maintain our facilities at state of the art levels, extend the range of products supplied and continuously deliver first class service and increases in production efficiency. At 12 July 2015 commitments for the purchase of property, plant and equipment totalled £nil.

9 Borrowings

	12 July 2015 £'000	13 July 2014 £'000	28 December 2014 £'000
Current	**11,539**	7,168	10,687
Non-current	**31,480**	18,035	32,573
Total borrowings	**43,019**	25,203	43,260

Movements in borrowings is analysed as follows:

	28 weeks ended 12 July 2015 £'000	28 weeks ended 13 July 2014 £'000	52 weeks ended 28 December 2014 £'000
Opening amount	**43,260**	29,720	29,720
Exchange adjustments	**(817)**	(563)	(730)
New borrowings	**2,735**	15,473	36,193
Increase in bank overdrafts	**-**	704	-
Repayment of borrowings	**(2,159)**	(20,131)	(21,923)
Closing amount	**43,019**	25,203	43,260

10 Ordinary shares

	Number of shares (thousands)	Ordinary shares £'000	Total £'000
At 30 December 2013	72,157	7,216	7,216
Issue of new shares on exercise of employee share options	280	28	28
At 13 July 2014	72,437	7,244	7,244
At 29 December 2014	**72,588**	**7,259**	**7,259**
Issue of new shares on exercise of employee share options	**241**	**24**	**24**
At 12 July 2015	**72,829**	**7,283**	**7,283**

11 Cash, cash equivalents and bank overdrafts

For the purpose of the interim condensed cash flow statement, cash, cash equivalents and bank overdrafts comprise of the following:

	28 weeks ended 12 July 2015 £'000	28 weeks ended 13 July 2014 £'000
Cash and cash equivalents	**40,546**	19,586
Bank overdrafts	**-**	(704)
Cash, cash equivalents and bank overdrafts	**40,546**	18,882

12 Related party transactions

The Directors do not consider there to be one ultimate controlling party. The company noted below is deemed to be a related party by way of a joint venture agreement.

Sales made on an arm's length basis on normal credit terms to related parties were as follows:

	28 weeks ended 12 July 2015 £'000	28 weeks ended 13 July 2014 £'000	52 weeks ended 28 December 2014 £'000
Woolworths Limited and subsidiaries - recharge of joint venture costs	**762**	964	1,245

Amounts owing from related parties were as follows:

	12 July 2015 £'000	13 July 2014 £'000	28 December 2014 £'000
Woolworths Limited and subsidiaries	**253**	942	33

13 Financial instruments

The fair value of the financial assets and liabilities approximate their carrying amounts.

Auditors’ review report

Independent review report to Hilton Food Group plc

Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed the condensed consolidated interim financial statements, defined below, in the interim results of Hilton Food Group plc for the 28 weeks to 12 July 2015. 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 Hilton Food Group plc, comprise:
- the balance sheet as at 12 July 2015;
- the income statement and statement of comprehensive income for the period then ended;
- the cash flow statement for the period then ended;
- the 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 interim 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 interim 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 interim results including the condensed consolidated interim financial statements are the responsibility of, and have been approved by, the Directors. The Directors are responsible for preparing the interim 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 interim results 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
Belfast

7 September 2015

The maintenance and integrity of the Hilton Food Group 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.