Half year report
2016

The specialist international retail meat packing business

Business overview

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 17 July 2016.

Despite challenging market conditions we are pleased to report good volume and profit growth with profitability benefiting from favourable exchange rate movements. We have made strategic progress particularly in terms of geographic expansion with the roll out in Australia and the early stages of a partnership with Sonae in Portugal. We continue to grow our existing business through innovation and product development including the establishment of a meat trading business in the UK to utilise our industry experience, procurement strength and trade contacts together with the Swedish range extension into pizzas later in the year. We will continue with our strategy of furthering the geographic reach of the Hilton model exploring a range of new expansion opportunities.

Robert Watson OBE, Chief Executive

Financial and Strategic Highlights

	28 weeks to 17 July 2016	28 weeks to 12 July 2015	Percentage growth	53 weeks to 3 January 2016
Volume (tonnes)	133,706	127,913	4.5%	244,140
Turnover	£631.9m	£579.2m	9.1%	£1,094.8m
Operating profit	£17.3m	£13.7m	25.7%	£29.0m
Profit before tax	£16.7m	£13.2m	26.7%	£27.9m
Cash inflow before minorities, dividends and financing	£12.8m	£13.4m	(4.2)%	£31.7m
Net cash/(debt)	£21.6m	£(2.5)m		£12.7m
Basic earnings per share	16.9p	13.2p	28.0%	27.5p
Interim dividend to be paid on 2 December 2016	4.6p	4.1p	12.2%	14.6p

- Strong growth in underlying profitability with a 21.3% growth in operating profit on a constant currency basis
- Encouraging volume growth despite challenging retail grocery markets with higher UK volumes following the investment bedding-in phase, encouraging growth in Ireland and further progress in Holland and Central Europe
- Good turnover growth enhanced by favourable currency translation (up 5.3% on a constant currency basis)
- Roll out of the new facility in Melbourne, Australia on schedule
- Further strategic progress achieved with a co-operation agreement signed with Sonae in Portugal and range extension in Sweden to supply fresh pizzas
- Continued strong cash generation and an ungeared balance sheet
- Interim dividend increased from 4.1p to 4.6p, an increase of 12.2%

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.

Review of operations

The Group is presenting its interim results for the 28 weeks to 17 July 2016, together with comparative information for the 28 weeks to 12 July 2015 and the 53 weeks to 3 January 2016. The interim results of the Group are prepared in accordance with IAS 34 as adopted by the European Union (EU).

The wide geographical spread of the Group's operations across Europe and 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.

A high proportion of the Group's sales are earned in currencies other than its reporting currency and the results reported in Sterling have been favourably impacted by the recent relative weakness of Sterling against these currencies.

Over the 28 weeks to 17 July 2016 the average exchange rates for some of the various overseas currencies in which the Group trades have strengthened against Sterling compared with the corresponding period in 2015. The Euro, Danish Krone and Swedish Krona all strengthened by in excess of 6%.

Western Europe

Operating profit of £18.1m (2015: £15.4m) on turnover of £586.6m (2015: £539.9m)

Volume growth of 4.6% was achieved in Western Europe with UK volumes building during the investment bedding-in phase, encouraging growth in Ireland, further progress in Holland and continued product innovation and range extension. Turnover increased by 8.6% reflecting the volume growth enhanced by favourable exchange rate movements. In Sweden turnover was higher partly due to the limited availability and high price of Swedish pork and will be increased by the supply of fresh pizzas later in the year. Conditions in Denmark remain challenging.

Consumer spending has remained subdued across Europe and retail markets remain very competitive. In this environment we have continued to concentrate on product and packaging innovation and development with our customers, extending the range of products supplied and maintaining our unremitting focus on product quality, integrity and traceability. The higher volumes and favourable currency translation increased segment profitability. Additionally a new meat trading business, Hilton Food Solutions, which is a logical development given Hilton's procurement strengths and extensive global contacts in the meat trade, started successfully at the beginning of 2016.

Central Europe

Operating profit of £1.3m (2015: £1.1m) on turnover of £45.3m (2015: £39.3m)

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 continued to face competitive markets characterised by a high degree of consumer price sensitivity. Volumes were 3.9% higher than in the corresponding period last year and turnover reported in Sterling increased by 15.2%, reflecting the volume growth and favourable exchange translation.

Central costs and other

Net operating cost £2.1m (2015: £2.8m)

This segment includes the service fee income from our Australian joint venture of £1.5m (2015: £0.6m), Australian start-up and support costs of £0.2m (2015: £0.5m) and central costs of £3.4m (2015: £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.

Volumes at the Melbourne plant in Victoria which commenced operations in September 2015 continue to build in line with the agreed plan. Overall service fee income was 166% higher than 2015 reflecting volumes from this new facility. Start-up costs have moderated following the commencement of production at Melbourne.

Investment in our existing facilities

Hilton continues to invest in all its European facilities maintaining 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 £6.5m (2015: £6.8m).

Outlook

Hilton continues 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 is well equipped to confront such challenges and deliver continued growth.

The outcome of the EU Referendum and the unavoidable subsequent uncertainty over the nature and timing of the UK's exit from the EU will mean that currency exchange rates versus Sterling are likely to be unpredictable over the remainder of 2016. The Group expects results for the full year to be in line with the Board's expectations.

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

Financial review

Hilton's underlying trading performance remained strong, despite competitive retail grocery markets and uncertain macroeconomic conditions. Volumes increased by 4.5%, reflecting the investment bedding-in phase with Tesco in the UK, encouraging growth in our Irish business and further progress in Holland and Central Europe. Turnover increased by 9.1% to £631.9m (2015: £579.2m) and by 5.3% on a constant currency basis. Further details of turnover and volume growth by segment are detailed in the Review of operations on pages 2 and 3.

Operating profit for the first 28 weeks of 2016 was 25.7% higher at £17.3m (2015: £13.7m) and 21.3% higher on a constant currency basis driven by organic European volume growth, the roll out of the new Melbourne facility, lower start-up costs and the successful start of Hilton's UK meat trading business. The operating profit margin increased to 2.7% compared with 2.4% in the corresponding period last year.

Net finance costs, at £0.6m, were similar to last year (2015: £0.6m) with Sterling and European inter-bank offered rates remaining close to historically low levels. Interest cover was 29 times (2015: 24 times).

The taxation charge for the period was £3.3m (2015: £2.9m), representing an effective underlying rate of tax of 19.7%, as compared with 21.7% last year. Profit after taxation, at £13.4m, was £3.1m or 29.9% above last year (2015: £10.3m) reflecting higher operating profit and the lower effective rate of taxation.

The share of profit in our joint venture of £1.5m (2015: £0.6m) comprises the Group's fifty per cent share of the post-tax profits of our Australian joint venture company, which earns processing fee income at Bunbury, Western Australia and Melbourne, Victoria. Start-up costs incurred in Australia during the period were £0.2m (2015: £0.5m).

Basic earnings per share in the first 28 weeks of 2016, at 16.9p, were 28.0% above last year's level.

The Directors will declare an interim dividend of 4.6 pence per share, amounting to £3.4m (compared with an interim dividend of 4.1 pence per share in 2015) to be paid on 2 December 2016, to shareholders on the register at close of business on 4 November 2016.

In the first 28 weeks the Group generated £12.8m of cash inflow, before minorities, dividends and financing (2015: £13.4m). Cash balances at 17 July 2016 were £56.2m which, net of borrowings of £34.6m, resulted in a net cash position of £21.6m (£12.7m net cash at 3 January 2016).

At 17 July 2016 the Group had undrawn overdraft and loan borrowing facilities of £31.7m (£39.3m at 3 January 2016).

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, on pages 2 and 3. As at the date of this report the Directors have a reasonable expectation that the Group has adequate resources and, having reassessed the principal risks, consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

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 and 23 of the Hilton Food Group plc 2015 Annual report and financial statements. 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 when it comes to contractual renewal terms at 5 to 10 year intervals;
- The Group's growth potential is dependent on the success of its customers and the future growth of their packed meat sales;
- The progress of 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 operating at standards that can continuously achieve the specifications set by Hilton and its customers; and
- Outbreaks of disease and feed contamination affecting livestock and media concerns relating to these and instances of product adulteration can impact the Group's sales.

These risks and uncertainties are expected to remain unchanged for the remainder of the 2016 financial year, over which the economic environment across northern Europe is expected to continue to improve, but potentially both somewhat unevenly and gradually.

The UK's decision to leave the European Union is not considered a material risk as it will logically only affect product flows between EU countries and those outside the EU, which in the Hilton context are fairly limited, with most of Hilton's sales in each country made to its retail partner in that country. This could change if it results in a major slowdown in consumer demand in the UK, but no material impact has been experienced to date.

The risks and uncertainties outlined above had no material adverse impact on the results for the 28 weeks to 17 July 2016, beyond the continuing effects of the difficult macroeconomic environment across Europe on consumer spending levels, as identified in this interim management report.

Colin Smith OBE
Non-Executive Chairman

Robert Watson OBE
Chief Executive
12 September 2016

Statement of Directors' responsibilities

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

(a) the 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 24 weeks of the year); and

(c) the 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 2015 on pages 32 and 33 and a list is also maintained on the Hilton Food Group plc website at www.hiltonfoodgroupplc.com. Since 3 January 2016 Sir David Naish, Theo Bergman and Chris Marsh left the Board with John Worby and Christine Cross being appointed to the Board.

On behalf of the Board

Robert Watson OBE
Chief Executive

Nigel Majewski
Chief Financial Officer

Income statement

Continuing operations	Notes	28 weeks ended 17 July 2016 £'000	28 weeks ended 12 July 2015 £'000
Revenue	4	631,863	579,204
Cost of sales		(554,654)	(508,518)
Gross profit		77,209	70,686
Distribution costs		(5,800)	(5,399)
Administrative expenses		(55,613)	(52,100)
Share of profit in joint venture		1,480	556
Operating profit	4	17,276	13,743
Finance income		47	42
Finance costs		(650)	(624)
Finance costs – net		(603)	(582)
Profit before income tax		16,673	13,161
Income tax expense	5	(3,286)	(2,859)
Profit for the period		13,387	10,302
Profit attributable to:			
Owners of the parent		12,338	9,587
Non-controlling interests		1,049	715
		13,387	10,302
Earnings per share for profit attributable to owners of the parent			
– Basic (pence)	7	16.9	13.2
– Diluted (pence)	7	16.6	13.0

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

Statement of comprehensive income

	28 weeks ended 17 July 2016 £'000	28 weeks ended 12 July 2015 £'000
Profit for the period	13,387	10,302
Other comprehensive income		
Items that may be subsequently reclassified to the income statement		
Currency translation differences	7,046	(4,009)
Other comprehensive income for the period net of tax	7,046	(4,009)
Total comprehensive income for the period	20,433	6,293
Total comprehensive income attributable to:		
Owners of the parent	18,732	5,962
Non-controlling interests	1,701	331
	20,433	6,293

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

Balance sheet

	Notes	17 July 2016 £'000	12 July 2015 £'000	3 January 2016 £'000
Assets				
Non-current assets				
Property, plant and equipment	8	68,770	67,598	67,230
Intangible assets	8	9,245	10,880	10,073
Investments		3,204	1,653	2,396
Deferred income tax assets		1,003	560	1,000
		82,222	80,691	80,699
Current assets				
Inventories		21,920	18,174	18,272
Trade and other receivables		124,133	99,311	96,095
Current income tax assets		1,881	1,536	–
Cash and cash equivalents		56,223	40,546	52,806
		204,157	159,567	167,173
Total assets		286,379	240,258	247,872
Equity and liabilities				
Equity				
Share capital	10	7,317	7,283	7,286
Share premium		8,869	7,697	8,191
Employee share schemes reserve		1,561	791	901
Foreign currency translation reserve		1,905	(5,649)	(4,489)
Retained earnings		87,491	75,385	82,829
Reverse acquisition reserve		(31,700)	(31,700)	(31,700)
Merger reserve		919	919	919
Equity attributable to owners of the parent		76,362	54,726	63,937
Non-controlling interests		5,549	4,458	4,938
Total equity		81,911	59,184	68,875
Liabilities				
Non-current liabilities				
Borrowings	9	22,512	31,480	28,405
Deferred income tax liabilities		1,840	1,589	1,654
		24,352	33,069	30,059
Current liabilities				
Borrowings	9	12,125	11,539	11,728
Trade and other payables		167,991	136,466	136,537
Current income tax liabilities		–	–	673
		180,116	148,005	148,938
Total liabilities		204,468	181,074	178,997
Total equity and liabilities		286,379	240,258	247,872

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 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, recognised directly in equity		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
Balance at 4 January 2016		7,286	8,191	901	(4,489)	82,829	(31,700)	919	63,937	4,938	68,875
Comprehensive income											
Profit for the period		–	–	–	–	12,338	–	–	12,338	1,049	13,387
Other comprehensive income											
Currency translation differences		–	–	–	6,394	–	–	–	6,394	652	7,046
Total comprehensive income		–	–	–	6,394	12,338	–	–	18,732	1,701	20,433
Transactions with owners											
Issue of new shares	10	31	678	–	–	–	–	–	709	–	709
Adjustment in respect of employee share schemes		–	–	660	–	–	–	–	660	–	660
Dividends paid	6	–	–	–	–	(7,676)	–	–	(7,676)	(1,090)	(8,766)
Total transactions with owners, recognised directly in equity		31	678	660	–	(7,676)	–	–	(6,307)	(1,090)	(7,397)
Balance at 17 July 2016		7,317	8,869	1,561	1,905	87,491	(31,700)	919	76,362	5,549	81,911

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

Cash flow statement

	28 weeks ended 17 July 2016 £'000	28 weeks ended 12 July 2015 £'000
Cash flows from operating activities		
Cash generated from operations	25,625	23,585
Interest paid	(650)	(624)
Income tax paid	(5,690)	(2,865)
Net cash generated from operating activities	19,285	20,096
Cash flows from investing activities		
Purchases of property, plant and equipment	(6,482)	(6,790)
Proceeds from sale of property, plant and equipment	19	60
Purchases of intangible assets	(30)	(6)
Interest received	47	42
Net cash used in investing activities	(6,446)	(6,694)
Cash flows from financing activities		
Proceeds from borrowings	–	2,735
Repayments of borrowings	(7,075)	(2,159)
Issue of new shares	709	486
Dividends paid to owners of the parent	(7,676)	(6,919)
Dividends paid to non-controlling interests	(1,090)	(659)
Dividends received from joint venture	1,105	–
Net cash used in financing activities	(14,027)	(6,516)
Net (decrease)/increase in cash and cash equivalents	(1,188)	6,886
Cash and cash equivalents at beginning of the period	52,806	35,586
Exchange gains/(losses) on cash and cash equivalents	4,605	(1,926)
Cash and cash equivalents at end of the period	56,223	40,546

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 12 September 2016.

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 53 weeks ended 3 January 2016 were approved by the Board of Directors on 30 March 2016 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 17 July 2016 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 53 weeks ended 3 January 2016 which have been prepared in accordance with IFRS as adopted by the European Union.

Estimates

The preparation of condensed consolidated interim financial information 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 consolidated interim financial information, 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 53 weeks ended 3 January 2016, 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 53 weeks ended 3 January 2016, 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

Standards, amendments and interpretations effective in 2016 but not relevant to the Group's operations
Amendment to IAS 1 'Presentation of financial statements' on disclosure initiative
Amendment to IAS 16 'Property, plant & equipment' and IAS 38 'Intangible assets' on depreciation
Amendment to IAS 27 'Separate financial statements' on the equity method
Amendment to IFRS 11 'Joint arrangements' on an acquisition of an interest in a joint operation

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 17 July 2016		
Western Europe	586,576	18,114
Central Europe	45,287	1,307
Central costs and other	–	(2,145)
Total	631,863	17,276
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

	17 July 2016 £'000	12 July 2015 £'000	3 January 2016 £'000
Total assets			
Western Europe	252,328	215,397	224,739
Central Europe	23,643	19,275	17,836
Central costs and other	7,524	3,490	4,297
Total segment assets	283,495	238,162	246,872
Current income tax assets	1,881	1,536	–
Deferred income tax assets	1,003	560	1,000
Total assets per balance sheet	286,379	240,258	247,872

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 52 weeks to 1 January 2017 is 19.7%. The estimated average annual effective tax rate for the 28 weeks ended 12 July 2015 was 21.7%.

6 Dividends

	28 weeks ended 17 July 2016 £'000	28 weeks ended 12 July 2015 £'000
Second interim dividend paid 9.2p per ordinary share (2015: nil)	6,725	–
Final dividend paid 1.3p per ordinary share (2015: 9.5p)	951	6,919
Total dividends paid	7,676	6,919

The Directors will declare an interim dividend of 4.6 pence per share payable on 2 December 2016 to shareholders who are on the register at 4 November 2016. This interim dividend, amounting to £3.4m has not been recognised as a liability in this condensed consolidated interim financial information. It will be recognised in shareholders' equity in the 52 weeks to 1 January 2017.

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 period.

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 17 July 2016		28 weeks ended 12 July 2015	
		Basic	Diluted	Basic	Diluted
Profit attributable to equity holders of the Company	(£'000)	12,338	12,338	9,587	9,587
Weighted average number of ordinary shares in issue	(thousands)	73,104	73,104	72,661	72,661
Adjustment for share options	(thousands)	–	1,005	–	1,060
Adjusted weighted average number of ordinary shares	(thousands)	73,104	74,109	72,661	73,721
Basic and diluted earnings per share	(pence)	16.9	16.6	13.2	13.0

8 Property, plant and equipment and intangible assets

	Property, plant and equipment £'000	Intangible assets £'000
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
28 weeks ended 17 July 2016		
Opening net book amount as at 4 January 2016	67,230	10,073
Exchange adjustments	4,210	463
Additions	6,482	30
Disposals	(12)	–
Depreciation and amortisation	(9,140)	(1,321)
Closing net book amount as at 17 July 2016	68,770	9,245

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 17 July 2016 commitments for the purchase of property, plant and equipment totalled £nil (2015: £nil).

9 Borrowings

	17 July 2016 £'000	12 July 2015 £'000	3 January 2016 £'000
Current	12,125	11,539	11,728
Non-current	22,512	31,480	28,405
Total borrowings	34,637	43,019	40,133

Movements in borrowings is analysed as follows:

	28 weeks ended 17 July 2016 £'000	28 weeks ended 12 July 2015 £'000	53 weeks ended 3 January 2016 £'000
Opening amount	40,133	43,260	43,260
Exchange adjustments	1,579	(817)	(306)
New borrowings	–	2,735	3,336
Repayment of borrowings	(7,075)	(2,159)	(6,157)
Closing amount	34,637	43,019	40,133

10 Ordinary shares

	Number of shares (thousands)	Ordinary shares £'000	Total £'000
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
At 4 January 2016	72,863	7,286	7,286
Issue of new shares on exercise of employee share options	307	31	31
At 17 July 2016	73,170	7,317	7,317

11 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.

Transactions between related parties on an arm's length basis were as follows:

	28 weeks ended 17 July 2016 £'000	28 weeks ended 12 July 2015 £'000	53 weeks ended 3 January 2016 £'000
Woolworths Limited and subsidiaries			
Recharge of joint venture costs	907	762	1,581
Joint venture dividends received	1,105	–	–

Amounts owing from related parties were as follows:

	17 July 2016 £'000	12 July 2015 £'000	3 January 2016 £'000
Woolworths Limited and subsidiaries	436	253	605

12 Financial instruments

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

Independent review report

Independent review report to Hilton Food Group plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Hilton Food Group's condensed consolidated interim financial information (the "interim financial statements") in the half year report of Hilton Food Group plc for the 28 week period ended 17 July 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, 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 we have reviewed

The interim financial statements comprise:

- the Balance sheet as at 17 July 2016;
- 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 interim financial statements.

The interim financial statements included in the half year report 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.

As disclosed in note 2 to the interim financial statements, 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.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

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

Our responsibility is to express a conclusion on the interim financial statements in the half year 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 Rules and Transparency Rules of the United Kingdom's 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.

What a review of condensed consolidated financial statements involves

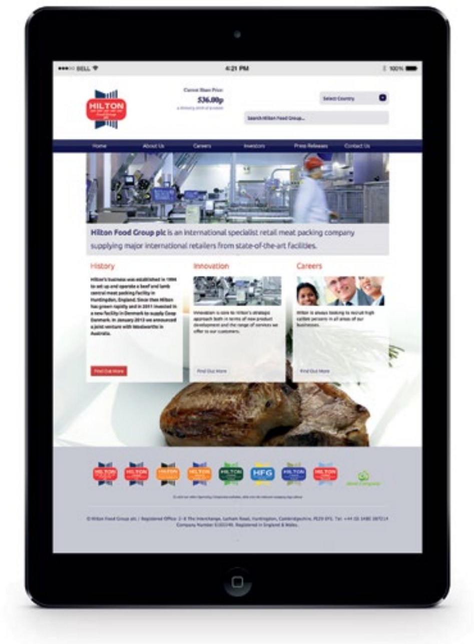
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial 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.

PricewaterhouseCoopers LLP
Chartered Accountants
Belfast
12 September 2016

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.



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