Tuesday 10 September 2013

Hilton Food Group plc

Interim results for the 28 weeks to 14 July 2013

Continuing turnover growth and geographical expansion

Hilton Food Group plc, the leading European specialist retail meat packing business supplying major international food retailers, is pleased to announce its interim results for the 28 weeks to 14 July 2013.

	28 weeks to 14 July 2013	28 weeks to 15 July 2012	Percentage growth	52 weeks to 30 December 2012
Volume (tonnes)	116,942	116,179	0.7%	219,217
Turnover	£593.8m	£543.0m	9.4%	£1,031.0m
Operating profit	£13.4m	£13.3m	1.2%	£26.0m
Profit after tax	£10.0m	£9.6m	4.0%	£18.9m
Free cash flow before dividends and financing	£8.7m	£8.6m	1.2%	£20.5m
Net debt	£1.6m	£14.9m		£5.2m
Earnings per share	13.0p	12.8p	1.6%	24.9p
Interim dividend to be paid on 29 November 2013	3.65p	3.4p	7.4%	12.0p

- Good progress made with the new joint venture in Australia
  - conversion of Woolworth's Bunbury facility in Western Australia on schedule
  - construction of a new purpose built retail packing facility for Woolworths in Victoria recently confirmed, with operations expected to commence in 2015
- Further turnover growth achieved in Europe, reflecting new product introductions, particularly in Holland, and the recovery of higher meat input prices
- Continuing weakness in consumer spending, with volume growth held back both by the higher meat prices across Europe and short term industry issues in the UK and Ireland
- Growth in underlying profitability offset by initial start-up costs of £0.5m incurred for our new joint venture in Australia
- Strong cash generation enabling net debt to be reduced to £1.6m (December 2012: £5.2m)
- Robust balance sheet with the interim dividend increased from 3.4p to 3.65p, an increase of 7.4%

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

"We are pleased to have achieved further growth despite challenging market conditions. Strategically we continue to make strong progress and were able to announce last month the construction of a new purpose built retail packing facility in Victoria, Australia, to be operated by our joint venture company. Our aim is to continue to extend the geographic reach of the Hilton model and we continue to look for new opportunities".

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Financial review

The Group is presenting its interim results for the 28 weeks to 14 July 2013, together with comparative information for the 28 weeks to 15 July 2012 and the 52 weeks to 30 December 2012. 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 has remained good, despite the impact of short term industry issues in the UK and Ireland and weak macroeconomic conditions across most of our European markets. Volumes increased by 0.7%, reflecting the introduction of new product lines in Holland, partly offset by continuing pressure from higher raw material meat prices on consumer demand. Turnover rose by 9.4% to £593.8m (2012: £543.0m) as the Group benefitted from the recovery of higher raw material meat prices and the favourable impact of exchange rate movements. 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 2013, at £13.4m, was 1.2% ahead of the corresponding period last year, despite the impact of the initial start-up costs in Australia which reduced operating profit by 3.8%.

The operating profit margin was 2.3%, compared with 2.4% in the first 28 weeks of 2012, reflecting the impact of increased raw material prices within our fixed packing rate contracts.

Net finance costs, at £0.5m, were lower than last year (2012: £0.7m) with reduced levels of net debt and sterling and euro inter-bank offered rates remaining close to historically low levels. Interest cover was 29 times (18 times in the corresponding period last year).

The taxation charge for the period was £2.9m (2012: £2.9m), representing an effective underlying rate of tax of 22.6%, as compared with 23.1% last year. Profit after taxation, at £10.0m, was £0.4m (4.0%) above last year (2012: £9.6m) with higher operating profit, reduced finance costs, the initial joint venture income and a slightly lower effective rate of taxation.

The share of profit in our joint venture of £0.1m comprises the Group's 50% share of the post-tax profits of our Australian joint venture company, which started earning processing fee income at Bunbury from mid May 2013. Currently this income is based on low levels of retail packed meat volumes prior to the completion of the conversion of the Bunbury facility which will materially increase the volume of retail packed products delivered from this site. Start-up costs are always incurred in advance of and during major plant conversions and new builds and over the first 28 weeks £0.5m of start-up costs were incurred in Australia.

Basic earnings per share in the first 28 weeks of 2013, at 13.0p, were 1.6% ahead of those for the first half of last year with a 3.4% increase in net income 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 3.65 pence per share, amounting to £2.6m (compared with an interim dividend of 3.4 pence per share in 2012) to be paid on 29 November 2013, to shareholders on the register at close of business on 1 November 2013.

In the first 28 weeks the Group generated £8.7m of free cash flow, before dividends and financing, as compared to an inflow of £8.6m last year. Group borrowings, net of cash balances of £29.8m, were £1.6m at 14 July 2013 (£5.2m at 30 December 2012 and £14.9m at 15 July 2012).

At 14 July 2013 the Group had undrawn overdraft borrowing facilities of £18.4m (£18.2m at 30 December 2012).

The principal risks and uncertainties facing the Group's businesses

Hilton has well developed processes and structures for identifying and 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 Business review on pages 22 to 25 of the Hilton Food Group plc Annual Report and financial statements 2012. 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 with respect to the last 24 weeks of the 2013 financial year, over which the economic environment across Europe is only expected to improve gradually.

The risks and uncertainties outlined above had no material adverse impact on the results for the 28 weeks to 14 July 2013, beyond the continuing effects of the difficult macroeconomic environment across Europe on consumer spending levels and the short term industry raw material contamination issues in the UK and Ireland, as identified in this interim management report.

Related parties

During 2012 the last remaining Company shareholder owned supplier ceased to be a related party supplier.

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 predictive, 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 2017. 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 broad spread of the Group's operations initially across Europe and more recently into the Asia Pacific region represents a material strength, in terms of progressively reducing Hilton's dependence on any one national economy, particularly during less predictable economic times.

Western Europe

Operating profit of £12.0m (2012: £11.9m) on turnover of £543.5m (2012: £493.2m)

Further turnover and volume growth was achieved in Western Europe, driven by product innovation and range extension. Turnover growth was 10.2%, reflecting both the recovery of higher raw material meat costs and the impact of favourable exchange rate movements. The volume of product being handled by the new robotic store order picking facility in Denmark is continuing to build and an additional packing line has been installed at our Danish facility to increase capacity and manage weekend and promotional peaks. In Holland new lines have been introduced, including sliced products and pork strips.

Consumer spending has remained weak and in this environment we have continued to work hard with our customers on product and packaging development, extending the range of products supplied and maintaining our unremitting focus on product quality, integrity and traceability.

Central Europe

Operating profit of £1.4m (2012: £1.4m) on turnover of £50.3m (2012: £49.8m)

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 has expanded extremely rapidly in recent years, but in the first 28 weeks of 2013 it faced very competitive markets characterised by a high degree of consumer price sensitivity. Volumes were consequently lower than in the corresponding period last year and turnover growth was only marginally higher, despite favourable exchange rate movements. Some deboning of primal meat cuts, formerly undertaken by raw material meat suppliers, is now being undertaken at the site in order to ensure product quality levels.

Australia

Share of profit in joint venture £0.1m (2012: £nil)

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 Woolworth's meat processing and packing plants, based on the volume of retail packed meat delivered to Woolworth's stores.

In May 2013 the joint venture company took over responsibility for the operation of Woolworth's Western Australian meat processing centre in Bunbury, near Perth. The conversion of this facility to enable a substantial increase in retail packed meat production is proceeding to plan, with increased retail packed volumes scheduled for late 2013 and early 2014. Volumes will until then remain at their current low levels.

In August 2013 the building of a purpose built retail packing facility near Melbourne in Victoria was announced which will be operated by the joint venture company and is expected to commence production in 2015.

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 £7.2m (2012: £4.8m).

Our Staff

The progress made by the Group in the first half of 2013 against a continuing difficult 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 and turnover growth through difficult and uncertain economic times. We expect consumers' drive for value to continue, but with up to date and well invested facilities, a broadening 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.

Pressure from tight consumer expenditure and high meat prices is expected to continue in Europe over the remainder of 2013 and the Group will incur further start-up costs in Australia in relation to the recently announced facility in Victoria. The Group nevertheless expects profits for the full year to be in line with the Board's expectations, after factoring in the impact of the increased Australian start-up costs.

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

Sir David Naish DL
Non-Executive Chairman

Robert Watson OBE
Chief Executive

9 September 2013

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 24 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 2012 on pages 28 and 29 and there have been no changes in Directors since 30 December 2012, 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	Note	**28 weeks ended 14 July 2013 £'000**	28 weeks ended 15 July 2012 £'000
Revenue	4	**593,821**	542,988
Cost of sales		**(522,797)**	(476,195)
Gross profit		**71,024**	66,793
Distribution costs		**(5,188)**	(4,791)
Administrative expenses		**(52,495)**	(48,743)
Share of profit in joint venture		**80**	-
Operating profit	4	**13,421**	13,259
Finance income		**74**	86
Finance costs		**(542)**	(809)
Finance costs – net		**(468)**	(723)
Profit before income tax		**12,953**	12,536
Income tax expense	5	**(2,927)**	(2,897)
Profit for the period		**10,026**	9,639

Profit attributable to:			
Owners of the parent		**9,270**	8,964
Non-controlling interests		**756**	675
		10,026	9,639

Earnings per share for profit attributable to owners of the parent			
- Basic (pence)	7	**13.0**	12.8
- Diluted (pence)	7	**12.9**	12.6

Statement of comprehensive income

	28 weeks ended 14 July 2013 £'000	28 weeks ended 15 July 2012 £'000
Profit for the period	**10,026**	9,639
Other comprehensive income		
Currency translation differences	**2,063**	(2,224)
Other comprehensive income for the period net of tax	**2,063**	(2,224)
Total comprehensive income for the period	**12,089**	7,415

Total comprehensive income attributable to:		
Owners of the parent	**11,118**	6,948
Non-controlling interests	**971**	467
	12,089	7,415

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

Balance sheet

	Note	**14 July 2013 £'000**	15 July 2012 £'000	30 December 2012 £'000
Assets				
Non-current assets				
Property, plant and equipment	8	**56,290**	53,551	56,162
Intangible assets	8	**2,963**	1,676	1,857
Deferred income tax assets		**1,110**	1,081	1,111
Investments in joint ventures		**73**	-	-
		60,436	56,308	59,130
Current assets				
Inventories		**23,351**	21,891	21,885
Trade and other receivables		**126,428**	102,867	107,811
Current income tax assets		**1,247**	804	699
Cash and cash equivalents		**29,764**	26,507	31,428
		180,790	152,069	161,823
Total assets		**241,226**	208,377	220,953
Equity				
Share capital	10	**7,157**	7,082	7,087
Share premium		**3,849**	1,969	2,562
Employee share schemes reserve		**1,321**	1,711	1,238
Foreign currency translation reserve		**3,947**	275	2,099
Retained earnings		**58,063**	48,721	54,932
Reverse acquisition reserve		**(31,700)**	(31,700)	(31,700)
Merger reserve		**919**	919	919
Capital and reserves attributable to owners of the parent		**43,556**	28,977	37,137
Non-controlling interests		**4,040**	3,052	3,835
Total equity		**47,596**	32,029	40,972
Liabilities				
Non-current liabilities				
Borrowings	9	**20,430**	30,119	25,133
Deferred income tax liabilities		**2,076**	935	1,579
		22,506	31,054	26,712
Current liabilities				
Borrowings	9	**10,958**	11,283	11,497
Trade and other payables		**159,700**	133,815	141,772
Current income tax liabilities		**466**	196	-
		171,124	145,294	153,269
Total liabilities		**193,630**	176,348	179,981
Total equity and liabilities		**241,226**	208,377	220,953

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

Statement of changes in equity

	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
		Attributable to owners of the parent									
Balance at 2 January 2012		6,985	372	1,558	2,291	45,392	(31,700)	919	25,817	3,452	29,269
Comprehensive income											
Profit for the period		-	-	-	-	8,964	-	-	8,964	675	9,639
Other comprehensive income											
Currency translation differences		-	-	-	(2,016)	-	-	-	(2,016)	(208)	(2,224)
Total comprehensive income		-	-	-	(2,016)	8,964	-	-	6,948	467	7,415
Transactions with owners											
Issue of new shares	10	97	1,597	-	-	-	-	-	1,694	-	1,694
Adjustment in respect of employee share schemes		-	-	153	-	-	-	-	153	-	153
Dividends paid	6	-	-	-	-	(5,635)	-	-	(5,635)	(867)	(6,502)
Total transactions with owners		97	1,597	153	-	(5,635)	-	-	(3,788)	(867)	(4,655)
Balance at 15 July 2012		7,082	1,969	1,711	275	48,721	(31,700)	919	28,977	3,052	32,029
Balance at 31 December 2012		**7,087**	**2,562**	**1,238**	**2,099**	**54,932**	**(31,700)**	**919**	**37,137**	**3,835**	**40,972**
Comprehensive income											
Profit for the period		**-**	**-**	**-**	**-**	**9,270**	**-**	**-**	**9,270**	**756**	**10,026**
Other comprehensive income											
Currency translation differences		**-**	**-**	**-**	**1,848**	**-**	**-**	**-**	**1,848**	**215**	**2,063**
Total comprehensive income		**-**	**-**	**-**	**1,848**	**9,270**	**-**	**-**	**11,118**	**971**	**12,089**
Transactions with owners											
Issue of new shares	**10**	**70**	**1,287**	**-**	**-**	**-**	**-**	**-**	**1,357**	**-**	**1,357**
Adjustment in respect of employee share schemes		**-**	**-**	**83**	**-**	**-**	**-**	**-**	**83**	**-**	**83**
Dividends paid	**6**	**-**	**-**	**-**	**-**	**(6,139)**	**-**	**-**	**(6,139)**	**(766)**	**(6,905)**
Total transactions with owners		**70**	**1,287**	**83**	**-**	**(6,139)**	**-**	**-**	**(4,699)**	**(766)**	**(5,465)**
Balance at 14 July 2013		**7,157**	**3,849**	**1,321**	**3,947**	**58,063**	**(31,700)**	**919**	**43,556**	**4,040**	**47,596**

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

Cash flow statement

	28 weeks ended 14 July 2013 £'000	28 weeks ended 15 July 2012 £'000
Cash flows from operating activities		
Cash generated from operations	**18,949**	18,141
Interest paid	**(542)**	(809)
Income tax paid	**(2,585)**	(4,123)
Net cash generated from operating activities	**15,822**	13,209
Cash flows from investing activities		
Purchase of property, plant and equipment	**(5,973)**	(4,734)
Proceeds from sale of property, plant and equipment	**64**	98
Purchase of intangible assets	**(1,241)**	(20)
Interest received	**74**	86
Net cash used in investing activities	**(7,076)**	(4,570)
Cash flows from financing activities		
Proceeds from borrowings	**-**	1,213
Repayments of borrowings	**(6,192)**	(4,636)
Issue of new shares	**1,357**	1,694
Dividends paid to company shareholders	**(6,139)**	(5,635)
Dividends paid to non-controlling interests	**(766)**	(867)
Net cash used in financing activities	**(11,740)**	(8,231)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**(2,994)**	408
Cash, cash equivalents and bank overdrafts at start of period	**31,428**	27,345
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts	**1,330**	(1,246)
Cash, cash equivalents and bank overdrafts at end of period	**29,764**	26,507

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 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 maintains a Premium Listing on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 9 September 2013.

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 30 December 2012 were approved by the Board of Directors on 27 March 2013 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 14 July 2013 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 30 December 2012 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 52 weeks ended 30 December 2012, as described in those annual financial statements.

Investments in joint ventures
Joint ventures are all entities which the Group exercises joint control and has an interest in the net assets of that entity. Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

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 2013 but not relevant to the Group's operations

Amendment to IAS 1 'Presentation of financial statements'
IAS 19 (revised 2011) 'Employee Benefits'
IFRIC 20 'Stripping costs in the production phase of a surface mine'

4 Segment information

Management has 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) 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 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/ segment result £'000**
28 weeks ended 14 July 2013		
Western Europe	**543,509**	**11,981**
Central Europe	**50,312**	**1,360**
Other	**-**	**80**
Total	**593,821**	**13,421**
28 weeks ended 15 July 2012		
Western Europe	493,156	11,914
Central Europe	49,832	1,345
Total	542,988	13,259

	14 July 2013 £'000	15 July 2012 £'000	30 December 2012 £'000
Total assets			
Western Europe	**214,251**	182,832	198,113
Central Europe	**24,545**	23,660	21,030
Other	**73**	-	-
Total segment assets	**238,869**	206,492	219,143
Current income tax assets	**1,247**	804	699
Deferred income tax assets	**1,110**	1,081	1,111
Total assets per balance sheet	**241,226**	208,377	220,953

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 29 December 2013 is 22.6%. The estimated average annual tax rate for the 28 weeks ended 15 July 2012 was 23.1%.

6 Dividends

	28 weeks ended 14 July 2013 £'000	28 weeks ended 15 July 2012 £'000
Final dividend paid 8.6p (2012: 8.0p) per ordinary share	**6,139**	5,635
Total dividends paid	**6,139**	5,635

The Directors will declare an interim dividend of 3.65 pence per share payable on 29 November 2013 to shareholders who are on the register at 1 November 2013. This interim dividend, amounting to £2.6m has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the 52 weeks to 29 December 2013.

7 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to owners of the parent 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 14 July 2013		28 weeks ended 15 July 2012	
		Basic	**Diluted**	Basic	Diluted
Profit attributable to equity holders of the company	(£'000)	**9,270**	**9,270**	8,964	8,964
Weighted average number of ordinary shares in issue	(thousands)	**71,181**	**71,181**	70,272	70,272
Adjustment for share options	(thousands)	**-**	**798**	-	727
Adjusted weighted average number of ordinary shares	(thousands)	**71,181**	**71,979**	70,272	70,999
Basic and diluted earnings per share	(pence)	**13.0**	**12.9**	12.8	12.6

8 Property, plant and equipment and intangible assets

	Property, plant and equipment £'000	**Intangible assets £'000**
28 weeks ended 15 July 2012		
Opening net book amount as at 2 January 2012	59,179	1,907
Exchange adjustments	(2,539)	(47)
Additions	4,734	20
Disposals	(110)	-
Depreciation and amortisation	(7,713)	(204)
Closing net book amount as at 15 July 2012	53,551	1,676
28 weeks ended 14 July 2013		
Opening net book amount as at 31 December 2012	**56,162**	**1,857**
Exchange adjustments	**2,254**	**57**
Additions	**5,973**	**1,241**
Disposals	**(62)**	**-**
Depreciation and amortisation	**(8,037)**	**(192)**
Closing net book amount as at 14 July 2013	**56,290**	**2,963**

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 14 July 2013 commitments for the purchase of property, plant and equipment totalled £166,211.

9 Borrowings

	14 July 2013 £'000	15 July 2012 £'000	30 December 2012 £'000
Current	**10,958**	11,283	11,497
Non-current	**20,430**	30,119	25,133
Total borrowings	**31,388**	41,402	36,630

Movements in borrowings is analysed as follows:

	28 weeks ended 14 July 2013 £'000	28 weeks ended 15 July 2012 £'000	52 weeks ended 30 December 2012 £'000
Opening amount	**36,630**	46,055	46,055
Exchange adjustments	**950**	(1,230)	(430)
New borrowings	**-**	1,213	1,229
Repayment of borrowings	**(6,192)**	(4,636)	(10,224)
Closing amount	**31,388**	41,402	36,630

10 Share capital

	Number of shares (thousands)	Ordinary shares £'000	Total £'000
At 2 January 2012	69,849	6,985	6,985
Issue of new shares on exercise of employee share options	970	97	97
At 15 July 2012	70,819	7,082	7,082
At 31 December 2012	**70,866**	**7,087**	**7,087**
Issue of new shares on exercise of employee share options	**707**	**70**	**70**
At 14 July 2013	**71,573**	**7,157**	**7,157**

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 common Directors.

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

	28 weeks ended 14 July 2013 £'000	28 weeks ended 15 July 2012 £'000	52 weeks ended 30 December 2012 £'000
Hilton Meats (International) Limited – sales	**-**	699	1,673
Hilton Meats (International) Limited – purchases	**-**	43,135	61,724

Amounts owing to and from related parties were as follows:

	14 July 2013 £'000	15 July 2012 £'000	30 December 2012 £'000
Amounts owing to related parties			
Hilton Meats (International) Limited	**-**	4,521	6
Amounts owing from related parties			
Hilton Meats (International) Limited	**-**	94	326

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

Hilton Meats (International) Limited ceased to be a related party during 2012.

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 interim financial report for the 28 weeks ended 14 July 2013 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 interim 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 interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct 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 interim 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 interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct 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 interim financial report for the 28 weeks ended 14 July 2013 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 Conduct Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Belfast

9 September 2013

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