BAKKAVOR

13 August 2015

Half Year Results
for the 26 weeks ended 27 June 2015

£ million	Q2 2015	Q2 2014		H1 2015	H1 2014	
Revenue	**440.9**	434.2	2%	**866.4**	842.1	3%
Like-for-like Revenue[1]	**441.5**	439.5	-	**867.4**	851.8	2%
Adjusted EBITDA[2]	**38.1**	33.5	14%	**65.4**	57.2	14%
Adjusted EBITDA margin[2]	**8.6%**	7.7%	90bps	**7.5%**	6.8%	70bps
Free cash flow[3]	**36.0**	23.0	13.0	**30.5**	8.7	21.8

Highlights

- Strong revenue growth in our International business offset by challenging market conditions in the UK
- Adjusted EBITDA margin improvement underpinned by productivity investments and strict control of costs
- Leverage ratio down to 3.7 times reflecting strong cash generation
- Completion of refinancing generates future interest savings

Commenting on the results, Agust Gudmundsson, Chief Executive Officer said:

"It has been another quarter of good progress but we expect the trading environment to continue to be challenging due to a combination of price deflation and a highly competitive grocery market. We remain focused on our core strategic objectives of close partnering with our customers and selective investment to drive growth, technical excellence and product innovation. This strategy, combined with our leading market position and improved financial strength is a strong platform and gives us confidence for the period ahead."

Key
1. Like-for-like revenue excludes the impact of acquisitions, disposals, closures, and foreign exchange translation but includes the Group's share of revenue generated by associates.
2. Adjusted EBITDA - The Group manages the performance of its businesses through the use of 'Adjusted EBITDA'. EBITDA is generally defined as operating profit / loss before share of results of associates, depreciation, amortisation and asset impairments. In calculating Adjusted EBITDA, we further exclude restructuring costs and royalty charges. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total revenue from continuing operations.
3. Free cash flow is defined as the amount of cash generated by the business, after meeting all its obligations for interest, tax and pensions, and after investments in tangible assets but excluding payments relating to historic UK tax liabilities.

Business Performance

The Group reported revenues of £440.9 million for the 13 weeks to 27 June 2015, an increase of 1.5% on the prior year. On a like-for-like basis, excluding acquisitions, sold and closed businesses and at constant currency, revenue growth was 0.5% as strong performances from our International operations were largely offset by challenging market conditions in the UK.

UK

£ million	**Q2 2015**	Q2 2014	chg	LFL[1] chg	**H1 2015**	H1 2014	chg	LFL[1] chg
Revenue	**387.8**	394.2	(2%)	(2%)	**760.0**	758.3	-	-
Adjusted EBITDA[2]	**34.3**	32.3	6%		**58.2**	54.5	7%	
Adjusted EBITDA (%)	**8.8%**	8.2%	60bps		**7.7%**	7.2%	50bps	

Revenues in our UK business totalled £387.8 million in the second quarter, reflecting the slowdown in growth seen by major customers, the ongoing impact of deflation and our exit from low margin business such as the recent closure of our Yorkshire fresh prepared fruit facility.

We have passed on price reductions from raw material deflation, but we continue to see pressure on labour costs across our operations and this is likely to accelerate with the introduction of the national living wage in April 2016.

In spite of this lack of revenue growth we saw a 60 basis point improvement in Adjusted EBITDA margin over the quarter to 8.8%. This reflects our ongoing focus on cost control, driving efficiency and a disciplined approach to low margin business.

Our core categories of meals, breads, desserts, pizza and salads continued to perform strongly following recent investments and restructuring activities. We remain committed to investing in these core categories, focusing on expanding our capabilities, maintaining our high standards and driving efficiency to improve margin.

International

£ million	**Q2 2015**	Q2 2014	chg	LFL[1] chg	**H1 2015**	H1 2014	chg	LFL[1] chg
Revenue	**53.1**	40.0	33%	20%	**106.4**	83.8	27%	17%
Adjusted EBITDA[2]	**3.8**	1.2	217%		**7.2**	2.7	167%	
Adjusted EBITDA (%)	**7.2%**	3.0%	420bps		**6.8%**	3.2%	360bps	

On a like-for-like basis, revenues in our International division grew 20% in the quarter.

Our US business enjoyed strong revenue growth with our key customers as the US market for short-shelf life products continued to develop. We also benefited from the ongoing good performance of our recent acquisition in North Carolina.

In Asia, our business maintained the growth it saw earlier in the year and enjoyed another positive quarter as volumes increased with core customers.

In Europe, our Italian pizza operation enjoyed a significant uplift in EBITDA, as the business benefited from both raw material deflation and a favourable exchange rate on its sales to the US. Since the quarter end, the Group has disposed of its remaining 60 per cent interest in this business. This transaction enables the Group to focus on its strategic growth areas of the US and Asia, although this will also lead to lower margins in our International division going forward.

In Belgium, we have restructured our operations in the past months to address ongoing profitability, and this resulted in £0.9 million of exceptional charges in the period.

Cash flow, net debt and leverage

Free cash generation improved by £13.0 million in the quarter compared to the same period in 2014 as we benefited from increased profitability, effective working capital management and rephasing of capital projects. Despite this improvement, net debt increased slightly to £486.1 million at the end of June from £472.7 million at December 2014. This increase included the payment of £19.3 million to acquire B. Robert's Foods in North Carolina, a £9.8 million payment relating to historic UK tax liabilities which remain subject to ongoing discussions and royalty payments of £3.4 million to Bakkavor Group Limited.

The Group completed a refinancing in April, taking advantage of attractive interest rates in the market and the Group's improved financial strength. Proceeds from an increase in bank debt allowed the early call of £140 million of 2018 Senior Secured Notes. The total cost of this refinancing amounted to £7.2 million which included the early redemption call premium of £5.8 million.

We continue to focus on reducing debt, with leverage down to 3.7 times at the end of June 2015 compared to 4.4 times in June 2014. The Group continues to operate with good headroom against all financial covenants and our liquidity position remains strong.

Outlook

We expect the trading environment to continue to be challenging due to a combination of price deflation and a highly competitive grocery market. We remain focused on our core strategic objectives of close partnering with our customers and selective investment to drive growth, technical excellence and product innovation. This strategy, combined with our leading market position and improved financial strength is a strong platform and gives us confidence for the period ahead.

Appendices

Free Cash Flow[3]

£ million	Q2 2015	Q2 2014	H1 2015	H1 2014
Adjusted EBITDA[2]	**38.1**	33.5	**65.4**	57.2
Working capital	**20.6**	11.7	**12.3**	(0.1)
Pensions (cash and non-cash)	**(1.0)**	(1.0)	**(1.9)**	(1.8)
Interest paid	**(10.2)**	(8.4)	**(25.6)**	(25.1)
Tax paid	**(3.9)**	(0.3)	**(4.3)**	(0.4)
Capital expenditure (net)	**(7.6)**	(12.5)	**(15.4)**	(21.1)
Free cash generated from operating activities[3]	**36.0**	23.0	**30.5**	8.7

Reconciliation of Operating Profit to Adjusted EBITDA

£ million	Q2 2015	Q2 2014	H1 2015	H1 2014
Operating profit	**26.6**	19.0	**41.8**	30.4
Add:				
Depreciation	**8.6**	8.9	**17.4**	17.8
Amortisation	**1.5**	2.1	**3.7**	4.3
Exceptional items (net)	**0.9**	3.6	**2.0**	6.9
Parent royalty charge	**0.6**	-	**0.6**	-
Profit on disposal of property, plant and equipment	**-**	(0.1)	**-**	(0.2)
Profit on disposal of subsidiaries	**-**	-	**-**	(1.8)
Share of results of associates after tax	**(0.1)**	-	**(0.1)**	(0.2)
Adjusted EBITDA	**38.1**	33.5	**65.4**	57.2

Analyst and Investor Call

On 13 August 2015 a conference call facility will be available for analysts and investors at 2pm (UK time). The conference call details can be requested from:

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Bakkavor at a Glance

We are a leading provider of fresh prepared foods, employing over 18,000 people globally and producing over 5,500 products in 18 different categories.

In the UK, we continue to be the number one producer by value in 13 of the 16 categories of chilled food we supply to the market. Products include ready meals, pizzas, salads, desserts, soups and sauces.

Our customers include some of the UK's best known grocery retailers including Tesco, Marks & Spencer, Sainsbury's, Waitrose, Asda and Morrisons, who sell our products to consumers under their respective retailer brands.

We also have operations in Continental Europe, the US and Asia, supplying fresh prepared food products to both retail and foodservice customers.

Forward-looking statements:
This announcement may contain certain forward-looking statements with respect to Bakkavor's expectations and plans, strategy, management objectives, future developments and performance costs, revenues and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Certain statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Any forward-looking statements made by or on behalf of Bakkavor speak only as of the date they are made. Bakkavor does not undertake to update forward-looking statements to reflect any changes in Bakkavor's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. Nothing in this announcement should be construed as a profit forecast. Past performance cannot be relied on as a guide to future performance.

This report, the most recent Annual Report and other information are available on Bakkavor's website at http://www.bakkavor.com. Neither the content of Bakkavor's website nor any other website accessible by hyperlinks from Bakkavor's websites are incorporated in, or form part of, this announcement.

Bakkavor Finance (2) plc
Condensed consolidated financial statements
26 weeks ended 27 June 2015

Bakkavor Finance (2) plc

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Bakkavor Finance (2) plc

Condensed consolidated income statement for the 2nd quarter

£ million	13 weeks ended 27 June 2015 Before non-recurring items	Non-recurring items	Total	13 weeks ended 28 June 2014 Before non-recurring items	Non-recurring items	Total
Continuing operations						
Revenue	**440.9**	**-**	**440.9**	434.2	-	434.2
Cost of sales	**(315.5)**	**-**	**(315.5)**	(315.9)	-	(315.9)
Gross profit	**125.4**	**-**	**125.4**	118.3	-	118.3
Distribution costs	**(21.2)**	**-**	**(21.2)**	(20.6)	-	(20.6)
Other administrative costs	**(76.2)**	**-**	**(76.2)**	(75.1)	-	(75.1)
Royalty charge	**(0.6)**	**-**	**(0.6)**	-	-	-
Exceptional items (net)	**-**	**(0.9)**	**(0.9)**	-	(3.6)	(3.6)
Total administrative costs	**(76.8)**	**(0.9)**	**(77.7)**	(75.1)	(3.6)	(78.7)
Share of results of associates	**0.1**	**-**	**0.1**	-	-	-
Operating profit/(loss)	**27.5**	**(0.9)**	**26.6**	22.6	(3.6)	19.0
Finance costs	**(21.1)**	**-**	**(21.1)**	(13.8)	-	(13.8)
Other gains and (losses)	**1.8**	**-**	**1.8**	(0.4)	-	(0.4)
Profit/(loss) before tax	**8.2**	**(0.9)**	**7.3**	8.4	(3.6)	4.8
Tax	**(0.8)**	**-**	**(0.8)**	(0.5)	0.2	(0.3)
Profit/(loss) for the period	**7.4**	**(0.9)**	**6.5**	7.9	(3.4)	4.5
Attributable to:						
Equity holders of the parent	**6.2**	**(0.9)**	**5.3**	7.7	(3.4)	4.3
Non-controlling interest	**1.2**	**-**	**1.2**	0.2	-	0.2
	7.4	**(0.9)**	**6.5**	7.9	(3.4)	4.5

Bakkavor Finance (2) plc

Condensed consolidated income statement

£ million	Notes	26 weeks ended 27 June 2015 Before non-recurring items	Non-recurring items	Total	26 weeks ended 28 June 2014 Before non-recurring items	Non-recurring items	Total
Continuing operations							
Revenue	3	**866.4**	**-**	**866.4**	842.1	-	842.1
Cost of sales		**(624.8)**	**-**	**(624.8)**	(615.8)	-	(615.8)
Gross profit		**241.6**	**-**	**241.6**	226.3	-	226.3
Distribution costs		**(42.5)**	**-**	**(42.5)**	(41.0)	-	(41.0)
Other administrative costs		**(154.8)**	**-**	**(154.8)**	(150.0)	-	(150.0)
Royalty charge		**(0.6)**	**-**	**(0.6)**	-	-	-
Exceptional items (net)	4	**-**	**(2.0)**	**(2.0)**	-	(6.9)	(6.9)
Total administrative costs		**(155.4)**	**(2.0)**	**(157.4)**	(150.0)	(6.9)	(156.9)
Profit on disposal of subsidiaries		**-**	**-**	**-**	-	1.8	1.8
Share of results of associates		**0.1**	**-**	**0.1**	0.2	-	0.2
Operating profit/(loss)		**43.8**	**(2.0)**	**41.8**	35.5	(5.1)	30.4
Finance costs	5	**(34.0)**	**-**	**(34.0)**	(27.5)	-	(27.5)
Other losses (net)		**(1.6)**	**-**	**(1.6)**	-	-	-
Profit/(loss) before tax		**8.2**	**(2.0)**	**6.2**	8.0	(5.1)	2.9
Tax		**(0.8)**	**0.2**	**(0.6)**	(0.6)	1.0	0.4
Profit/(loss) for the period		**7.4**	**(1.8)**	**5.6**	7.4	(4.1)	3.3
Attributable to:							
Equity holders of the parent		**5.5**	**(1.8)**	**3.7**	7.2	(4.1)	3.1
Non-controlling interest		**1.9**	**-**	**1.9**	0.2	-	0.2
		7.4	**(1.8)**	**5.6**	7.4	(4.1)	3.3

Bakkavor Finance (2) plc

Condensed consolidated statement of comprehensive income

£ million	13 weeks ended 27 June 2015	13 weeks ended 28 June 2014	26 weeks ended 27 June 2015	26 weeks ended 28 June 2014
Profit for the period	**6.5**	4.5	**5.6**	3.3
Other comprehensive income/(expense)				
Items that will not be reclassified to the income statement:				
Actuarial (loss)/gain on defined benefit pension schemes	**(3.7)**	1.4	**(10.7)**	0.3
Tax relating to components of other comprehensive income	**0.8**	(0.3)	**2.2**	(0.1)
	(2.9)	1.1	**(8.5)**	0.2
Items that may subsequently be reclassified to the income statement:				
Exchange differences on translation of foreign operations	**(5.6)**	(2.0)	**(3.9)**	(3.1)
Net exchange losses recycled to income statement on disposal of subsidiaries	**-**	-	**-**	1.7
	(5.6)	(2.0)	**(3.9)**	(1.4)
Total other comprehensive expense	**(8.5)**	(0.9)	**(12.4)**	(1.2)
Total comprehensive (expense)/income	**(2.0)**	3.6	**(6.8)**	2.1
Attributable to:				
Equity holders of the parent	**(3.0)**	3.6	**(7.9)**	2.1
Non-controlling interest	**1.0**	-	**1.1**	-
	(2.0)	3.6	**(6.8)**	2.1

Bakkavor Finance (2) plc

Condensed consolidated statement of financial position

£ million	Notes	**27 June 2015**	27 December 2014
Non-current assets			
Goodwill	6	**657.9**	642.1
Other intangible assets		**5.6**	9.4
Property, plant and equipment	7	**274.6**	277.8
Interests in associates		**10.4**	10.9
Other investments		**0.1**	0.1
Retirement benefit asset		**-**	6.7
		948.6	947.0
Current assets			
Inventories	8	**58.0**	64.3
Trade and other receivables	9	**202.4**	201.3
Cash and cash equivalents		**19.6**	24.6
Derivative financial instruments		**-**	0.5
		280.0	290.7
Total assets		**1,228.6**	1,237.7
Current liabilities			
Trade and other payables	10	**(366.2)**	(364.1)
Current tax liabilities		**(4.8)**	(18.3)
Borrowings	11	**(21.4)**	(9.2)
Provisions		**(0.7)**	(0.6)
Derivative financial instruments		**(8.5)**	(6.9)
		(401.6)	(399.1)
Non-current liabilities			
Trade and other payables	10	**(0.2)**	(0.2)
Borrowings	11	**(483.8)**	(487.1)
Provisions		**(11.5)**	(11.5)
Deferred tax liabilities		**(14.6)**	(16.9)
Retirement benefit liability		**(2.1)**	-
		(512.2)	(515.7)
Total liabilities		**(913.8)**	(914.8)
Net assets		**314.8**	322.9

Bakkavor Finance (2) plc

Condensed consolidated statement of financial position (continued)

£ million	**27 June 2015**	27 December 2014
Equity		
Share capital	**0.1**	0.1
Share premium	**315.2**	315.2
Merger reserve	**45.2**	45.2
Capital reserve	**4.0**	4.0
Translation reserve	**14.4**	17.5
Retained earnings	**(72.7)**	(67.9)
Shareholders' equity	**306.2**	314.1
Non-controlling interest	8.6	8.8
Total equity	**314.8**	322.9

Bakkavor Finance (2) plc

Condensed consolidated statement of changes in equity

	Equity attributable to equity holders of the Company								
£ million	**Share capital**	**Share premium**	**Merger reserve**	**Capital reserve**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
26 weeks ended 28 June 2014									
Balance at 29 December 2013	**0.1**	**315.2**	**45.2**	**4.0**	**14.8**	**(77.8)**	**301.5**	**-**	**301.5**
Profit for the period	-	-	-	-	-	3.1	3.1	0.2	3.3
Other comprehensive (expense)/income for the period	-	-	-	-	(1.2)	0.2	(1.0)	(0.2)	(1.2)
Total comprehensive (expense)/income for the period	**-**	-	**-**	**-**	**(1.2)**	**3.3**	**2.1**	**-**	**2.1**
Disposal of investment	-	-	-	-	-	(1.2)	(1.2)	8.5	7.3
Balance at 28 June 2014	**0.1**	**315.2**	**45.2**	**4.0**	**13.6**	**(75.7)**	**302.4**	**8.5**	**310.9**
26 weeks ended 27 June 2015									
Balance at 28 December 2014	**0.1**	**315.2**	**45.2**	**4.0**	**17.5**	**(67.9)**	**314.1**	8.8	**322.9**
Profit for the period	-	-	-	-	-	3.7	3.7	1.9	5.6
Other comprehensive expense for the period	-	-	-	-	(3.1)	(8.5)	(11.6)	(0.8)	(12.4)
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**-**	**(3.1)**	**(4.8)**	**(7.9)**	**1.1**	**(6.8)**
Dividends paid	-	-	-	-	-	-	-	(1.3)	(1.3)
Balance at 27 June 2015	**0.1**	**315.2**	**45.2**	**4.0**	**14.4**	**(72.7)**	**306.2**	**8.6**	**314.8**

Bakkavor Finance (2) plc

Condensed consolidated statement of cash flows

£ million	Notes	13 weeks ended 27 June 2015	13 weeks ended 28 June 2014	26 weeks ended 27 June 2015	26 weeks ended 28 June 2014
Net cash generated from operating activities	13	**20.5**	32.4	**22.1**	25.6
Investing activities					
Dividends received from associates		**0.5**	0.6	**0.5**	0.6
Purchases of property, plant and equipment		**(7.6)**	(12.7)	**(15.4)**	(21.5)
Proceeds from disposals of property, plant and equipment		**-**	0.2	**-**	0.4
Acquisition of business		**-**	-	**(19.3)**	-
Disposal of subsidiaries net of cash disposed of		**-**	-	**-**	3.5
Disposal of investment		**-**	7.3	**-**	7.3
Net cash used in investing activities		**(7.1)**	(4.6)	**(34.2)**	(9.7)
Financing activities					
Dividends paid		**-**	-	**(1.3)**	-
Increase in borrowings		**136.7**	0.3	**149.4**	3.3
Repayments of borrowings		**(140.1)**	(30.6)	**(140.3)**	(35.0)
Repayments of obligations under finance leases		**(0.1)**	(0.1)	**(0.2)**	(0.2)
Net cash (used in)/generated from financing activities		**(3.5)**	(30.4)	**7.6**	(31.9)
Net increase/(decrease) in cash and cash equivalents		**9.9**	(2.6)	**(4.5)**	(16.0)
Cash and cash equivalents at beginning of period attributable to:					
Continuing operations		**10.1**	33.9	**24.6**	45.0
Assets held for sale		**-**	-	**-**	2.5
Effect of foreign exchange rate changes		**(0.4)**	(0.1)	**(0.5)**	(0.3)
Cash and cash equivalents at end of period		**19.6**	31.2	**19.6**	31.2

Bakkavor Finance (2) plc

Notes to the condensed consolidated financial statements

1. General information

Description of business

Bakkavor Finance (2) plc (the "Company") is a Public Limited Company whose ultimate parent company and controlling party is Bakkavor Group Limited, a company registered in the United Kingdom.

The information for the 26 weeks ended 27 June 2015 and 26 weeks ended 28 June 2014 is unaudited and does not constitute statutory accounts within the meaning of s435 (1) and (2) of the Companies Act 2006. These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. The condensed consolidated interim statement of financial position as at 27 December 2014 has been derived from the consolidated statement of financial position included in the Group's financial statements for the 52 weeks ended 27 December 2014, a copy of which has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include any reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

This financial information does not include all of the information and disclosure required in the annual consolidated financial statements and should be read in conjunction with the Bakkavor Finance (2) plc group's (the "Group") annual financial statements for the 52 weeks ended 27 December 2014, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Principal activities and seasonality

The principal activities of the Group comprise the preparation and marketing of fresh prepared foods and the marketing and distribution of fresh produce. These activities are undertaken in the UK, Continental Europe, Asia and the United States and products are primarily sold through high street supermarkets. The Group's cash flows are affected by seasonal variations. Sales of fresh prepared food have historically tended to be marginally higher during the summer months and in the weeks leading up to Christmas. The Group generally has higher gross profit margins during the summer months because the Group is able to source locally produced raw materials during that period, which reduces costs.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The same accounting policies, presentation, and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the 52 weeks ended 27 December 2014. The Other payables and Accruals figures for 27 December 2014 in note 10 have been restated along with the Increase in receivables and Decrease in payables for the 13 and 26 weeks ended 28 June 2014 in note 13 to conform with the disclosure presentation applied for the 13 and 26 weeks ended 27 June 2015.

Bakkavor Finance (2) plc

Notes to the condensed consolidated financial statements (continued)

3. Segment information

The chief operating decision-maker has been defined as the Management Board headed by the Chief Executive Officer. They review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the segments based on these reports.

As at the statement of financial position date, the Group is organised as follows:

- UK: The preparation and marketing of fresh prepared foods and fresh produce for distribution in the UK.
- International: The preparation and marketing of fresh prepared foods and fresh produce outside of the UK.

The Group's segment measure of profit represents operating profit before exceptional items (as presented in note 4), disposals of subsidiaries and property, plant and equipment and share of results of associates.

The following table provides an analysis of the Group's segment information for the period 28 December 2014 to 27 June 2015:

Continuing operations **£ million**	**UK**	**International**	**Total Group**
Revenue	**760.0**	**106.4**	**866.4**
Segment profit	40.0	4.3	44.3
Royalty charge	(0.6)	-	(0.6)
Exceptional items (net)	(1.1)	(0.9)	(2.0)
Share of results of associates	(0.2)	0.3	0.1
Operating profit	**38.1**	**3.7**	**41.8**
Finance costs			(34.0)
Other losses (net)			(1.6)
Profit before tax			6.2
Tax			(0.6)
Profit for the period			**5.6**
Other segment information			
Depreciation and amortisation	(18.2)	(2.9)	(21.1)
Adjusted EBITDA	**58.2**	**7.2**	**65.4**

Bakkavor Finance (2) plc

Notes to the condensed consolidated financial statements (continued)

3. Segment information (continued)

The following table provides an analysis of the Group's segment information for the period 29 December 2013 to 28 June 2014:

£ million	UK	International	Total Group
Revenue	**758.3**	**83.8**	**842.1**
Segment profit/(loss)	35.4	(0.3)	35.1
Exceptional items (net)	(6.5)	(0.4)	(6.9)
Profit on disposal of property, plant and equipment	0.1	0.1	0.2
Profit on disposal of subsidiaries	-	1.8	1.8
Share of results of associates	(0.2)	0.4	0.2
Operating profit	**28.8**	**1.6**	**30.4**
Finance costs			(27.5)
Profit before tax			2.9
Tax			0.4
Profit for the period			**3.3**
Other segment information			
Depreciation and amortisation	(19.1)	(3.0)	(22.1)
Adjusted EBITDA	**54.5**	**2.7**	**57.2**

Bakkavor Finance (2) plc

Notes to the condensed consolidated financial statements (continued)

4. Exceptional items (net)

Exceptional items are those that, in management's judgement, should be disclosed by virtue of their nature or amount. Exceptional items are as follows:

£ million	26 weeks ended 27 June 2015	26 weeks ended 28 June 2014
Restructuring costs	**(2.0)**	(5.6)
Impairment of assets	**-**	(1.3)
	(2.0)	(6.9)

Of the restructuring costs of £2.0 million in 2015, £1.1 million is attributable to the closure of a fresh prepared fruit facility within the UK sector. The other £0.9 million is for the restructuring of the Group's operation in Belgium. The costs are mainly in respect of redundancy payments.

In 2014, the Group restructured its UK businesses. As a consequence of the restructure and other reorganisation initiatives, the Group recognised exceptional charges of £5.6 million in 2014, principally arising from redundancy payments. The Group also recognised an impairment charge to property, plant and equipment of £1.3 million in 2014.

5. Finance costs

£ million	26 weeks ended 27 June 2015	26 weeks ended 28 June 2014
Interest on borrowings	**22.6**	25.0
Interest on obligations under finance leases	**0.1**	0.1
Amortisation of refinancing costs	**5.4**	2.0
Call premium for 2018 Senior Secured Notes	**5.8**	-
Unwinding of discount on provisions	**0.1**	0.4
	34.0	27.5

Bakkavor Finance (2) plc

Notes to the condensed consolidated financial statements (continued)

6. Goodwill

£ million	
At 29 December 2013	**644.4**
Exchange rate difference during the period	(1.4)
At 28 June 2014	**643.0**
At 28 December 2014	**642.1**
Acquisition of business (note 12)	17.7
Exchange rate difference during the period	(1.9)
At 27 June 2015	**657.9**

7. Property, plant and equipment

£ million	
At 29 December 2013	**264.7**
Additions	22.8
Depreciation charge for the period	(17.8)
Impairment of assets	(1.3)
Exchange rate difference during the period	(1.3)
At 28 June 2014	**267.1**
At 28 December 2014	**277.8**
Additions	14.6
Acquisition of business (note 12)	1.0
Depreciation charge for the period	(17.4)
Exchange rate difference during the period	(1.4)
At 27 June 2015	**274.6**

Bakkavor Finance (2) plc

Notes to the condensed consolidated financial statements (continued)

8. Inventories

£ million	27 June 2015	27 December 2014
Raw materials and packaging	**45.9**	51.9
Work-in-progress	**3.1**	2.4
Finished goods	**9.0**	10.0
	58.0	64.3

9. Trade and other receivables

£ million	27 June 2015	27 December 2014
Amounts receivable from trade customers	**167.7**	168.2
Allowance for doubtful debts	**(0.7)**	(1.0)
Net amounts receivable from trade customers	**167.0**	167.2
Other receivables	**15.7**	14.6
Prepayments	**19.7**	19.5
Trade and other receivables due within one year	**202.4**	201.3

10. Trade and other payables

£ million	27 June 2015	27 December 2014
Trade payables	**200.7**	211.1
Other payables	**29.3**	32.4
Accruals	**136.4**	120.8
	366.4	364.3
Less amounts due after one year:		
Other payables	**(0.2)**	(0.2)
Trade and other payables due within one year	**366.2**	364.1

Bakkavor Finance (2) plc

Notes to the condensed consolidated financial statements (continued)

11. Net debt

£ million	27 June 2015	27 December 2014
Analysis of net debt		
Cash and cash equivalents	**19.6**	24.6
Borrowings	**(16.3)**	(1.9)
Unamortised fees	**2.6**	3.9
Interest accrual	**(7.4)**	(10.8)
Finance leases	**(0.3)**	(0.4)
Total debt due within one year	**(21.4)**	(9.2)
Borrowings	**(487.5)**	(493.3)
Unamortised fees	**5.3**	7.9
Finance leases	**(1.6)**	(1.7)
Total debt due after one year	**(483.8)**	(487.1)
Statutory net debt	**(485.6)**	(471.7)
Statutory net debt	**(485.6)**	(471.7)
Unamortised fees	**(7.9)**	(11.8)
Interest accrual	**7.4**	10.8
Operational net debt	**(486.1)**	(472.7)

During the quarter the Group has increased and extended its existing banking facilities. The facilities have been increased from £80 million to £220 million in total and the maturity extended from October 2016 to February 2018. The increase in bank financing, at a lower interest rate cost, has been used to fund the early repayment of £140 million of the existing 8.25% Senior Secured Notes due in 2018. The Group's Receivables Securitisation facility maturity has also been extended to February 2018.

12. Acquisitions

On 12 January 2015, the Group completed the acquisition of the trade and assets of B. Robert's Foods, a private label fresh prepared foods manufacturer based in Charlotte, North Carolina in the United States of America for a cash consideration of £19.3 million (US$ 30 million). The primary reason for the acquisition was to increase the Group's presence in the US.

Under the completion mechanism for the transaction the final value of the assets purchased and the working capital adjustment to the purchase price has not yet been determined.

Bakkavor Finance (2) plc

Notes to the condensed consolidated financial statements (continued)

13. Notes to the condensed consolidated statement of cash flows

£ million	**13 weeks ended 27 June 2015**	13 weeks ended 28 June 2014	**26 weeks ended 27 June 2015**	26 weeks ended 28 June 2014
Operating profit	**26.6**	19.0	**41.8**	30.4
Adjustments for:				
Share of results of associates	**(0.1)**	-	**(0.1)**	(0.2)
Depreciation of property, plant and equipment	**8.6**	8.9	**17.4**	17.8
Amortisation of intangible assets	**1.5**	2.1	**3.7**	4.3
Profit on disposal of property, plant and equipment	**-**	(0.1)	**-**	(0.2)
Profit on disposal of subsidiaries	**-**	-	**-**	(1.8)
Impairment of assets	**-**	1.3	**-**	1.3
Net retirement benefits charge less contributions	**(1.0)**	(1.0)	**(1.9)**	(1.8)
Operating cash flows before movements in working capital	**35.6**	30.2	**60.9**	49.8
Decrease/(increase) in inventories	**0.1**	(2.6)	**6.3**	2.9
Decrease/(increase) in receivables	**2.7**	(8.7)	**1.5**	(13.2)
Increase in payables	**15.0**	23.1	**1.7**	10.3
(Decrease)/increase in exceptional creditor	**(1.3)**	(0.2)	**(0.9)**	2.0
Decrease in provisions	**-**	(0.1)	**-**	(0.1)
Cash generated by operations	**52.1**	41.7	**69.5**	51.7
Income taxes	**(13.7)**	(0.3)	**(14.1)**	(0.4)
Interest paid	**(17.9)**	(9.0)	**(33.3)**	(25.7)
Net cash generated from operating activities	**20.5**	32.4	**22.1**	25.6

14. Retirement benefit schemes

The Group operates a number of pension schemes in the UK and overseas. The schemes are defined contribution, apart from a UK funded defined benefit scheme that was closed to future accrual in March 2011.

For the defined benefit scheme a full actuarial valuation of plan assets and the present value of the defined benefit obligation for funding purposes has been carried out as at 31 March 2013. The results from this valuation were updated for IAS 19 purposes to 27 June 2015 by a qualified independent actuary. Under IAS 19 valuation principles a deficit of £2.1 million (27 December 2014: surplus £6.7 million) has been recognised as at 27 June 2015 in the condensed consolidated statement of financial position.

15. Events after the statement of financial position date

On 14 July 2015 the Group completed the sale of its remaining 60% stake in Italpizza S.r.l, its Italian pizza business to Dreamfood S.r.l.