INTERIM FINANCIAL REPORT
for the half year ended 29 March 2019

21 May 2019

Group on track to achieve FY19 strategic and financial objectives

Greencore Group plc (‘Greencore’ or the ‘Group’), a leading manufacturer of convenience food in the UK, today issues its interim results for the 26 weeks ending 29 March 2019.

HIGHLIGHTS [1,2]

- Pro Forma Revenue Growth of 5.4% in continuing operations, driven by 7.0% growth in food to go categories
- Adjusted Operating Profit growth of 0.9%, representing a 40 bps improvement in Adjusted Operating Margin
- Adjusted EPS growth of 16.4% to 6.4 pence
- Interim dividend increased by 11.4% to 2.45 pence
- ROIC of 14.6%
- US disposal completed with full reset of the Group capital structure
- Net Debt of £284.1m, a reduction of £217.0m since the end of FY18

SUMMARY FINANCIAL PERFORMANCE

	H1 19 £m	H1 18 £m	Change
Group Revenue	701.4	734.9	-4.6%
Pro Forma Revenue Growth			+5.4%
Adjusted EBITDA	62.5	62.4	+0.2%
Adjusted Operating Profit	44.7	44.3	+0.9%
Adjusted Operating Margin	6.4%	6.0%	+40 bps
Group Operating Profit	41.3	16.9	+144.4%
Adjusted Profit Before Tax	37.7	32.2	+17.1%
Group Profit before taxation	5.7	3.6	+58.3%
Adjusted EPS (pence)	6.4	5.5	+16.4%
Group Exceptional Items (after tax)	28.8	(28.2)	
Basic EPS (pence)	10.5	0.3	
Interim dividend per share (pence)	2.45	2.20	+11.4%
Free Cash Flow	(19.4)	11.5	-£30.9m
Net Debt	284.1	522.2	
Net Debt:EBITDA as per financing agreements	1.9x	2.5x	
Return on Invested Capital (“ROIC”)	14.6%	9.7%	+490bps

Commenting on the results, Patrick Coveney, Chief Executive Officer, said:

“‘Greencore has had a good first half to the year, with clear financial and operational progress as we have extended our leadership position in key food to go categories in the UK. We have reshaped and strengthened our capital structure, and now have a robust foundation from which to pursue a range of new food to go product and channel opportunities. While recognising that trading conditions in the wider UK grocery sector remain challenging, the growth outlook for our business continues to be encouraging, underpinned by favourable consumer trends and ongoing investment by our customers. As a result, we believe that our market positioning, capability set, customer relationships, well invested asset network and proven economic model will deliver strong future growth, cash generation and returns.”

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[1] The Group uses Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions are provided in the Appendix to the Interim Financial Report.
[2] H1 18 has been re-presented to show the results of the US business as discontinued operations, with central costs previously allocated to discontinued operations now shown within continuing operations for H1 19 and H1 18.
[3] References to market/category growth rates are based on various IRi/Kantar data for the 24 weeks to 24 March 2019.

DISPOSAL OF GREENCORE'S US BUSINESS AND ASSOCIATED CAPITAL RESTRUCTURE

On 25 November 2018 the Group completed the disposal of its US business to Hearthside Food Solutions LLC. Results for the US business are presented as discontinued operations in the Financial Statements. A profit on disposal of £56.7m was reported in H1 19 to reflect this transaction. Details of H1 19 performance of discontinued operations and disposal of undertakings are included in Note 6.

Following the disposal, the Group fully reset its capital structure. The Group returned £509m of capital to shareholders in the form of a tender offer, executed on 31 January 2019. The Group also reshaped its debt and associated derivative portfolio to reflect the removal of US dollar assets from the business and also refinanced its primary sterling bank debt agreements. An exceptional charge of £25.4m was recognised in H1 19 to reflect this reset.

DIRECTORATE CHANGE

The Group has announced this morning the appointment of Peter Haden to the Board as Executive Director with effect from 21 May 2019. In parallel, he will take up the role of Chief Operating Officer ('COO') of Greencore Group.

OUTLOOK

Greencore performed well in H1 19 and remains on track to deliver its strategic and financial objectives in the seasonally more significant second half of the financial year. The Group anticipates that underlying revenue growth in its key convenience food categories will underpin growth in Adjusted Operating Profit in the full year, notwithstanding trading conditions that are anticipated to remain challenging. This profit growth will also be underpinned by improved operational performance and by progress in the streamlining of central overheads. The Group continues to anticipate that FY19 Net Debt:EBITDA under financing agreements will be at the bottom end of its medium term target range of between 1.5x to 2.0x.

The Group is now focused on a vibrant and dynamic food market in the UK, with a considerably stronger balance sheet and a higher returns profile. It is a leader in structurally advantaged growth categories as a result of its capability set, customer relationships, well invested asset network and proven economic model. The Group sees significant opportunity to broaden its proposition in categories, channels and capabilities, particularly in food to go categories. These opportunities and continued development of the Group's existing business will drive improved returns and enhanced value for shareholders over the medium term.

The Group will report its FY19 Results on 26 November 2019. In addition, the Group will host a Capital Markets Day in London on 26 September 2019. More information on this event will be released in due course.

Forward-looking statements

Certain statements made in this document are forward-looking. These represent expectations for the Group's business, and involve known and unknown risks and uncertainties, many of which are beyond the Group's control. The Group has based these forward-looking statements on current expectations and projections about future events. These forward-looking statements may generally, but not always, be identified by the use of words such as "will", "aims", "anticipates", "continue", "could", "should", "expects", "is expected to", "may", "estimates", "believes", "intends", "projects", "targets", or the negative thereof, or similar expressions.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future and reflect the Group's current expectations and assumptions as to such future events and circumstances that may not prove accurate. A number of material factors could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements. You should not place undue reliance on any forward-looking statements. These forward-looking statements are made as of the date of this interim results statement. The Group expressly disclaims any obligation to publicly update or review these forward-looking statements other than as required by law.

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PRESENTATION

A presentation of the results for analysts and institutional investors will take place at 8.30am today at the Lincoln Centre, 18 Lincoln's Inn Fields, London, WC2A 3ED. This presentation can also be accessed live from the Investor Relations section on www.greencore.com or alternatively via conference call.

Participants wishing to dial into the conference call can do so using the following details:

Ireland number:	+353 (0)1 431 9615
UK number:	+44 (0)20 7192 8000
US number:	+1 631 510 7495
Confirmation code:	3196326

A replay of the presentation will be available on www.greencore.com and also through a 7 day conference call replay facility.

Ireland replay number:	+353 (0)1 553 8777
UK replay number:	+44 (0)33 3300 9785
US replay number:	+1 917 677 7532
Replay code:	3196326

For further information, please contact:

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About Greencore

Greencore is a leading manufacturer of convenience food in the UK. It supplies grocery and other retailers including all of the major UK supermarkets. The Group has strong market positions in a range of categories including sandwiches, sushi, salads, chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Puddings.

On an annual basis, Greencore manufactures around 706 million sandwiches and other food to go products, 144 million chilled prepared meals, and 226 million bottles of cooking sauces, pickles and condiments. The Group carries out around 7,500 deliveries to stores each day.

Greencore has 15 world-class manufacturing sites in the UK, with industry-leading technology and supply chain capabilities. The Group employs approximately 11,300 people and is headquartered in Dublin, Ireland.

For further information go to www.greencore.com or follow Greencore on social media.

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OPERATING REVIEW[1,2,3]

Convenience Foods UK & Ireland

	H1 19 £m	H1 18 £m	Change (As reported)	Change (Pro Forma basis)
Revenue	701.4	734.9	-4.6%	+5.4%
Adjusted Operating Profit	44.7	44.3	+0.9%	
Adjusted Operating Margin %	6.4%	6.0%	+40 bps	
Group Operating Profit	41.3	16.9	+144.4%	

Strategic developments

In the first half of the financial year, the Group's continuing operations performed well against its strategic, organisational, commercial, operational and financial objectives.

The Group is focussing on extending its leadership position in food to go categories, comprising sandwiches, sushi and salads. In these categories in particular, the Group is playing an increasing role in supporting customer growth via product, formats and channel initiatives. This is reflected in the Group's strong underlying revenue growth in these categories, supported by the positive impact of business wins secured over the last twelve months.

In H1 19 the Group completed the reset of its ready meals product and facility footprint. This included the phasing out of longer life ready meals manufacturing at Kiveton and the transfer of volume to other facilities. This, combined with investments made particularly in the Warrington facility, position the business well to drive future growth and improve returns.

At an organisational level, the single UK leadership structure is leveraging the combined scale of the business as it engages with customers. The Group's excellence and efficiency programmes are progressing well and, in addition, the plan to reduce central costs post the disposal of the Group's US business remains on track.

Performance

Reported revenue from continuing operations declined by 4.6% to £701.4m in H1 19, primarily reflecting the impact of site disposals and exits (Hull, Evercreech and Kiveton ready meals). Pro Forma Revenue Growth was 5.4%. Adjusted Operating Profit rose by 0.9% to £44.7m. Adjusted Operating Margin in H1 19 rose by 40bps to 6.4%, including the central costs previously allocated to discontinued operations. The H1 19 performance was delivered against the continued backdrop of a challenging UK trading environment characterised by intense retail competition, cost inflation, and cautious consumer demand particularly in the context of uncertainty around Brexit.

H1 19 revenue in the Group's activities in food to go categories totalled £447.1m and accounted for approximately 64% of revenue from continuing operations. Both reported and Pro Forma Revenue Growth in these categories was 7.0%, broadly balanced between underlying product revenue growth and growth in revenue from the distribution of third party products.

Underlying product revenue growth continued to outperform the market and the rate of growth improved as the period progressed. The growth outlook for food to go categories remains encouraging, underpinned by favourable consumer trends and ongoing investment by retail customers.

Revenue for the distribution of third party products accounted for approximately 8% of sales in continuing operations with continued strong growth in H1 19 benefitting from the annualised impact of new business won during FY18. This is one of a set of capabilities beyond product manufacturing that the Group provides customers, which deepen and enhance these commercial relationships.

The Group's other convenience categories comprise activities in the chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Pudding categories, as well the Irish ingredient trading businesses. Reported revenue across these businesses declined by 19.8% to £254.3m. Pro Forma Revenue increased by 2.8%, when excluding foreign exchange movements, sites either disposed of or that have ceased trading, and the impact on transition to IFRS 15 *Revenue from contracts with customers*.

Pro Forma Revenue Growth was driven by the ambient cooking sauce business, with ready meals revenue broadly unchanged. The performance in the cooking sauce business was driven by strong volume growth, particularly in the first quarter, as the business, and own label overall, won market share. Revenue in the Group's Irish ingredient trading businesses also advanced on higher volumes.

Inflation trends in the Group's main UK cost components were broadly as anticipated. Raw material and packaging costs rose by just over 1% in H1 19 as certain commodity costs continued to increase. Direct labour inflation in the UK was approximately 5% in the period, once more primarily due to the effect of increased National Living Wage levels on the Group's wage structure. The Group mitigated the overall effects of this inflation during H1 19 by working with customers on a variety of cost and innovation programmes, and via internal cost efficiency initiatives.

As noted previously, Adjusted Operating Profit in continuing operations showed modest progress in H1 19 with an increase of £0.4m to £44.7m. In its food to go categories, the Group generated an improved performance in the period, driven by volume growth and a strong operational performance. Performance in the ready meals business was impacted during the period as the Group completed the reset of its product and facility footprint at Warrington, Kiveton and Consett. There were modest profits advances in other parts of the business.

Brexit

The period was one of particular uncertainty around Brexit and the Group engaged intensively with customers and other stakeholders to plan for potential Brexit scenarios. While the overall financial impact associated with this preparation was minimal in the period, the Group incurred modest incremental working capital outflows.

The Group has been engaged in Brexit planning since the result of the referendum was first announced and monitors closely the potential implications of Brexit on its business, particularly in the areas of volume, material sourcing and labour availability. A multi-functional team meets on an ongoing basis to assess Brexit-related risks, build mitigation plans, test alternative scenarios and support dialogue with our customers, government, the wider industry and other stakeholders.

The Group continues to believe that the risks from Brexit are manageable in the medium-term, while acknowledging that the near-term challenges associated with a disorderly exit remain uncertain.

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Group Cash Flow and Returns

	H1 19 £m	H1 18 £m	Change
Free Cash Flow	(19.4)	11.5	-£30.9m
Net Debt	284.1	522.2	
Net Debt:EBITDA as per financing agreements	1.9x	2.5x	
ROIC	14.6%	9.7%	+490bps

Strategic developments

The Group completed the disposal of its US business on 25 November 2018 and subsequently reset its capital structure.

The Group returned £509m of capital to shareholders in the form of a tender offer executed in January 2019. The Group also reshaped its debt and associated derivative portfolio to reflect the removal of US dollar assets from the business and refinanced its primary sterling bank debt agreements. As at 29 March 2019 the Group had committed facilities of £461m with a weighted average maturity of 4.5 years.

The Group is committed to focussing on dynamic capital management, balancing the ongoing strategic and investment needs of the Group, leverage reduction, returns to shareholders and a progressive dividend policy.

The Group continues to anticipate that FY19 Net Debt:EBITDA as measured under financing agreements will be at the bottom end of its medium term target range of between 1.5x to 2.0x, absent significant organic or inorganic investment.

Performance

Several factors had a specific impact on cash flow performance during H1 19. Principally these were the effects of the disposal of the US business and associated capital restructuring, the timing of dividend payments, and the seasonal working capital outflow typically experienced by the Group in the first half of the financial year.

Free Cash Flow is used to measure the level of cash available for allocation and distribution. This measure is calculated as the net cash inflow/outflow from operating and investing activities before strategic capital expenditure and M&A activity and adjusting for dividends paid to non-controlling interests. Free Cash Flow was a £19.4m outflow in H1 19, primarily reflecting the impact of US cash flows and seasonal working capital outflows in the continuing business.

Net Debt decreased to £284.1m from £522.2m at the end of H1 18 and £501.1m at the end of FY18. The Group's Net Debt:EBITDA leverage as measured under financing agreements was 1.9x, compared to 2.5x at the end of March 2018 and 2.3x at the end of September 2018.

ROIC was 14.6% for the 12 months ended 29 March 2019, compared to 9.7% as reported for the 12 months ended 30 March 2018. This compares to ROIC of 14.9% for the 12 months ended 30 March 2018, as re-presented to reflect the disposal of the US business, with the modest reduction driven by an increased tax rate.

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FINANCIAL REVIEW[1,2]

The Group completed the disposal of its US business on 25 November 2018. The results of this business have been included as discontinued operations in the period under review H1 19 and the comparatives for H1 18 have been re-presented on the same basis, with central costs previously allocated to discontinued operations now shown within continuing operations for H1 19 and H1 18.

Revenue and Adjusted Operating Profit – Continuing operations

Reported revenue in the period was £701.4m, a decrease of 4.6% compared to H1 18. Pro Forma Revenue Growth was 5.4%. Adjusted Operating Profit of £44.7m was 0.9% higher than in H1 18. Improved profits in food to go categories in H1 19 more than offset the impact of a decline in ready meals profitability in the period. Adjusted Operating Margin was 6.4%, 40 basis points higher than the prior year.

Net finance costs – Continuing operations

The Group's net bank interest payable was £7.7m in H1 19, a decrease of £5.0m versus H1 18. The decrease was driven by lower average Net Debt through the first half of the year. No interest on major projects was capitalised during the period (H1 18: £0.3m).

The Group's non-cash finance charge, before exceptional items, in H1 19 was £3.1m (H1 18: £1.1m). The change in the fair value of derivatives and related debt adjustments was a £1.8m charge in H1 19, compared to a non-cash credit of £0.6m in H1 18. The non-cash pension financing charge of £1.3m was £0.4m lower than the H1 18 charge of £1.7m.

The exceptional non-cash finance charges are detailed below in Exceptional Items.

Taxation – Continuing operations

The Group's effective tax rate in H1 19 (including the tax impact associated with pension finance items) was 15% (H1 18: 13%). The rate had historically been lower as a result of the benefit of tax attributes including those acquired as part of the Uniq plc acquisition. Substantially all of these attributes have been recognised on the balance sheet such that there is no additional rate benefit in the current year, nor expected in the future. The future rate is expected to continue to reflect the blend of profits within the Group, heavily influenced by the UK statutory rate.

Exceptional items

The Group had a pre-tax exceptional credit of £28.3m in H1 19, and an after tax credit of £28.8m, comprised as follows:

Exceptional Items	**£m**
Guaranteed Minimum Pension ('GMP') equalisation	(3.0)
Debt restructuring post disposal of Greencore's US business	(25.4)
Profit on disposal of Greencore's US business	56.7
Exceptional items (before tax)	**28.3**
Tax credit on exceptional items	0.5
Exceptional items (after tax)	**28.8**

A cash outflow of £12.6m is included in the debt restructuring charge to reflect the net cash cost of terminating US dollar related swaps. Cash items associated with the disposal of Greencore's US business are detailed in Note 6.

Earnings per share

Adjusted Earnings were £39.5m in the period, £0.8m ahead of prior year levels. Adjusted earnings per share for total operations of 6.4 pence was 16.4% ahead of H1 18 which primarily reflects the impact of a reduction in the number of shares in issue as a result of the tender offer completed in January 2019. Basic earnings per share was 10.5 pence (H1 18: 0.3 pence). The weighted average number of shares in issue in H1 19 was 620.9m (H1 18: 703.0m).

Cash Flow and Net Debt

Adjusted EBITDA from continuing operations was £0.1m higher at £62.5m. EBITDA relating to discontinued operations was £9.1m. The Group incurred a working capital outflow of £51.2m. This included a £21.2m outflow associated with the US business, offset in part by an element of the net cash proceeds from the disposal of the US business. The working capital outflow in continuing operations of £30.0m, reflected the seasonal working capital outflow typically experienced by the Group in the first half of the financial year, modest incremental working capital associated with preparing for Brexit and an outflow associated with business exit during the period. Maintenance capital expenditure of £12.8m was incurred in the period (H1 18: £15.5m). The cash outflow in respect of exceptional charges was £7.7m (H1 18: £13.3m), relating to prior year exceptional charges.

Interest paid in the period was £9.2m (H1 18: £13.1m). Cash tax is low as the Group utilised historical tax attributes in both the UK and the US. The cash tax rate in the period was 4.7% (H1 18: 0.0%). The cash tax rate for the Group is expected to rise towards the Group's effective rate in the medium term as a result of increased profitability and a reduction in the degree to which UK losses may be utilised in any one year.

These movements resulted in an outflow in Free Cash Flow of £19.4m compared to an inflow £11.5m in H1 18.

The Group incurred strategic capital expenditure of £6.1m (H1 18: £14.5m), including expenditure of £1.2m incurred in discontinued operations.

Net cash proceeds from the disposals totalled £811.4m, of which £810.4m related to the disposal of the US business. Following the disposal of the US business, the Group also returned £509.0m of capital to shareholders in the form of a tender offer and used the remainder of the net proceeds to reduce leverage, £12.6m of which was used to repay swaps as part of the reshaping of its debt and derivative portfolio.

Equity dividend cash payments increased significantly to £39.4m (H1 18: £13.0m), reflecting the removal of the scrip dividend option and the subsequent change in the phasing of dividend cash payments (both the interim and final dividend for FY18 were paid during H1 19).

The Group's Net Debt at 29 March 2019 was £284.1m, a decrease of £238.1m in the twelve month period and a decrease of £217.0m from 28 September 2018.

Financing

In the period, the Group also reshaped its debt and associated derivative portfolio to reflect the removal of US dollar assets from the business as well as, in January 2019, refinancing its primary sterling bank debt agreements. The Group remains well financed with committed facilities of £461m at 29 March 2019 and a weighted average maturity of 4.5 years.

Pensions

All legacy defined benefit pension schemes are closed to future accrual and the Group's pension policy with effect from 1 January 2010 is that future service for current employees and new entrants is provided under defined contribution pension arrangements.

The net pension deficit relating to legacy defined pension schemes, before related deferred tax, at 29 March 2019 was £96.9m, £7.6m higher than the position at 28 September 2018. The net pension deficit after related deferred tax was £79.9m, an increase of £6.3m from 28 September 2018. The increase in net pension deficit was driven principally by an increase in UK scheme liabilities as relevant bond yield assumptions were reduced. This includes an increase in liabilities to meet GMP equalisation of benefits for males and females in the Group's legacy defined benefit pension scheme in the UK.

The valuations and funding obligations of the Group's legacy defined benefit pension schemes are assessed on a triennial basis with the relevant trustees. Following the most recent reviews, including the latest agreed actuarial valuation for the Greencore UK Defined Benefit Pension Scheme, the Group's annual cash funding requirement for defined benefit pension schemes is approximately £15m. In the period the Trustees of one of the smaller legacy defined benefit pension schemes in the UK agreed to the purchase of an insurance policy over the scheme liabilities. The Group is assessing opportunities to further de-risk liabilities, that if implemented could modestly increase annual cash funding requirements.

Dividends

The Group announces an interim dividend of 2.45 pence per share, a 11.4% increase on the 2.20 pence dividend in H1 18.

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Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on future Group performance and could cause actual results to differ materially from expected and historical results. The Board considers the risks and uncertainties as described in detail in the section Risks and Risk Management in the Annual Report and Financial Statements for the year ended 28 September 2018 issued on 4 December 2018, to remain applicable in the second half of the year. A description of these risks are uncertainties are set out in the Appendix to the Interim Financial Report.

Responsibility Statement

The Directors are responsible for preparing the Interim Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

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

- the Condensed Group Financial Statements for the half year ended 29 March 2019 have been prepared in accordance with the international accounting standard applicable to interim financial reporting adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- the Interim Management Report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the Condensed Group Financial Statements for the half year ended 29 March 2019 and a description of the principal risks and uncertainties for the remaining six months; and
- the Interim Management Report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties' transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

P.F. Coveney
Chief Executive Officer
Date: 20 May 2019

E.P. Tonge
Chief Financial Officer
Date: 20 May 2019

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CONDENSED GROUP INCOME STATEMENT
for the half year ended 29 March 2019

	Notes	**Half year ended 29 March 2019 (Unaudited)**			Half year ended 30 March 2018 (Unaudited)		
		Pre-exceptional	**Exceptional (Note 5)**	**Total**	Pre-exceptional*	Exceptional (Note 5)*	Total*
		£m	**£m**	**£m**	£m	£m	£m
Continuing operations							
Revenue	3	**701.4**	**–**	**701.4**	734.9	–	734.9
Cost of sales		**(467.8)**	**–**	**(467.8)**	(493.1)	–	(493.1)
Gross profit		**233.6**	**–**	**233.6**	241.8	–	241.8
Operating costs, net		**(188.9)**	**(3.0)**	**(191.9)**	(197.5)	(25.3)	(222.8)
Group Operating Profit before acquisition related amortisation	3	**44.7**	**(3.0)**	**41.7**	44.3	(25.3)	19.0
Amortisation of acquisition related intangibles		**(0.4)**	**–**	**(0.4)**	(2.1)	–	(2.1)
Group Operating Profit		**44.3**	**(3.0)**	**41.3**	42.2	(25.3)	16.9
Finance income	12	**0.7**	**–**	**0.7**	–	–	–
Finance costs	12	**(11.5)**	**(25.4)**	**(36.9)**	(13.8)	–	(13.8)
Share of profit of associates after tax		**0.6**	**–**	**0.6**	0.5	–	0.5
Profit before taxation		**34.1**	**(28.4)**	**5.7**	28.9	(25.3)	3.6
Taxation	7	**(5.4)**	**0.5**	**(4.9)**	(3.8)	4.3	0.5
Profit for the financial period from continuing operations		**28.7**	**(27.9)**	**0.8**	25.1	(21.0)	4.1
Discontinued operations							
Result from discontinued operations	6	**8.9**	**56.7**	**65.6**	6.1	(7.2)	(1.1)
Profit for the financial period		**37.6**	**28.8**	**66.4**	31.2	(28.2)	3.0
Attributable to:							
Equity holders of the Company		**36.3**	**28.8**	**65.1**	30.0	(28.2)	1.8
Non-controlling interests		**1.3**	**–**	**1.3**	1.2	–	1.2
		37.6	**28.8**	**66.4**	31.2	(28.2)	3.0
Earnings per share (pence) – continuing operations							
Basic earnings per share	9			**(0.1)**			0.4
Diluted earnings per share	9			**(0.1)**			0.4
Earnings per share (pence) – total							
Basic earnings per share	9			**10.5**			0.3
Diluted earnings per share	9			**10.5**			0.3

* Re-presented to reflect the change in presentation of discontinued operations as set out in Note 1.

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CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME
for the half year ended 29 March 2019

	Half year ended 29 March 2019 (Unaudited) £m	Half year ended 30 March 2018 (Unaudited) £m
Items of income and expense taken directly to equity for continuing and discontinued operations		
Items that will not be reclassified to profit or loss:		
Actuarial (loss)/gain on Group legacy defined benefit pension schemes	**(11.1)**	11.3
Deferred tax on Group legacy defined benefit pension schemes	**1.9**	(2.2)
	(9.2)	9.1
Items that may subsequently be reclassified to profit or loss:		
Currency translation adjustment	**9.4**	(33.1)
Translation reserve transferred to income statement on discontinued operations	**(24.5)**	–
Hedge of net investment in foreign operation subsidiaries	**–**	17.3
Net investment hedge transferred to Income Statement for the period	**22.3**	–
Cash flow hedges:		
fair value movement taken to equity	**(2.2)**	0.5
transfer to Income Statement for the period	**1.6**	1.2
	6.6	(14.1)
Net income recognised directly within equity	**(2.6)**	(5.0)
Profit for the financial period	**66.4**	3.0
Total recognised income and expense for the financial period	**63.8**	(2.0)
Attributable to:		
Equity holders of the Company	**62.7**	(3.2)
Non-controlling interests	**1.1**	1.2
Total recognised income and expense for the financial period	**63.8**	(2.0)
Attributable to:		
Continuing operations	**6.4**	31.9
Discontinued operations	**57.4**	(33.9)
Total recognised income and expense for the financial period	**63.8**	(2.0)

INTERIM FINANCIAL REPORT
for the half year ended 29 March 2019
CONDENSED GROUP BALANCE SHEET
at 29 March 2019

	Notes	**March 2019 (Unaudited) £m**	September 2018 (Audited) £m
ASSETS			
Non-current assets			
Goodwill and intangible assets	10	**423.5**	425.3
Property, plant and equipment	10	**324.6**	323.0
Investment property	10	**6.1**	6.3
Investments in associates		**1.4**	1.3
Retirement benefit assets	15	**12.9**	15.3
Derivative financial instruments	12	**0.1**	0.5
Deferred tax assets		**41.0**	41.7
Total non-current assets		**809.6**	813.4
Current assets			
Inventories		**45.0**	39.1
Trade and other receivables		**182.6**	181.0
Derivative financial instruments	12	**–**	0.3
Cash and cash equivalents	12	**15.5**	37.0
Assets held for sale	6	**–**	944.7
Total current assets		**243.1**	1,202.1
Total assets		**1,052.7**	2,015.5
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	**4.5**	7.1
Share premium	11	**–**	650.8
Reserves		**262.0**	79.3
		266.5	737.2
Non-controlling interests		**5.3**	6.4
Total equity		**271.8**	743.6
LIABILITIES			
Non-current liabilities			
Borrowings	12	**299.6**	537.9
Derivative financial instruments	12	**4.2**	13.4
Retirement benefit obligations	15	**109.8**	104.6
Other payables		**3.7**	3.7
Provisions	13	**9.2**	8.9
Deferred tax liabilities		**3.9**	4.2
Total non-current liabilities		**430.4**	672.7
Current liabilities			
Borrowings	12	**–**	0.2
Derivative financial instruments	12	**0.2**	0.1
Trade and other payables		**335.5**	377.9
Provisions	13	**2.8**	6.7
Current tax payable		**12.0**	11.3
Liabilities directly associated with assets held for sale	6	**–**	203.0
Total current liabilities		**350.5**	599.2
Total liabilities		**780.9**	1,271.9
Total equity and liabilities		**1,052.7**	2,015.5

INTERIM FINANCIAL REPORT

for the half year ended 29 March 2019

CONDENSED GROUP STATEMENT OF CASH FLOWS

for the half year ended 29 March 2019

	Notes	**Half year ended 29 March 2019 (Unaudited) £m**	Half year ended 30 March 2018 (Unaudited) £m
Profit before taxation		**5.7**	3.6
Finance income		**(0.7)**	–
Finance costs		**11.5**	13.8
Share of profit of associates after tax		**(0.6)**	(0.5)
Exceptional items		**28.4**	25.3
Continuing Operating Profit (pre-exceptional)		**44.3**	42.2
Discontinued Operating Profit (pre-exceptional)	6	**9.1**	6.5
Operating Profit (pre-exceptional)		**53.4**	48.7
Depreciation		**16.0**	24.4
Amortisation of intangible assets		**2.2**	13.4
Employee share-based payment expense		**1.5**	1.3
Contributions to Group legacy defined benefit pension schemes		**(8.0)**	(7.9)
Working capital movement		**(51.2)**	(26.2)
Other movements		**(0.3)**	(0.1)
Net cash inflow from operating activities before exceptional items		**13.6**	53.6
Cash outflow related to exceptional items		**(7.7)**	(13.3)
Interest paid		**(9.2)**	(13.1)
Tax paid		**(1.6)**	(0.2)
Net cash inflow/(outflow) from operating activities		**(4.9)**	27.0
Cash flow from investing activities			
Dividends received from associates		**0.5**	–
Purchase of property, plant and equipment		**(18.3)**	(27.6)
Purchase of intangible assets		**(0.6)**	(2.4)
Disposal of undertakings	6	**811.4**	–
Net cash inflow/(outflow) from investing activities		**793.0**	(30.0)
Cash flow from financing activities			
Proceeds from issue of shares		**–**	0.2
Ordinary shares purchased - own shares		**(0.6)**	(2.1)
Capital return via tender offer		**(509.0)**	–
Drawdown of bank borrowings	12	**42.0**	19.2
Repayment of bank borrowings	12	**(210.0)**	–
Repayment of non-bank borrowings	12	**(63.1)**	–
Repayment of private placement notes	12	**(14.6)**	–
Termination of swaps		**(12.6)**	–
Payment of finance lease liabilities	12	**(0.4)**	(1.1)
Dividends paid to equity holders of the Company		**(39.4)**	(13.0)
Dividends paid to non-controlling interests		**(2.2)**	–
Net cash inflow/(outflow) from financing activities		**(809.9)**	3.2
Net increase/(decrease) in cash and cash equivalents		**(21.8)**	0.2
Reconciliation of opening to closing cash and cash equivalents			
Cash and cash equivalents at beginning of period		**37.0**	19.8
Translation adjustment		**0.3**	0.2
Increase/(decrease) in cash and cash equivalents		**(21.8)**	0.2
Cash and cash equivalents at end of period		**15.5**	20.2

INTERIM FINANCIAL REPORT
for the half year ended 29 March 2019
CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY
for the half year ended 29 March 2019

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 28 September 2018	**7.1**	**650.8**	**105.1**	**(25.8)**	**737.2**	**6.4**	**743.6**
IFRS 9 transition adjustment (note 2)	**–**	**–**	**–**	**(0.9)**	**(0.9)**	**–**	**(0.9)**
At 29 September 2018	**7.1**	**650.8**	**105.1**	**(26.7)**	**736.3**	**6.4**	**742.7**
Items of income and expense taken directly to equity							
Currency translation adjustment	**–**	**–**	**9.6**	**–**	**9.6**	**(0.2)**	**9.4**
Translation reserve transferred to income statement on discontinued operations	**–**	**–**	**(24.5)**	**–**	**(24.5)**	**–**	**(24.5)**
Net investment hedge transferred to Income Statement	**–**	**–**	**22.3**	**–**	**22.3**	**–**	**22.3**
Cashflow hedge fair value movement taken to equity	**–**	**–**	**(2.2)**	**–**	**(2.2)**	**–**	**(2.2)**
Cashflow hedge transferred to Income Statement	**–**	**–**	**1.6**	**–**	**1.6**	**–**	**1.6**
Actuarial loss on Group legacy defined benefit pension schemes	**–**	**–**	**–**	**(11.1)**	**(11.1)**	**–**	**(11.1)**
Deferred tax on Group legacy defined benefit pension schemes	**–**	**–**	**–**	**1.9**	**1.9**	**–**	**1.9**
Profit for the financial period	**–**	**–**	**–**	**65.1**	**65.1**	**1.3**	**66.4**
Total recognised income and expense for the financial period	**–**	**–**	**6.8**	**55.9**	**62.7**	**1.1**	**63.8**
Employee share-based payment expense	**–**	**–**	**1.5**	**–**	**1.5**	**–**	**1.5**
Tax on share-based payments	**–**	**–**	**–**	**0.1**	**0.1**	**–**	**0.1**
Exercise, lapse or forfeit of share-based payments	**–**	**–**	**(1.5)**	**0.8**	**(0.7)**	**–**	**(0.7)**
Shares acquired by Employee Benefit Trust	**–**	**–**	**(0.8)**	**0.2**	**(0.6)**	**–**	**(0.6)**
Transfer to Retained Earnings on grant of shares to beneficiaries of the Employee Benefit Trust	**–**	**–**	**0.7**	**(0.7)**	**–**	**–**	**–**
Share capital reduction	**–**	**(650.8)**	**–**	**650.8**	**–**	**–**	**–**
Capital Return via tender offer	**(2.6)**	**–**	**2.6**	**(509.0)**	**(509.0)**	**–**	**(509.0)**
Dividends	**–**	**–**	**–**	**(23.8)**	**(23.8)**	**(2.2)**	**(26.0)**
At 29 March 2019	**4.5**	**–**	**114.4**	**147.6**	**266.5**	**5.3**	**271.8**

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 29 September 2017	7.1	647.8	92.2	(41.5)	705.6	5.2	710.8
Items of income and expense taken directly to equity							
Currency translation adjustment	–	–	(33.1)	–	(33.1)	–	(33.1)
Net investment hedge	–	–	17.3	–	17.3	–	17.3
Cashflow hedge fair value movement taken to equity	–	–	0.5	–	0.5	–	0.5
Cashflow hedge transferred to Income Statement	–	–	1.2	–	1.2	–	1.2
Actuarial gain on Group legacy defined benefit pension schemes	–	–	–	11.3	11.3	–	11.3
Tax charge on Group legacy defined benefit pension schemes	–	–	–	(2.2)	(2.2)	–	(2.2)
Profit for the financial period	–	–	–	1.8	1.8	1.2	3.0
Total recognised income and expense for the financial period	–	–	(14.1)	10.9	(3.2)	1.2	(2.0)
Employee share-based payment expense	–	–	1.3	–	1.3	–	1.3
Exercise, lapse or forfeit of share-based payments	–	0.2	(1.3)	1.3	0.2	–	0.2
Shares acquired by Employee Benefit Trust	–	–	(2.2)	–	(2.2)	–	(2.2)
Transfer to Retained Earnings on grant of shares to beneficiaries of the Employee Benefit Trust	–	–	2.8	(2.8)	–	–	–
Dividends	–	1.8	–	(23.8)	(22.0)	–	(22.0)
At 30 March 2018	7.1	649.8	78.7	(55.9)	679.7	6.4	686.1

INTERIM FINANCIAL REPORT
for the half year ended 29 March 2019
CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY *(continued)*
for the half year ended 29 March 2019

OTHER RESERVES

	Share options £m	Own shares £m	Undenominated capital reserve £m	Hedging reserve £m	Foreign currency translation reserve £m	Total £m
At 28 September 2018	**4.2**	**(8.1)**	**117.8**	**(1.5)**	**(7.3)**	**105.1**
Items of income and expense taken directly to equity						
Currency translation adjustment	**–**	**–**	**–**	**–**	**9.6**	**9.6**
Translation reserve transferred to income statement on discontinued operations	**–**	**–**	**–**	**–**	**(24.5)**	**(24.5)**
Net investment hedge transferred to Income Statement	**–**	**–**	**–**	**–**	**22.3**	**22.3**
Cash flow hedge fair value movement taken to equity	**–**	**–**	**–**	**(2.2)**	**–**	**(2.2)**
Cash flow hedge transferred to Income Statement	**–**	**–**	**–**	**1.6**	**–**	**1.6**
Total recognised income and expense for the financial period	**–**	**–**	**–**	**(0.6)**	**7.4**	**6.8**
Employee share-based payment expense	**1.5**	**–**	**–**	**–**	**–**	**1.5**
Exercise, lapse or forfeit of share-based payments	**(1.5)**	**–**	**–**	**–**	**–**	**(1.5)**
Shares acquired by Employee Benefit Trust	**–**	**(0.8)**	**–**	**–**	**–**	**(0.8)**
Transfer to Retained Earnings on grant of shares to beneficiaries of the Employee Benefit Trust	**–**	**0.7**	**–**	**–**	**–**	**0.7**
Capital return via tender offer	**–**	**–**	**2.6**	**–**	**–**	**2.6**
At 29 March 2019	**4.2**	**(8.2)**	**120.4**	**(2.1)**	**0.1**	**114.4**

	Share options £m	Own shares £m	Undenominated capital reserve £m	Hedging reserve £m	Foreign currency translation reserve £m	Total £m
At 29 September 2017	6.6	(8.6)	117.8	(11.5)	(12.1)	92.2
Items of income and expense taken directly to equity						
Currency translation adjustment	–	–	–	–	(33.1)	(33.1)
Net investment hedge	–	–	–	–	17.3	17.3
Cash flow hedge fair value movement taken to equity	–	–	–	0.5	–	0.5
Cash flow hedge transferred to Income Statement	–	–	–	1.2	–	1.2
Total recognised income and expense for the financial period	–	–	–	1.7	(15.8)	(14.1)
Employee share-based payment expense	1.3	–	–	–	–	1.3
Exercise, lapse or forfeit of share-based payments	(1.3)	–	–	–	–	(1.3)
Shares acquired by Employee Benefit Trust	–	(2.2)	–	–	–	(2.2)
Transfer to Retained Earnings on grant of shares to beneficiaries of the Employee Benefit Trust	–	2.8	–	–	–	2.8
At 30 March 2018	6.6	(8.0)	117.8	(9.8)	(27.9)	78.7

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

1. Basis of preparation

The Condensed Group Financial Statements of Greencore Group Plc (the 'Group'), which are presented in sterling and expressed in millions, unless otherwise indicated, have been prepared as at, and for the 26 week period ended, 29 March 2019, and have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Central Bank of Ireland and IAS 34 *Interim Financial Reporting* as adopted by the European Union.

These Condensed Financial Statements do not comprise statutory accounts within the meaning of Section 340 of the Companies Act 2014. The condensed Group financial information for the year ended 28 September 2018 represents an abbreviated version of the Group Financial Statements for that year. Those financial statements, upon which the auditor issued an unqualified audit report, have been filed with the Registrar of Companies. Certain prior year disclosures have been amended to conform to the current year presentation.

Certain comparative amounts in the Condensed Group Income Statement have been re-presented, to achieve the required presentation as determined by IFRS 5 *Non-current assets held for sale and discontinued operations*. Following the disposal of Greencore's US business which completed on 25 November 2018, the results of the business have been presented within profit from discontinued operations in the Condensed Group Income Statement with the prior period comparatives re-presented accordingly. In addition, central costs previously allocated to discontinued operations are now shown within continuing operations for half year 2019 and half year 2018.

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. As part of these resources, the Group had committed undrawn bank facilities of £161.4m as at 29 March 2019. For these reasons, they continue to adopt the going concern basis in preparing the Condensed Group Financial Statements.

2. Accounting Policies

The accounting policies (except for those discussed below), critical accounting estimates and judgments and methods of computation adopted in the preparation of the Condensed Group Financial Statements are consistent with those applied in the Annual Report for the financial year ended 28 September 2018 and are as set out in those financial statements.

New accounting standards adopted in the period

IFRS 15 *Revenue from contracts with customers*

IFRS 15 *Revenue from Contracts with Customer*s was effective for the Group for the reporting period commencing 29 September 2018. The Group adopted the new standard having completed a detailed review of its customer contracts and the new IFRS 15 revenue recognition requirements, resulting in a change to how the Group currently recognises revenue on third party manufactured goods as set out below.

Under IFRS 15, an entity recognises revenue when, or as a performance obligation is satisfied i.e. when control of the goods or services underlying the performance obligation is transferred to the customer. The Group's revenue contracts typically include one performance obligation (e.g. the manufacture and distribution of sandwiches) with the performance obligation satisfied at a point in time when the control passes to the customer, which is deemed to be either when the goods are dispatched or received by the customer, depending on the individual contract.

Many of the Group's revenue contracts include an element of variable consideration, such as trade discounts, namely in the form of rebate arrangements or other incentives to customers. The arrangements can take the form of volume rebates, marketing fund contributions, promotional fund contributions or lump sum incentives. The Group recognises revenue net of such incentives in the period in which the arrangement applies. Volume based rebates are calculated on the Group's estimate of rebates expected to be paid to customers using the 'most likely amount' in line with IFRS 15 requirements, whereas fixed rebates are accounted for as a reduction in revenue over the life of the contract.

In transitioning to IFRS 15, the Group assessed how revenue from the sale of third party manufactured goods are accounted for and whether it was more appropriate to account for on an agency or net basis, versus principal or gross basis. The majority of the Group's contracts for the sale of third party manufactured goods are accounted for on a gross basis. On completion of the assessment, one customer contract in the Irish Ingredients business changed from a principal to agent relationship, on the basis that the Group did not control the goods prior to transfer to the customer. The impact of the change in accounting treatment in the current period is a reduction of £3.7m to reported revenue and costs of goods sold with no impact on net profit. The Group has applied a modified approach on the transition to IFRS 15 meaning there has been no restatement to the prior year numbers included in the Condensed Group Income Statement.

2. Accounting policies (continued)

IFRS 15 *Revenue from contracts with customers* (continued)

In accordance with the requirements of IFRS 15, the Group has included additional disclosure on the disaggregation of revenue by product category in note 3.

IFRS 9 *Financial instruments*

IFRS 9 *Financial Instruments* was effective for the Group from 29 September 2018 and replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard introduces new classification and measurement for financial assets, new rules for hedge accounting and a new impairment model for financial assets. The Group has transitioned to the new standard using the modified retrospective transition option and in accordance with the provisions of the new standard, comparative figures have not been restated. The Group's evaluation of the effect of IFRS 9 is outlined below.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses. The standard provides a simplified approach as a practical expedient in assessing impairment of trade receivables, which the Group has adopted on transition. The Group assessed its historic credit loss experience on aged trade receivables adjusting for future economic conditions which resulted in a one-off adjustment of £0.9m, increasing trade receivables impairment provision through retained earnings on 29 September 2018.

The hedge accounting requirements under IFRS 9 are optional. The Group has chosen not to apply the new hedge accounting rules under IFRS 9 and will continue to apply IAS 39. The decision has not impacted on how the Group accounts for effective hedges.

Accounting standards not yet adopted

IFRS 16 *Leases*

IFRS 16 *Leases* sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessee and lessor. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term of greater than a year.

The Group will apply the standard for the reporting period commencing 28 September 2019. The Group is in the process of assessing the potential impact on its Consolidated Financial Statements resulting from the application of IFRS 16 and is reviewing all of its contractual leases. The Group's evaluation of the effect of IFRS 16 is ongoing and the Group's initial findings are outlined below.

The Group expects that the adoption of IFRS 16 will have a material impact on the financial statements, significantly increasing the Group's recognised assets and liabilities. The Group has approximately 400 operating leases for a range of assets principally relating to property, equipment and vehicles in Convenience Foods UK & Ireland and the Group. The fair values of these leases are currently being evaluated including transition options and practical expedients under the standard such as short term leases. As a result of the transition to IFRS 16, the fair value of these leases representing the present value of the lease payments over the expected lease contract period, will be recognised as a right of use asset with a corresponding value recognised as a lease liability. Note 29 in the FY18 Annual Report, sets out the Group's commitments under operating and finance leases and outlines the Group's lease obligations as at 28 September 2018.

3. Segment Information

Following the disposal of Greencore's US business on 25 November 2018, the Group has reviewed its reporting structure to ensure that it continues to reflect the Group's organisational structure and the nature of the financial information reported to and assessed by the Chief Operating Decision Maker ('CODM') as defined by IFRS 8 *Operating Segments*. The continuing operations represent the Convenience Foods UK & Ireland operating segment at 28 September 2018 and, following the disposal of the US business, the Group applied judgement in reassessing the Group's operating segments and established there has been no change to how the CODM review the performance and allocate resources to the segment.

Segment performance is predominantly evaluated based on operating profit before exceptional items and acquisition related amortisation. Net finance costs and income tax are managed on a centralised basis, therefore, these items are not allocated to the operating segment for the purposes of the information presented to the CODM and are accordingly omitted from the segmental information below.

Convenience Foods UK & Ireland is the Group's operating segment, which represents its reporting segment. The segment incorporates many UK convenience food categories including sandwiches, sushi, salads, chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles and frozen Yorkshire Puddings as well as the Irish Ingredient trading businesses. The prior period includes the cakes and desserts categories which were disposed of in FY18.

3. Segment Information (continued)

	Convenience Foods UK & Ireland		Total	
	Half year 2019 £m	Half year 2018 £m	**Half year 2019 £m**	Half year 2018 £m
Revenue	**701.4**	734.9	**701.4**	734.9
Group operating profit before exceptional items and amortisation of acquisition related intangible assets*	**44.7**	44.3	**44.7**	44.3
Amortisation of acquisition related intangible assets	**(0.4)**	(2.1)	**(0.4)**	(2.1)
Exceptional items	**(3.0)**	(25.3)	**(3.0)**	(25.3)
Group operating profit	**41.3**	16.9	**41.3**	16.9
Finance income			**0.7**	–
Finance costs			**(36.9)**	(13.8)
Share of profit of associates after tax			**0.6**	0.5
Taxation			**(4.9)**	0.5
Result from discontinued operations			**65.6**	(1.1)
Profit for the period			**66.4**	3.0

* The prior year has been re-presented to reflect £2.8m of central costs previously allocated to discontinued operations.

In line with the new disclosure requirements in IFRS 15 *Revenue from contracts with customers*, the following table disaggregates revenue by product categories in the Convenience Foods UK and Ireland reporting segment.

	Half year 2019 £m	Half year 2018 £m
Revenue		
Food to go categories	**447.1**	418.0
Other convenience categories	**254.3**	316.9
Total revenue for Convenience Foods UK & Ireland	**701.4**	734.9

Food to go categories includes sandwiches, sushi and salads while the other convenience categories includes chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles and frozen Yorkshire Puddings as well as Irish Ingredient trading businesses. The prior period includes the cakes and desserts categories which were disposed of in FY18.

4. Seasonality

The Group's convenience foods portfolio is second half weighted. This weighting is primarily driven by weather and seasonal buying patterns impacting, in particular, the demand for chilled product categories.

5. Exceptional Items

		2019 Half year		
		Continuing operations £m	**Discontinued operations £m**	**Total £m**
Guaranteed Minimum Pension ("GMP") equalisation	(a)	**(3.0)**	**–**	**(3.0)**
Debt restructuring post disposal of Greencore's US business	(b)	**(25.4)**	**–**	**(25.4)**
Profit on disposal of Greencore's US business	(c)	**–**	**56.7**	**56.7**
		(28.4)	**56.7**	**28.3**
Tax credit on exceptional items	(d)	**0.5**	**–**	**0.5**
Total exceptional items		**(27.9)**	**56.7**	**28.8**

5. Exceptional Items (continued)

		2018 Half year		
		Continuing operations £m	Discontinued operations £m	Total £m
Network rationalisation and optimisation	(e)	–	(25.8)	(25.8)
Exit from Cakes and Desserts	(f)	(15.0)	–	(15.0)
Reorganisation and integration costs	(g)	(9.6)	(2.0)	(11.6)
Pre-commissioning and start-up costs	(h)	(0.7)	–	(0.7)
		(25.3)	(27.8)	(53.1)
Tax credit on exceptional items	(d)	4.3	–	4.3
Tax credit	(i)	–	20.6	20.6
Total exceptional items		(21.0)	(7.2)	(28.2)

2019 HALF YEAR

(a) GMP equalisation

Continuing operations

Due to a ruling in the High Court of Justice of England and Wales in October 2018, pension schemes are under a duty to equalise benefits for all members, regardless of gender, in relation to minimum pension benefits. For the Group, an estimate was made of the impact of equalisation, which increased the legacy defined benefit pension scheme liabilities in the UK by £3.0m with a corresponding charge to exceptional items. Additional work will be carried out to finalise the charge.

(b) Debt restructuring post disposal of Greencore's US business

Continuing operations

Following the disposal of Greencore's US business in November 2018, the Group reshaped its debt and associated derivative portfolio to reflect the removal of US dollar assets from the business. This resulted in a £25.4m exceptional charge in the period comprising the recycling of the net investment hedge of £22.3m including foreign exchange differences arising on debt and derivatives relating to US dollar exposure, including cash cost of terminating a US dollar related swap. It also includes the recycling of interest rate swaps of £1.0m which became ineffective during the period from the date of disposal of Greencore's US business and the date of the capital return via the tender offer. In addition, the charge included the write off of capitalised finance fees on debt facilities of £2.1m following the cancellation and refinancing of debt facilities following the disposal.

(c) Profit on disposal of Greencore's US business

Discontinued operations

During the period, the Group completed the disposal of Greencore's US business to Hearthside Food Solutions LLC. A profit of £56.7m was recognised which included transaction and separation costs of £17.9m. Details of the disposal are set out in note 6.

(d) Tax credit on exceptional items

Continuing operations

During the period, a tax credit of £0.5m was recognised in respect of exceptional charges (2018: £4.3m).

2018 HALF YEAR

(e) Network rationalisation and optimisation

Discontinued operations

In the prior period the Group incurred a charge of £25.8m relating to the optimisation of its manufacturing network in its US operations. The Group recognised an impairment of £23.9m in relation to ceasing production at the Rhode Island facility, as announced in March 2018, and due to the repurposing of the Jacksonville manufacturing facility. In addition other costs of £1.9m were recognised in relation to the exit of production at the Rhode Island facility.

5. Exceptional Items (continued)

(f) Exit from Cakes and Desserts

Continuing operations

In February 2018, the Group disposed of its Cakes and Desserts business in Hull to Bright Blue Foods Ltd. This sale, together with the closure of the desserts facility in Evercreech announced in 2017, marked Greencore's exit from the UK cakes and desserts sector. A loss of £15.0m arose on the disposal of the business.

(g) Reorganisation and integration costs

Continuing operations

In the prior period the Group recognised a charge of £9.6m relating to the implementation of its streamlining and efficiency programme across Convenience Foods UK & Ireland.

Discontinued operations

In the prior period, £2.0m of a charge was incurred in relation the restructure of the US leadership team and ongoing integration cost associated with the Peacock Foods acquisition.

(h) Pre-commissioning and start-up costs

Continuing operations

In the prior period, the Group recognised a charge of £0.7m in relation to the pre-commissioning and start up activities on the expansion of its' Warrington facilities in the period.

(i) Tax credit

Discontinued operations

In the prior period, the Group recognised a tax credit of £20.6m on the revaluation of tax assets and liabilities as a result of the rate change in the US.

6. Discontinued operations and disposal of undertakings

Greencore's US business

On 25 November 2018, the Group completed the disposal of its US business to Hearthside Food Solutions LLC. The disposal met the recognition criteria under IFRS 5 *Non-current assets held for sale and discontinued operations* and so the results of the business are presented as discontinued and are shown separately from continuing operations. The comparative half year 2018 financial information in the Condensed Group Income Statement has also been presented as discontinued for the purposes of enabling meaningful comparison.

Results of discontinued operations

	Half year 2019 £m	Half year 2018 £m
Revenue	**172.8**	503.6
Cost of sales	**(136.4)**	(397.3)
Gross profit	**36.4**	106.3
Operating costs, net	**(27.3)**	(90.9)
Group Operating Profit before acquisition related amortisation and exceptional items	**9.1**	15.4
Amortisation of acquisition related intangibles	**–**	(8.9)
Group Operating Profit before exceptional items	**9.1**	6.5
Exceptional items	**56.7**	(27.8)
Finance Income	**–**	0.1
Finance costs	**(0.2)**	(0.5)
Taxation	**–**	20.6
Profit/(loss) for the period from discontinued operations	**65.6**	(1.1)

6. Discontinued operations and disposal of undertakings (continued)

Cash inflows / (outflows) from discontinued operations

	Half year 2019 £m	Half year 2018 £m
Discontinued operating profit	**9.1**	6.5
Working capital movement	**(21.2)**	1.1
Other movements	**(0.1)**	15.5
Cash inflow/(outflow) from operating activities	**(12.2)**	23.1
Cash outflow from investing activities	**(1.2)**	(7.9)
Cash outflow from financing activities	**–**	(0.2)
Net cash inflow/(outflow) for the period	**(13.4)**	15.0

Effect of disposal on the financial statements

	Half year 2019 £m
Goodwill and intangibles assets	(658.7)
Property, plant and equipment	(126.3)
Deferred tax assets	(28.6)
Inventory	(38.7)
Trade and other receivables	(104.8)
Cash and cash equivalents	(10.0)
Trade and other payables	84.5
Provisions for liabilities	22.5
Deferred tax liabilities	71.1
Net assets and liabilities disposed of	**(789.0)**
Disposal consideration	
Total consideration*	827.5
Working capital adjustments	12.4
Provision for onerous contracts	(0.8)
Transaction and separation related costs	(17.9)
Total net consideration	**821.2**
Translation reserve classification to Income Statement on disposal	24.5
Profit on disposal	**56.7**

*This includes a £15.1m loss relating to a foreign currency exchange contract put in place to hedge the proceeds

Reconciliation of consideration to cash received

	Half year 2019 £m
Total consideration	827.5
Cash received in respect of working capital adjustments	12.4
Cash held in escrow until final settlement	(1.6)
Transaction and separation costs paid	(17.9)
Net consideration received on completion	**820.4**
Cash and cash equivalents disposed of	(10.0)
Net cash inflow arising on disposal	**810.4**

6. Discontinued operations and disposal of undertakings (continued)

Assets and liabilities of the disposal group held for sale

	March 2019 £m	September 2018 £m
Goodwill and intangible assets	–	644.9
Property, plant and equipment	–	122.7
Deferred tax assets	–	28.0
Inventory	–	38.7
Trade and other receivables	–	110.4
Assets held for sale	–	944.7
Trade and other payables	–	111.4
Provisions for liabilities	–	22.0
Deferred tax liabilities	–	69.6
Liabilities directly associated with the assets held for sale	–	203.0

Hull

In February 2018, the Group disposed of its Cakes and Desserts business at Hull ("Hull") to Bright Blue Foods Limited. Under the terms of the agreement the trade and assets of the business were transferred to the purchaser for a deferred cash consideration of £1.0m which was received in February 2019.

Reconciliation of total cash inflow from disposal of undertakings

	Half year 2019 £m
Greencore's US business	810.4
Hull	1.0
Net cash inflow arising from disposal of undertakings	**811.4**

7. Taxation

Interim period tax is accrued using the tax rate that is estimated to be applicable to expected total annual earnings in the financial year based on tax rates that were enacted or substantively enacted at the half year end.

8. Dividends Paid and Proposed

A dividend of 3.37 pence per share was approved at the Annual General Meeting on 29 January 2019 as a final dividend in respect of the year ended 28 September 2018 and a total of £23.8m was paid on 5 February 2019 to all shareholders.

An interim dividend of 2.45 pence (2018: 2.20 pence) per share is payable on 3 July 2019 to the shareholders on the Register of Members as of 31 May 2019. The ordinary shares will be quoted ex-dividend from 30 May 2019. The dividend will be subject to dividend withholding tax, although certain classes of shareholders may qualify for exemption. The liability in respect of this interim dividend is not recognised in the Balance Sheet of the Group as at 29 March 2019 because the interim dividend had not been approved at the balance sheet date (but was subsequently declared by the Directors of the Company).

9. Earnings per Ordinary Share

Basic earnings per Ordinary Share is 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, excluding Ordinary Shares purchased by the Company and held in trust in respect of the Annual Bonus Scheme and the Performance Share Plan.

Diluted earnings per ordinary share is calculated by dividing the profit attributable to equity holders of the Company by the adjusted weighted average number of Ordinary Shares in issue during the period. The adjusted weighted average number of shares assumes conversion of all dilutive potential ordinary shares.

The numerator for adjusted earnings per share calculation for both basic and diluted earnings per Ordinary Share is calculated as profit attributable to equity holders of the Company adjusted to exclude exceptional items (net of tax), the effect of foreign exchange ('FX') on inter-company and certain external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangible assets (net of tax) and the effect of interest expense relating to legacy defined benefit pension liabilities (net of tax).

The Group returned £509.0m to shareholders by way of a Tender Offer, executed on 31 January 2019. The Group acquired 261,025,641 Ordinary Shares in the Company on the London Stock Exchange, at the Offer Price of £1.95 per Ordinary Share and the shares were subsequently cancelled. The Ordinary Shares acquired represented approximately 36.92% of the voting rights attributable to the Ordinary Shares immediately prior to acquisition. The total Ordinary Shares in issue as at 29 March 2019 was 445,967,327. The effect of this on the half year weighted average number of ordinary shares was a reduction of 82,729,438 shares.

	Half year 2019			Half year 2018		
	Continuing operations £m	**Discontinued operations £m**	**Total £m**	Continuing operations £m	Discontinued operations £m	Total £m
(Loss)/profit attributable to equity holders of the Company	**(0.5)**	**65.6**	**65.1**	2.9	(1.1)	1.8
Exceptional items (net of tax)	**27.9**	**(56.7)**	**(28.8)**	21.0	7.2	28.2
Fair value of derivative financial instruments and related debt adjustments	**0.6**	**–**	**0.6**	0.1	–	0.1
FX on inter-company and external balances where hedge accounting is not applied	**1.2**	**–**	**1.2**	(0.7)	–	(0.7)
Amortisation of acquisition related intangible assets (net of tax)	**0.3**	**–**	**0.3**	1.7	6.2	7.9
Pension financing (net of tax)	**1.1**	**–**	**1.1**	1.4	–	1.4
Numerator for adjusted earnings per share calculation	**30.6**	**8.9**	**39.5**	26.4	12.3	38.7

Denominator for basic earnings per share and adjusted basic earnings per share calculations

	Half year 2019 '000	Half year 2018 '000
Shares in issue at the beginning of the period	**706,978**	705,647
Effect of shares held by Employee Benefit Trust	**(3,399)**	(3,392)
Effect of shares issued in the period	**4**	790
Effect of share reduction due to tender offer	**(82,729)**	–
Weighted average number of Ordinary Shares in issue during the period	**620,854**	703,045

Basic Earnings per Ordinary Share

	Half year 2019			Half year 2018		
	Continuing operations pence	**Discontinued operations pence**	**Total pence**	Continuing operations pence	Discontinued operations pence	Total pence
Basic earnings per Ordinary Share	**(0.1)**	**10.6**	**10.5**	0.4	(0.2)	0.3
Adjusted basic earnings per Ordinary Share			**6.4**			5.5

9. Earnings per Ordinary Share (continued)

Diluted earnings per Ordinary Share

Denominator for diluted earnings per share and adjusted diluted earnings per share calculations

The reconciliation of the weighted average number of ordinary shares used for the purposes of calculating the diluted earnings per share amounts is as follows:

	Half year 2019 '000	Half year 2018 '000
Weighted average number of ordinary shares in issue during the period	**620,854**	703,045
Dilutive effect of share schemes	**637**	1,251
Weighted average number of Ordinary Shares for diluted earnings per share	**621,491**	704,296

	Half year 2019			Half year 2018		
	Continuing operations pence	**Discontinued operations Pence**	**Total pence**	Continuing operations pence	Discontinued operations pence	Total pence
Diluted earnings per Ordinary Share	**(0.1)**	**10.6**	**10.5**	0.4	(0.2)	0.3
Adjusted diluted earnings per Ordinary Share			**6.4**			5.5

Employee share benefits which are performance based are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable ordinary shares are excluded from the computation of diluted earnings per ordinary share where the conditions governing exercisability have not been satisfied as at the end of the reporting period. A total of 8,127,016 (2018: 12,105,385) shares were excluded from the diluted earnings per share calculation as they were either antidilutive or contingently issuable ordinary shares which had not satisfied the performance conditions attaching at the end of the reporting period.

10. Intangible Assets, Property, Plant and Equipment, Investment Property, Capital Expenditure and Commitments

During the six month period to 29 March 2019, the continuing operations of the Group made approximately £18.3m of additions to property, plant and equipment, investment property and intangible assets through ongoing capital expenditure. A total depreciation and amortisation charge of £18.2m was recognised, £0.3m of assets were disposed of and an FX loss of £0.2m was incurred.

At 29 March 2019, the Group had entered into contractual commitments for continuing operations for the acquisition of property, plant and equipment amounting to £8.9m (2018: £14.0m).

During the prior six month period to 30 March 2018, the Group (which included both continuing and discontinued operations) made approximately £32.0m of additions to property, plant and equipment, investment property and intangible assets through ongoing capital expenditure. The Group recognised £23.9m of an impairment charge in relation to ceasing production at the Rhode Island facility and repurposing of the Jacksonville facility. The Group disposed £12.6m of intangible and property, plant and equipment from the disposal of the Cakes and Desserts business at Hull in February 2018. A total depreciation and amortisation charge of £37.8m was recognised and an FX loss of £34.5m was incurred.

11. Equity Share Capital

Issued Ordinary Share Capital as at 29 March 2019 amounted to £4.5m (28 September 2018: £7.1m). In the six month period to 29 March 2019 there were no shares issued in respect of the scrip dividend scheme (2018: 735,750) and 14,552 shares (2018: 120,344) were issued in respect of the Group's Sharesave Schemes.

In November 2018, the High Court approved a capital reduction for the amount equal to the credit of the Share Premium of the Company of £650.8m which has been recycled to retained earnings.

The Group returned £509.0m to shareholders by way of a Tender Offer, executed on 31 January 2019. The Group acquired 261,025,641 Ordinary Shares in the Company on the London Stock Exchange, at the Offer Price of £1.95 per Ordinary Share and the shares were subsequently cancelled. The Ordinary Shares acquired represented approximately 36.92% of the voting rights attributable to the Ordinary Shares immediately prior to acquisition. The total Ordinary Shares in issue at 29 March 2019 was 445,967,327.

11. Equity Share Capital (continued)

Pursuant to the Annual Bonus Plan and the Performance Share Plan 318,247 shares were purchased by the Trustees of the Plan during the period ended 29 March 2019 at a cash cost of £0.6m and a nominal value of £0.003m. In addition, the Trustees utilised dividend income of £0.2m to acquire 75,478 shares in Greencore with a nominal value of £0.0008m. During the period, 363,341 shares with a cash cost of £0.7m and nominal value of £0.004m were transferred to beneficiaries of the Annual Bonus Plan.

In the prior period, pursuant to the Annual Bonus Plan, the Performance Share Plan and the Executive Share Option Plan, 984,680 shares were purchased by the Trustees of the Plan during the period ended 30 March 2018 at a cash cost of £2.1m and a nominal value of £0.01m. The Trustees utilised dividend income of £0.1m to acquire 24,145 shares in Greencore with a nominal value of £0.0002m. In the prior period 1,248,048 shares with a nominal value of £0.01m were transferred to beneficiaries of the Annual Bonus Plan.

In the period, 515,984 (2018: 559,359) were awarded under the Annual Bonus Plan, with a fair value of £1.81 per share (2018: £2.05 per share) and 2,858,524 (2018: 4,078,280) conditional share awards, with a weighted average fair value of £1.28 per share (2018: £1.44 per share), were granted under the Performance Share Plan.

12. Components of Net Debt and Financing

Net Finance income and finance costs

	Half year 2019 £m	Half year 2018 £m
Continuing operations		
Finance income		
Interest on bank deposits	**0.7**	–
Total finance income recognised in the Income Statement	**0.7**	–
Continuing operations		
Finance costs		
Net finance costs on interest bearing cash and cash equivalents, borrowings and other financing costs	**(8.4)**	(12.7)
Net pension financing charge	**(1.3)**	(1.7)
Change in fair value of derivatives and related debt adjustments	**(0.6)**	(0.1)
Foreign exchange on inter-company and external balances where hedge accounting is not applied	**(1.2)**	0.7
Total finance expense recognised in the Income Statement	**(11.5)**	(13.8)
Continuing operations		
Exceptional costs		
Debt restructuring post disposal of Greencore's US business (note 5)	**(25.4)**	–
Total exceptional finance expense recognised in the Income Statement	**(25.4)**	–
Total finance expense recognised in the Income Statement	**(36.9)**	(13.8)

Following the disposal of the Greencore's US business in November 2018, the Group reshaped its debt and associated derivative portfolio to reflect the removal of US dollar assets from the business.

The Group repaid all outstanding US dollar borrowings under its bank facilities and cancelled the $249m revolving credit facility put in place at the time of the Peacock Foods acquisition. The Group also repaid its €70m of non-bank borrowings and terminated the associated cross currency interest rate swap, which had converted the €70m loan to a fixed rate USD debt instrument. Finally, the Group repaid $18.6m of its $139.5m US dollar Private Placement Notes at par and swapped the remaining balance of $120.9m from fixed rate US dollar to fixed rate sterling (using cross currency interest rate swaps designated as cash flow hedges). The Group's £18m sterling Private Placement Notes remain outstanding. All remaining US dollar interest rate swaps (which converted floating rate US dollar to fixed rate US dollar) were terminated. As part of the US disposal, the outstanding finance lease obligations were settled in the period.

In January the Group completed the refinancing of its £300m revolving credit bank facility with a new five year facility at similar terms. In addition, the Group also refinanced its £50m bank bilateral loan with a new three year facility at similar terms. As of the 29 March 2019, the Group has committed facilities of £461m with a weighted average maturity of 4.5 years.

12. Components of Net Debt and Financing (continued)

Reconciliation of opening to closing Net Debt

	At 28 September 2018 £m	**Net cash flow £m**	**Translation and non-cash adjustments £m**	**At 29 March 2019 £m**
Cash and cash equivalents	**37.0**	**(21.8)**	**0.3**	**15.5**
Bank borrowings	**(350.5)**	**168.0**	**(6.5)**	**(189.0)**
Private Placement Notes	**(124.8)**	**14.6**	**(0.4)**	**(110.6)**
Non-bank borrowings	**(62.3)**	**63.1**	**(0.8)**	**-**
Finance leases	**(0.5)**	**0.4**	**0.1**	**-**
Total	**(501.1)**	**224.3**	**(7.3)**	**(284.1)**

	At 29 September 2017 £m	Net cash flow £m	Translation and non-cash adjustments £m	At 30 March 2018 £m
Cash and cash equivalents	19.8	0.2	0.2	20.2
Bank borrowings	(353.7)	(19.2)	9.9	(363.0)
Private Placement Notes	(121.9)	-	4.6	(117.3)
Non-bank borrowings	(61.6)	-	0.1	(61.5)
Finance leases	(1.8)	1.1	0.1	(0.6)
Total	(519.2)	(17.9)	14.9	(522.2)

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods, between one day and one month, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Fair value hierarchy - IFRS 13 (level 2 inputs)*

	March 2019 Level 2* £m	September 2018 Level 2* £m	March 2018 Level 2* £m
Assets carried at fair value			
Forward foreign exchange contracts - not designated as hedges	**–**	0.3	0.1
Interest rate swaps - not designated as hedges	**0.1**	0.5	–
	0.1	0.8	0.1
Liabilities carried at fair value			
Interest rate swaps - cash flow hedges	**(2.6)**	(1.5)	(0.9)
Interest rate swaps - not designated as hedges	**–**	(0.1)	(0.2)
Cross currency interest rate swaps - cash flow hedges	**(1.6)**	–	(7.6)
Cross currency interest rate swaps - not designated as hedges	**–**	(11.8)	–
Forward foreign exchange contracts - not designated as hedges	**(0.2)**	(0.1)	(0.2)
	(4.4)	(13.5)	(8.9)

* For definition of level 2 inputs please refer to the 2018 Annual Report.

12. Components of Net Debt and Financing (continued)

Fair value of financial instruments at amortised cost

Except as set out below, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated interim financial statements approximate their fair values.

	March 2019		September 2018		March 2018	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Bank borrowings	**(189.0)**	**(189.0)**	(350.5)	(349.4)	(363.0)	(363.8)
Private Placement Notes	**(110.6)**	**(111.7)**	(124.8)	(127.2)	(117.3)	(122.1)
Non-bank borrowings	**–**	**–**	(62.3)	(62.6)	(61.5)	(62.3)
Finance leases	**–**	**–**	(0.5)	(0.5)	(0.6)	(0.6)

13. Provisions

	Half year March 2019 £m
At beginning of period	**15.6**
Utilised in period	**(3.5)**
Released in period	**(0.4)**
Provided in period	**0.3**
At end of period	**12.0**

	March 2019 £m	September 2018 £m
Analysed as:		
Non-current liabilities	**9.2**	8.9
Current liabilities	**2.8**	6.7
	12.0	15.6

14. Contingencies

The Company and certain subsidiaries have given guarantees in respect of borrowings and other obligations arising in the ordinary course of business of the Company and other Group undertakings. The Company and other Group undertakings consider these guarantees to be insurance contracts and account for them as such. The Company treats these guarantee contracts as contingent liabilities until such time as it becomes probable that a payment will be required under such guarantees.

The group has provided bank guarantees to third parties in relation to continuing operations for an amounts of £7.7m (Sept 2018: £5.4m).

The Group and certain of its subsidiaries continue to be subject to various legal proceedings relating to its current and former activities. Provisions for anticipated settlement costs and associated expenses arising from legal and other disputes are made where a reliable estimate can be made of the probable outcome of the proceedings.

15. Retirement Benefit Schemes

The Group operates four legacy defined benefit pension schemes in the Republic of Ireland (the Irish schemes) and three legacy defined benefit pension schemes and one legacy defined benefit commitment in the UK (the UK scheme). These are all closed to future accrual and there is an assumption applied in the valuation of the schemes that there will be no discretionary increases in pensions in payment. The scheme assets are held in separate Trustee administered funds.

The Group continues to seek ways to reduce its liabilities through various restructuring initiatives in co-operation with the respective schemes. In the period the Trustees of one of the smaller legacy defined benefit pension schemes in the UK agreed to the purchase of an insurance policy over the scheme liabilities which is accounted for as a plan asset under IAS 19 *Employee Benefits*.

15. Retirement Benefit Schemes (continued)

In consultation with the independent actuaries to the scheme, the valuation of pension obligations have been updated to reflect current market discount rates, rates of increase in salaries, pension payments and inflation, current market values of investments and actual investment returns.

The principal actuarial assumptions are as follows:

	March 2019		September 2018	
	UK	**Ireland**	UK	Ireland
Rate of increase in pension payments *	**3.10%**	**0.00%**	3.10%	0.00%
Discount rate	**2.45%**	**1.20%**	2.90%	1.60%
Inflation rate	**3.20%**	**1.10%**	3.20%	1.60%

* The pension increase rate shown above applies to the majority of the liability base. However there are certain categories within the Group that have an entitlement to pension indexation and this is allowed for in the calculation.

On 26 October 2018, the High Court of Justice of England and Wales issued a judgement on a claim regarding the rights of members to equality in defined benefit pension schemes. The ruling concluded that schemes are under a duty to equalise benefits for all members, regardless of gender, in relation to Guaranteed Minimum Pension ('GMP') benefits. The court ruling impacts the majority of companies with a UK defined benefit pension plan that was in existence before 1997. For the Group, an estimate was made of the impact of GMP equalisation, which increased the pension scheme liabilities by £3.0m with a corresponding charge to exceptional operating items. Additional work will be carried out to finalise the charge.

The financial position of the schemes was as follows:

	March 2019			September 2018		
	UK Schemes £m	**Irish Schemes £m**	**Total £m**	UK Schemes £m	Irish Schemes £m	Total £m
Total market value of assets	**225.0**	**250.7**	**475.7**	217.9	255.5	473.4
Present value of scheme liabilities	**(334.2)**	**(238.4)**	**(572.6)**	(318.1)	(244.6)	(562.7)
(Deficit)/surplus in schemes	**(109.2)**	**12.3**	**(96.9)**	(100.2)	10.9	(89.3)
Deferred tax asset	**18.6**	**(1.6)**	**17.0**	17.0	(1.3)	15.7
Net (liability)/asset at end of the period	**(90.6)**	**10.7**	**(79.9)**	(83.2)	9.6	(73.6)
Presented as:						
Retirement benefit asset**			**12.9**			15.3
Retirement benefit obligation			**(109.8)**			(104.6)

** The value of a net pension benefit asset is the value of any amount the Group reasonably expects to recover by way of a refund of a surplus from the remaining assets of a plan at the end of the plan's life.

Sensitivity of pension liability to judgemental assumptions

		Increase in Scheme Liabilities		
Assumption	**Change in assumption**	**UK Schemes**	**Irish Schemes**	**Total**
Discount rate	Decrease by 0.5%	33.7	18.3	52.0
Rate of inflation	Increase by 0.5%	22.0	6.7	28.7
Rate of mortality	Members assumed to live 1 year longer	13.4	7.9	21.3

Sensitivity of pension scheme assets to yield movements

		Increase in Scheme Assets		
Assumption	**Change in assumption**	**UK Schemes**	**Irish Schemes**	**Total**
Change in bond yields	Decrease by 0.5%	13.6	12.2	25.8

16. Information

Copies of the Half Yearly Financial Report are available for download from the Group's website at www.greencore.com.

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

The Group uses the following Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole: Pro Forma Revenue Growth, Adjusted EBITDA, Adjusted Operating Profit, Adjusted Operating Margin, Adjusted Profit before Tax ('PBT'), Adjusted Earnings, Adjusted Earnings per Share, Maintenance and Strategic Capital Expenditure, Free Cash Flow, Net Debt and Return on Invested Capital ('ROIC').

The Group believes that these APMs provide useful historical information to help investors evaluate the performance of the underlying business and are measures commonly used by certain investors and analysts for evaluating the performance of the Group. In addition, the Group uses certain APMs which reflect the underlying performance on the basis that this provides a more relevant focus on the core business performance of the Group.

PRO FORMA REVENUE GROWTH

The Group uses Pro Forma Revenue Growth as a supplemental measure of its performance. The Group believes that Pro Forma Revenue Growth provides a more accurate guide to underlying revenue performance.

Pro Forma Revenue Growth adjusts H1 19 reported revenue to exclude the impact on transition to IFRS 15 *Revenue from contracts with customers* on the Group's Irish Ingredients trading business. It also presents the numbers on a constant currency basis.

H1 18 reported revenue excludes revenue from the Group's cakes and desserts businesses which were disposed of in the prior year and to reflect the impact of exiting manufacturing of longer life ready meals at the Kiveton facility.

	Half Year 2019 Convenience Foods UK & Ireland %
Reported revenue	**(4.6%)**
Impact of disposals and exits	**9.4%**
Impact of IFRS 15	**0.6%**
Impact of currency	**0.0%**
Pro Forma Revenue Growth (%)	**5.4%**

The table below shows the Pro Forma Revenue split by food to go categories and other convenience categories. This is in line with the new disclosure requirements in IFRS 15 *Revenue from contracts with customers* revenue has been disaggregated by food to go categories and other convenience categories.

	Half Year 2019	
	Food to go categories %	**Other convenience categories %**
Reported revenue	**7.0%**	**(19.8%)**
Impact of disposals and exits	**–**	**21.4%**
Impact of IFRS 15	**–**	**1.2%**
Impact of currency	**–**	**0.0%**
Pro Forma Revenue Growth (%)	**7.0%**	**2.8%**

ADJUSTED EBITDA, ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN

Adjusted EBITDA, Adjusted Operating Profit and Adjusted Operating Margin are used by the Group to measure the underlying and ongoing operating performance of each business and of the Group as a whole.

The Group calculates Adjusted Operating Profit as operating profit before amortisation of acquisition related intangibles and exceptional charges. Adjusted EBITDA is calculated as Adjusted Operating Profit plus depreciation and amortisation of intangible assets. Adjusted Operating Margin is calculated as Adjusted Operating Profit divided by reported revenue.

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

ADJUSTED EBITDA, ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN (continued)

The following table sets forth a reconciliation from the Group's profit for the financial year to Adjusted Operating Profit, Adjusted EBITDA and Adjusted Operating Margin:

	Half year 2019			Half year 2018		
	Convenience Foods UK & Ireland £m	**Discontinued operations £m**	**Total £m**	Convenience Foods UK & Ireland £m	Discontinued operations £m	Total £m
Profit for the financial year	**0.8**	**65.6**	**66.4**	4.1	(1.1)	3.0
Taxation[(A)]	**4.9**	**–**	**4.9**	(0.5)	(20.6)	(21.1)
Net finance costs[(B)]	**10.8**	**0.2**	**11.0**	13.8	0.4	14.2
Share of profit of associates after tax	**(0.6)**	**–**	**(0.6)**	(0.5)	–	(0.5)
Exceptional items	**28.4**	**(56.7)**	**(28.3)**	25.3	27.8	53.1
Amortisation of acquisition related intangibles	**0.4**	**–**	**0.4**	2.1	8.9	11.0
Adjusted Operating Profit	**44.7**	**9.1**	**53.8**	44.3	15.4	59.7
Depreciation and amortisation [(C)]	**17.8**	**–**	**17.8**	18.1	8.7	26.8
Adjusted EBITDA	**62.5**	**9.1**	**71.6**	62.4	24.1	86.5
Adjusted Operating Margin (%)	**6.4%**	**5.3%**	**6.2%**	6.0%	3.1%	4.8%

(A) Includes tax credit on exceptional items for continuing operations of £0.5million (2018: £4.3 million) and for discontinued operations £nil (2018: £20.6m).

(B) Finance costs less finance income.

(C) Excludes amortisation of acquisition related intangibles.

ADJUSTED PROFIT BEFORE TAX ('PBT') FOR CONTINUING OPERATIONS

Adjusted PBT is used as a measure by the Group to measure overall performance before associated tax charge and exceptional items.

The Group calculates Adjusted PBT as profit before taxation, excluding tax on share of profit of associates and before exceptional items, pension finance items, amortisation of acquisition related intangibles, FX on inter-company and certain external balances and the movement on the fair value of all derivative financial instruments and related debt adjustments.

The following table sets out the calculation of Adjusted PBT:

	Half year 2019 £m	Half year 2018 £m
Profit before taxation for continuing operations	**5.7**	3.6
Taxation on share of profit of associates	**0.1**	0.1
Exceptional items	**28.4**	25.3
Pension finance items	**1.3**	1.7
Amortisation of acquisition related intangibles	**0.4**	2.1
FX and fair value movements[(A)]	**1.8**	(0.6)
Adjusted Profit Before Tax for continuing operations	**37.7**	32.2

(A) FX on inter-company and certain external balances and the movement in the fair value of all derivative financial instruments and related debt adjustments.

ADJUSTED EARNINGS PER SHARE ('EPS')

The Group uses Adjusted Earnings and Adjusted EPS as key measures of the overall underlying performance of the Group and returns generated for each share.

Adjusted Earnings is calculated as Profit attributable to equity holders (as shown on the Group's Income Statement) adjusted to exclude exceptional items (net of tax), the effect of foreign exchange (FX) on inter-company and external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangible assets (net of tax) and the interest expense relating to legacy defined benefit pension liabilities (net of tax). Adjusted EPS is calculated by dividing Adjusted Earnings by the weighted average number of Ordinary Shares in issue during the year, excluding Ordinary Shares purchased by Greencore and held in trust in respect of the Annual Bonus Plan and the Performance Share Plan. Adjusted EPS described as an APM here is Adjusted Basic EPS..

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

ADJUSTED EARNINGS PER SHARE ('EPS') (continued)

The following table sets forth a reconciliation of the Group's Profit attributable to equity holders of the Company to its Adjusted Earnings for the financial years indicated.

	Half year 2019 £m	Half year 2018 £m
Profit attributable to equity holders of the Company	**65.1**	1.8
Exceptional items (net of tax)	**(28.8)**	28.2
FX effect on inter-company and external balances where hedge accounting is not applied	**1.2**	(0.7)
Movement in fair value of derivative financial instruments and related debt adjustments	**0.6**	0.1
Amortisation of acquisition related intangible assets (net of tax)	**0.3**	7.9
Pension financing (net of tax)	**1.1**	1.4
Adjusted Earnings	**39.5**	38.7

	Half year 2019 '000	Half year 2018 '000
Weighted average number of ordinary shares in issue during the year	**620,854**	703,045

	Pence	Pence
Adjusted Earnings Per Share	**6.4**	5.5

CAPITAL EXPENDITURE

MAINTENANCE CAPITAL EXPENDITURE

The Group defines Maintenance Capital Expenditure as the expenditure required for the purpose of sustaining the operating capacity and asset base of the Group, and to comply with applicable laws and regulations. It includes continuous improvement projects of less than £1m that will generate additional returns for the Group.

STRATEGIC CAPITAL EXPENDITURE

The Group defines Strategic Capital Expenditure as the expenditure required for the purpose of facilitating growth and developing and enhancing relationships with existing and new customers. It includes continuous improvement projects of greater than £1m that will generate additional returns for the Group. Strategic Capital Expenditure is generally expansionary expenditure creating additional capacity beyond what is necessary to maintain the Group's current competitive position and enables the Group to service new customers and/or contracts or to enter into new categories and/or new manufacturing competencies.

The following table sets forth the breakdown of the Group's purchase of property, plant and equipment and purchase of intangible assets between Strategic Capital Expenditure and Maintenance Capital Expenditure:

	Half year 2019			Half year 2018		
	Convenience Foods UK & Ireland £m	**Discontinued operations £m**	**Total £m**	Convenience Foods UK & Ireland £m	Discontinued operations £m	Total £m
Purchase of property, plant and equipment	**17.1**	**1.2**	**18.3**	20.0	7.6	27.6
Purchase of intangible assets	**0.6**	**–**	**0.6**	2.2	0.2	2.4
Net cash outflow from capital expenditure	**17.7**	**1.2**	**18.9**	22.2	7.8	30.0
Strategic Capital Expenditure	**4.9**	**1.2**	**6.1**	11.4	3.1	14.5
Maintenance Capital Expenditure	**12.8**	**–**	**12.8**	11.2	4.3	15.5
Net cash outflow from capital expenditure	**17.7**	**1.2**	**18.9**	22.6	7.4	30.0

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

FREE CASH FLOW

The Group uses Free Cash Flow to measure the amount of cash available for distribution and allocation.

The Group calculates the Free Cash Flow as the net cash inflow/outflow from operating and investing activities before Strategic Capital Expenditure, acquisition and disposal of undertakings and adjusting for dividends paid to non-controlling interests.

The following table sets forth a reconciliation from the Group's net cash inflow from operating activities and net cash outflow from investing activities to Free Cash Flow:

	Half year 2019 £m	Half year 2018 £m
Net cash inflow/(outflow) from operating activities	**(4.9)**	27.0
Net cash inflow/(outflow) from investing activities	**793.0**	(30.0)
Net cash inflow/(outflow) from operating and investing activities	**788.1**	(3.0)
Strategic Capital Expenditure	**6.1**	14.5
Disposal of undertakings	**(811.4)**	–
Dividends paid to non-controlling interests	**(2.2)**	–
Free Cash Flow	**(19.4)**	11.5

NET DEBT

Net Debt is used by the Group to measure overall cash generation of the Group and to identify cash available to reduce borrowings. Net Debt comprises current and non-current borrowings less net cash and cash equivalents.

The following table sets out the calculation of Net Debt:

	Half year 2019 £m	Half year 2018 £m
Non-current		
Bank borrowings	**(189.0)**	(363.0)
Private Placement Notes	**(110.6)**	(117.3)
Non-bank borrowings	**–**	(61.5)
Finance leases	**–**	(0.6)
Total borrowings	**(299.6)**	(542.4)
Cash and cash equivalents	**15.5**	20.2
Net Debt	**(284.1)**	(522.2)

RETURN ON INVESTED CAPITAL ('ROIC')

The Group uses ROIC as a key measure to determine returns from each business unit, along with the measurements of potential new investments. With the significant change in the Group structure following the disposal of Greencore's US business, the Group only calculates ROIC relating to continuing operations.

The Group uses invested capital as a basis for this calculation as it reflects the tangible and intangible assets the Group has added through its capital investment programme, the intangible assets the Group has added through acquisition, as well as the working capital requirements of the business. Invested Capital is calculated as net assets (total assets less total liabilities) excluding Net Debt and the carrying value of derivatives not designated as fair value hedges, it also excludes retirement benefit obligations (net of deferred tax assets). Average Invested Capital is calculated by adding together the invested capital from the opening and closing balance sheet and dividing by two.

The Group calculates ROIC as Net Adjusted Operating Profit After Tax ('NOPAT') divided by average Invested Capital for continuing operations. NOPAT is calculated as Adjusted Operating Profit plus share of profit of associates before tax, less tax at the effective rate in the Income Statement.

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

RETURN ON INVESTED CAPITAL ('ROIC') (continued)

The following table sets forth the calculation of Net Operating Profit After Tax ('NOPAT') and invested capital used in the calculation of ROIC for the financial years.

	12 months to March 2019 **£m**	12 months to March 2018 (as reported)[(A)] £m	12 months to March 2018 (as re-presented)[(B)] £m
Adjusted Operating Profit	**105.0**	144.5	102.6
Share of profit of associates before tax	**1.2**	0.9	1.0
Taxation at the effective tax rate[(C)]	**(14.6)**	(13.4)	(10.4)
NOPAT	**91.6**	132.0	93.2

	Half year 2019 **£m**	Half year 2018 £m[(A)]	Half year 2018 £m
Invested Capital			
Total assets	**1,052.7**	1,926.4	1,926.4
Total liabilities	**(780.9)**	(1,240.3)	(1,240.3)
Net Debt	**284.1**	522.2	522.2
Derivatives not designated as fair value hedges	**4.3**	8.8	8.8
Retirement benefit obligation (net of deferred tax asset)	**79.9**	89.0	89.0
Net assets of the disposal group held for sale	**–**	–	(689.8)
Invested Capital [(D)]	**640.1**	1,306.1	616.3
Average Invested Capital for ROIC calculation	**628.2**	1,362.3	626.0
ROIC (%)	**14.6%**	9.7%	14.9%

(A) The adjusted operating profit for the 12 months to 30 March 2018 and the invested capital at 30 March 2018 is shown as reported in the prior year. This includes both continuing and discontinued operations.

(B) The adjusted operating profit for the 12 months to 30 March 2018 has been re-presented to reflect the elimination of discontinued operating profit and £2.8m of central costs previously allocated to discontinued operations now shown within continuing operations.

(C) The effective tax rates for the financial period ended 29 March 2019 and 28 September 2018, were 15% and 13% for continuing operations respectively, and 15% and 11% for the Group as reported.

(D) The invested capital for the Group in March 2017 was £1,418.4m less £635.6m for net assets of the disposal group held for sale.

APPENDIX: PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal risks and uncertainties facing the Group are summarised below. Consideration of Brexit risks has been incorporated into the Group's principal risks as appropriate.

Strategic risks

Competitor activity: The Group operates in highly competitive markets. Significant product innovations, technical advances or the intensification of price competition by competitors could adversely affect the Group's results.

Growth and change: The Group continues to pursue a strategy of growth and expansion. Delivering this strategy necessitates organisational change and investment, major capital investments and potential further corporate development opportunities. Major capital investments and further corporate development opportunities are often high cost, may involve significant change, and may result in the addition of material numbers of new employees.

Commercial risks

Changes in consumer behaviour and demand: In common with other food industry manufacturers, unforeseen changes in food consumption patterns or in weather patterns may impact the Group. In addition, demand for a number of the Group's products can be adversely affected by fluctuations in the economy.

Key customer relationships and grocery industry structure: The Group benefits from close commercial relationships with a number of key customers. The loss of any of these key customers, or an impact to the relevant brand reputation, or a significant worsening in commercial terms, could result in a material impact on the Group's results. In addition, changes to the grocery industry structure in the UK may also adversely affect performance. For example, the grocery market is undergoing significant change with increasing consolidation and the growth of limited assortment discounters, small stores and online sales.

Raw material and input cost inflation: The Group's cost base and margin can be affected by fluctuating raw material and energy prices and changes in cost and price profile. The Group may also be impacted by the loss of a key supplier. The Group relies on a concentrated number of key suppliers. A loss of, or interruption of supply from a key supplier could cause short term disruption to the operational ability of the Group and adversely affect its results.

Operational risks

Food industry and environmental regulations: As a producer of convenience food and ingredients, Greencore is subject to rigorous and constantly evolving regulations and legislation, particularly in areas of food safety and environmental protection. Failure to comply with such regulations may lead to serious financial, reputational or legal risk.

Product contamination: The Group produces a large volume of food annually and there are risks of product contamination through either accidental or deliberate means. This may lead to products being recalled as well as being a significant draw on resources and could therefore result in both a financial and/or reputational impact of the Group.

Health and safety: In addition to the obvious human cost, a serious workplace injury or fatality could inevitably carry serious financial, reputational and legal risk.

Disruption to day-to-day group operations: The Group is at risk of disruption to its day-to-day operations from poor operational management, the breakdown of individual facilities or the loss of a significant manufacturing plant.

Recruitment and retention of key personnel: The ongoing success of the Group is dependent on attracting and retaining high quality senior management who can effectively implement the Group's strategy.

Labour availability and cost: Due to political and economic pressures and changes, there may be a risk that labour cost and availability may be affected and this would have a detrimental impact on the Group. The Group needs to also ensure it is compliant with any ethical legislation, such as the 'Working Time Directive' and 'Eligibility to Work' in the UK. Failure to comply could result in heavy fines and reputational damage.

APPENDIX: PRINCIPAL RISKS AND UNCERTAINTIES

Operational risks (continued)

IT systems and cyber risk: The Group relies heavily on information technology and continuous investment in systems to support our business. An extended failure of our core systems caused by accidental or malicious actions, including those resulting from a cyber-security attack, could result in a significant impact on the business. In common with most large global companies, the Group is susceptible to cyber-attacks with the threat to the confidentially, integrity and availability of such systems. Whilst no material losses related to cyber-security breaches have been suffered, given the increasing sophistication and evolving nature of this threat, we cannot rule out the possibility of them occurring in the future.

Financial and other risks

Interest rates, foreign exchange rates, liquidity and credit: In the capital markets environment in which the Group operates, there are inherent risks associated with fluctuations in both foreign exchange rates and interest rates. In addition, in the current economic climate, the Group's credit rating and its related ability to obtain funding for future development and expansion are specific risks.

Employee retirement obligations: The Group's legacy defined benefit pension schemes are exposed to the risk of changes in interest rates and the market values of investments, as well as inflation and the increasing longevity of scheme members. The recent volatility in worldwide equity markets and decline in bond yields has highlighted the risk of employee retirement valuations.

Taxation: In an increasingly complex, international tax environment, such matters as changes in tax laws, changing legal interpretations, tax audits and transfer pricing judgements may impact the Group's tax liability or reporting requirements. Failure to accumulate and consider relevant tax information may result in non-compliance with tax regulations or adverse tax consequences.