Date:	24 February 2020
On behalf of:	Finsbury Food Group Plc ('Finsbury', 'the Company' or 'the Group')
Embargoed until:	0700hrs+

Finsbury Food Group Plc

Interim Results

Finsbury Food Group Plc (AIM: FIF), a leading UK speciality bakery manufacturer of cake, bread and morning goods for the retail and foodservice channels, is pleased to announce its unaudited interim results for the 26 weeks ended 28 December 2019.

Summary

- Group revenue up 4.7% to £159.4m (H1 2018: £152.3m) with UK Bakery sales up 5.8%.
- Group EBITDA*[1] (adjusted) up 4.1% to £13.5m (H1 2018: £12.9m).
- Profit before tax up 17.9% to £8.8m (H1 2018: £7.5m).
- Basic EPS (pence per share) up 14.0% to 4.9p (H1 2018: 4.3p).
- Interim dividend per share increased 6.0% to 1.23p (H1 2018: 1.16p per share).
- The impact of the first-time adoption of IFRS 16 has been an increase in operating profit of £0.2m, an increase in interest costs of £0.2m, an increase in EBITDA of £1.7m and an increase in debt and assets of £12.0m.
- Net debt of £32.6m (excluding IFRS 16 debt), decreased by £3.5m (H1 2018: £36.1m) at 1.3 times annualised EBITDA of the Group (H1 2018: 1.3 times).

Strategic highlights

- Continued focus on driving productivity and efficiency
    - Integrated IT system embedded in all manufacturing sites (save for Ultrapharm)
    - Implementation of Group-wide review and standardisation of bakery processes leading to improved quality and reduction of waste
- Expanding capacity
    - Opening of new gluten free bakery in Poland to expand capacity for the continental market.
- Further innovation in line with consumer trends with the launch of
    - New Line of Harry Potter licensed cakes
    - Gluten free cakes
    - Artisan sourdough breads
- Product excellence illustrated by the winning of several Quality Food and Drink 'Q' Awards

The Group uses certain Alternative Performance Measures (APMs) which are non-IFRS measures to monitor performance of its operations and of the Group as a whole. The reconciliation to IFRS measures is shown in the Consolidated Statement of Comprehensive Income.

*[1] *EBITDA is before significant non-recurring, other items (Note 2) and first-time recognition of IFRS 16 leases (Note 1) which increases EBITDA by £1.7m.*

Commenting on the results, John Duffy, Chief Executive of Finsbury Food Group Plc, said:

"The first half was both a period of growth and of successful delivery against our strategic priorities. Revenue and profit were up, largely driven by organic performance in UK Bakery as well as new business wins and the first full six-month contribution from our Free From business. We made encouraging progress in the optimisation of our cash flow in the period and reduced our debt levels, and are pleased to announce a further increase in the dividend.

Moving into the second half, while the macroeconomic pressures affecting the industry look set to continue, our long-term, consistent and disciplined approach to investment and unwavering focus on driving increased productivity and efficiency across the Group means Finsbury is now a much more resilient business and better equipped to weather difficult trading conditions.

The broad channel, customer and product diversification we now have in the business gives us a solid platform on which to build and we continue to benefit from access to higher growth opportunities such as Free From and consumer niches such as artisan bread. Notwithstanding the ongoing market-wide headwinds, there is positive sales momentum in the business and a growing number of exciting opportunities that gives us confidence in Finsbury's prospects for the full year, which remains in line with expectations."

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Notes to editors:

- The Company is one of the largest speciality bakery groups in the UK and, with its Overseas division, has sales in the financial year ending 29 June 2019 exceeding £315m.
- The Company's bakery product range is comprehensive and includes:
  - Large premium and celebration cakes.
  - Small snacking cake formats such as cake slices and bites.
  - Artisan, healthy lifestyle and organic breads through to rolls, muffins (sweet and savoury) and morning pastries, all of which are available both fresh and frozen dependent on customer channel requirements.
  - Gluten Free bread, morning goods and cake ranges.
- The Company is one of the largest ambient cake manufacturers in the UK, a market valued at over £965 million (source: 52 w/e 7th December 2019). The retail bread and morning goods market has a value of £4.6 billion (source: Kantar Worldpanel 52 w/e 29th December 2019). The retail Free From Cake market is valued at £51.7 million (source: Kantar Worldpanel 52 w/e 29th December 2019). The retail Free From bread & morning goods market is valued at £130.2 million (source: Kantar Worldpanel 52 w/e 29th December 2019). The UK Out of Home sector Foodservice Bakery sector is worth approximately £764 million per annum (source: UK foodservice data derived from MCA data for 52 weeks to 30th June 2019). The UK foodservice cake and sweet morning goods bakery sector is worth approximately £941 million per annum (UK foodservice data derived from MCA data for 52 weeks to 30th June 2019).
- The Company comprises a core UK Bakery division and an Overseas division:
  - The UK Bakery division has manufacturing sites in Cardiff, East Kilbride, Hamilton, Salisbury, Sheffield, Manchester and Pontypool.
- The Overseas division comprises the Company's 50% owned company, Lightbody Stretz Ltd, which supplies and distributes the Group's UK-manufactured products and third party products, primarily to Europe, and the Company's manufacturing facilities in Southern Poland.

OPERATING REVIEW

Revenue and Operating Profit

Group revenue increased in H1 2019 by 4.7% year on year to £159.4 million. Profit before interest, tax and significant non-recurring and other items increased by £0.2 million to £8.9 million. The Group has adopted IFRS 16 leases during the period, recognising an initial £13.2 million right-of-use asset and lease liabilities at the transition date of 30 June 2019. Operating profit has increased by £0.2 million and interest charges have increased by £0.2 million. Further details of the impact of IFRS 16 are set out in Note 1.

UK Bakery

	H1 2019 £m	H1 2018 £m	Movement
Revenue	**141.2**	133.4	+5.8%
Operating profit	**7.7**	7.4	+4.2%
Operating margin	**5.4%**	5.5%	

UK Bakery comprises the supply of cake, bread and morning goods in the Grocery and Foodservice channels. Revenue in the period increased by 5.8% to £141.2 million driven by organic growth, new business wins and full half year of acquired business, like for like revenue growth was 5.2%. The operating profit of £7.7 million increased by 4.2% year on year.

The UK Bakery operating profit margin decreased slightly from 5.5% to 5.4%. The operating profit margin for the full year 2019 was 5.1% The Bakery sector continues to face commodity head winds, now led by flour, continuing labour inflation ahead of CPI driven by National Living Wage, significant utility inflation as a consequence of Government green levies and general inflation all of which has necessitated and will continue to necessitate cost mitigation strategies and inevitably price recovery from customers.

Overseas

	H1 2019 £m	H1 2018 £m	Movement
Revenue	**18.2**	18.9	-3.5%
Operating profit	**1.2**	1.3	-6.7%
Operating margin	**6.6%**	6.9%	

The Overseas business comprises Lightbody Europe which trades primarily in France and Ultraeuropa in Poland. Lightbody Europe specialises in the import and sale of premium UK manufactured food products and is an important channel into Europe for Group UK manufactured licensed celebration cake and bite style products. Ultraeuropa manufactures and supplies gluten free products to Europe.

The operating margin decreased by 0.3% due largely to the impact of commissioning a new bakery in Poland.

GROUP FINANCIAL REVIEW

Interest Payable

Interest payable and credits (H1 2018: credits) on related interest rate swaps on the Group's bank debt in H1 2019 was £491,000 (H1 2018: £392,000), an increase of £99,000. The increase in charges is a consequence of the higher average debt balance over the period following the acquisition of Ultrapharm Limited in September 2018. The first-time adoption of IFRS 16 leases has led to a recognition of interest on lease liabilities of £158,000 in the period.

Taxation

The Group's effective tax rate in H1 2019 was 20.0%, which compares to 20.0% in H1 2018. The effective rates represent a blend of the UK, French and Polish corporation tax rates.

Earnings per share

The Group considers both adjusted and adjusted diluted earnings per share to be the most appropriate EPS measure. The adjusted earnings per share were down 2.0% to 5.0p, (H1 2018: 5.1p) and adjusted diluted earnings per share were down 2.0% to 4.8p, (H1 2018: 4.9p), the reduction being driven by higher interest costs. Further earnings per share information is given in Note 6.

Cash flow and net debt

Cash inflow from operating profit (after IFRS 16 lease payments) before changes in working capital was £13.5 million, which compares with £12.9 million in H1 2018. Net debt at 28 December 2019 was £32.6 million which compares to £36.1 million at H1 2018 a decrease of £3.5 million, this excludes the impact of the first-time adoption of IFRS 16 which has increased debt by £12.0 million. Working capital increased in H1 2019 by £1.2 million. Growth in working capital is driven largely by an uplift in sales through organic growth in H1 2019. Capital expenditure of £2.0 million is £3.2 million lower than H1 2018 driven by the end of the high investment phase. The cash out-flow relating to restructuring and reorganisation costs was £2.5 million in H1 2019 (H1 2018: £2.5 million).

Net debt (excluding IFRS 16 leases) of £32.6 million at half year, equating to 1.3 times annualised EBITDA; which results in comfortable gearing alongside a strong balance sheet. The Group has a £55.0 million revolving credit facility and an accordion of £35.0 million available to it. The facility and the potential for it to be increased further provides increased capacity for the Group to explore future growth opportunities and support its long-term investment strategy.

IFRS 16 Leases

The Group has adopted IFRS 16 leases during the period, recognising an initial £13.2 million right-of-use asset and lease liabilities at the transition date of 30 June 2019. Operating profit has increased by £0.2 million and interest charges have increased by £0.2 million. Further details of the impact of IFRS 16 are set out in Note 1.

Pensions

The Group has one defined benefit pension scheme within its Memory Lane Cake business in Cardiff. All remaining Group companies have defined contribution schemes. The Memory Lane Cake pension scheme has been closed to future accruals and new members since 31 May 2010. The net pension deficit (before related deferred tax) was £11,312,000 at 29 June 2019, the next accounting valuation update will be carried out at 28 June 2020. Cash contributions (including the PPF levy) were £186,000 in the six months to 28 December 2019 (H1 2018: £185,000).

Dividend

A final dividend for the year to 29 June 2019 of 2.34p per share was paid on 23 December 2019 to shareholders on the register at the close of business on 21 November 2019. This brought the total dividend for the year to 29 June 2019 to 3.5p per share.

The Board of Directors is announcing an interim dividend for the year ending 28 June 2020 of 1.23p per share (H1 2018: 1.16p per share), an increase of 6.0%. The interim dividend will be paid on 24 April 2020 to shareholders on the register at the close of business on 3 April 2020.

OUTLOOK

As has been the case in recent years, the macroeconomic environment looks set to remain uncertain for the year ahead, alongside continued cost inflation. However, with the investments that have been made across the Group, and having pursued a strategy of diversification while taking steps to reduce capital spend, maximise productivity and improve operational efficiency, Finsbury enters the second half in a position of relative strength.

The Group's focus in the second half will be broadly consistent with the first. We will continue to drive organic growth, leveraging our leading blend of higher-growth emerging consumer niches such as artisan, Free From and cupcakes, while continuing to take advantage of our scale in more mature product areas such as cake bites and buns & rolls and in both retail and the foodservice channels. We will continue to consider options to grow by acquisition where there is a clear strategic fit.

We will also continue to work to unlock the benefits of prior years of investment, while exploring new ways to drive further productivity and efficiency gains. Our focus on cash flow is progressing well, and we expect to be able to report further development at the full year.

While remaining cognisant of industry-wide headwinds, we believe Finsbury is on a strong footing and are confident it is well positioned for long-term, sustainable growth.

The Board currently anticipates full year earnings to be in line with market expectations.

Principal risks and uncertainties

A number of risks and uncertainties have been identified that could potentially have a material impact on the financial position of the Group. These are set out in the Risk Report Section of the Annual Report for the year to 29 June 2019 and the Board considers these remain applicable.

Forward looking statements

Throughout this report certain statements have been made which are forward looking. These statements have been made based on latest knowledge and expectations of the future. The Board considers the statements to be reasonable. Inevitably there are risks associated with these forward-looking statements which are usually outside the control of the Group. Actual results or performance may therefore differ from the outcome implied by these forward-looking statements.

Consolidated Statement of Comprehensive Income (unaudited)

	Unaudited 26 weeks ended 28 December 2019 £000			Unaudited 26 weeks ended 29 December 2018 £000		
	Adjusted Operating Performance	**Significant non-recurring and other accounting items (Note 2)**	**Consolidated Statement of Comprehensive Income**	Adjusted Operating Performance	Significant non-recurring and other accounting items (Note 2)	Consolidated Statement of Comprehensive Income
Revenue	**159,448**	**-**	**159,448**	152,337	-	152,337
Cost of sales	**(109,712)**	**-**	**(109,712)**	(106,120)	-	(106,120)
Gross profit	**49,736**	**-**	**49,736**	46,217	-	46,217
Administrative expenses	**(40,848)**	**696**	**(40,152)**	(37,550)	(680)	(38,230)
Results from operating activities	**8,888**	**696**	**9,584**	8,667	(680)	7,987
Finance expense (Note 5)	**(649)**	**(108)**	**(757)**	(392)	(110)	(502)
Profit before taxation	**8,239**	**588**	**8,827**	8,275	(790)	7,485
Taxation	**(1,664)**	**(100)**	**(1,764)**	(1,641)	147	(1,494)
Profit after tax and total comprehensive income	**6,575**	**488**	**7,063**	6,634	(643)	5,991
Profit attributable to:						
Equity holders of the parent	**6,074**	**188**	**6,262**			5,525
Non-controlling interest	**501**	**300**	**801**			466
Profit and total comprehensive income for the period	**6,575**	**488**	**7,063**			5,991
Earnings per share (pence)						
Basic	**5.0**		**4.9**	5.1		4.3
Diluted basic	**4.8**		**4.7**	4.9		4.2

Consolidated Statement of Financial Position (unaudited)

	Note	**Unaudited** **28 December 2019** **£000**	Restated Unaudited 29 December 2018 £000	Audited 29 June 2019 £000
Non-current assets				
Intangibles		**97,004**	95,307	97,664
Property, plant and equipment		**66,566**	57,538	57,009
Other financial assets		**28**	28	28
Deferred tax assets		**3,495**	3,890	3,655
		167,093	156,763	158,356
Current assets				
Inventories		**17,524**	18,384	14,805
Trade and other receivables		**55,008**	52,206	49,724
Cash and cash equivalents	7	**12,093**	10,715	12,358
Other financial assets – fair value of foreign exchange contracts		**859**	503	176
		85,484	81,808	77,063
Total assets		**252,577**	238,571	235,419
Current liabilities				
Other interest-bearing loans and borrowings	7	**(163)**	-	(335)
Lease liabilities	1,7	**(140)**	-	-
Trade and other payables		**(62,521)**	(62,080)	(55,543)
Provisions		**(2,025)**	(2,988)	(2,640)
Deferred consideration		**(970)**	(970)	(1,000)
Other financial liabilities – interest rate swaps/ fair value of foreign exchange contracts		**-**	(28)	(218)
Current tax liabilities		**(1,381)**	(562)	(306)
		(67,200)	(66,628)	(60,042)
Non-current liabilities				
Other interest-bearing loans and borrowings	7	**(44,305)**	(46,491)	(47,390)
Lease liabilities	1,7	**(11,855)**	-	-
Provisions and other liabilities		**(1,842)**	(3,976)	(3,434)
Deferred consideration		**(912)**	(1,769)	(1,824)
Deferred tax liabilities		**(1,846)**	(1,348)	(1,800)
Pension fund liability		**(11,312)**	(10,536)	(11,312)
		(72,072)	(64,120)	(65,760)
Total liabilities		**(139,272)**	(130,748)	(125,802)
Net assets		**113,305**	107,823	109,617
Equity attributable to equity holders of the parent				
Share capital	8	**1,304**	1,304	1,304
Share premium account		**64,956**	64,956	64,956
Capital redemption reserve		**578**	578	578
Employee share reserve		**(3,616)**	(3,282)	(3,616)
Retained earnings		**47,094**	41,729	44,207
Total shareholders' equity		**110,316**	105,285	107,429
Non-controlling interest		**2,989**	2,538	2,188
Total equity		**113,305**	107,823	109,617

Consolidated Statement of Changes in Equity (unaudited)

	Share capital £000	Share premium £000	Capital redemption reserve £000	Employee share reserve £000	Retained earnings £000	Non-controlling interest £000	Total equity £000
Balance as at 30 June 2018	**1,304**	**64,956**	**578**	**(3,282)**	**38,954**	**2,072**	**104,582**
Profit for the 26 weeks ended 29 December 2018	-	-	-	-	5,525	466	5,991
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**5,525**	**466**	**5,991**
Transactions with owners, recorded directly in equity:							
Foreign exchange differences	-	-	-	-	59	-	59
Dividends paid	-	-	-	-	(2,809)	-	(2,809)
Balance as at 29 December 2018	**1,304**	**64,956**	**578**	**(3,282)**	**41,729**	**2,538**	**107,823**
Profit for the 26 weeks ended 29 June 2019	-	-	-	-	3,762	540	4,302
Other comprehensive income/(expense):							
Remeasurement on defined benefit pension	-	-	-	-	(332)	-	(332)
Deferred tax movement on pension scheme remeasurement	-	-	-	-	56	-	56
Other comprehensive income	**-**	**-**	**-**	**-**	**(276)**	**-**	**(276)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**3,486**	**540**	**4,026**
Transactions with owners, recorded directly in equity:							
Shares purchased through the EBT	-	-	-	(499)	-	-	(499)
Shares issued from the EBT	-	-	-	165	(165)	-	-
Impact of share-based payments	-	-	-	-	696	-	696
Deferred tax on share options	-	-	-	-	(256)	-	(256)
Foreign exchange differences	-	-	-	-	191	-	191
Dividends paid	-	-	-	-	(1,474)	(890)	(2,364)
Balance as at 29 June 2019	**1,304**	**64,956**	**578**	**(3,616)**	**44,207**	**2,188**	**109,617**
Profit for the 26 weeks ended 28 December 2019	-	-	-	-	6,262	801	7,063
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**6,262**	**801**	**7,063**
Transactions with owners, recorded directly in equity:							
Own shares issued/(acquired)	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	(400)	-	(400)
Dividends paid	-	-	-	-	(2,975)	-	(2,975)
Balance as at 28 December 2019	**1,304**	**64,956**	**578**	**(3,616)**	**47,094**	**2,989**	**113,305**

Consolidated Cash Flow Statement (unaudited)

	Note	**Unaudited 26 weeks ended 28 December 2019 £000**	Unaudited 26 weeks ended 29 December 2018 £000	Audited 52 weeks ended 29 June 2019 £000
Cash flows from operating activities				
Profit after taxation for the period		**7,063**	5,991	10,293
Adjustments for:				
Taxation		**1,764**	1,494	3,283
Finance expenses	5	**757**	502	1,717
Amortisation of intangibles		**354**	369	1,328
Depreciation		**4,384**	3,909	7,366
Depreciation IFRS16	1	**1,506**	-	-
Significant non-recurring expenses		**257**	692	1,200
Movement in fair value foreign exchange contracts		**(953)**	(12)	178
Contributions by employer to pension scheme		**-**	-	162
Operating profit before changes in working capital		**15,132**	12,945	25,527
Changes in working capital				
Increase in inventories		**(2,840)**	(3,728)	(62)
Increase in trade and other receivables		**(5,617)**	(5,566)	(3,321)
Increase/(decrease) in trade and other payables		**7,299**	4,036	(2,199)
Cash generated from operations		**13,974**	7,687	19,945
Costs associated with closure of operations		**(2,474)**	(2,475)	(3,534)
IFRS 16 lease payments	1	**(1,658)**	-	-
Interest paid		**(468)**	(325)	(856)
Corporation taxes paid		**(482)**	(475)	(2,040)
Net cash generated from operating activities		**8,892**	4,412	13,515
Cash flows from investing activities				
Purchase of property, plant & equipment		**(1,954)**	(5,169)	(11,016)
Purchase of subsidiary companies		**(1,000)**	(16,915)	(16,915)
Net cash used in investing activities		**(2,954)**	(22,084)	(27,931)
Cash flows from financing activities				
(Repayment)/drawdown of revolving credit		**(3,036)**	21,772	22,144
(Repayment)/drawdown of asset finance facilities		**(249)**	-	828
Purchase of shares by employee trust		**-**	-	(499)
Non-controlling interest dividend paid		**-**	-	(890)
Dividend paid to shareholder		**(2,975)**	(2,809)	(4,283)
Net cash in/(out) from financing activities		**(6,260)**	18,963	17,300
Net (decrease)/ increase in cash and cash equivalents		**(322)**	1,291	2,884
Opening cash and cash equivalents		**12,358**	9,363	9,363
Effect of exchange rate fluctuation		**57**	61	111
Cash and cash equivalents at end of the period		**12,093**	10,715	12,358

NOTES TO THE FINANCIAL STATEMENTS

BASIS OF PREPARATION

This interim report, which is unaudited, does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The comparative figures for the financial year ended 29 June 2019 have been extracted from the statutory accounts for that year. Those accounts, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs"), have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The prior year comparatives at 29 December 2018 have been restated to reflect the following prior year adjustments. The Other interest-bearing loans and borrowings within current liabilities has been reduced by £46.5m and the Other interest-bearing loans and borrowings within Non-current liabilities has been increased by £46.5m to reflect the appropriate classification of the Group's Revolving Credit Facility which has a maturity date of February 2023. This adjustment does not impact any other primary financial statement.

The Board, having reviewed the Group's short and medium-term plans and available financial facilities, has reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has stayed comfortably within its banking facilities during the period, meeting covenant requirements. The Group has a £55m revolving credit facility plus scope for the facility to be increased by up to a further £35m. In addition, the Group has a strong trade debtor book and strong asset backing. Accordingly, the Board continues to adopt the going concern basis in preparing the Financial Statements.

1) IFRS 16 Leases

This is the first set of the Group's financial statements in which IFRS 16 has been applied. The Group has adopted IFRS 16 from 30 June 2019 using the modified retrospective approach, comparatives have not been restated. The reclassifications and adjustments from the new leasing rules are therefore recognised in the opening balance sheet on 30 June 2019. Under IFRS 16 the previous operating leases charge has been replaced by the depreciation on the right-of-use asset and interest on the lease liability. The impact on the balance sheet as at 28 December 2019 and the income statement for the 26 weeks to 28 December 2019 are shown in the tables below:

	£000
Operating lease commitments disclosed 29 June 2019	15,568
Discounted using the Group's weighted average incremental borrowing rate	13,242
Less short term and low value leases recognised as an expense on a straight-line basis	(89)
Lease liability recognised as at 29 June 2019	13,153

	28 December 2019	30 June 2019
	£000	£000
Total lease liability	**(11,995)**	(13,153)
Current lease liability	**(140)**	(150)
Non-current lease liability	**(11,855)**	(13,003)

Recognised right-of-use asset relate to the following classes:	**28 December 2019**	30 June 2019
	£000	£000
Total right-of-use	**11,989**	13,153
Properties	**11,299**	12,054
Plant, equipment and vehicles	**690**	1,099

Income Statement Impact	**26 weeks ended 28 December 2019**
	£000
Reduction in lease rentals	1,658
Increase in right-of-use asset depreciation	(1,506)
Impact on the operating profit	152
Increase in lease related interest costs	(158)
Overall impact on Group profit before tax	(6)

Impact on earnings per share

There was no impact on earnings per share for the 26 weeks to 28 December 2019 as a result of first time adoption of IFRS 16.

2) SIGNIFICANT NON-RECURRING ITEMS AND OTHER ACCOUNTING ITEMS

The Group presents certain items as non-recurring and significant. These relate to items which, in management's judgement, need to be disclosed by virtue of their size or incidence in order to obtain a more meaningful understanding of the financial information.

The amounts shown within significant non-recurring and other accounting items on the face of the Consolidated Statement of Comprehensive Income are shown in the table below:

	Unaudited 26 weeks ended 28 December 2019 £000	Unaudited 26 weeks ended 29 December 2018 £000
Commissioning costs	**(257)**	-
Acquisition, restructuring and impairment costs	**-**	(692)
Movement in fair value of foreign exchange contracts	**953**	12
Shown under Administrative expenses	**696**	(680)
Unwinding of discount on deferred consideration	**(57)**	(55)
Movement in fair value of swaps	**(51)**	(55)
Shown under Finance expense	**(108)**	(110)

Commissioning costs relate to the exceptional waste and labour costs of bringing the new bakery on line in Poland.

3) SEGMENT INFORMATION

Operating segments are identified on the basis of the internal reporting and decision making. The Group's Chief Operating Decision Maker is deemed to be the Board as it is primarily responsible for the allocation of resources to segments and the assessment of performance by segment. The Board assesses profit performance principally through adjusted profit measures consistent with those disclosed in the Annual Report and Accounts.

The UK Bakery segment manufactures and sells bakery products to UK grocery and food service sectors. It comprises six subsidiaries all of which manufacture and supply food products through the channels described above. These subsidiaries have been aggregated into one reportable segment as they share similar economic characteristics. The economic indicators considered are the nature of the products and production process, the type and class of customer, the method of distribution and the regulatory environment.

The Overseas segment procures and sells bakery products to European grocery and food service sectors. The Ultraeuropa business manufactures Free From bakery products in Poland and sells into the European markets.

	UK Bakery		**Overseas**		**Total Group**	
Revenue	**H1 2019 £000**	**H1 2018 £000**	**H1 2019 £000**	**H1 2018 £000**	**H1 2019 £000**	**H1 2018 £000**
Total	**141,234**	133,453	**18,215**	18,884	**159,449**	152,337

Reportable Segments	**26 weeks to 28 December 2019 £000 Total**	26 weeks to 29 December 2018 £000 Total
Revenue UK Bakery	**141,234**	133,453
Revenue Overseas	**18,215**	18,884
Total revenue	**159,449**	152,337
Adjusted operating profit UK Bakery	**7,677**	7,369
Adjusted operating profit Overseas	**1,211**	1,298
Total adjusted operating profit	**8,888**	8,667
Significant non-recurring and other items (Note 2)	**696**	(680)
Finance expense (Note 5)	**(757)**	(502)
Profit before taxation	**8,827**	7,485

The Group has two customers (2018: two) which individually account for more than 10 per cent of the Group's total revenue. These customers account for 19 per cent and 12 per cent respectively. In the prior year these same two customers accounted for 19 per cent and 13 per cent respectively of the revenue in the six months to 29 December 2018. In addition to the Europe sales disclosed in Reportable Segments, the Group also made sales to European markets through UK based organisations.

4) SHARE BASED PAYMENTS

The Group operates both approved and unapproved share option schemes. Following the adoption of IFRS2 'Share-based payments' charges have been made to the Income Statement to reflect the calculated fair value of employee share options. The cost is calculated at the date of grant and is charged equally over the vesting period. The fair value is based on the best available estimate of the number of options expected to vest. The corresponding adjustment is made to reserves.

During the 26 weeks to 28 December 2019 4,863,708 options were granted (H1 2018: nil). Administration costs include a charge of £136,000 (H1 2018: nil) in relation to the fair value of the newly awarded share options during that period.

5) FINANCE INCOME AND EXPENSES

	Note	**Unaudited 26 weeks ended 28 December 2019 £000**	Unaudited 26 weeks ended 29 December 2018 £000	Audited 52 weeks ended 29 June 2019 £000
Interest on interest rate swap agreements		**25**	20	60
Bank interest receivable		**10**	-	17
Finance income		**35**	20	77
Net interest on net pension position		**-**	-	(282)
Net bank interest payable		**(526)**	(412)	(1,130)
Charge on interest rate swaps		**-**		-
Lease Interest IFRS 16		**(158)**	-	-
Unwinding of discount on deferred consideration	2	**(57)**	(55)	-
Change in fair value of interest rate swaps	2	**(51)**	(55)	(382)
Finance expense		**(792)**	(522)	(1,794)
Net finance expense		**(757)**	(502)	(1,717)

The Group has two interest rate swap arrangements, £20.0 million for five years from 3 July 2017 at 0.455% maturing 3 July 2022 and £5.0 million for three years from 28 March 2019 at 1.002% maturing 28 March 2022 to hedge its risks associated with interest rate fluctuations. These arrangements do not meet the conditions necessary for hedge accounting to be applied and, therefore, changes in their fair value are recognised immediately in the income statement resulting in a charge of £51,000 (H1 2018: charge £55,000).

6) EARNINGS PER ORDINARY SHARE (EPS)

Basic earnings per share for the period is calculated on the basis of profit for the period after tax, divided by the weighted average number of shares in issue of 127,121,000 (29 December 2018: 127,679,000).

Basic diluted earnings per share for the period is calculated by adjusting the weighted average number of shares in issue to assume conversion of all potential dilutive ordinary shares, which for 28 December 2019 is 132,382,000 (29 December 2018: 132,231,000).

An adjusted earnings per share has also been calculated as, in the opinion of the Board, this will allow shareholders to gain a clearer understanding of the trading performance of the Group.

The adjusted earnings per share exclude amounts shown under significant and non-recurring items in the Consolidated Statement of Comprehensive Income and exclude amortisation of intangibles.

		26 weeks to 28 Dec 2019		26 weeks to 29 Dec 2018	
Profit					
Profit/(loss) attributable to equity holders of the Company (basic)	£000	**6,262**		5,525	
Significant non-recurring and other items	£000	(188)		643	
Amortisation of intangibles	£000	294		307	
Numerator for adjusted earnings per share calculation (adjusted basic)	£000	**6,368**		6,475	
Shares		**Basic**	**Diluted**	Basic	Diluted
Weighted average number of ordinary shares in issue during the period	'000	127,121	127,121	127,679	127,679
Dilutive effect of share options	'000	-	5,261	-	4,552
		127,121	**132,382**	127,679	132,231
Earnings per share					
Basic / basic and diluted	Pence	**4.9**	**4.7**	4.3	4.2
Adjusted basic/ adjusted basic and diluted	Pence	**5.0**	**4.8**	5.1	4.9

7) ANALYSIS OF NET DEBT

	Unaudited 26 weeks ended 28 December 2019 £000	Re-stated Unaudited 26 weeks ended 29 December 2018 £000	Audited 52 weeks ended 29 June 2019 £000
Net cash at bank	**12,093**	10,715	12,358
Loans after more than one year	(44,108)	(46,772)	(47,144)
Hire purchase obligations due within one year	(163)	-	(335)
Hire purchase obligations due after one year	(416)	-	(493)
Bank debt	(44,687)	(46,772)	(47,972)
Unamortised transaction costs	219	281	247
Bank debt net of unamortised transaction costs within one year	(163)	-	(335)
Bank debt net of unamortised transaction costs more than one year	(44,305)	(46,491)	(47,390)
Bank debt net of unamortised transaction costs excluding IFRS 16 lease liabilities	(44,468)	(46,491)	(47,725)
Bank debt (before IFRS 16 debt) net of cash at bank	**(32,594)**	(36,057)	(35,614)
Lease liabilities IFRS 16 within one year	(140)	-	-
Lease liabilities IFRS 16 after more than one year	(11,855)	-	-
Lease liabilities IFRS 16	**(11,995)**	-	-
Total Debt including IFRS 16 lease liabilities	**(44,370)**	(35,776)	(35,367)

8) SHARE CAPITAL

No shares were issued during the period or the comparative prior year period.

At 28 December 2019 3,261,925 shares (H1 2018: 2,704,030) were held by the Finsbury Food Group Plc Employee Benefit Trust.

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