The Real Good Food Company plc (AIM: RGD)

Interim Results for the six months ended 30 June 2011

The Real Good Food Company plc ("the Group"), owns the largest independent non-refining distributor of sugar in Europe (Napier Brown) and is a supplier of dairy ingredients ("Garrett"), bakery ingredients (Renshaw) and a manufacturer of sweet bakery products (Haydens) for a range of major retail customers.

HIGHLIGHTS

- Substantial progress achieved by all four business units
- Successful launch of branded Renshaw product range
- Total Group sales up by 21% to £109.8m (2010: £90.7m)
- Significant increase in EBITDA to £2.7m (2010: £0.6m)
- Profit before taxation of £1.15m (2010: loss of £1.11m)
- Earnings per share (diluted) of 1.2p (2010: loss per share of 1.4p)
- Net borrowings of £31.9m (2010: £28.3m)

Pieter Totté, Chairman of The Real Good Food Company plc, comments:

"I am very pleased by the progress we have made during the first half, particularly as we have had to contend with increased commodity costs and challenges in the sourcing of sugar supplies. Despite this we have achieved growth in all of our businesses, a substantial uplift in EBITDA, while continuing to invest for further growth.

"Our management teams have worked hard to ensure that increased commodity costs are passed on to customers and, whilst this will continue to be reflected in working capital, looking forward we are expecting Net Debt to reduce by the end of the year as we generate cash in our key trading period. Initial reaction to the Renshaw product launches has been extremely positive, and we are now preparing to launch our new range of speciality sugars under the Whitworths brand.

"After a three year period in which our trading performance has been over-shadowed by the impact of EU sugar reforms, we are now more in control of our own destiny. We have the people and the products to make considerable further progress and I therefore look to the Group's future with growing confidence."

20 September 2011

ENQUIRIES:

The Real Good Food Company plc — **Tel: 0151 706 8200**
Pieter Totté, Chairman
Mike McDonough, Group Finance Director

Shore Capital — **Tel: 020 7408 4090**
Stephane Auton

College Hill — **Tel: 020 7457 2020**
Gareth David

CHAIRMAN'S STATEMENT

SUMMARY

As I outlined in our most recent trading update on 1 August, the first half of 2011 has seen us achieve considerable trading progress across all four businesses within the Group. At a time when we have faced the challenges of rising commodity costs and the need to broaden our supply base for sugar, I am pleased to confirm that we grew total sales by 21% to £109.8m, increased EBITDA to £2.7m from £0.6m and achieved a profit before taxation of £1.15m (2010: loss of £1.11m).

The challenges of commodity price increases and sugar supply has meant securing additional stocks at Renshaw and Napier Brown, which has led to an increase in working capital during the period to £39.7m (2010: £32.7m) (Adjusted to reflect final IAS and tax adjustments). We do, however, expect some easing of the stock situation during the fourth quarter and our improved earnings mean we have significantly improved debt cover and remain well within our banking covenants.

At Napier Brown we have had to work hard to secure new sources of sugar, but this tight market supply situation within Europe has prompted an increase in our customer base. Our supply base for 2012 has broadened, and our ability to manage these multiple sources will stand us in good stead. Meanwhile much work has been done on developing our Whitworths brand in retail sugar, and this will start to bear fruit in 2012.

Garrett Ingredients, our dairy trading business, benefited from the re-launch last year under its original Garrett identity and enjoyed revenue growth in excess of 20% in the first half. Despite volatile market conditions, its proposition of assured supply of quality raw material is proving increasingly powerful, enabling the business to increase its customer base, as well as broaden its portfolio into new sectors, such as chilled.

Renshaw continued to enjoy sales growth by capitalising on the revival of home baking markets both in the UK and abroad. The business is now about to enter a new phase of its growth plan with the launches of a series of Renshaw branded products across the retail, sugarcraft and wholesale trade sectors and will be investing in support campaigns to drive sales of these new ranges.

At Haydens, the new distribution warehouse has opened and is now fully operational. This development was central to enabling us to begin realising our growth ambitions and move forward with the factory modernisation programme which are the two main platforms of our recovery plan. This plan remains broadly on track though the business has been hit by higher than expected raw material cost increases over the past few months.

Napier Brown (Sugar Division)

Napier Brown supplies a range of sugars in many formats to all major market sectors; large, medium and small food manufacturers, wholesalers, retail grocery and foodservice from its facilities at Normanton, near Leeds.

The dramatic tightening of the supply and demand balance within the EU sugar market has highlighted to customers the importance of Napier Brown's 'multi-sourcing' strategy. We have had to buy increasing quantities of sugar from new sources outside the EU in order to meet demand and much of the first half of the year has been spent gearing up to manage the increased complexity of these new supply sources. Meanwhile market prices have risen accordingly.

Revenue increased year-on-year as a result of both increased volumes and higher prices. The business was faced by price increases imposed at short notice by two of its UK suppliers during the first three months of the year and had to recover these in the market. This was a difficult task, but was achieved in full, while customers began increasingly to recognize the benefits of Napier Brown bringing new supply sources to the market.

Continued investment in commercial resource was made with the appointment of a new Sales Director, Jon Tanner, a re-focus of resources on sugar sourcing and the setting up of a new brand marketing function. On the operational side focus was on investing in infrastructure to handle new supplies of sugar in different formats and in upgrading our forecasting, planning systems and processes.

Increased supplies have been gained for the 2011/2012 sugar year with a growing quantity sourced from outside Europe. Negotiations for the main sales contract season starting on 1st October were generally held early as customers looked to secure supplies and have resulted in a significant growth in our customer base. Plans are also well advanced for a re-launch of the Whitworths brand in retail sugar with first products due to hit supermarket shelves in the coming months.

Garrett Ingredients (Dairy Division)

Garrett Ingredients ("Garrett"), based at Thornbury near Bristol, supplies a range of dairy powders, blends and specialist ingredients, in addition to sugars, to an increasingly broad range of food manufacturing customers.

Garrett has enjoyed strong revenue growth in volatile conditions for the dairy market. The rebranding of the business under its original 'Garrett's' name last October has proved successful as it has looked to broaden both its customer base as well as its dairy product portfolio into new areas such as cheese and cultured products.

Like Napier Brown, Garrett has successfully diversified its supply base within the dairy market thereby offering customers supply security. Looking ahead, the business sees further growth in three areas: new customers, in particular medium-sized UK manufacturers; extension of its dairy product range into chilled in particular; and thirdly, by adding exclusive new distributorship arrangements in complementary ingredients with companies such as Cargill and Danisco.

Renshaw (Bakery Ingredients Division)

Renshaw is a leading and innovative manufacturer of high quality food ingredients, primarily to the bakery sector, both in the UK and Internationally. Customers include craft bakers, food manufacturers, grocery retailers and specialist retailers. It operates two facilities, one in Liverpool and the other in Carluke, south-east of Glasgow.

Renshaw has continued to achieve strong revenue growth during the first six months of 2011, with sales to both international and domestic consumer markets remaining buoyant. The growing popularity of home baking and crafting continues in the US and UK, with a third of UK consumers citing home baking as their hobby of choice and retailers giving home baking products more focus and shelf space.

In addition to growth in our core business we are well placed to see growth from our recently launched Renshaw branded products, which are now available in Morrisons, Tesco, Asda, Lakeland, sugar-craft outlets and wholesalers. We have also gained regional listings in Scotland for our R&W Scotts jam range and are now looking to extend it across the UK.

Advertising campaigns are now under way for the branded range in both the trade and consumer food press. A new consumer website www.mybakes.co.uk is already attracting significant interest from consumers, and forms one part of our ongoing digital campaign. We will also be active at a number of trade and consumer shows later this year.

Meanwhile the business continues to see exciting growth potential in export markets, and a new Head of International Business Development, Simon Mortimer, has been appointed to develop and implement a strategy to build on the recent success in this sector. We are also building our new product development and innovations expertise internally and externally through developing links with a number of research and development institutes.

Haydens Bakeries (Bakery Division)

Haydens Bakeries produces chilled and ambient premium patisserie and dessert products for retail grocery customers, including Waitrose and M&S. It is based at Devizes in Wiltshire.

Sales in the division have continued to grow, with like-for-like sales up 10% on the same period last year, reflecting a sustained appetite for the high quality hand-crafted products the business produces.

In April we reached the first significant milestone in Haydens' three-year strategic recovery programme, with the opening of a new, purpose-built 36,000 sq ft distribution centre. This achieves two key goals; supporting Waitrose branch growth plans as well as extending third party distribution service; and releases space in the manufacturing facility to modernise and add capacity for existing and new customers.

We have begun the first phase of our bakery modernisation programme, with the addition of a dough production line and improved temperature control. Further modular stages will be added over the coming months, once comprehensive factory plans are completed in the third quarter.

Our efforts to improve overall operating performance through greater efficiencies in our manufacturing processes continue, but have been impacted by a difficult trading environment, with significant price increases and pressure on commodities and raw materials in general. Manufacturing costs will also remain higher than desired until the modernisation programme is complete.

CASH FLOW AND DEBT

As a consequence of sugar supply conditions, the Group has invested an additional £4.0m in inventory, taking the total at the period end to £15.0m (2010: £11.0m) to ensure its ability to meet customer demands. Together with £1.6m invested in non-current assets (2010: £0.8m), these have been the main drivers behind an increase of £7.0m in working capital at £39.7m (2010: £32.7m) (Adjusted to reflect final IAS and tax adjustments)

Despite this increase net borrowings at £31.9m at June 2011 were only up £3.6m compared to June 2010, aided by funds generated from operations of £2.7m (2010: £0.4m). The group has improved its headroom within its borrowing facilities.

OUTLOOK

Our management teams have worked hard to ensure that increased commodity costs are passed on to customers and, whilst this will continue to be reflected in working capital, looking forward we are expecting Net Debt to reduce by the end of the year as we generate cash in our key trading period. Initial reaction to the Renshaw product launches has been extremely positive, and we are now preparing to launch our new range of speciality sugars under the Whitworths brand..

After a three year period in which our trading performance has been over-shadowed by the impact of EU sugar reforms, we are now more in control of our own destiny. We have the people and the products to make considerable further progress and I therefore look to the Group's future with growing confidence.

PIETER TOTTÉ
Chairman

20 September 2011

REPORT OF THE AUDITORS

Introduction

We have been engaged by the company to review the condensed set of financial statements in the six monthly interim financial report for the six months ended 30 June 2011, which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cashflows and the related notes. We have read the other information contained in the six monthly interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company, as a body, in accordance with our instructions. Our review has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The six monthly interim financial report is the responsibility of, and has been approved by, the directors.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this six monthly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the six monthly interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the six monthly interim financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Crowe Clark Whitehill LLP
Chartered Accountants
10 Palace Avenue
Maidstone
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ending 30 June 2011

	Notes	Period ended 30 June 2011			Period Ended 30 June 2010		
		Before Significant Items £'000s	Significant Items £'000s	**Total £'000s**	*Before Significant Items £'000s*	*Significant Items £'000s*	*Total £'000s*
CONTINUING OPERATIONS							
REVENUE		**109,785**	**-**	**109,785**	**90,735**	**-**	**90,735**
Cost of sales		(96,431)	-	**(96,431)**	(81,620)	-	**(81,620)**
GROSS PROFIT		**13,354**	-	**13,354**	**9,115**	-	**9,115**
Distribution costs		(4,094)	-	**(4,094)**	(3,752)	-	**(3,752)**
Administration expenses		(7,563)	-	**(7,563)**	(5,802)	(189)	**(5,991)**
OPERATING PROFIT/(LOSS)		**1,697**	**-**	**1,697**	**(439)**	**(189)**	**(628)**
Finance costs		(638)	-	**(638)**	(709)	-	**(709)**
Net Pension finance income		93	-	**93**	39	-	**39**
PROFIT/(LOSS) BEFORE TAXATION		**1,152**	-	**1,152**	**(1,109)**	**(189)**	**(1,298)**
Taxation		(200)	-	**(200)**	310	53	**363**
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**952**	**-**	**952**	**(799)**	**(136)**	**(935)**
PROFIT/(LOSS) FOR THE PERIOD		**952**	-	**952**	**(799)**	**(136)**	**(935)**
Other comprehensive income							
Actuarial losses on defined benefit plans		**(158)**	-	**(158)**	**(338)**	-	**(338)**
Income tax relating to components of other comprehensive income		**41**	-	**41**	**128**	-	**128**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**835**	**-**	**835**	**(1,009)**	**(136)**	**(1,145)**
Basic profit / loss per share	5	**1.3p**		1.3p	**(1.2)p**		(1.4)p
Diluted profit / loss per share	5	**1.2p**		1.2p	**(1.2)p**		(1.4)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2011

GROUP FINANCIAL POSITION
As at 30 June 2011

	30 June 2011	*30 June 2010*	*31 Dec 2010*
	£'000s	*£'000s*	*£'000s*
ASSETS			
Non Current Assets			
Goodwill	**75,796**	**75,796**	*75,796*
Intangibles	**559**	**687**	*625*
Property, plant and equipment	**16,325**	**14,979**	*15,603*
Deferred tax asset	**380**	**959**	*351*
	93,060	**92,421**	***92,375***
Current Assets			
Inventory	**15,008**	**11,038**	*9,546*
Trade and other receivables	**27,246**	**24,804**	*24,373*
Cash and cash equivalents	**1,405**	**1,796**	*3,187*
	43,659	**37,638**	***37,106***
Total Assets	**136,719**	**130,059**	***129,481***
LIABILITIES			
Current Liabilities			
Borrowings	**25,445**	**20,453**	*17,258*
Trade and other payables	**18,590**	**18,644**	*19,891*
Current tax liabilities	**838**	**158**	*589*
Derived financial instruments	**30**	**92**	*30*
	44,903	**39,347**	***37,768***
Non Current Liabilities			
Borrowings	**7,873**	**9,649**	*8,565*
Deferred tax	**3,112**	**3,223**	*3,164*
Retirement benefit obligations	**-**	**949**	*-*
	10,985	**13,821**	***11,729***
Net Assets	**80,831**	**76,891**	***79,984***
SHAREHOLDERS' EQUITY			
Called up share capital	**1,300**	**1,300**	*1,300*
Share premium account	**68,870**	**68,870**	*68,870*
Other reserves	**165**	**79**	*153*
Profit and loss account	**10,496**	**6,642**	*9,661*
Total Equity	**80,831**	**76,891**	***79,984***

STATEMENT OF CHANGES IN EQUITY
For the six months ending 30 June 2011

	Issued Share Capital £'000s	Share Premium Account £'000s	IFRS 2 Share Option reserve £'000s	Retained Earnings £'000s	**Total £'000s**
Balance at 1 January 2010	**1,300**	**68,870**	**73**	**7,787**	**78,030**
Shares to be issued – Options	-	-	6	-	**6**
Total comprehensive income for the period	-	-	-	(1,145)	**(1,145)**
Balances as at 30 June 2010	**1,300**	**68,870**	**79**	**6,642**	**76,891**
Balance at 1 January 2011	**1,300**	**68,870**	**153**	**9,661**	**79,984**
Shares to be issued – Options	-	-	12	-	**12**
Total comprehensive income for the period	-	-	-	835	**835**
Balances as at 30 June 2011	**1,300**	**68,870**	**165**	**10,496**	**80,831**

STATEMENT OF CASH FLOWS
For the six months ending 30 June 2011

	6 months to 30 June 2011 £'000s	*6 months to 30 June 2010 £'000s*
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / Loss for the period before taxation	**1,152**	(1,298)
Adjusted for:		
Finance costs	**638**	709
IAS 19 income	**(93)**	(39)
Depreciation of property, plant & equipment	**878**	956
Amortisation of intangibles	**122**	63
Share based payment expense	**12**	6
Operating Cash Flow	**2,709**	397
Increase in inventories	**(5,461)**	(1,468)
Increase in receivables	**(2,872)**	(1,353)
Decrease in payables	**(1,359)**	(216)
Net Cash Outflow from Operating Activities	**(6,983)**	(2,640)
Interest paid	**(638)**	(709)
Net cash outflow from operating activities	**(7,621)**	(3,349)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of intangible assets	**(56)**	(39)
Purchase of property, plant & equipment	**(1,600)**	(772)
Net cash used in investing activities	**(1,656)**	(811)
CASH FLOW USED IN FINANCING ACTIVITIES		
Drawdown of borrowings	**7,613**	441
Repayment of obligations under finance leases	**(118)**	(142)
Net cash used in financing activities	**7,495**	299
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,782)**	(3,861)
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of year	**3,187**	5,657
Net movement in cash and cash equivalents	**(1,782)**	(3,861)
Cash and cash equivalents at balance sheet date	**1,405**	*1,796*
Cash and cash equivalents comprise:		
Cash	**1,405**	*1,796*
	1,405	*1,796*

NOTES TO THE INTERIM RESULTS
For the six months to 30 June 2011

1. GENERAL INFORMATION

The Real Good Food Company Plc is a public limited company ("company") incorporated in the United Kingdom under the Companies Act (registration number 4666282). The company is domiciled in the United Kingdom and its registered address is 229 Crown Street Liverpool Merseyside L8 7RF. The company's shares are traded on the Alternative Investment Market ("AIM").

The principal activities of the group are the sourcing, manufacture, marketing and distribution of food and industrial ingredients.

Copies of the Interim Report are being sent to shareholders. Further copies of the Interim Report and Annual Report and Accounts may be obtained from the address above.

2. BASIS OF PREPARATION

These condensed consolidated financial statements are presented on the basis of International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and have been prepared in accordance with AIM rules and the Companies Act 2006, as applicable to companies reporting under IFRS.

The financial information set out in this document does not comprise the statutory accounts of the company within the meaning of Part 15 of the Companies Act 2006.

The same accounting policies and methods of computation are followed within these interim financial statements as adopted in the most recent annual financial statements.

New IFRS standards and interpretations not adopted

Certain new standards, amendments and interpretations of existing standards that have been published and which are effective for the company's accounting periods beginning on or after 1 December 2010 and which are applicable to the company, but which have not been adopted early are:

- IAS 39 Financial instruments: Recognition and measurement (amendment) – Eligible Hedged Items
- IFRS 7 Improving disclosures about financial instruments (amendments and disclosures)
- IRIC 18 Transfers of Assets from Customers
- Amendment to IAS 32 Classification of Rights Issues
- Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions
- Improvements to IFRS (covering IFRS 3 & 7 and IAS 1 & 34 and IFRIC 13)
- Improvements to IFRS (covering IFRS 2 & 8 and IAS 1, 7, 17, 18, 36, 38 & 39 and IFRIC 9)

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the group's profit for the period or equity. Application of these standards will result in some changes in presentation of information within the condensed interim financial statements.

3. SIGNIFICANT ITEMS

It is the group's policy to show items that it considers being of a significant nature seperately on the face of the Consolidated Statement of Comprehensive Income in order to assist the reader to understand the accounts. The company defines the term significant as items that are material in respect of their size and nature. For example a major restructuring of the activities of the group. Summary details of significant items are shown in the Chairman's statement which forms part of this six monthly interim financial report.

4. SEGMENT ANALYSIS

Business segments

The group's operating segments are Sugar, Dairy, Bakery Ingredients and Bakery as the group's management and reporting structure is organised along these lines.

The following table shows the group's revenue and results for the period under review analysed by operating segment. Segment profit represents the trading profit after depreciation but before significant items.

Six months to 30 June 2011	**Sugar**	**Dairy**	**Bakery Ingredients**	**Bakery**	**Total Before Significant Items**	**Significant Items**	**Total After Significant Items**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**		**£'000s**
Total revenue	67,867	14,683	20,764	11,340	114,654	-	114,654
Revenue – internal	(4,065)	(236)	(568)	-	(4,869)	-	(4,869)
External Revenue	**63,802**	**14,447**	**20,196**	**11,340**	**109,785**	**-**	**109,785**
Operating Profit/(Loss)	1,120	1,389	1,101	(624)	2,986	-	2,986
Finance costs (net of interest received)	(345)	(108)	(142)	(43)	(638)	-	(638)
Pension finance costs					93	-	93
Head office and consolidated adjustments					(1,289)	-	(1,289)
Profit before tax					**1,152**		**1,152**
Tax					(200)	-	(200)
Profit after tax as per income statement					952	-	952

Inter–segment sales are charged at prevailing market rates.

As At 30 June 2011	Sugar £'000s	Dairy £'000s	Bakery Ingredients £'000s	Bakery £'000s	Unallocated £'000s	Total Group £'000s
Segment assets	**25,245**	**5,297**	**22,330**	**7,319**		**60,191**
Unallocated assets						
Goodwill						**75,796**
Property, plant and equipment						**15**
Deferred tax assets						**380**
Trade and other receivables						**337**
Total assets						**136,719**
Segment liabilities	**(22,279)**	**(5,037)**	**(12,500)**	**(3,882)**		**(43,698)**
Unallocated liabilities						
Trade and other payables						**(154)**
Borrowings						**(10,331)**
Current tax liabilities						**654**
Deferred tax liabilities						**(2,359)**
Total liabilities						**(55,888)**
Net operating (liabilities)/assets	**2,966**	**260**	**9,831**	**3,437**		**80,831**
Non current asset additions	78	-	428	1,140	10	**1656**
Depreciation	173	-	430	274	1	**878**
Amortisation	74	-	33	15	-	**122**

Geographical segments

The group earns revenue from countries outside the United Kingdom, but as these only represent 4.1% of the total revenue of the group, segmental reporting of a geographical nature is not considered necessary in accordance with the provisions of IFRS 8.

5. EARNINGS PER ORDINARY SHARE

Earnings per share is calculated on the basis of the profit/loss for the period after tax, divided by the weighted average number of shares in issue for 2011 of 65,014,403 (2010: 65,014,348).

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. Potential dilutive ordinary shares arise from share options and warrants. For these, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the exercise price attached to outstanding share options. Thus the dilutive weighted average number of shares considers the number of shares that would have been issued assuming the exercise of the share options.

An adjusted profit / loss per share and a diluted adjusted profit / loss per share, which exclude significant items, 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.

	Six months to 30 June 2011			**Six months to 30 June 2010**		
	Earnings £'000s	**Weighted Average No. of shares**	**Per share amount pence**	**Earnings £'000s**	**Weighted Average No. of shares**	**Per share amount pence**
Profit/(Loss) attributable to ordinary shareholders	838	65,014,403	1.3	(935)	65,014,348	(1.4)
Significant items	-	-	-	136	-	-
Adjusted Profit/(Loss) per share	838	65,014,403	1.3	(799)	65,014,348	(1.2)
Dilutive effect of options	-	4,421,432	-	-	-	-
Dilutive effect of warrants	-	-	-	-	-	-
Diluted Profit/(Loss) per share	838	69,435,835	1.2	(935)	65,014,348	(1.4)
Diluted adjusted Profit/(Loss) per share	838	65,014,403	1.3	(799)	65,014,348	(1.2)

6. DIVIDENDS

No dividend is proposed for the six months ended 30 June 2011 (2010 Nil).

7. TAXATION

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made in full for taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences. Deferred tax is not discounted.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

8. PENSION ARRANGEMENTS

A subsidiary of the Group, RenshawNapier Limited, operates a defined benefit pension scheme, the Napier Brown Retirement Benefits Scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The contributions made by the employer over the six-month period have been £64,998

Assumptions

The assets of the scheme have been included at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	30 June 2011 % per annum	**31 December 2010 % per annum**
Rate of increase in pensions in payment	3.10	3.00
Discount rate	5.70	5.70
Inflation assumption	3.20	2.80
Revaluation rate for deferred pensions	2.20	2.80

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were:

	30 June 2011 %	**31 December 2010 %**
Equities	7.50	7.50
Bonds	5.50	5.60
Gilts	4.00	4.40
Property	7.50	6.50
Cash	0.50	4.20

	30 June 2011 £'000s	**31 December 2010 £'000s**
Total fair value of assets	16,495	15,623
Present value of scheme liabilities	(15,639)	(16,572)
Surplus / (Deficit)in the scheme	856	(949)

The scheme is a closed scheme and therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement.

The asset is not recognised as the scheme is closed to new members and therefore the surplus is not considered to be recoverable by the group in accordance with IAS 19 "Employee Benefits"