

## The Real Good Food Company plc (AIM: RGD)

### Interim Results for the six months to 30 September 2012

*The Real Good Food Company plc (“the group” or “RGFC”) is a diversified food group, which owns Napier Brown (Europe’s biggest non-refining sugar distributor) as well as Renshaw and R&W Scott (bakery ingredients), Garrett Ingredients (dairy ingredients) and Haydens Bakery (patisserie and desserts).*

#### HIGHLIGHTS

	Six months to 30 September 2012 £'000s	Six months to 30 September 2011 £'000s
Revenue	137,806	128,215
EBITDA	3,023	3,092
Continuing profit before taxation and significant items	1,173	1,373
Earnings per share		
Basic: adjusted	1.5p	1.9p
Diluted: adjusted	1.4p	1.7p
Working capital (Fixed Assets/Stock/Trade Debtors Trade Creditors and Tax)	45,479	41,687
Net borrowings (Including Cash)	32,075	33,741

*NB: These are the first interim results produced after the change in year end and as such the period to September 2011 has never been publicly reported.*

- Group continues to focus on brand development and driving sales growth
- Divisional Highlights
  - *Key trading divisions of Napier Brown, Garrett and Renshaw all in line with this year’s EBITDA expectations*
  - *Significantly improved performance at R&W Scott – EBITDA up £0.8m over last year*
  - *Improved performance at Haydens expected to accelerate in the second half*
- EBITDA little changed at £3.0m (2011: £3.1m) after increased investment in new branding initiatives of £0.5m at Napier Brown and Renshaw to support growth plans
- Working Capital at £45.5m up 9.4% on last year, but well within planned levels and the normal seasonal pattern. Increase year-on-year primarily driven by higher stocks in Renshaw and Napier Brown, which will be worked off over the remainder of the year
- Net debt reduced by £1.7m to £32.1m, despite increase in working capital

Pieter Totté, Executive Chairman, comments:

***“We enter the critical Christmas trading period with all businesses in a strong position to maximise commercial opportunities. At the same time we continue to develop our medium term growth plans, and I am confident the group will deliver results for the year as a whole in line with market expectations.”***

**13 November 2012**

**ENQUIRIES:**

**Real Good Food**

Pieter Totté, Chairman  
Andrew Brown, Marketing Director  
Mike McDonough, Finance Director

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## **Business Review**

I am pleased to report that our trading performance has been in line with expectations across our three key trading divisions, Napier Brown, Garrett Ingredients and Renshaw, with our diversified sales channels limiting our exposure to specific market challenges. Significant improvements have been achieved at R&W Scott, following its separation from Renshaw, while trading performance at Haydens Bakery continues to improve.

Further increases in the cost of commodities, in particular sugar, have impacted our levels of working capital, but these levels will reduce significantly by the end of the financial year. Meanwhile, by better matching customer and supplier terms, our net debt levels are well under control and remain within our facility limits.

We were delighted to announce in June a partnership agreement with Omnicane, the biggest sugar company in Mauritius, whereby it has taken a 20% stake in The Real Good Food Company. Discussions on how we can co-operate continue and I am delighted that Omnicane's Chief Executive Officer, Jacques d'Unienville, has agreed to join our Board as a non-executive Director. The opportunities for joint ventures on sugar sourcing and in opening up export markets, particularly in Africa, are exciting.

### **Napier Brown (Sugar)**

***From its facility at Normanton, near Leeds, Napier Brown sources sugar from the UK, mainland Europe and worldwide supplying customers in the UK across all market sectors; manufacturing, retail, wholesale and foodservice***

Sales revenue increased 11% year-on-year, a combination of higher volume and increased market prices. Most of the volume increases were in the industrial sector where customers are attracted by our long term multi-sourcing strategy.

In retail, the focus has been on developing a differentiated product range around our Whitworths brand. The launch of our innovative new Baking Sugars in re-sealable pouches has been well received by the trade and marketing campaigns are in place to build on this in the coming months.

The new contract season from October has resulted in further volume increases in both industrial and retail and we continue to work on our plans to secure new sources of sugar in line with the growth ambitions. We expect shortly to complete the acquisition of a site for a new sugar terminal in East Yorkshire with plans for it to be operational during 2013.

### **Garrett Ingredients (Sugar and Dairy)**

***Based at Thornbury, near Bristol, Garrett sources dairy and other specialist food ingredients from across the UK, Eire and continental Europe for supply (along with sugar sourced from Napier Brown) to large, medium and small food manufacturing businesses across the UK.***

Garrett also grew both tonnage and sales revenues. Dairy volumes increased though prices of skimmed milk powders were below last year's levels throughout most of the period, while the poor summer weather also reduced sales of ice cream mix and dairy ingredients to this sector. Meanwhile progress was made in broadening the product range to include the likes of dextrose, sweetened condensed milk and other complementary ingredients.

## **Renshaw (Bakery Ingredients)**

***Operating out of its Liverpool facility Renshaw is a leading manufacturer of high quality food ingredients, primarily to the baking sector both in the UK and for export with a strong reputation for quality, consistency and innovation.***

Renshaw volumes and sales remained strong, although EBITDA was down as fixed costs increased, with investment in research, development and human resources to manage growth plans in particular in export and the setting up of a new online sales channel.

A major evaluation has been undertaken of the Renshaw brand. As a consequence we have redefined our vision for the brand, with a new emphasis on exploiting its distinctive credentials within the expert sugar-craft market. Plans are in place to expand the brand globally, with an online sales channel live in the New Year.

Research in a number of countries has confirmed the potential for the brand and its product range, while the online route to market will give the brand the ability to engage directly with many of its customers.

## **R&W Scott (Bakery Ingredients and Jam)**

***R&W Scott at its Carlisle facility south-east of Glasgow produces chocolate coatings and sauces, jams and dry powder blends for the industrial, retail, wholesale and foodservice markets.***

The new standalone R&W Scott business returned to profitability during the first half of the year and is on track to deliver a positive EBITDA performance for the full year. The greater focus delivered by the new management team is producing the desired results, with new ranges planned in retail jams and new opportunities being pursued for coatings in wholesale and foodservice channels. Plans are also in place to supply jam and sauce ingredients to Haydens, which will realise significant benefits for both businesses.

## **Haydens Bakery (Patisserie and Desserts)**

***From its site in Devizes, Wiltshire, Haydens Bakery produces an extensive range of high added value, hand finished, ambient, chilled and frozen patisserie and dessert products to retail and foodservice customers. Through its Hopton Distribution facility, it also consolidates distribution of bakery products from other manufacturers to Waitrose.***

EBITDA performance improved year-on-year though, as previously reported, the recovery plan is taking longer than anticipated. We are taking action across the business and remain confident that the second half of the year will see a significant improvement in performance, with the business moving into profitability. New sales opportunities are being realised in both retail and increasingly foodservice, where the frozen supply chain is commercially attractive.

## **Cash flow and Debt**

Working capital levels at September 2012 at £45.5m are £3.8m higher than September 2011 (£41.7m) primarily driven by higher stock levels. Debtor and creditor levels were both up but by similar amounts reflecting an improvement in the balance of respective trading terms. Capital expenditure at £1.3m is marginally below last year's level of £1.5m.

Despite the increase in working capital levels net debt (including cash) at September 2012 was £32.1m, down from the September 2011 level of £33.7m. The group retains significant headroom within both its banking covenant and its facilities.

The group is proactive in extending its banking arrangements beyond the July 2013 renewal date. The completion timetable has been agreed and it is planned to announce the new arrangements by the end of the calendar year.. In the meantime we have moved £4.96m of term loans to current as they fall due within the next 12 months, borrowings due over one year are now £2.77m as compared to £6.79m at September 2011

**Outlook**

We enter the critical Christmas trading period with all businesses in a strong position to maximise commercial opportunities. At the same time we continue to develop our medium term growth plans, and I am confident the group will deliver results for the year as a whole in line with market expectations.

**Pieter Totté**  
**Executive Chairman**

**13 November 2012**

**THE REAL GOOD FOOD COMPANY PLC**  
**INDEPENDENT REVIEW REPORT TO THE REAL GOOD FOOD COMPANY PLC FOR THE SIX**  
**MONTHS TO 30 SEPTEMBER 2012**

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## **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 September 2012, 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 September 2012 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  
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**THE REAL GOOD FOOD COMPANY PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2012 (UNAUDITED)**

	Notes	Six Months Ended 30 September 2012			Six Months Ended 30 September 2011		
		Before Significant Items £'000s	Significant Items £'000s	Total £'000s	Before Significant Items £'000s	Significant Items £'000s	Total £'000s
<b>CONTINUING OPERATIONS</b>							
<b>Revenue</b>		<b>137,806</b>	-	<b>137,806</b>	<b>128,215</b>	-	<b>128,215</b>
Cost of sales		(122,048)	-	(122,048)	(112,615)	-	(112,615)
<b>Gross profit</b>		<b>15,758</b>	-	<b>15,758</b>	<b>15,600</b>	-	<b>15,600</b>
Distribution costs		(5,246)	-	(5,246)	(5,530)	-	(5,530)
Administration expenses		(8,556)	-	(8,556)	(8,016)	-	(8,016)
<b>Operating profit</b>		<b>1,956</b>	-	<b>1,956</b>	<b>2,054</b>	-	<b>2,054</b>
Finance costs		(824)	-	(824)	(788)	-	(788)
Net pension finance income		41	-	41	107	-	107
<b>Profit before taxation</b>		<b>1,173</b>	-	<b>1,173</b>	<b>1,373</b>	-	<b>1,373</b>
Taxation		(153)	-	(153)	(160)	-	(160)
<b>Profit from continuing operations</b>		<b>1,020</b>	-	<b>1,020</b>	<b>1,213</b>	-	<b>1,213</b>
<b>Profit for the period attributable to the equity holders of the parent</b>		<b>1,020</b>	-	<b>1,020</b>	<b>1,213</b>	-	<b>1,213</b>
<b>Other comprehensive income</b>							
Actuarial losses on defined benefit plans		(329)	-	(329)	(548)	-	(548)
Income tax relating to components of other comprehensive income		79	-	79	137	-	137
<b>Total comprehensive income for the period</b>		<b>770</b>	-	<b>770</b>	<b>802</b>	-	<b>802</b>
Basic profit per share	5	1.5p		1.5p	1.9p		1.9p
Diluted profit per share	5	1.4p		1.4p	1.7p		1.7p

**THE REAL GOOD FOOD COMPANY PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2012**  
**(UNAUDITED)**

	30 Sept 2012 £'000s	31 Mar 2012 £'000s	30 Sept 2011 £'000s
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Goodwill	75,796	75,796	75,796
Intangibles	467	521	570
Property, plant and equipment	17,371	17,057	16,367
Deferred tax asset	874	912	488
	<b>94,508</b>	<b>94,286</b>	<b>93,221</b>
<b>CURRENT ASSETS</b>			
Inventory	22,661	17,380	19,449
Trade and other receivables	30,386	24,444	27,799
Cash and cash equivalents	3,892	2,506	1,390
	<b>56,939</b>	<b>44,330</b>	<b>48,638</b>
<b>Total Assets</b>	<b>151,447</b>	<b>138,616</b>	<b>141,859</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Borrowings	33,193	24,366	27,865
Trade and other payables	25,015	20,082	21,960
Current tax liabilities	391	570	538
Derived financial instruments	-	-	30
	<b>58,599</b>	<b>45,018</b>	<b>50,393</b>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	2,774	6,796	7,266
Deferred tax	2,745	2,886	3,070
Retirement benefit obligations	1,290	1,080	376
	<b>6,809</b>	<b>10,762</b>	<b>10,712</b>
<b>Net Assets</b>	<b>86,039</b>	<b>82,836</b>	<b>80,754</b>
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	1,389	1,300	1,300
Share premium account	71,244	68,874	68,874
Other reserves	500	526	171
Profit and loss account	12,906	12,136	10,409
<b>Total Equity</b>	<b>86,039</b>	<b>82,836</b>	<b>80,754</b>



**THE REAL GOOD FOOD COMPANY PLC**  
**STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2012**  
**(UNAUDITED)**

	Issued Share Capital £'000s	Share Premium Account £'000s	IFRS 2 Share Option reserve £'000s	Retained Earnings £'000s	<b>Total</b>  <b>£'000s</b>
<b>Balance at 1 April 2011</b>	<b>1,300</b>	<b>68,870</b>	<b>119</b>	<b>9,607</b>	<b>79,896</b>
Shares to be issued – Options	-	-	52	-	<b>52</b>
Shares issued in period	-	4	-	-	<b>4</b>
Total comprehensive income for the period	-	-	-	802	<b>802</b>
<b>Balances as at 30 September 2011</b>	<b>1,300</b>	<b>68,874</b>	<b>171</b>	<b>10,409</b>	<b>80,754</b>
<b>Balance at 1 April 2012</b>	<b>1,300</b>	<b>68,874</b>	<b>526</b>	<b>12,136</b>	<b>82,836</b>
Shares to be issued – Options	-	-	(26)	-	<b>(26)</b>
Shares issued in period	89	2,370	-	-	<b>2,459</b>
Total comprehensive income for the period	-	-	-	770	<b>770</b>
<b>Balances as at 30 September 2012</b>	<b>1,389</b>	<b>71,244</b>	<b>500</b>	<b>12,906</b>	<b>86,039</b>

**THE REAL GOOD FOOD COMPANY PLC**  
**STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2012**  
**(UNAUDITED)**

	<b>6 months to 30 Sept 2012 £'000s</b>	<i>6 months to 30 Sept 2011 £'000s</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	1,173	1,373
<b>Adjusted for:</b>		
Finance costs	824	788
IAS 19 income	(41)	(106)
Depreciation of property, plant & equipment	1,004	959
Amortisation of intangibles	56	68
<b>Operating Cash Flow</b>	<b>3,016</b>	3,082
(Increase) in inventories	(5,281)	(7,227)
(Increase) in receivables	(5,943)	(1,254)
Pension contributions	(76)	(65)
Increase in payables	4,959	3,657
<b>Cash outflow from operations</b>	<b>(3,325)</b>	(1,807)
Income taxes paid	(411)	(299)
Interest paid	(824)	(788)
<b>Net cash outflow from operating activities</b>	<b>(4,560)</b>	(2,894)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of intangible assets	(5)	(13)
Purchase of property, plant & equipment	(1,313)	(1,465)
<b>Net cash used in investing activities</b>	<b>(1,318)</b>	(1,478)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Shares issued	2,459	4
Additional borrowings	5,006	5,178
Repayment of obligations under finance leases	(201)	(110)
<b>Net cash used in financing activities</b>	<b>7,264</b>	5,072
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,386</b>	700
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	2,506	690
Net movement in cash and cash equivalents	1,386	700
<b>Cash and cash equivalents at balance sheet date</b>	<b>3,892</b>	1,390
<b>Cash and cash equivalents comprise:</b>		
Cash	3,892	1,390
	<b>3,892</b>	<b>1,390</b>

## **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 same accounting policies and methods of computation are followed within these interim financial statements as adopted in the most recent annual financial statements. IFRS 7 Amendments to Financial Instruments Disclosures has been adopted from 1 April 2012. The adoption of this standard has not had a material impact on these interim financial statements.

### **New IFRS standards and interpretations not adopted**

Certain new standards, amendments and interpretations of existing standards that have been published and which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

- IAS 1 Amendment – Presentation of items of other comprehensive income
- IAS 12 Amendments - Deferred tax: Recovery of Underlying Assets
- IFRS 7 and IAS 32 Offsetting financial assets and financial liabilities
- IAS 27 Separate Financial Statements
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 19 Amendment – Employee Benefits

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 to be of a significant nature separately 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. No significant items are reported in the six months to September 2012 and 2011

**THE REAL GOOD FOOD COMPANY PLC**  
**NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2012**

**4. Segment analysis**

**Business segments**

The group's operating segments are Napier, Garrett, Renshaw, R&W Scott and Haydens reflecting the group's management and reporting structure. 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 September 2012**

	<b>Napier £'000s</b>	<b>Garrett £'000s</b>	<b>Renshaw £'000s</b>	<b>R&amp;W Scott £'000s</b>	<b>Haydens £'000s</b>	<b>Total Before Significant Items £'000s</b>	<b>Significant Items £'000s</b>	<b>Total After Significant Items £'000s</b>
Total revenue	89,806	17,440	18,820	5,879	11,764	143,709	-	143,709
Revenue - internal	(5,597)	(306)	-	-	-	(5,903)	-	(5,903)
<b>External revenue</b>	<b>84,209</b>	<b>17,134</b>	<b>18,820</b>	<b>5,879</b>	<b>11,764</b>	<b>137,806</b>	-	<b>137,806</b>
<b>Operating profit/(loss)</b>	<b>1,109</b>	<b>1,143</b>	1,574	(3)	(572)	<b>3,251</b>	-	<b>3,251</b>
Finance costs (net of interest received)	(504)	(102)	(113)	(35)	(70)	(824)	-	(824)
Pension finance costs	-	-	-	-	-	41	-	41
Head office and unallocated	-	-	-	-	-	(1,295)	-	(1,295)
<b>Profit before tax</b>	<b>605</b>	<b>1,041</b>	<b>1,461</b>	<b>(38)</b>	<b>(642)</b>	<b>1,173</b>	-	<b>1,173</b>
Tax	(132)	(227)	(319)	8	139	(531)	-	(531)
Tax unallocated	-	-	-	-	-	378	-	378
<b>Profit after tax as per income statement</b>	<b>473</b>	<b>814</b>	<b>1,142</b>	<b>(30)</b>	<b>(503)</b>	<b>1,020</b>	-	<b>1,020</b>

Inter-segment sales are charged at prevailing market rates.

**THE REAL GOOD FOOD COMPANY PLC**  
**NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2012**

**4. Segment reporting (continued)**

As at 30 SEPTEMBER 2012	Napier £'000s	Garrett £'000s	Renshaw £'000s	R&W Scott £'000s	Haydens £'000s	Unallocated £'000s	Total Group £'000s
<b>Segment assets</b>	<b>32,184</b>	<b>6,577</b>	<b>19,587</b>	<b>7,078</b>	<b>8,442</b>		<b>73,868</b>
Unallocated assets							
Goodwill							75,796
Property, plant and equipment							24
Deferred tax assets							874
Trade and other receivables							<u>885</u>
<b>Total assets</b>							<u><b>151,447</b></u>
<b>Segment liabilities</b>	<b>(32,084)</b>	<b>(6,234)</b>	<b>(11,942)</b>	<b>(2,432)</b>	<b>(3,181)</b>		<b>(55,873)</b>
Unallocated liabilities							
Trade and other payables							(200)
Borrowings							(6,326)
Current tax liabilities							273
Deferred tax liabilities							(1,992)
Retirement benefits obligation							<u>(1,290)</u>
<b>Total liabilities</b>							<u><b>(65,408)</b></u>
<b>Net operating assets</b>	<u><b>100</b></u>	<u><b>343</b></u>	<u><b>7,645</b></u>	<u><b>4,646</b></u>	<u><b>5,261</b></u>		<u><b>86,039</b></u>
Non current asset additions	147	-	356	90	720	-	<b>1,313</b>
Depreciation	178	-	368	138	316	4	<b>1,004</b>
Amortisation	26	-	24	-	6	-	<b>56</b>

**Geographical segments**

The group earns revenue from countries outside the United Kingdom, but as this only represents 6.5% 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.

**THE REAL GOOD FOOD COMPANY PLC**  
**NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2012**

**5. Earnings per ordinary share**

Earnings per share is calculated on the basis of the profit for the period after tax, divided by the weighted average number of shares in issue for the six month period of 67,363,509 (2011 65,016,930).

Diluted profit 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 per share and a diluted adjusted profit 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 September 2012			Six months to 30 September 2011		
	Earnings £'000s	Weighted Average No. of shares	Per share amount pence	Earnings £'000s	Weighted Average No. of shares	Per share amount pence
<b>Profit attributable to ordinary shareholders</b>	1,020	67,363,509	1.5	1,213	65,016,930	1.9
Significant items	-	-	-	-	-	-
<b>Adjusted profit per share</b>	1,020	67,363,509	1.5	1,213	65,016,930	1.9
Dilutive effect of options	-	6,145,866	-	-	6,961,981	-
Dilutive effect of warrants	-	-	-	-	-	-
<b>Diluted profit per share</b>	1,020	73,509,375	1.4	1,213	71,978,911	1.7
Diluted adjusted profit per share	1,020	73,509,375	1.4	1,213	71,978,911	1.7

**6. Dividends**

No dividend is proposed for the six months ended 30 September 2012 (2011 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.

**THE REAL GOOD FOOD COMPANY PLC**  
**NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2012**

**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 £76,000

**Assumptions**

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

	<b>30 September 2012</b> % per annum	<b>31 March 2012</b> % per annum	<b>30 September 2011</b> % per annum
Rate of increase in pensions in payment	2.10	2.80	2.50
Discount rate	4.75	5.00	5.30
Inflation assumption	2.20	2.90	2.60
Revaluation rate for deferred pensions	1.20	1.90	1.60

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:

	<b>30 September 2012</b> %	<b>31 March 2012</b> %	<b>30 September 2011</b> %
Equities	7.55	7.55	7.50
Bonds	4.60	4.60	5.50
Property	7.55	7.55	7.50
Cash	0.50	0.50	0.50
Overall for scheme	5.87	5.87	5.25

	<b>30 September 2012</b> £'000s	<b>31 March 2012</b> £'000s	<b>30 September 2011</b> £'000's
Total fair value of assets	15,902	16,005	15,860
Present value of scheme liabilities	(17,192)	(17,085)	(16,236)
<b>(Deficit) in the scheme</b>	<b>(1,290)</b>	<b>(1,080)</b>	<b>(376)</b>

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.

**9. Share Capital**

During the period the company issued 4,065,652 ordinary shares for consideration of £2,439,391. In addition 380,952 of share options were exercised and total consideration received on exercise was £20,000.

**10. Seasonality**

Most of the trading divisions of RGFC are seasonal, creating a large proportion of their EBITDA in the October to December period. This was the prime reason we changed our accounting reference date to the 31 March in order to improve both the quality and accuracy of our budget and investor reporting.