

The Real Good Food Company plc (AIM: RGD)

Interim Results for the six months to 30 September 2013

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 2013 £'000s	Six months to 30 September 2012 £'000s
Revenue	130,144	137,806
EBITDA	2,205	3,023
Continuing profit before taxation and significant items	111	1,106
Earnings per share		
Basic: adjusted	0.4p	1.4p
Diluted: adjusted	0.4p	1.3p
Working capital* (Fixed Assets/Stock/Trade Debtors Trade Creditors and Tax)	49,066	45,479
Net borrowings (Including Cash)	31,775	32,075

- Revenue is down on previous year reflecting lower sugar volumes for the contract season October 2012-September 2013.
- EBITDA this year at £2.2m is broadly in line with the Company's expectations. The reduction against last year's level of £3.0m is primarily a reflection of planned investment of £0.7m (made up of £0.5m in additional commercial resource and brand development and £0.2m in establishing a sales office in Brussels (Real Good Food Europe)) across the group to support our growth and brand strategy.
- The £3.5m capital investment in a sugar handling hub at Immingham is nearing completion on time and within budget.
- Working Capital at £49.1m is £3.6m up on last year, but well within planned levels and the normal seasonal pattern. The increase year-on-year is primarily driven by the investment in the sugar hub project.
- Net debt levels at £31.8m remain well managed and are £3m below planned levels and in line with last year.

Pieter Totté, Executive Chairman, comments:

“Once again we approach the key Christmas trading period with the Group well placed to benefit from the traditional seasonal boost in sales, and I am pleased with the continued progress we are making in re-shaping the Group.

“In Napier Brown we face a significant challenge over the coming months, following the well publicised dramatic drop in EU sugar market prices as we bring our buying book in line with this correction in market prices.

“Meanwhile, however, Napier Brown’s sales volumes, in both the industrial and retail markets have increased significantly from the start of the new contract season in October 2013. We anticipate our Whitworths sugar brand achieving a consumer sales value of more than £100m over the next 12 months.

“Elsewhere within the Group our branding and sales initiatives at Renshaw, R&W Scott and Haydens are delivering in line with our expectations and we anticipate that in our next financial year some 25% of Group sales will be represented by branded product. This demonstrates how our business model is evolving.”

3 December 2013

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BUSINESS REVIEW

The board is pleased to report that overall performance for our first six months has been largely as we expected. We continue to develop our strategy of re-shaping the business to be market-led, by investing in both our branded offering and in additional sales management to support our growth plan.

We have seen the first fruits of this already: at Napier Brown with the successful launch of the Whitworths brand playing a big factor in successfully re-entering the retail and foodservice markets; at Renshaw with opportunities in the UK complementing our existing own label business as well as delivering new sales in the EU and the US; at R&W Scott where new branded lines are now achieving listings in the major multiples; and in Haydens, where the customer base is now expanding. At Garrett Ingredients we have just implemented a new, expanded sales and customer service structure in order to realise the growth opportunities.

Net Debt levels remain well managed, some £3m below planned levels, and well within our banking facilities.

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. A new sugar handling hub near Immingham to handle imported sugars will be fully commissioned by January 2014.

The sharp drop in EU sugar prices will produce some short term margin pressure, but we are countering this in a number of ways. The re-invigorated branding and new packaging formats have been extremely well received and proved to be a crucial factor in securing increased retail and foodservice volumes from October this year as we announced in October.

This has doubled the throughput of our packing plant and we have increased our headcount to supply the new added value pack formats. Industrial volumes have also increased substantially from the new October contract season as customers are increasingly attracted by our multi-sourcing proposition.

In this respect, the investment in our Sugar Hub at Immingham, designed to enable us to import cost-effectively new supplies of sugar, is central to our ability to grow. The facility is due to be fully commissioned by January.

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.

Volumes and sales revenues are overall 3.5% and 9.6% higher than last year respectively though weak spot prices on sugar have had a negative impact on margins.

We are investing in a new sales and trading structure to give the business the capacity to expand and grow. This is planned to be fully in place by the end of January. As well as new sales and business development resource, it will encompass an upgrade of our customer service and a new look at how we manage our logistics following a successful trial in the South West.

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.

As reported previously, Renshaw has been investing significantly in resources boosting its commercial and operational capabilities, as well as investing in a branded strategy aimed at realising market opportunities, especially internationally.

We are now seeing these opportunities come through especially in UK retail and internationally where our US sales have returned to growth and we continue to find new markets in Europe. We now have an office in Brussels to manage this effectively and provide the customer service which can support the growth.

The strength of the Renshaw business is that it operates across a broad range of sales channels and we also have a number of initiatives in the B2B market. The business has seen an accelerated level of growth in recent months and we are confident of hitting our targets.

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.

R&W Scott continues to invest in and implement its branded strategy, with new and refreshed ranges being launched during the year as a whole. This is part of a strategy of moving from a commodity to an added-value offering. We have invested in product management, business development and technical expertise and are now fully resourced to run the business commercially.

As well as new retail branded ranges in jam and sauces, R&W Scott is also realising a number of opportunities to produce for other Group companies such as Haydens.

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.

Haydens has continued its recovery, with first half sales up 11.6% on last year, in line with expectations. This growth has come both from existing and new customers across both retail and foodservice channels.

A new commercial structure has been implemented encompassing dedicated business development resource as well as marketing and new product development. We are already seeing positive results from this. We are confident that the turnaround is well embedded and we expect growth to continue and profits to improve.

Cash flow and Debt

Working capital levels at September 2013 at £49.1m were £3.6m higher than September 2012 (£45.5m), primarily driven by increased capital investment, with the main item our sugar handling hub near Immingham.

Stock levels are down £3.5m in comparison with last year, largely balanced by slightly higher debtors, up 4% at £1.3m, and £1.9m lower creditors down 8% reflecting the different customer/supplier mix year-on-year.

Despite the increase in working capital levels net debt (including cash) at September 2013 was £31.8m, some £3m below planned levels and in line with the September 2012 level of £32.1m. The group retains significant headroom within its £50m banking facilities.

Outlook

Once again we approach the key Christmas trading period with the Group well placed to benefit from the traditional seasonal boost in sales, and I am pleased with the continued progress we are making in re-shaping the group.

In Napier Brown we face a significant challenge over the coming months, following the well publicised dramatic drop in EU sugar market prices as we bring our buying book in line with this correction in market prices.

Meanwhile, however, Napier Brown's sales volumes, in both the industrial and retail markets have increased significantly from the start of the new contract season in October 2013. We anticipate our Whitworths sugar brand achieving a consumer sales value of more than £100m over the next 12 months.

Elsewhere within the Group our branding and sales initiatives at Renshaw, R&W Scott and Haydens are delivering in line with our expectations and we anticipate that in our next financial year some 25% of Group sales will be represented by branded product. This demonstrates how our business model is evolving.

Pieter Totté
Executive Chairman

3 December 2013

THE REAL GOOD FOOD COMPANY PLC
INDEPENDENT REVIEW REPORT TO THE REAL GOOD FOOD COMPANY PLC FOR THE
SIX MONTHS TO 30 SEPTEMBER 2013

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 2013, 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 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

THE REAL GOOD FOOD COMPANY PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2013 (UNAUDITED)

	Notes	Six Months Ended 30 September 2013			Six Months Ended 30 September 2012 (AS RESTATED)		
		Before Significant Items £'000s	Significant Items £'000s	Total £'000s	Before Significant Items £'000s	Significant Items £'000s	Total £'000s
CONTINUING OPERATIONS							
Revenue		130,144	-	130,144	137,806	-	137,806
Cost of sales		(113,854)	-	(113,854)	(122,048)	-	(122,048)
Gross profit		16,290	-	16,290	15,758	-	15,758
Distribution costs		(6,091)	-	(6,091)	(5,246)	-	(5,246)
Administration expenses		(9,270)	(98)	(9,368)	(8,556)	-	(8,556)
Operating profit		929	(98)	831	1,956	-	1,956
Finance costs		(737)	-	(737)	(824)	-	(824)
Net pension finance income		(81)	-	(81)	(26)	-	(26)
Profit before taxation		111	(98)	13	1,106	-	1,106
Taxation		157	21	178	(134)	-	(134)
Profit from continuing operations		268	(77)	191	972	-	972
Profit for the period attributable to the equity holders of the parent		268	(77)	191	972	-	972
Other comprehensive income							
Actuarial losses on defined benefit plans		(189)	-	(189)	(262)	-	(262)
Income tax relating to components of other comprehensive income		38	-	38	60	-	60
Total comprehensive income for the period		117	(77)	40	770	-	770
Basic profit per share	5	0.4p	-	0.3p	1.4p	-	1.4p
Diluted profit per share	5	0.4p	-	0.3p	1.3p	-	1.3p

THE REAL GOOD FOOD COMPANY PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2013
(UNAUDITED)

	30 Sept 2013 £'000s	31 Mar 2013 £'000s	30 Sept 2012 £'000s
ASSETS			
NON CURRENT ASSETS			
Goodwill	75,796	75,796	75,796
Intangibles	1,325	1,412	467
Property, plant and equipment	20,047	17,685	17,371
Deferred tax asset	1,368	1,385	874
	<u>98,536</u>	<u>96,278</u>	<u>94,508</u>
CURRENT ASSETS			
Inventory	19,125	15,037	22,661
Trade and other receivables	31,733	30,213	30,386
Cash and cash equivalents	3,301	7,134	3,892
	<u>54,159</u>	<u>52,384</u>	<u>56,939</u>
Total Assets	<u>152,695</u>	<u>148,662</u>	<u>151,447</u>
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	26,018	23,032	33,193
Trade and other payables	23,158	21,282	25,015
Current tax liabilities	6	750	391
Derived financial instruments	-	-	-
	<u>49,182</u>	<u>45,064</u>	<u>58,599</u>
NON CURRENT LIABILITIES			
Borrowings	9,058	9,054	2,774
Deferred tax	2,567	2,899	2,745
Retirement benefit obligations	3,678	3,540	1,290
	<u>15,303</u>	<u>15,493</u>	<u>6,809</u>
Net Assets	<u>88,210</u>	<u>88,105</u>	<u>86,039</u>
SHAREHOLDERS' EQUITY			
Issued share capital	1,389	1,389	1,389
Share premium account	71,244	71,244	71,244
Share option reserve	605	540	500
Retained earnings	14,972	14,932	12,906
Total Equity	<u>88,210</u>	<u>88,105</u>	<u>86,039</u>

THE REAL GOOD FOOD COMPANY PLC
STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2013
(UNAUDITED)

	Issued Share Capital £'000s	Share Premium Account £'000s	Share Option reserve £'000s	Retained Earnings £'000s	Total £'000s
Balance at 1 April 2012	1,300	68,874	526	12,136	82,836
Shares to be issued (net of deferred tax)	-	-	(26)	-	(26)
Shares issued in period	89	2,370	-	-	2,459
Total comprehensive income for the period	-	-	-	770	770
Balances as at 30 September 2012	<u>1,389</u>	<u>71,244</u>	<u>500</u>	<u>12,906</u>	<u>86,039</u>
Balance at 1 April 2013	1,389	71,244	540	14,932	88,105
Shares to be issued (net of deferred tax)	-	-	65	-	65
Total comprehensive income for the period	-	-	-	40	40
Balances as at 30 September 2013	<u>1,389</u>	<u>71,244</u>	<u>605</u>	<u>14,972</u>	<u>88,210</u>

THE REAL GOOD FOOD COMPANY PLC
STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2013
(UNAUDITED)

	6 months to 30 Sept 2013 £'000s	<i>6 months to 30 Sept 2012 £'000s</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	13	1,106
Adjusted for:		
Finance costs	737	824
IAS 19 costs	81	26
Depreciation of property, plant & equipment	1,156	1,004
Amortisation of intangibles	120	56
Operating Cash Flow	2,107	3,016
(Increase) in inventories	(4,088)	(5,281)
(Increase) in receivables	(1,520)	(5,943)
Pension contributions	(132)	(76)
Increase in payables	1,876	4,959
Cash outflow from operations	(1,757)	(3,325)
Income taxes paid	(778)	(411)
Interest paid	(737)	(824)
Net cash outflow from operating activities	(3,272)	(4,560)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(33)	(5)
Purchase of property, plant & equipment	(3,518)	(1,313)
Net cash used in investing activities	(3,551)	(1,318)
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued	-	2459
Additional / (repayment) of borrowings	2,990	5,006
Repayment of obligations under finance leases	-	(201)
Net cash used in financing activities	2,990	7,264
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,833)	1,386
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	7,134	2,506
Net movement in cash and cash equivalents	(3,833)	1,386
Cash and cash equivalents at balance sheet date	3,301	3,892
Cash and cash equivalents comprise:		
Cash	3,301	3,892
	3,301	3,892

THE REAL GOOD FOOD COMPANY PLC
NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2013

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.

IAS 19 (Amendment) – "Employee Benefits" became effective during the interim period. This has resulted in the restatement of the charge for retirement benefits in the prior year. The impact of the revised standard was to decrease the pension scheme income in the income statement by £67k and decrease the actuarial loss in other comprehensive income. The tax impact of the above was to decrease the tax charge in the income statement by £19K and increase the tax credit in other comprehensive income. The above adjustments have had no impact on total comprehensive income or the statement of financial position.

New IFRS standards and interpretations not adopted

The following IFRS standards, amendments and interpretations are not yet effective and have not been adopted early by the group:

IFRS 10, IFRS 12 and IAS 27	Investment Entities effective January 2014
IFRIC 21	Levies – effective January 2014
IAS 36	Amendments Recoverable Amount Disclosures for non-Financial Assets – effective January 2014
IAS 39	Amendments : Novation of Derivatives and Continuation of Hedge Accounting – effective January 2014

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. The adoptions may affect disclosures in the group's financial statement

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. During the six months to September 2013 significant costs of £98k have been incurred relating to management restructuring. No significant items are reported in the six months to 2012.

THE REAL GOOD FOOD COMPANY PLC
NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2013

4. Segment analysis

Business segments

The Group's operating segments are Napier, Garrett, Renshaw, R&W Scott, Haydens and Real Good Food Europe (RGFE) 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 2013

	Napier £'000s	Garrett £'000s	Renshaw £'000s	R&W Scott £'000s	Haydens £'000s	RGFE £'000s	Total Before Significant Items £'000s	Significant Items £'000s	Total After Significant Items £'000s
Total revenue	79,796	19,381	18,991	5,329	13,134	88	136,719	-	136,719
Revenue - internal	(5,148)	(598)	(172)	(653)	-	(4)	(6,575)	-	(6,575)
External revenue	74,648	18,783	18,819	4,676	13,134	84	130,144	-	130,144
Operating profit/(loss)	854	991	865	(52)	(226)	(166)	2,266	(98)	2,168
Finance costs (net of interest received)	(439)	(110)	(110)	(27)	(51)	-	(737)	-	(737)
Pension finance costs							(81)	-	(81)
Head office and unallocated							(1,337)	-	(1,337)
Profit before tax	415	881	755	(79)	(277)	(166)	111	(98)	13
Tax	(96)	(203)	(172)	18	64	38	(351)	21	(330)
Tax unallocated							508	-	508
Profit after tax as per income statement	319	678	583	(61)	(213)	(128)	268	(77)	191

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 2013

4. Segment reporting (continued)

Geographical segments

As at 30 SEPTEMBER 2013	Napier £'000s	Garrett £'000s	Renshaw £'000s	R&W Scott £'000s	Haydens £'000s	RGFE £'000s	Unallocated £'000s	Total Group £'000s
Segment assets	28,547	5,282	21,513	6,881	10,818	86		73,127
Unallocated assets								
Goodwill								75,796
Property, plant and equipment								1,575
Deferred tax assets								1,368
Trade and other receivables								829
Total assets								152,695
Segment liabilities	(24,694)	(4,591)	(10,177)	(2,077)	(5,507)	(40)		(47,086)
Unallocated liabilities								
Trade and other payables								(340)
Borrowings								(11,042)
Current tax liabilities								(525)
Deferred tax liabilities								(1,814)
Retirement benefits obligation								(3,678)
Total liabilities								(64,485)
Net operating assets	3,853	691	11,336	4,804	5,311	46		88,210
Non current asset additions	782	-	446	107	661	-		3,550
Depreciation	184	-	441	136	376	-		1,156
Amortisation	45	-	45	-	30	-		120

The group earns revenue from countries outside the United Kingdom, but as this only represents 4.4% 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 2013

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 69,465,952 (2012 67,363,509).

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 2013			Six months to 30 September 2012		
	Earnings £'000s	Weighted Average No. of shares	Per share amount pence	Earnings £'000s	Weighted Average No. of shares	Per share amount pence
Profit attributable to ordinary shareholders	191	69,465,952	0.3	972	67,363,509	1.4
Significant items	77	69,465,952	0.1	-	-	-
Adjusted profit per share	268	69,465,952	0.4	972	67,363,509	1.4
Dilutive effect of options	-	5,562,274	-	-	6,145,866	-
Diluted profit per share	191	75,028,226	0.3	972	73,509,375	1.3
Diluted adjusted profit per share	268	75,028,226	0.4	972	73,509,375	1.3

6. Dividends

No dividend is proposed for the six months ended 30 September 2013 (2012 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 2013

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 £132,000.

Assumptions

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

	30 September 2013 % per annum	31 March 2013 % per annum	30 September 2012 % per annum
Rate of increase in pensions in payment	3.10	3.10	2.10
Discount rate	4.80	4.70	4.75
Inflation assumption	3.20	3.20	2.20
Revaluation rate for deferred pensions	1.90	1.90	1.20

The fair value of the assets in the scheme and the present value of the liabilities in the scheme are

	30 September 2013 £'000s	31 March 2013 £'000s	30 September 2012 £'000's
Total fair value of assets	15,291	15,613	15,902
Present value of scheme liabilities	(18,969)	(19,153)	(17,192)
(Deficit) in the scheme	(3,678)	(3,540)	(1,290)

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. 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.