

Real Good Food plc (AIM: RGD)

Interim Results for the six months to 30 September 2014

Real Good Food Company plc (“the Group”) is a diversified food business, serving a number of market sectors including retail, manufacturing, wholesale, foodservice and export. The Group is a major distributor of sugar in the UK through its Napier Brown subsidiary, and manufactures a wide range of baking ingredients, jams and sweet bakery products. Its brands include Whitworths Sugar, Renshaw and R&W Scott.

KEY POINTS

	Six months to 30 September 2014 £'000s	Six months to 30 September 2013 £'000s
Revenue	128,666	130,144
EBITDA	(2,981)	2,205
Continuing (loss)/profit before taxation and significant items	(5,217)	111
(Loss)/Earnings per share		
Basic: adjusted	(6.8)p	0.4p
Diluted: adjusted	(6.8)p	0.4p
Working capital (Fixed Assets/Stock/Trade Debtors, Trade Creditors & Tax)	47,244	49,066
Net borrowings (Including Cash)	36,317	31,775

- **Headline EBITDA performance is dominated by the British Sugar dispute, but this masks the fact that, in the first six months of low “offseason” trading, the rest of the Group* has increased EBITDA significantly to £0.9m (2013: £0.2m), a fourfold increase, driven by improvements in Renshaw and at Haydens Bakery**
- **Excluding Napier Brown and Garrett Ingredients, the rest of the Group’s* revenue grew by approximately 9% to £40.2m reflecting the growth and development plans in place**
- **The dispute with British Sugar adversely impacted the results of Napier Brown and Garrett Ingredients in second half of financial year to March 2014 and in the six month period under review. In each of these six month periods underlying EBITDA in sugar has been a loss of £3m. However since the start of the new sugar contract year in October, Napier Brown has returned to profitability.**
- **Reduction in working capital at £47.2m (2013: £49.1m) reflects drive to reduce inventory levels and to achieve a better balance in sales and purchase terms in sugar**
- **Increase in net debt to £36.3m (2013: £31.8m) reflects the reduced profitability, offset by the reduction in working capital. Group has facilities in place to manage this level and has maintained cash levels in line with its requirements. The September level reflects the normal seasonal pattern and will reduce in the coming months due to normal seasonality and significantly reduced sugar prices.**

**rest of Group includes Renshaw, R&W Scott, Haydens Bakery, RGFE and central costs*

Pieter Totté, Executive Chairman, comments:

“After suffering the impact of our pricing dispute with British Sugar, we are pleased by the start we have made to the new sugar contract year in October, since when our Napier Brown business has returned to profitability. At the same time, Renshaw and Haydens Bakery have made excellent progress and are trading significantly ahead of the prior year.

“Elsewhere, our new management teams at Garrett Ingredients and R&W Scott are successfully driving these businesses and we expect to see improved trading during the course of 2015. Real Good Food Europe in Brussels has the infrastructure to build our international activities and is delivering strong sales growth.

“Trading across the whole Group has been ahead of last year during October and November, with Renshaw and Haydens Bakery continuing to lead the way, and we look forward to a strong performance during the key Christmas period. We remain confident about the prospects for the Group and are working on a number of new corporate initiatives with a focus on delivering value to shareholders.”

17 December 2014

ENQUIRIES:

Real Good Food

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DIVISIONAL REVIEWS

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.

After the difficulties of the last sugar contract year, which are reflected in these numbers, the business has now returned to a more normal trading pattern, albeit in a very difficult market. The business has entered the new sugar contract year in October with reduced industrial volumes, as it was decided not to chase unprofitable sales contracts.

The business is, however, in a much stronger position in retail, being the lead supplier to both Asda and Sainsbury's, where the investment in brand and category management has paid dividends. An overhead reduction plan has also been implemented.

Renshaw (Bakery Ingredients)

Liverpool-based Renshaw is a leading manufacturer and supplier of high quality food ingredients, primarily to the baking sector, both in the UK and for export. The business has a strong reputation for quality, consistency and innovation.

Revenue showed double digit growth in the first half of the current financial year, with 25% of sales being exported. Besides Europe and America, new business was also won in Australia. UK retail sales were strong across all accounts, with coloured sugarpastes proving popular and a number of new modelling pastes and coloured marzipans launched.

The critical Christmas sales period has so far been very strong, with record levels of volume being produced in the Liverpool factory during November. The factory has managed this volume uplift successfully and the immediate outlook remains positive.

Real Good Food Europe (European Sales)

Real Good Food Europe sells, markets and distributes products from RGF UK companies across Europe. It operates from a warehouse and office in Brussels.

Real Good Food Europe in Brussels has moved to new premises, including a small warehouse, in order to deliver an increased level of customer service. The business has already reached an annualised turnover run-rate of more than €2.5 million. The majority of the sales are currently of Renshaw products, some of which (e.g. *Speculoos* sugarpaste and coloured marzipans) are being tailored to meet local market tastes.

R&W Scott (Bakery Ingredients and Jam)

R&W Scott is based at Carlisle near Glasgow and produces chocolate coatings and sauces, jams and dry powder blends for the industrial, retail, wholesale and foodservice markets.

The business has achieved a breakthrough in its jams business, with a major new wholesale customer which will generate a level of scale from which it can build. Meanwhile it continues to develop added value offerings within its branded ranges, as it seeks to re-balance its product portfolio.

Garrett Ingredients (Sugar and Dairy)

Based at Thornbury, near Bristol, Garrett Ingredients 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.

Along with Napier Brown, Garrett also suffered in the last sugar contract year from the pricing dispute and historically low sugar prices. Since October, however, volumes have improved in sugar. The Dairy market has also been volatile, leading to difficult trading conditions, but the business is working on broadening its product range into more added-value areas and is developing a number of exclusive distributorships.

Haydens Bakery (Patisserie and Desserts)

Haydens Bakery at Devizes in Wiltshire 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.

This business has continued to improve its profitability and its product range has been significantly simplified, with a decision to withdraw from a number of unprofitable lines. At the same time the customer base has been extended to include Asda, Aldi, Caffè Nero and Morrisons, all focusing on core product capabilities. It is clear that this new business model is working well and will continue to show benefits.

CASH FLOW AND DEBT

Despite the difficult trading environment, the Group has continued to focus on cash management, with working capital reduced by £1.8m to £47.2m at 30 September 2014. This has been achieved by reducing stock levels by £1.5m compared to September 2013 and better customer/supplier trading terms along with a reduced capital program following the strategic investment made last year in the sugar hub.

Although Net Debt was up by £4.5m at £36.3m compared to September 2013, with the recent substantial (approximately 25%) reduction in sugar prices and our normal business seasonality this will reduce significantly in the coming months. Of the £36.3m net debt position £7.5m are long term loans. The group retains sufficient headroom within its banking facilities.

IN SUMMARY

After suffering the impact of our pricing dispute with British Sugar, we are pleased by the start we have made to the new sugar contract year in October, when our Napier Brown business has returned to profitability. At the same time, Renshaw and Haydens Bakery have made excellent progress and are trading significantly ahead of the prior year.

Elsewhere, our new management teams at Garrett Ingredients and R&W Scott are successfully driving those businesses and we expect to see improved trading during the course of 2015. Real Good Food Europe in Brussels has the infrastructure to build our international activities and is delivering strong sales growth.

Trading across the whole Group has been ahead of last year during October and November, with Renshaw and Haydens Bakery continuing to lead the way, and we look forward to a strong performance during the key Christmas period. We remain confident about the prospects for the Group and are working on a number of new corporate initiatives with a focus on delivering value to shareholders.

Pieter Totté
Executive Chairman

17 December 2014

REAL GOOD FOOD PLC
INDEPENDENT REVIEW REPORT TO REAL GOOD FOOD PLC FOR THE
SIX MONTHS TO 30 SEPTEMBER 2014

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 2014, 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 2014 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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Maidstone
Kent ME15 6NF

REAL GOOD FOOD PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2014 (UNAUDITED)

	Notes	Six Months Ended 30 September 2014			Six Months Ended 30 September 2013		
		Before Significant Items £'000s	Significant Items £'000s	Total £'000s	Before Significant Items £'000s	Significant Items £'000s	Total £'000s
CONTINUING OPERATIONS							
Revenue		128,666	-	128,666	130,144	-	130,144
Cost of sales		(114,545)	-	(114,545)	(113,854)	-	(113,854)
Gross profit		14,121	-	14,121	16,290	-	16,290
Distribution costs		(8,066)	-	(8,066)	(6,091)	-	(6,091)
Administration expenses		(10,394)	-	(10,394)	(9,270)	(98)	(9,368)
Operating (loss) profit		(4,339)	-	(4,339)	929	(98)	831
Finance costs		(723)	-	(723)	(737)	-	(737)
Net pension finance income		(155)	-	(155)	(81)	-	(81)
(Loss)/Profit before taxation		(5,217)	-	(5,217)	111	(98)	13
Taxation		506	-	506	157	21	178
(Loss)/Profit from continuing operations		(4,711)	-	(4,711)	268	(77)	191
(Loss)/Profit for the period attributable to the equity holders of the parent		(4,711)	-	(4,711)	268	(77)	191
Other comprehensive income							
Actuarial losses on defined benefit plans		(1,096)	-	(1,096)	(189)	-	(189)
Income tax relating to components of other comprehensive income		219	-	219	38	-	38
Total comprehensive (loss)/income for the period		(5,588)	-	(5,588)	117	(77)	40
Basic (loss)/profit per share	5	(6.8)p	-	(6.8)p	0.4p	-	0.3p
Diluted profit per share	5	(6.8)p	-	(6.8)p	0.4p	-	0.3p

REAL GOOD FOOD PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2014
(UNAUDITED)

	30 Sept 2014 £'000s	31 Mar 2014 £'000s	30 Sept 2013 £'000s
ASSETS			
NON CURRENT ASSETS			
Goodwill	75,796	75,796	75,796
Intangibles	931	1,102	1,325
Property, plant and equipment	21,726	22,291	20,047
Deferred tax asset	2,064	1,319	1,368
	100,517	100,508	98,536
CURRENT ASSETS			
Inventory	17,629	19,108	19,125
Trade and other receivables	35,510	34,260	31,733
Current tax assets	412	641	-
Other financial assets	181	499	-
Cash and cash equivalents	4,433	8,568	3,301
	58,165	63,076	54,159
Total Assets	158,682	163,584	152,695
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	33,295	31,221	26,018
Trade and other payables	28,781	29,820	23,158
Current tax liabilities	-	-	6
Other financial liabilities	181	499	-
	62,257	61,540	49,182
NON CURRENT LIABILITIES			
Borrowings	7,455	8,480	9,058
Trade and other payables	183	191	-
Deferred tax	2,720	2,686	2,567
Retirement benefit obligations	4,659	3,673	3,678
	15,017	15,030	15,303
Net Assets	81,408	87,014	88,210
SHAREHOLDERS' EQUITY			
Issued share capital	1,392	1,389	1,389
Share premium account	71,271	71,244	71,244
Share option reserve	456	504	605
Retained earnings	8,289	13,877	14,972
Total Equity	81,408	87,014	88,210

REAL GOOD FOOD PLC
STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2014
(UNAUDITED)

	Issued Share Capital £'000s	Share Premium Account £'000s	Share Option reserve £'000s	Retained Earnings £'000s	Total £'000s
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	1,389	71,244	605	14,972	88,210
Balance at 1 April 2014	1,389	71,244	504	13,877	87,014
Shares issued in the period	3	27	-	-	30
Shares to be issued (net of deferred tax)	-	-	(48)	-	(48)
Total comprehensive loss for the period	-	-	-	(5,588)	(5,588)
Balances as at 30 September 2014	1,392	71,271	456	8,289	81,408

REAL GOOD FOOD PLC
STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2014
(UNAUDITED)

	6 months to 30 Sept 2014 £'000s	<i>6 months to 30 Sept 2013 £'000s</i>
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit for the period before taxation	(5,217)	13
Adjusted for:		
Finance costs	723	737
Other finance income	155	81
Depreciation of property, plant & equipment	1,187	1,156
Amortisation of intangibles	171	120
Operating Cash Flow	(2,981)	2,107
Decrease/(Increase) in inventories	1,479	(4,088)
(Increase) in receivables	(1,250)	(1,520)
Pension contributions	(265)	(132)
(Decrease)/Increase in payables	(1,017)	1,876
Cash outflow from operations	(4,034)	(1,757)
Income taxes received/(paid)	165	(778)
Interest paid	(723)	(737)
Net cash outflow from operating activities	(4,592)	(3,272)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-	(33)
Purchase of property, plant & equipment	(622)	(3,518)
Net cash used in investing activities	(622)	(3,551)
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued	30	-
Additional loans	-	1,120
Repayment of loans	(919)	(946)
Net movements on revolving credit facilities	2,028	2,816
Repayment of obligations under finance leases	(60)	-
Net cash used in financing activities	1,079	2,990
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,135)	(3,833)
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	8,568	7,134
Net movement in cash and cash equivalents	(4,135)	(3,833)
Cash and cash equivalents at balance sheet date	4,433	3,301
Cash and cash equivalents comprise:		
Cash	4,433	3,301
	4,433	3,301

REAL GOOD FOOD PLC
NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2014

1. General Information

Real Good Food 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 International House, 1 St Katharine's Way, London, E1W 1XB. 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

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 19	Amendment: Defined Benefit Plans: Employee Contributions
IFRS 10 and IAS 28	Amendments: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture
IAS 27	Amendment: Equity Method in Separate Financial Statements
IAS 16 and IAS 41	Amendments: Agriculture Bearer Plants
IFRS14	Regulatory Deferral Accounts
IAS 16 and IAS 38	Amendments: Clarification of Acceptable Methods of Depreciation and Amortisation
IFRS 11	Amendments: Accounting for Acquisitions of Interests in Joint Operations
IFRS15	Revenue from Contracts with Customers
IFRS 9	Financial Instruments

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 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. During the six months to September 2014 significant costs of £Nil have been incurred relating to management restructuring. £98k significant items are reported in the six months to 30 September 2013.

REAL GOOD FOOD PLC
NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2014

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 2014

	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	83,108	11,706	22,143	5,117	13,481	864	136,419	-	136,419
Revenue - internal	(5,266)	(1,033)	(778)	(676)	-	-	(7,753)	-	(7,753)
External revenue	77,842	10,673	21,365	4,441	13,481	864	128,666	-	128,666
Operating (loss)/profit before Head Office	(4,432)	273	2,001	(270)	77	(235)	(2,586)	-	(2,586)
Head office and unallocated	-	-	-	-	-	-	(1,753)	-	(1,753)
Finance costs (net of interest received)	(402)	(51)	(182)	(28)	(60)	-	(723)	-	(723)
Pension finance costs	-	-	-	-	-	-	(155)	-	(155)
(Loss)/Profit before tax	(4,834)	222	1,819	(298)	17	(235)	(5,217)	-	(5,217)
Tax	483	(22)	(181)	30	(2)	23	331	-	331
Tax unallocated	-	-	-	-	-	-	175	-	175
(Loss)/Profit after tax as per statement of comprehensive income	(4,351)	200	1,638	(268)	15	(212)	(4,711)	-	(4,711)

Inter-segment sales are charged at prevailing market rates.

REAL GOOD FOOD PLC
NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2014

4. Segment reporting (continued)

As at 30 SEPTEMBER 2014	Napier £'000s	Garrett £'000s	Renshaw £'000s	R&W Scott £'000s	Haydens £'000s	RGFE £'000s	Unallocated £'000s	Total Group £'000s
Segment assets	48,420	8,704	77,169	9,454	10,612	400		154,759
Unallocated assets								
Property, plant and equipment								614
Current tax asset								412
Deferred tax assets								2,064
Trade and other receivables								833
Total assets								<u>158,682</u>
Segment liabilities	(39,852)	(3,856)	(13,449)	(4,716)	(6,109)	(34)		(68,016)
Unallocated liabilities								
Trade and other payables								(388)
Borrowings								(6,150)
Deferred tax liabilities								(2,720)
Total liabilities								<u>(77,274)</u>
Net operating assets	<u>8,568</u>	<u>4,848</u>	<u>63,720</u>	<u>4,738</u>	<u>4,503</u>	<u>366</u>		<u>81,408</u>
Non current asset additions	122	6	195	13	286	-		622
Depreciation	219	3	431	106	403	-	25	1,187
Amortisation	45	15	97	14	-	-	-	171

Geographical segments

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.

REAL GOOD FOOD PLC
NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2014

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 69,568,996 (2013 69,465,952).

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 2014			Six months to 30 September 2013		
	Earnings £'000s	Weighted Average No. of shares	Per share amount pence	Earnings £'000s	Weighted Average No. of shares	Per share amount pence
(Loss)/Profit attributable to ordinary shareholders	(4,711)	69,568,996	(6.8)	191	69,465,952	0.3
Significant items	-	69,568,996	-	77	69,465,952	0.1
Adjusted (loss)/profit per share	(4,711)	69,568,996	(6.8)	268	69,465,952	0.4
Dilutive effect of options	-	4,627,098	-	-	5,562,274	-
Diluted (loss)/profit per share*	(4,711)	74,196,094	(6.8)	191	75,028,226	0.3
Diluted adjusted (loss)/profit per share *	(4,711)	74,196,094	(6.8)	268	75,028,226	0.4

*As the group is loss making in the year under review the diluted earnings per share is the same as basic earnings per share

6. Dividends

No dividend is proposed for the six months ended 30 September 2014 (2013 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.

REAL GOOD FOOD PLC
NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2014

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 £265,000.

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 2014 % per annum	31 March 2014 % per annum	30 September 2013 % per annum
Rate of increase in pensions in payment	3.00	3.20	3.10
Discount rate	4.15	4.65	4.80
Inflation assumption	3.10	3.30	2.20
Revaluation rate for deferred pensions	2.10	2.20	1.90

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

	30 September 2014 £'000s	31 March 2014 £'000s	30 September 2013 £'000's
Total fair value of assets	15,425	15,360	15,291
Present value of scheme liabilities	(20,084)	(19,033)	(18,969)
(Deficit) in the scheme	(4,659)	(3,673)	(3,678)

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 RGF are seasonal, creating a large proportion of their EBITDA in the October to December period.