

Strictly embargoed until: 07.00 on 6th December 2016

Real Good Food plc
(“the Group” or “Real Good Food”)
Interim results for the six months ending 30 September 2016

Real Good Food plc (AIM: RGD) today announces interim results for the six months ending 30 September 2016. Real Good Food plc is a diversified food business serving a number of market sectors including retail, manufacturing, wholesale, foodservice and export. The Group focuses on three main markets: Cake Decoration (Renshaw, Rainbow Dust Colours), Food Ingredients (Garrett Ingredients and R&W Scott) and Premium Bakery (Haydens and Chantilly Patisserie). The Company makes the majority of its profits in the second half of the year which includes the important Q3 trading period for Cake Decoration and Premium Bakery in particular in the run up to Christmas.

Interim Highlights

- Total Group sales grew by 5% to £49.0 million (2015: £46.7 million) driven primarily by the performance of the Premium Bakery division, alongside the successful integration of Chantilly to the Group
- Gross profit increased to £13.0 million (2015: £12.5 million), but impacted adversely by performance of Food Ingredients which struggled with volatile commodity pricing and adverse currency movements
- Total Group EBITDA (prior to significant items¹) down by £0.8 million from the previous year at £1.2 million (2015: £2.0 million) - due to increased expensed investment costs across the Group, primarily in the Development Centre and in the USA, which will drive future growth and operating efficiencies; also impacted by the performance of the Food Ingredients division, which suffered volatile commodity pricings.
- Group loss before tax of £0.2 million (prior to significant items¹) of £0.7m (2015: £0.2 million)
- Substantial increase in actuarial losses of pension scheme of £3.3 million over six months
- Proposed payment of first ever dividend in December 2016 with an interim payment of 0.04 pence per share
- Key Q3 trading period in line with expectations to date.

¹ – Significant items relate to management and restructuring costs of £0.3 million and acquisition related costs of £0.4m

Pieter Totté, Executive Chairman commented:

“We have continued to make good progress on developing our growth strategies in each business division. With the exception of Garrett Ingredients where the dairy and sugar markets have continued to be difficult, exacerbated by recent currency fluctuations, trading performance has been broadly in line with the Board’s expectations.

“Our new Development Centre at Liverpool is beginning to pay dividends following a number of high profile customer visits and the opening of our own sales and warehousing operation in the US will enable significant sales growth from early 2017. At the same time we are finalising other investment plans at our sites in Liverpool and Devizes to improve our operational efficiency over the medium term.”

Commenting on outlook and current trading he added:

“Sales trends for the key third quarter are in line with expectations to date and we anticipate significant year on year growth in EBITDA in the second half. However, we face some challenges due to the recent weakening of sterling and increased raw material prices and the timing of price recovery. This, as well as the uncertainty in commodity pricing in particular at Garrett Ingredients, means that, while we expect our year end EBITDA to be ahead of last year, there is a risk that it could fall short of current market estimates.”

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ENQUIRIES:

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REAL GOOD FOOD PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2016

Overview

We have continued to make good progress on developing our growth strategies in each business division. With the exception of Garrett Ingredients, where the dairy and sugar markets have continued to be difficult, exacerbated by recent currency fluctuations, trading performance has been broadly in line with the Board's expectations.

Our new Development Centre at Liverpool is beginning to pay dividends following a number of high profile customer visits and the opening of our own sales and warehousing operation in the US will enable significant sales growth from early 2017. At the same time we are finalising other investment plans at our sites in Liverpool and Devizes to improve our operational efficiency over the medium term.

Divisional Business Reviews

Cake Decoration

Renshaw and Rainbow Dust Colours manufacture and sell cake decoration products and ingredients for the baking sector across the UK and abroad. Renshaw Europe and Renshaw Americas sell these products in their respective territories.

£'000s	Six months ending 30 September 2016
Revenue	21,039
EBITDA	3,145

While the market was not as buoyant during the summer as in recent years, sales trends improved towards the autumn particularly with the return of the Great British Bake-Off. The first half saw significant investment in the product ranges with the re-launch of the UK Renshaw Professional range and a new product, Renshaw Extra, targeted at the European market. Rainbow Dust Colours also re-launched its market leading edible colouring, Progel, for the European market.

Significant investment was made in opening a new warehouse in Rockaway, New Jersey, as the base for the new Renshaw Americas business.

Food Ingredients

Garrett Ingredients supplies a range of food ingredients including bagged sugars and dairy ingredients to food manufacturers. R&W Scott manufactures and supplies chocolate coatings, jams, fruit fillings and sauces to food manufacturers, wholesalers and retailers.

£'000s	Six months ending 30 September 2016
Revenue	12,347
EBITDA	(477)

Difficult conditions continued in both of Garrett's main commodity markets and this was followed by short term difficulties caused by the weakening of sterling in September. Sugar supplies have become critically short which will constrain volumes, though markedly higher prices should improve margins. The dairy market has also seen upward price movement and it is likely to be six months before matters stabilise. The price rises in both these markets will, in due course, present Garrett's with a number of opportunities, through its sourcing expertise. R&W Scott has performed solidly, increasing its delivered margin over last year while operationally it performed well.

Premium Bakery

Haydens and Chantilly Patisserie manufacture, sell and distribute added value bakery and dessert products to UK retailers and foodservice customers

£'000s	Six months ending 30 September 2016
Revenue	15,568
EBITDA	571

Sales have performed well with Haydens strongly ahead of last year with good sales through Waitrose and new business gained at Marks and Spencer. Growth at Chantilly has been constrained by the delay in moving to new premises which is now timed for early 2017. While the outlook on sales remains positive, EBITDA will be more challenging in the second half as recent significant raw material inflation (butter and cream prices have doubled recently as a result of a sudden drop in milk production across the EU and the effect in the UK has been exacerbated by the weakness of sterling) is unlikely to be fully offset by price recovery until the New Year.

Financial Review

Total Group sales grew by 5% to £49.0 million (2015: £46.7 million) driven primarily by the performance of the Premium Bakery division, alongside the successful integration of Chantilly to the Group. Gross profit increased to £13.0 million (2015: £12.5 million), again aided by the addition of Chantilly to the Group but impacted adversely by performance of Food Ingredients as detailed above.

Total Group Administrative Expenses increased by £1.4 million to £10.2 million (2015: £8.8 million) as a result of the increased investment across the Group, including the Food Development Centre and the acquisition of Chantilly. Total Group EBITDA was therefore down by £0.8 million from the previous year at £1.2 million following the increased investment costs across the Group detailed above and the performance of the Food Ingredients division.

After depreciation and amortisation charges of £1.1 million, the Group reported an operating profit prior to significant items of £0.7m (comprising management and restructuring costs of £0.3 million and acquisition related costs of £0.4m) of £0.046 million (2015: £1.1 million). The Group loss before tax prior to significant items of £0.7m (comprising management and restructuring costs of £0.3 million and acquisition related costs of £0.4m) was £0.2 million (2015: £0.2 million), and reported Group loss before tax was £0.9 million (2015: £0.2 million).

Since the previous year end the Group successfully negotiated extended borrowing facilities with Lloyds Bank plc to enable it to continue its acquisition and investment strategy.

Dividend

Although our primary objective is to invest our cash to drive growth in our operations, the Board feels that it is important to start to pursue a progressive dividend policy alongside this.

In this regard, I am pleased to announce that the Board has decided to commence the payment of dividends with an interim dividend for this year of 0.04 pence per share. It is expected this will be paid on 25 January 2017 to those shareholders on the register as at 30 December 2016. The ex-dividend date is therefore 29 December 2016.

Pension Scheme

In common with most UK pension schemes the continuing reduction in Government and corporate bond rates has had a disproportionate effect on the NBF Pension deficit, resulting in an increase in actuarial losses of £3.3 million over six months. Brexit and the subsequent policy of quantitative easing are major contributors to this. However, it is worth investors noting that a 1% increase in bond rates would reduce the actuarial losses by some £5 million, so over the life of the scheme such a short term 'hit' has to be seen in context.

The Board is actively involved in the scheme's liability management and is currently working with the Trustees and the actuaries on an Enhanced Transfer Value offer to deferred pensioners, the results of which should be known by March 2017.

Outlook and Current Trading

Sales trends for the key third quarter are in line with expectations to date and we anticipate significant year on year growth in EBITDA in the second half. However, we face some challenges due to the recent weakening of sterling and increased raw material prices and the timing of price recovery. This, as well as the uncertainty in commodity pricing in particular at Garrett Ingredients, means that, while we expect our year end EBITDA to be ahead of last year, there is a risk that it could fall short of current market estimates.

I am also pleased to announce that we will pay our first interim dividend as start of a progressive policy as our business grows.

Pieter Totté

Executive Chairman

REAL GOOD FOOD PLC
INDEPENDENT REVIEW REPORT TO REAL GOOD FOOD PLC FOR THE
SIX MONTHS TO 30 SEPTEMBER 2016

- **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 2016, 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 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

REAL GOOD FOOD PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2016
(UNAUDITED)

	Notes	30.09.2016	30.09.2015
		£'000s	£'000s
CONTINUING OPERATIONS			
Revenue		48,954	46,656
Cost of sales		(35,878)	(34,158)
Gross profit		13,076	12,498
Distribution costs		(2,796)	(2,611)
Administration expenses		(10,234)	(8,804)
Significant costs	10	(694)	-
Operating (loss)/profit		(648)	1,083
Finance costs		(193)	(1,203)
Net pension finance income		(108)	(96)
Loss before taxation		(949)	(216)
Taxation		7	192
Loss from continuing operations		(942)	(24)
Gain on Disposal of Subsidiary		-	9,425
Loss from Discontinued business	9	-	(84)
(Loss)/Profit for the period attributable to the equity holders of the parent		(942)	9,317
Other comprehensive income			
Actuarial losses on defined benefit plans		(3,307)	641
Income tax relating to components of other comprehensive income		628	(128)
Total comprehensive (loss)/income for the period		(3,621)	9,830
Basic (loss)/profit per share	4	(1.34)p	13.4p
Diluted (loss)/profit per share	4	(1.34)p	12.3p

REAL GOOD FOOD PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2016
(UNAUDITED)

	30 Sept 2016 £'000s	31 Mar 2016 £'000s	30 Sept 2015 £'000s
ASSETS			
NON CURRENT ASSETS			
Goodwill	71,005	71,005	70,019
Intangibles	1,088	834	661
Property, plant and equipment	20,886	18,066	14,019
Deferred tax asset	2,324	1,556	1,725
	<u>95,303</u>	<u>91,461</u>	<u>86,424</u>
CURRENT ASSETS			
Inventory	14,749	12,360	14,690
Trade and other receivables	17,377	17,039	18,215
Current tax assets	-	-	-
Cash and cash equivalents	1,460	2,946	4,344
	<u>33,586</u>	<u>32,345</u>	<u>37,249</u>
Total Assets	<u>128,889</u>	<u>123,806</u>	<u>123,673</u>
LIABILITIES			
CURRENT LIABILITIES			
Bank Overdraft	196	949	-
Borrowings (Note 11)	14,015	7,008	7,361
Trade and other payables	12,301	13,243	17,314
Current tax liabilities	128	127	164
	<u>26,640</u>	<u>21,327</u>	<u>24,839</u>
NON CURRENT LIABILITIES			
Borrowings (note 11)	36	55	-
Deferred tax	2,055	1,925	2,019
Retirement benefit obligations (note 9)	9,346	6,081	4,983
	<u>11,437</u>	<u>8,061</u>	<u>7,002</u>
Net Assets	<u>90,812</u>	<u>94,418</u>	<u>91,832</u>
SHAREHOLDERS' EQUITY			
Issued share capital	1,402	1,402	1,396
Share premium account	103	71,375	71,333
Share option reserve	607	592	595
Retained earnings	88,700	21,049	18,508
Total Equity	<u>90,812</u>	<u>94,418</u>	<u>91,832</u>

REAL GOOD FOOD PLC
STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2016
(UNAUDITED)

	Issued Share Capital £'000s	Share Premium Account £'000s	Share Option reserve £'000s	Retained Earnings £'000s	Total £'000s
Balance at 1 April 2015	1,392	71,272	577	8,678	81,919
Shares issued in period	4	61	-	-	65
Shares to be issued (net of deferred tax)	-	-	18	-	18
Total comprehensive income for the period	-	-	-	9,830	9,830
Balances as at 30 September 2015	1,396	71,333	595	18,508	91,832
Balance at 1 April 2016	1,402	71,375	592	21,049	94,418
Shares issued in the period	-	-	-	-	-
Shares to be issued (net of deferred tax)	-	-	15	-	15
Capital Reduction Transfer	-	(71,272)	-	71,272	-
Total comprehensive income for the period	-	-	-	(3,621)	(3,621)
Balances as at 30 September 2016	1,402	103	607	88,700	90,812

REAL GOOD FOOD PLC
STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2016
(UNAUDITED)

	6 months to 30 Sept 2016 £'000s	<i>6 months to 30 Sept 2015 £'000s</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(949)	(216)
Adjusted for:		
Finance costs	193	1,203
Other finance income	108	96
Depreciation of property, plant & equipment	1,031	855
Amortisation of intangibles	108	180
Operating Cash Flow	491	2,118
(Increase)/Decrease in inventories	(2,389)	(4,509)
(Increase) in receivables	(439)	(4,752)
Pension contributions	(150)	(160)
(Decrease) in payables	(826)	(3,169)
Cash outflow from operations	(3,313)	(10,472)
Income taxes (paid)/received	-	(449)
Interest paid	(193)	(1,480)
Net cash outflow from operating activities	(3,506)	(12,401)
CASH FLOW FROM INVESTING ACTIVITIES		
Net Disposal Proceeds from Napier Brown Sugar	-	41,187
Purchase of intangible assets	(362)	
Purchase of property, plant & equipment	(3,851)	(1,506)
Net cash (used in)/from investing activities	(4,213)	39,661
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued	-	65
Repayment of loans	-	(8,295)
Net movements on revolving credit facilities	6,962	(21,203)
Repayment of obligations under finance leases	24	(119)
Net cash used in financing activities	6,986	(29,552)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(733)	(2,292)
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	1,997	6,636
Net movement in cash and cash equivalents	(733)	(2,292)
Cash and cash equivalents at balance sheet date	1,264	4,344
Cash and cash equivalents comprise:		
Cash	1,460	4,344
Overdraft	(196)	-
	1,264	4,344

REAL GOOD FOOD PLC
NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2016

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.

The interim report will be posted on the company's website and will be released via the Stock Exchange. 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 adopted

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The Directors are still assessing whether the application of IFRS 9, IFRS 15 and IFRS 16, once effective, will have a material impact on the results of the group. Application of these standards may result in changes in presentation of information within the Group's financial statements.

REAL GOOD FOOD PLC
NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO SEPTEMBER 2016

3. Segment analysis

Business segments

The divisional structure reflects the management teams in place and also ensures all aspects of trading activity have the specific focus that they need in order to achieve our growth plans. As explained in the March 2016 financial statements the business is divided into three distinct pillars as detailed below.

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.

	Cake Decoration £'000s	Food Ingredients £'000s	Premium Bakery £'000s	Total £'000s
Total revenue	21,713	14,059	15,568	51,340
Revenue - internal	(674)	(1,712)	-	(2,386)
External revenue	21,039	12,347	15,568	48,954
Operating profit/(loss) before Head Office	2,795	(684)	94	2,205
Head office and unallocated	-	-	-	(2,159)
Significant costs	(172)	(62)	(90)	(694)
Finance costs (net of interest received)	(53)	-	(37)	(193)
Pension finance costs	-	-	-	(108)
Profit/(Loss) before tax	2,570	(746)	(33)	(949)
Tax	114	(133)	47	28
Tax unallocated	-	-	-	(35)
(Loss)/Profit after tax as per statement of comprehensive income	2,684	(613)	14	(942)

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 2016

3. Segment reporting (continued)

As at 30 SEPTEMBER 2016	Cake Decoration	Premium Bakery	Food Ingredients	Unallocated	Total Group
	£'000s	£'000s	£'000s	£'000s	£'000s
Segment assets	88,950	13,357	20,341		122,648
Unallocated assets					
Property, plant and equipment					3,264
Intangible assets					275
Deferred tax assets					2,099
Trade and other receivables					335
Cash at bank and in hand					268
Total assets	88,950	13,357	20,341		128,889
Segment liabilities	(12,926)	(6,277)	(6,039)		(25,242)
Unallocated liabilities					
Trade and other payables					(473)
Current Tax					895*
Borrowings					(3,200)
Pension Liability					(9,346)
Deferred tax liabilities					(711)
Total liabilities	(12,926)	(6,277)	(6,039)		(38,077)
Net operating assets	76,024	7,080	14,302		90,812
Non-current asset additions	1,526	828	1,419	440	4,213
Depreciation	350	376	200	105	1,031
Amortisation	-	101	7	-	108

- Corporation tax asset in Head Office which nets off to become a corporation tax liability for the group overall

REAL GOOD FOOD PLC
NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2016

3. Segment reporting (continued)

Business segments

Geographical Segments

The group earns revenue from countries outside the United Kingdom, this amounts to 11.7% of the total revenue of the group, but as no individual country is considered to be material, segmental reporting of a geographical nature is not considered necessary in accordance with the provisions of IFRS 8.

4. 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 70,066,903 (2015 69,638,675).

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 2016			Six months to 30 September 2015		
	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	(942)	70,066,903	(1.34)	9,317	69,638,675	13.4
Significant items	694	-	-	(9,425)	-	-
Adjusted (loss)/profit per share	(248)	70,066,903	(0.35)	(108)	69,638,675	(0.16)
Dilutive effect of options	-	5,416,227	-	-	5,889,638	-
Diluted (loss)/profit per share*	(942)	75,483,130	(1.25)	9,317	75,528,313	12.3
Diluted adjusted (loss)/profit per share *	(248)	75,483,130	(0.33)	(108)	75,528,313	(0.14)

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

5. Dividends

The board are recommending an interim dividend of 0.04 pence per share be paid in January 2017 for the six months ended 30 September 2016 (2015 Nil).

6. 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 2016

7. Pension arrangements

The Group 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 £150,000.

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 2016 % per annum	31 March 2016 % per annum	30 September 2015 % per annum
Rate of increase in pensions in payment	2.90	2.70	2.80
Discount rate	2.55	3.65	3.90
Inflation assumption	3.00	2.80	2.90
Revaluation rate for deferred pensions	2.00	1.80	1.50

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

	30 September 2016 £'000s	31 March 2016 £'000s	30 September 2015 £'000's
Total fair value of assets	15,527	15,013	15,184
Present value of scheme liabilities	(24,873)	(21,094)	(20,167)
(Deficit) in the scheme	(9,346)	(6,081)	(4,983)

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.

8. Seasonality

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

9. Discontinued Business

As disclosed in the year ended March 2016 accounts the Group disposed of its Napier Brown Sugar business on 19 May 2015. This disposal was consistent with the Group's strategy for the sugar business and allows it to focus on its remaining businesses. The results of the disposed business is shown below:

	6 months ended 30 September 2016	6 months ended 30 September 2015
Revenue	-	13,237
Cost Of Sales	-	(11,884)
Gross Margin	-	1,353
Distribution	-	(1,149)
Administration	-	(288)
Operating Loss	-	(84)

10. Significant Items

During the period the group incurred a number of significant items as detailed below. The restructuring costs incurred relate to management changes ahead of changes planned in the business. Acquisition costs relate to fees incurred in the period for professional services relating to the investigation of suitable acquisitions for the group in line with the search for bolt-on acquisitions to enhance the group's performance:

	6 months ended 30 September 2016
Management restructuring costs	324
Abortive acquisition costs	370
Total Significant items	<hr/> <hr/> 694

11. Borrowings

Since the previous year end the Group successfully negotiated extended borrowing facilities with Lloyds Bank plc to enable it to continue its acquisition and investment strategy. The Group has entered into an invoice finance facility of £20 million on a revolving basis with a minimum term of 12 months and a 3 months' notice period. This facility is secured against the debtors across the whole of the Groups UK businesses, and comprise a Sterling, Euro and US Dollar facility with an interest rate of 1.5% above base rate.

In addition, in October 2016 a new term loan of £3 million was agreed with Lloyds Bank plc to replace the loan taken out to finance the acquisition of Rainbow Dust Colours Ltd. The new loan has a term of 3 years expiring in October 2019 and is repayable in quarterly instalments of £250k. Interest on this loan is charged at 2.75% above base rate.