24 March 2011

Produce Investments plc

UNAUDITED INTERIM REPORT
For the 26 weeks ended 25 December 2010

Produce Investments plc (AIM: PIL), a leading operator in the fresh potato sector with vertically integrated activities covering seed production, own growing, processing and packing and supply to the major retailers, is pleased to announce its interim results for the 26 weeks to 25 December 2010.

Key highlights are:

- Revenue up 5.7% to £81.88m (2009: £77.44m)
- Operating profit excluding exceptional items down 9.3% to £4.56m (2009: £5.03m)
- Profit before taxation excluding exceptional items up 2.2% to £4.15m (2009: £4.06m)
- Adjusted diluted earning per share up 1.8% to 13.26p (2009: 13.02p)
- Interim dividend per share 1.82p (2009: nil)
- Net debt down 55.9% to £12.83m (2009: £29.10m)
- Continued focus on driving operational efficiencies
- Investment in brand development and innovation
- Continued investment in new and improved technology
- Strengthened and up-skilled management team

Commenting on the results, Chief Executive Angus Armstrong said:

"We are pleased with the results for the first half year and despite the higher free buy market prices, we continue to trade in line with our expectations and all divisions continue to maintain the consistently high service levels that our customers expect from us. Following the admission to the London Stock Exchange AIM market, and the raising of £15.55m of new investment, the Group is well placed to execute its short and long term strategic objectives."

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Operating and financial review

The Group presents its interim results for the 26 weeks to 25 December 2010, together with comparative information for the 26 weeks ending 26 December 2009.

As anticipated, trading for the first half year was impacted by the reduction in volumes through Sainsbury, following a supplier business review which took effect from the beginning of October. Consumers, especially through the retail sector are seeking better value, typically by trading down and choosing more promotional offerings. In addition to these pressures the price of potatoes has remained high through the season, influenced by the shortage across Europe. The Group's procurement model, with a relatively high proportion of potatoes contracted in advance at fixed prices means that it is part protected against these higher prices, but nevertheless has experienced increases in supply costs.

Despite these issues, revenue grew by 5.7% to £81.88m, as compared to £77.44m for the comparative period last year. This was driven by new wholesale and processing customers along with increased trading revenues as a consequence of the relatively high priced season, in comparison with the relatively low priced season last year.

Operating profit before exceptional items at £4.56m (2009: £5.03m) was in line with our expectations for the half year and resulted in a margin of 5.6% compared with 6.5% for the same period last year. Profitability by segment is disclosed in note 4 to the interim results.

Profit before taxation was £1.42m (2009: £4.06m). This is after exceptional charges of £1.23m and £1.50m relating to fees and the award of options as a result of the flotation and raising of new funds.

Basic earnings per share were 4.65 pence (2009: 13.89 pence). Diluted earnings per share were 4.20 pence (2009: 13.02 pence)

Adjusted basic earnings per share before exceptional items were 14.69 pence (2009: 13.89 pence). Adjusted diluted earnings per share were 13.26 pence (2009: 13.02 pence). Note 6 details the adjusting items in arriving at an adjusted EPS figure.

The tax charge for the period is based on the estimated effective tax rate on profits for the full year of 35% which is arrived at after adjusting for disallowable fees in relation to the flotation.

At the half year end, net debt was £12.83m providing the Group with the financial capacity to invest further in the business and make acquisitions.

The Board has approved an interim dividend of 1.82p per share in respect of the first 6 months, even though the Company was only admitted to trading on AIM towards the end of this period. This will be paid on 28 April 2011 to shareholders on the register at close of business on 01 April 2011. The shares will trade ex-dividend on 30 March 2011.

Principal risks and uncertainties

The Group set out in its 2010 Annual Report and Financial Statements the principal risks and uncertainties that could have an impact on its performance. These remain largely unchanged since the Annual Report was published with the main areas of potential risk and uncertainty being the threat from competition and any disruption to the supply and quality of potatoes.

In relation to the issue of police investigations into payments made between June 2006 and December 2007 involving senior employees of Greenvale and a produce buyer at Sainsbury's, the Group has had confirmation from the authorities that there will be no action taken against the Company or any of its employees .

Outlook

Despite continuing pressure on consumer expenditure, we are satisfied with the results and the performance of the Group in the first half year. Like prior years, results in the second half year will be below the first half, predominantly due to higher raw material prices driven by additional storage costs and the costs of importing material to fulfil retail requirements.

The remainder of this financial year will no doubt continue to have its challenges, but the Board believes the Group is well placed to capitalise on any opportunities that may arise and remains confident that the Group will meet its forecasts for the full year to June 2011.

Barrie Clapham	Angus Armstrong
Non-Executive Chairman	**Chief Executive**

24 March 2011

Produce Investments plc

CONSOLIDATED INCOME STATEMENT (UNAUDITED)
For the 26 weeks ended 25 December 2010

	Notes	2010 £'000	2009 £'000
CONTINUING OPERATIONS			
Revenue		81,876	77,438
Cost of sales		(59,711)	(55,052)
Gross profit		22,165	22,386
Administrative and other operating expenses		(17,603)	(17,359)
Exceptional costs associated with equity raising	5	(1,232)	-
Exceptional charge arising on share options vesting on listing	5	(1,499)	-
Operating profit, being profit before interest and tax and after exceptionals		1,831	5,027
Finance costs		(412)	(968)
Profit before tax from continuing operations		1,419	4,059
Income tax expense		(497)	(1,306)
Profit for the 26 weeks		922	2,753
Attributable to:			
Equity holders of the parent		918	2,742
Non- controlling interests		4	11
		922	2,753
Basic earnings per share		4.65 pence	13.89 pence
Diluted earnings per share		4.20 pence	13.02 pence
Adjusted basic earnings per share (see note 6)		14.69 pence	13.89 pence
Adjusted diluted earnings per share (see note 6)		13.26 pence	13.02 pence

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the 26 weeks ended 25 December 2010

	2010 £'000	2009 £'000
Profit for the 26 weeks	922	2,753
Other comprehensive income for the 26 weeks	-	-
Total comprehensive income for the 26 weeks, net of tax	922	2,753
Attributable to:		
Equity holders of the parent	918	2,742
Non- controlling interests	4	11
	922	2,753

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
At 25 December 2010

	Notes	**2010 £'000**	**2009 £'000**
ASSETS			
Non-current assets			
Property, plant and equipment	9	24,455	25,318
Intangible assets		11,797	12,379
Investment in an associate		162	182
Other non-current financial assets	12	309	309
Deferred tax assets		2,025	1,024
		38,748	39,212
Current assets			
Inventories		9,197	10,200
Biological assets		6,094	5,626
Trade and other receivables		19,029	17,135
Prepayments		846	2,065
Cash and short-term deposits	12	890	378
Deferred tax assets		-	47
		36,056	35,451
Non current assets classified as held for sale		500	500
Total assets		75,304	75,163
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	15,663	70
Other capital reserves		5,672	4,070
Retained earnings		(307)	239
Equity attributable to equity holders of the parent		21,028	4,379
Non-controlling interests		43	38
Total equity		21,071	4,417
Non-current liabilities			
Interest-bearing loans and borrowings	12	12,822	19,988
Other non-current financial liabilities		1,635	1,603
Provisions		-	131
Deferred revenue		124	117
Pensions and other post employment benefit obligations	13	5,303	2,053
Deferred tax liability		5,121	5,941
		25,005	29,833
Current liabilities			
Trade and other payables		26,472	28,066
Interest-bearing loans and borrowings	12	1,205	9,804
Deferred revenue		158	166
Income tax payable		1,237	2,806
Provisions		83	71
Deferred tax liability		73	-
		29,228	40,913
Total liabilities		54,233	70,746
Total equity and liabilities		75,304	75,163

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
For the 26 weeks ended 25 December 2010

	Equity Share capital £'000	Other capital reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total Equity £'000
As at 27 June 2009	70	4,018	(2,503)	1,585	27	1,612
Profit and total comprehensive income for the period	-	-	2,742	2,742	11	2,753
Share-based payment transactions	-	52	-	52	-	52
As at 26 December 2009	70	4,070	239	4,379	38	4,417

	Equity Share capital	Other capital reserves	Retained earnings	Total	Non-controlling interest	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
As at 26 June 2010	70	4,121	(1,183)	3,008	39	3,047
Profit and total comprehensive income for the period	-	-	918	918	4	922
Share-based payment transactions	-	1,551	-	1,551	-	1,551
Reserves movements on bonus share issue (note 10)	42	-	(42)	-	-	-
New equity issues	15,551	-	-	15,551	-	15,551
As at 25 December 2010	15,663	5,672	(307)	21,028	43	21,071

Produce Investments plc

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
For the 26 weeks ended 25 December 2010

	2010 £'000	2009 £'000
Operating activities		
Profit before tax from continuing operations	1,419	4,059
Adjustments to reconcile profit before tax for the period to net cash inflow from operating activities		
Depreciation and amortisation	1,726	1,757
Share-based payment transaction expense	1,551	52
Fees incurred in connection with raising of new equity	1,232	-
Gain on disposal of property, plant and equipment	(39)	-
Finance costs	412	968
Difference between cash costs incurred in respect of biological assets and movement in fair value	(272)	169
Movement in provisions	(21)	(160)
Difference between pension contributions paid and amounts recognised in the income statement	(276)	(276)
Working capital adjustments:		
(Increase) in trade and other receivables and prepayments	(3,479)	(2,139)
(Increase) in inventories	(6,120)	(5,764)
Increase in trade and other payables	5,375	7,273
Increase in deferred revenue	43	177
Income tax paid	(971)	-
Net cash inflows arising from operating activities	580	6,116
Investing activities		
Proceeds from sale of property, plant and equipment	105	10
Purchase of property, plant and equipment	(1,915)	(2,232)
Purchase of intangible assets	(16)	(77)
Net cash outflows arising from investing activities	(1,826)	(2,299)
Financing activities		
Payment of finance lease liabilities	(51)	(111)
Proceeds from share issues	15,551	-
Fees incurred in connection with raising of new equity	(1,232)	-
Repayment of bank borrowings	(1,776)	(1,062)
Repayment of loan notes	(5,163)	-
Interest paid	(642)	(817)
Net cash in/(out)flows arising from financing activities	6,687	(1,990)
Net increase in cash and cash equivalents	5,441	1,827
Cash and cash equivalents at beginning of 26 week period	(4,551)	(8,704)
Cash and cash equivalents at end of 26 week period	890	(6,877)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 26 weeks ended 25 December 2010

1. General information

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Produce Investments plc, Greenvale AP, Floods Ferry Road, Doddington, March, Cambridgeshire, PE15 0UW. The Company is listed on the London Stock Exchange AIM market.

The condensed consolidated interim financial statements of the Group were approved for issue on 22 March 2011. These interim financial results do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the 52 weeks ended 26 June 2010 were approved by the Board of Directors on 8 October 2010 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

2. Basis of preparation

The condensed consolidated interim financial statements for the 26 weeks ended 25 December 2010 have been prepared on the same basis and using the same accounting policies of the Group from the year ended 26 June 2010, which will be applied for the year ended 25 June 2011. They have not been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial information and should be read in conjunction with the annual financial statements for the year ended 26 June 2010 which have been prepared in accordance with IFRS as adopted by the EU.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are discussed in the Operating and Financial Review. The Group net debt position is highlighted in note 12 of the condensed consolidated interim financial statements. The interim information contained in these condensed interim financial statements is unaudited. The Directors report that having reviewed current performance and forecast they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the period ended 26 June 2010, as described in those annual financial statements.

The following new standards, amendments to standards or interpretations are mandatory for the first time for accounting periods beginning on or after 27 June 2010. They either were not relevant to the Group or had no material impact on the financial statements of the Group.

- IAS27 – Cost of an investment in a subsidiary, joint controlled entity or associate
- IAS28 – Investments in associates
- IAS 39 – Eligible hedged items
- IFRS2 – Share-based payment vesting conditions and cancellations
- IFRIC17 – Distribution of non-cash assets to owners
- IFRIC18 – Transfers of assets from customers

4. Operating segment information

Management have determined the operating segments based on the reports utilised by the directors that are used to make strategic decisions. These are split as follows:

- Fresh
- Processing
- Other

Fresh comprises the sites, staff and assets that grow, source, pack and deliver fresh potatoes to customers, ranging from large retailers, wholesalers to small private businesses. As an element of raw material is not suitable for this purpose it also includes any supplementary sales achieved.

Processing comprises the staff and assets that supply pre-prepared potato products which are ultimately sold as ingredients for food manufacturers.

Other comprises seed sales for both the UK and export, traded volume where Greenvale acts as an intermediary between the farmer and the end customer taking a small margin to cover costs, and all sales activities of Restrain Company Limited, a 70% owned subsidiary that provides ethylene based storage solutions for potatoes and onions. No element within ‘other’ is large enough to require additional segmentation.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Assets and liabilities are not segmented for management information purposes for consideration by the Board as the Chief Operating Decision Maker other than as below. Assets and Liabilities are discussed further below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 26 weeks ended 25 December 2010

4. Operating segment information (continued)
Inventory procurement, receivables and payables are managed centrally and as a result assets and liabilities are managed at Group level. Consequently, no segmental analysis of these items is presented.

Operating segment information

26 weeks ended 25 December 2010

	Fresh £'000	Processing £'000	Other £'000	Total £'000
Revenue	63,654	3,699	14,523	81,876
Depreciation and amortisation	(1,239)	(310)	(177)	(1,726)
Exceptional costs associated with equity raising	(1,108)	(62)	(62)	(1,232)
Exceptional charge relating to share options vesting on floatation	(1,349)	(75)	(75)	(1,499)
Other operating costs	(57,898)	(3,115)	(14,575)	(75,588)
Operating profit / (loss)	**2,060**	**137**	**(366)**	**1,831**
Costs not allocated:				
Finance costs				(412)
Profit before tax				**1,419**
Capital expenditure	(1,552)	(45)	(318)	(1,915)
Development costs	-	-	(16)	(16)

26 weeks ended 26 December 2009

	Fresh £'000	Processing £'000	Other £'000	Total £'000
Revenue	62,793	3,152	11,493	77,438
Depreciation and amortisation	(1,292)	(311)	(154)	(1,757)
Other operating costs	(56,269)	(2,800)	(11,585)	(70,654)
Operating profit / (loss)	**5,232**	**41**	**(246)**	**5,027**
Costs not allocated:				
Finance costs				(968)
Profit before tax				**4,059**
Capital expenditure	(1,592)	(201)	(439)	(2,232)
Development costs	-	-	(77)	(77)

The accounting policies for the segments are the same as those described in the summary of significant accounting policies. The revenues and operating profit / (loss) per reportable segment agree in aggregate to the consolidated totals per the interim financial statements.

4. Operating segment information (continued)

Segmentation of Assets and liabilities
Investments in associates are not segmented. Such items are managed at board level and are not integral to the operations of any of the Group segments.

Other non current financial assets and liabilities are not segmented. Such items are managed at board level with the support of the Group central services team. These items are not integral to the operations of any of the Group segments.

No segmentation is presented in respect of receivables, payables and cash. The Group central services team manages Group treasury, cashflow, payables and receivables independently from the operating segments.

Taxation matters are managed by the Group central services team and are not segmented.

Inventories and biological assets are managed centrally by the Group procurement team. Inventories are usually stored at a Group location most appropriate for the supplier to deliver the goods to, usually the closest geographical location to the supplier. The inventories are then used in the delivery of goods and services to all segments within the Group.

The Group central services team coordinates prepayments, accruals and provisions and these are not segmented.

The deferred revenue is managed by the central services team. All deferred revenue relates to the 'other' segment.

Intangible assets

	2010 £'000	2009 £'000
Fresh	-	-
Processing	11,633	12,142
Other	164	237
Total	**11,797**	**12,379**

Property, plant and equipment analysis

	2010 £'000	2009 £'000
Fresh	12,683	12,899
Processing	2,397	2,826
Other	1,983	1,841
Unallocated	7,392	7,752
Total	**24,455**	**25,318**

The amounts for items which are not segmented are disclosed in the balance sheet.

4. Operating segment information (continued)

Geographical information

Revenues from external customers

	2010 £'000	2009 £'000
UK	78,952	74,132
Other EU countries	1,196	1,351
Rest of the world	1,728	1,955
Total revenue per consolidated income statement	81,876	77,438

The revenue information above is based on the location of the customer.

5. Exceptional items

There were no exceptional items recorded in the period to 26 December 2009.

In the period to 25 December 2010, the following exceptional charges were recorded:

- £1,232,000 arising from fees incurred in raising new equity during the company flotation
- £1,499,000 arising from the income statement charge arising from share options awarded to senior management following the successful flotation of the company.

Further reference to the new equity issue and the share options charge is made in the notes below.

6. Earnings per share

	2010	2009
Profit attributable to equity shareholders (£'000)	918	2,742
Number of ordinary shares for basic eps calculation	19,744,548	19,744,548
Number of options with dilutive effect	2,135,465	1,307,401
Total number of shares for fully diluted eps calculation	21,880,013	21,051,949
Basic earnings per share - pence	4.65	13.89
Diluted earnings per share - pence	4.20	13.02
Adjusted earnings per share		
Operating profit as presented on income statement (£'000)	1,831	5,027
Add back Exceptional costs associated with equity raising (£'000)	1,232	-
Add back exceptional charge arising on share options vesting on listing (£'000)	1,499	-
Operating profit pre exceptional (£'000)	4,562	5,027
Finance costs (£'000)	(412)	(968)
Adjusted profit before tax (£'000)	4,150	4,059
Tax on adjusted profit at underlying effective rate (£'000)	(1,245)	(1,306)
Adjusted profit after tax (£'000)	2,905	2,753
Adjusted profit attributable to ordinary shareholders(£'000)	2,901	2,742
Adjusted basic earnings per share	14.69	13.89
Adjusted diluted earnings per share	13.26	13.02

Adjusted earnings per share is calculated to enable earnings to be produced on a directly comparable basis. To achieve this comparison, the operating profit for the 26 weeks to 25 December 2010 is reflected as if the exceptional items had not been presented separately in the income statement. This increases underlying profit by £2,731,000. An underlying effective tax rate of 30% has then been applied to the adjusted profit.

In line with the guidance in IAS 33 regarding retrospective adjustments, the number of ordinary shares and potential ordinary shares existing at 26 December 2009 have been adjusted retrospectively to provide a better comparison between the two periods.

For details relating to the changes in share options and issued equity, please refer to the notes below.

7. Taxation

The Finance (No2) Act 2010, which was announced during the June 2010 Budget Statement, included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. The proposed reduction from 28% to 27% was substantively enacted at the balance sheet date. The tax charge in the income statement has been calculated as 35% of profits based on management's best estimate of the full year effective tax rate to 25 June 2011.

The full year effective tax rate includes the impact to the income statement of calculating UK deferred tax balances at the reduced UK tax rate of 27%. The impact of this rate change on the interim income statement is a reduction in the half year tax charge of approximately £120,000

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in this financial information.

8. Dividends

No dividends had been proposed or paid in the 26 week periods ended 26 December 2009 or 25 December 2010.

On 23 March 2011, the Board approved an interim dividend for the period ended 25 December 2010 of 1.82p per share. This dividend has not been included as a liability as at 25 December 2010, in accordance with IAS 10 'Events after the balance sheet date'.

9. Property Plant and equipment

During the 26 weeks ended 25 December 2010, the Group acquired assets with a cost of £1,915,000 (2009: £2,232,000)

Assets with a net book value of £66,000 were disposed of by the Group during the 26 weeks ended 25 December 2010 (2009: £10,000), resulting in a net gain on disposal of £39,000 (2009: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 26 weeks ended 25 December 2010

10. Issued capital and reserves

	Number of ordinary shares (thousands)	Ordinary shares £'000	Share premium £'000	Total £'000
As at 27 June 2009 (audited)	1,381	-	70	70
Shares issued	-	-	-	-
As at 26 December 2009	**1,381**	**-**	**70**	**70**
As at 26 June 2010 (audited)	1,381	-	70	70
Bonus shares	1,118,623	112	(70)	42
	1,120,004	112	-	112
Consolidation of existing shares	11,200	112	-	112
Issued on flotation	8,545	85	15,466	15,551
As at 25 December 2010	**19,745**	**197**	**15,466**	**15,663**

At 26 December 2009 the following was true in respect of issued shares:

- A total of 2,250,000 ordinary shares of nominal value £0.0001 had been authorised for issue. The total nominal value of authorised shares was £225.00.
- A total of 1,380,833 ordinary shares of nominal value £0.0001 had been issued and fully paid. The total nominal value of issued and fully paid shares is £138.08.
- Share premiums totalling £70,000 had been received in respect of the Company's shares.

Since 26 June 2010 the following transactions have occurred in respect of the share capital of the Company

- On 15 October 2010 the Company issued 1,118,619,167 ordinary shares of 0.01p each to its existing shareholders (pro-rata to existing holdings) and a further 4,300 shares of 0.01p each for rounding purposes – i.e. to ensure that each shareholder had a holding divisible by 100. All these shares were paid up (at nominal value) out of amounts standing to the credit of the Company's share premium account and profit and loss account. The Company then consolidated every 100 of the existing shares into 1 ordinary share of 1p, giving the Company a share capital of £112,000.43 comprised of 11,200,043 shares of 1p each.
- On 18 November 2010, following the successful admission of the Company to trading on the London Stock Exchange AIM market, a further 8,544,505 shares were issued. These new shares raised a further £15,551,000 of gross proceeds. These proceeds are included within share capital.

At the date of flotation and the 25 December 2010, there were 19,744,548 ordinary shares in issue in the Company. All shares carry equal voting rights.

11. Employee share options

No changes have occurred in respect of schemes that were in existence at 26 June 2010 and disclosed within the financial statements for the period then ended. In respect of options within these existing schemes (and disclosed in the year end financial statements) a charge for the 26 weeks ended 25 December 2010 of £52,000 (2009: £52,000) has been recorded within the income statement.

Following the successful company flotation on 18 November 2010, additional options, which had been conditionally granted subject to successful flotation, vested. A total of 828,064 options vested unconditionally at an option value of £1.81 per share. Accordingly, the total charge recorded in respect of these additional options is £1,499,000. These are equity only instruments with no cash alternative.

Given the unusual nature of these options, these have been described on the face of the income statement as exceptional.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 26 weeks ended 25 December 2010

12. Net debt and cash equivalents

Reconciliation of net debt between 27 June 2009 and 26 December 2009

	27 June 2009	Cash flow	Non cash	26 December 2009
	£'000	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	(8,704)	1,827	(309)	(7,186)
Long term cash deposits	-	-	309	309
Loans	(22,921)	1,062	(63)	(21,922)
Finance leases	(313)	111	(104)	(306)
	(31,938)	**3,000**	**(167)**	**(29,105)**

Reconciliation of net debt between 26 June 2010 and 25 December 2010

	27 June 2010	Cash flow	Non cash	25 December 2010
	£'000	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	(4,551)	5,441	-	890
Long term cash deposits	309	-	-	309
Loans	(20,695)	6,939	(83)	(13,839)
Finance leases	(239)	51	-	(188)
	(25,176)	**12,431**	**(83)**	**(12,828)**

Reconciliation to statement of financial position

	25 December 2010	26 December 2009	26 June 2010	27 June 2009
	£'000	**£'000**	**£'000**	**£'000**
Other non current financial assets	309	309	309	-
Cash and short term deposits	890	378	204	226
Non current interest bearing loans and borrowings	(12,822)	(19,988)	(13,579)	(20,981)
Current interest bearing loans and borrowings	(1,205)	(9,804)	(12,110)	(11,183)
	(12,828)	**(29,105)**	**(25,176)**	**(31,938)**

13. Pensions

The Group operates a defined benefit pension scheme which is closed to new members and no longer accrues benefits to existing member employees.

There were no changes to the members, their accrued future benefits or the scheme funding arrangements at any time between 27 June 2009 and 25 December 2010. Group management therefore regard the key assumptions, in the medium to long term, as unchanged. Given the highly volatile nature of inflation rates and asset markets in the short term, management conclude that computing an interim valuation on an IAS 19 basis at either 26 December 2009 or 25 December 2010 would not provide significant additional benefit to the reader. Consequently, no actuarial valuation at either interim date has been performed.

The movement in the pension liability of £3,250,000 in the 52 week period from 27 June 2009 to 26 June 2010 is consistent with the movement presented in these interim statements – i.e. the same movement is assumed between corresponding December periods as June periods. These interim statements should therefore be read in conjunction with the full year audited financial statements of the Group, which include full IAS 19 disclosures.