22 March 2018

PRODUCE INVESTMENTS PLC

INTERIM RESULTS

for the six months ended 31 December 2017

A strong uplift in Group profitability but a cautious start to the second half

Produce Investments plc, (AIM:PIL) ("Produce," "Company" or the "Group"), a leading operator in the fresh potato and daffodil sectors, announces its interim results for the six months ended 31 December 2017.

Key financial points:

- Revenue up 1.6% to £80.6m (2016: £79.3m)
- Operating profit £2.4m, (2016: £0.2m) reflecting lower raw material costs, new business gains and past investment
- Pre-tax profit £2.1m (2016: loss £1.0m)
- Basic EPS 5.78p (2016: loss 3.21p)
- Interim dividend increased 2% to 2.49p (2016: 2.44p)

Key operational points:

- More collaborative supply agreements with major retail customers delivering expected benefits in core fresh potato business
- New ERP system well embedded and beginning to deliver planning and process efficiencies
- Good potato volume growth which has continued into the second half to date
- Planting of 2018 early potato crops in Cornwall and Jersey delayed by adverse weather

Angus Armstrong, Chief Executive Officer, commented: "The first half of the year has seen a marked improvement in our profitability, driven by a combination of more collaborative relationships with our key retail partners, new business gains and the investment we have made in the business in recent years. Coupled with the benefit from increased volumes, we are pleased with the performance that we have delivered.

"The recent poor weather has resulted in a delay to the start of the planting season in both Jersey and Rowe however, the Board currently expects underlying trading profit for the full year to be broadly in line with its expectations."

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Notes to Editors

The Group is a vertically integrated company supplying blue chip retail customers with potatoes and daffodils.

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

We are pleased to report a strong uplift in the Group's profitability compared with the first half of last year. This reflected a combination of lower raw material costs, new business gains, strengthened and more collaborative relationships with our key retail partners, and the benefits of our investment in improved systems.

Results

Revenue in the first six months of our financial year increased by 1.6% to £80.6m (2016: £79.3m). Underlying this are the raw material costs and selling prices both of which fell as a result of the much increased UK potato crop, and the cost-plus pricing model we have adopted with our main retail customers.

Gross profit increased by 7.8% to £27.5m (2016: £25.5m) as a result of the reduction in our cost of sales driven by lower potato prices. Administrative and other expenses were maintained broadly in line with the first half last year at £25.1m (£25.3m), resulting in a £2.1m uplift in operating profit to £2.4m (2016: £0.2m).

There were no exceptional items in the period, compared with costs of £1.007m last year.

Profit before tax was £2.1m, compared with a (loss of £1.0m) in the first half of the prior financial year, and basic earnings per share were 5.78 pence (2016: loss per share 3.21 pence).

The business has been cash generative during the period and net debt at the end of the half year was £29.8m, compared with £29.1m at the end of the comparable period in 2016, and £28.0m at the end of our previous financial year in July 2017. Net debt rises between July and December each year in line with the potato crop cycle. The year-end debt figure also included the purchase of Peacock Farm on Jersey, which was concluded in May 2017.

Dividend (TBD)

The Board has approved a 2% increase in the interim dividend to 2.49 pence per share (2016: 2.44 pence) and this will be paid on 12 July 2018 to shareholders on the register at the close of business on 29 June 2018. The shares will trade ex-dividend on 28 June 2018.

Strategy

We continue to pursue a strategy focused on organic growth, inward investment strategies that will deliver a more robust business model for the future and the acquisition of complementary businesses that will deliver increased diversity in both product mix and income.

The Board

As previously announced Neil Davidson (Chairman), Sean Christie (Non-Executive Director) and Sir David Naish (Non-Executive Director) retired from the Board at our AGM in November and the Board now comprises Chairman Barrie Clapham, Executive Directors Angus Armstrong and Jonathan Lamont, and Non-Executive Directors Liz Kynoch and Robert Johnston.

Operational highlights

The performance of our core potato business reflected a 15.2% increase in size of the UK potato crop in 2017 to 6.04 million tonnes, the largest tonnage recorded since 2011. This substantial increase in supply outstripped demand and inevitably resulted in price deflation. In this challenging climate we benefited from both increased volume sales to an established major retail customer, and a full year of new business with another major retailer. The more collaborative type of relationship we have developed with our retailer partners continues to bear fruit, with our pricing model helping us to maintain our overall revenues against the background of higher volumes and lower average selling prices.

In the non-retail market, intense competition from smaller suppliers resulted in lower selling prices and some pressure on trading margins.

The new ERP system in which we invested in the preceding financial year is now well embedded, and is starting to deliver the planning and process efficiencies we expected.

As anticipated, we completed the sale of the closed Greenvale packing facility in Kent during the first half, with proceeds of £1.4m.

Sales of seed potatoes were slower during the period than in the prior year as the impact of a temporarily oversupplied marketplace reduced growers’ appetite for investment in the next year’s crop.

Our potato processing business was also buffeted by intense competition in a challenging market, reflecting oversupply and the resulting price deflation.

Outlook

Our core fresh potato business continues to trade very well, enjoying good volume growth through both its packing facilities in Cambridgeshire and the Scottish Borders. Seed potato sales have also begun to regain momentum in the second half to date.

Our storage and ripening technology business is on track to deliver increased sales in the second half, benefiting from our investment in its facility in Holland to service customers throughout Europe. We are developing upgraded machine technologies and IT to support the growth of this business in the future. This will allow us to operate in numerous produce sectors, expand our seed business, and increase our capabilities in the ripening of peppers and tomatoes.

Daffodil sales in January and February have been good, benefiting from increased retail demand, and performance to date has exceeded our expectations. However harvesting has suffered from the freezing conditions experienced in late February and early March which impacted our ability to harvest for a number of days, therefore compromising the availability of crop into the key 'mother's-day' trading window. Operations have since resumed although it is too early to determine the overall impact of the adverse weather on the outturn for the season.

Early potato planting in Cornwall has been severely delayed by the very wet conditions experienced in the early part of 2018. Similarly in Jersey, planting of Jersey Royals is now significantly behind plan because of very wet ground in January and early February, and freezing conditions in late February and early March; the development of the crop that has already been planted has also been slowed by the unfavourable weather, which has continued into March

We remain confident of a good season for Jersey Royals in 2018, though the slow progress of the crop to date will result in a later running season with some sales being deferred until our next financial year. However, our UK and Jersey potato businesses are highly complementary, and we expect there to be some compensating benefit to our Greenvale operations on the mainland from the delay to the start of the Jersey Royals season. Planting of the main UK crop has only just commenced and all indications are that spring will run later this season with planting progress delayed versus recent seasons. The impact of this is likely to be an extension of the current season which may lead to an increase in crop values over time.

The Board currently expects underlying trading profit for the full year to be broadly in line with its expectations, although the year-end result will depend on the outcome of the daffodil season, the Jersey Royal new potato season, and any delay to the UK planting season.

Principal risks and uncertainties

The principal risks and uncertainties confronting the business, and the measures we take to mitigate these, were set out in full in the 2017 annual report. These remain largely unchanged, though the unseasonal conditions in the first months of the second half underline the Group's exposure to adverse weather. We also remain keen to see clear direction from the Government on the measures they intend to take to ensure continued good availability of high quality seasonal labour in any Brexit agreement.

Barrie Clapham, Chairman

Angus Armstrong, Chief Executive Officer

CONSOLIDATED CONDENSED INCOME STATEMENT (UNAUDITED)

For the 6 months ended 31 December 2017

	Notes	**2017 £'000**	**2016 £'000**
CONTINUING OPERATIONS			
Revenue	*4*	80,632	79,333
Cost of sales		(53,115)	(53,812)
Gross profit		27,517	25,521
Administrative and other operating expenses	*6*	(25,150)	(25,278)
Operating profit, before interest and exceptional items		2,367	243
Exceptional Items	*4*	-	(1,007)
Finance costs		(268)	(232)
Profit / (loss) before tax		2,099	(996)
Income tax (charge) / credit	*7*	(336)	200
Profit / (loss) after tax		1,763	(796)
Attributable to:			
Equity holders of the parent		1,570	(862)
Non- controlling interests		193	66
		1,763	(796)
Basic earnings per share	*5*	5.78 pence	(3.21) pence
Diluted earnings per share	*5*	5.63 pence	(3.21) pence

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the 6 months ended 31 December 2017

	2017 £'000	2016 £'000
Profit / (loss) for the period	1,763	(796)
Total comprehensive income for the period, net of tax	1,763	(796)
Attributable to:		
Equity holders of the parent	1,570	(862)
Non- controlling interests	193	66
	1,763	(796)

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 December 2017

	Notes	2017 £'000	2016 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	*9*	39,970	33,921
Intangible assets		15,328	15,873
Investment in associates		190	178
Other investments		122	529
		55,610	50,501
Current assets			
Inventories		24,372	26,419
Biological assets	10	16,087	14,330
Trade and other receivables		25,166	26,902
Prepayments		1,604	3,034
Cash and short-term deposits	*13*	1,841	381
Asset held for resale		-	1,250
		69,070	72,316
Total assets		124,680	122,817
EQUITY AND LIABILITIES			
Equity			
Issued capital	*11*	273	264
Share premium		21,962	21,725
Other capital reserves		10,228	10,228
Retained earnings		21,269	16,717
Equity attributable to equity holders of the parent		53,372	48,934
Non-controlling interests		912	596
Total equity		54,644	49,530
Non-current liabilities			
Interest-bearing loans and borrowings	*13*	15,500	10,000
Other non-current financial liabilities		356	395
Deferred revenue		47	108
Pensions and other post employment benefit obligations	*14*	8,678	6,992
Deferred tax liability (net)		2,026	2,425
		26,607	19,920
Current liabilities			
Trade and other payables		26,685	33,557
Interest-bearing loans and borrowings	*13*	16,129	19,441
Deferred revenue		49	100
Income tax payable		566	269
		43,429	53,367
Total liabilities		70,036	73,287
Total equity and liabilities		124,680	122,817

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the 6 months ended 31 December 2017

	Equity Share capital	Other capital reserves	Retained earnings	Total	Non-controlling interest	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
As at 25 June 2016	21,938	10,228	18,559	50,725	530	51,255
Profit and total comprehensive income for the period	-	-	(862)	(862)	66	(796)
Equity dividends paid	-	-	(1,310)	(1,310)	-	(1,310)
Share issue	51	-	-	51	-	51
Share based payment transactions	-	-	330	330	-	330
As at 24 December 2016	21,989	10,228	16,717	48,934	596	49,530

	Equity Share capital	Other capital reserves	Retained earnings	Total	Non-controlling interest	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 July 2017	22,113	10,228	21,349	53,690	719	54,409
Profit and total comprehensive income for the period	-	-	1,570	1,570	193	1,763
Equity dividends paid	-	-	(1,370)	(1,370)	-	(1,370)
Share issue	122	-	-	122	-	122
Share-based payment transactions	-	-	(280)	(280)	-	(280)
As at 31 December 2017	22,235	10,228	21,269	53,732	912	54,644

Produce Investments plc

CONSOLIDATED CONDENSED CASH FLOW STATEMENT (UNAUDITED)

For the 6 months ended 31 December 2017

	Note	2017 £'000	2016 £'000
Operating activities			
Profit / (loss) before tax from continuing operations		2,099	(996)
Adjustments to reconcile profit before tax for the period to net cash inflow from operating activities :			
Depreciation and amortisation		2,791	2,443
Impairment		-	460
Profit on disposal of property plant and equipment		(169)	-
Share-based payment (credit) / expense		(280)	330
Finance costs		268	238
Difference between pension contributions paid and amounts recorded in income statement		(276)	(276)
Working capital adjustments:			
Decrease in trade and other receivables and prepayments		10,054	2,142
(Increase) in inventories and biological assets		(9,790)	(12,096)
(Decrease)/increase in trade and other payables		(2,800)	2,171
(Decrease) in deferred revenue		(4)	50
Income tax (paid)		(670)	(700)
Net cash inflows / (outflows) arising from operating activities		1,223	(6,234)
Investing activities			
Sale of asset held for resale		1,440	-
Purchase of property, plant and equipment	*9*	(2,859)	(3,200)
Purchase of Intangible assets		(37)	-
Net cash outflows arising from investing activities		(1,456)	(3,200)
Financing activities			
Dividends paid to parent equity shareholders		(1,371)	(1,310)
Proceeds from share issues		122	51
(Payback) / Drawdown of invoice finance borrowings		(3,033)	7,820
Loan instalments paid in period		(1,125)	-
New loans arranged in period		-	2,750
Interest paid		(268)	(238)
Net cash outflows arising from financing activities		(5,675)	9,073
Net (decrease) in cash and cash equivalents		(5,908)	(361)
Cash and cash equivalents at beginning of period		7,749	742
Cash and cash equivalents at end of period		1,841	381

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 21 March 2018. These interim financial results do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory annual report and accounts for the 53 weeks ended 1 July 2017 was approved by the Board of Directors on 27 September 2017 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 6 months ended 31 December 2017 have been prepared on the same basis and using the same accounting policies of the Group from the year ended 1 July 2017, with the exception of pension and biological assets, where the directors have taken a more simplified approach for the purpose of interim reporting. These exceptions are explained further in the notes below. These consolidated interim financial statements 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 1 July 2017 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 13 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, except as disclosed in the notes below, consistent with those of the annual financial statements for the period ended 1 July 2017, as described in those annual financial statements.

There has been no impact on the Group's financial position or performance from new and amended IFRS and IFRIC interpretations mandatory as of 1 July 2017.

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. Also included under the fresh segment are the operational activities of Rowe Farming. These cover the growing, packing and selling of both early season fresh potatoes and daffodil flowers and bulbs. Jersey Royal potato activity is also included in the fresh segment.

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 the group 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 80% owned subsidiary that provides ethylene based storage and ripening solutions for potatoes, onions and tomatoes. 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. 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.

4. Operating segment information (continued)

6 months ended 31 December 2017

	Fresh	Processing	Other	Total
	£'000	£'000	£'000	£'000
Revenue	63,844	3,270	13,518	80,632
Depreciation and amortisation	(1,742)	(539)	(510)	(2,791)
Other operating costs	(59,307)	(3,810)	(12,357)	(75,474)
Operating profit / (loss)	**2,795**	**(1,079)**	**651**	**2,367**
Costs not allocated:				
Finance costs				(268)
Profit before tax				**2,099**
Capital expenditure	(2,291)	(383)	(185)	(2,859)
Development costs	-	-	(37)	(37)

26 weeks ended 24 December 2016

	Fresh	Processing	Other	Total
	£'000	£'000	£'000	£'000
Revenue	62,631	2,945	13,757	79,333
Depreciation and amortisation	(1,923)	(266)	(254)	(2,443)
Other operating costs	(60,421)	(3,434)	(12,792)	(76,647)
Operating profit/(loss)	**287**	**(755)**	**711**	**243**
Costs not allocated:				
Exceptional items				(1,007)
Finance costs				(232)
Profit before tax				**(996)**
Capital expenditure	(2,315)	(190)	(695)	(3,200)
Development costs	-	-	-	-

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.

The exceptional items in the prior year relate to the write off of old, uncleared suspense accounts and impairment of assets at our operating sites.

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 a 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. All biological assets would be considered fresh assets if segmentation was presented.

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

	2017 £'000	**2016 £'000**
Fresh	12,312	12,312
Processing	2,900	3,425
Other	116	136
Total	**15,328**	**15,873**

Property, plant and equipment analysis

	2017 £'000	**2016 £'000**
Fresh	27,355	21,678
Processing	2,236	2,123
Other	5,519	4,900
Unallocated	4,860	5,220
Total	**39,970**	**33,921**

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

	2017 £'000	2016 £'000
UK	76,005	75,361
Other EU countries	1,834	1,322
Rest of the world	2,793	2,650
Total revenue per consolidated income statement	80,632	79,333

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

5. Earnings per share

	2017	2016
Profit / (loss) attributable to equity shareholders (£'000)	1,570	(862)
Number of ordinary shares for basic eps calculation	27,172,742	26,876,357
Number of options with dilutive effect	691,309	813,340
Total number of shares for fully diluted eps calculation	27,864,051	27,869,697
Basic earnings per share – pence	5.78	(3.21)
Diluted earnings per share – pence	5.63	(3.21)

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

6. Administrative and other operating expenses

	Full year 2017 £'000	**Full year 2016 £'000**
Administrative expenses reported in interims (Jul - Dec 16 & 15 respectively)	25,278	23,441
Administrative expenses – second half year (Jan to Jun 17 & 16 respectively)	37,798	37,411
Administrative expenses – full year total (Jun 17 & Jun 16 respectively)	63,076	60,852

Consistent with historic interim reporting, the Group defers administrative overheads which occur in the first half year, where those overheads relate to the Group's seasonal daffodil and Jersey Royal businesses. These deferred costs are released to income in line with daffodil (January – March) and Jersey Royal (April – June) produce being sold. All deferred costs are released to income during the second half year.

Administrative expenses for 2 July to 31 December 2017 were £25.1m (July – December 2016 : £25.3m). The Group expects to record administrative charges of around £38m in the second half year. This increase in administration costs in the second half year reflects those deferred costs which are not directly related to farming and therefore are not included within cost of sales.

7. Taxation

Tax in these interim statements has been computed at 16.0% (2016:19.75%), which is the anticipated effective tax rate for the year ended 30 June 2018.

8. Dividends

	2017 £000	**2016 £000**
Dividends paid in 6 month period	1,371	1,310

In the 6 months ended 31 December 2017, the directors paid a final dividend of 5.026 pence per share on 5 December 2017. The total cash outflow was £1,371,000.

On 21 March 2018, the Board approved an interim dividend for the period ended 31 December 2017 of 2.49 pence per share (2016 : 2.44 pence per share). This dividend has not been included as a liability as at 31 December 2017, in accordance with IAS 10 ‘Events after the balance sheet date’.

9. Property Plant and equipment

During the 6 months ended 31 December 2017, the Group acquired assets with a cost of £2,859,000 (2016: £3,200,000).

10. Biological Assets

	2017 £000	**2016 £000**
Biological assets	16,087	14,330

Biological assets at 31 December 2017 include £5.4m (2016 : £4.6m) of administrative and other overheads which are deferred at the interim reporting stage.

At both interim dates, full IAS 41 valuations are not performed. The directors consider it more appropriate to defer costs, in the knowledge of future profit than to take profits too early. The Group’s daffodil and Jersey Royal businesses record substantially all revenues in the second half of the year. Therefore the directors have chosen to defer all net costs incurred in the first half year in these seasonal businesses. Instead, these costs are added to biological asset carrying values in these interim statements. The daffodil and Jersey Royal businesses are recorded as nil gain / nil loss in the interims. All deferred costs are released in line with the income generated from daffodils (January – March) and Jersey Royals (April – June). Where potential losses are identified prior to the interims, costs are taken to income immediately. All costs are fully released by the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 6 months ended 31 December 2017

11. Issued capital and reserves

	Number of ordinary shares (thousands)	Ordinary shares £'000	Share premium £'000	Total £'000
As at 25 June 2016 (audited)	26,851	268	21,670	21,938
Issued in period	69	1	50	51
As at 24 December 2016	**26,920**	**269**	**21,720**	**21,989**
As at 1 July 2017 (audited)	27,112	271	21,842	22,113
Issued in period	165	2	120	122
As at 31 December 2017	**27,277**	**273**	**21,962**	**22,235**

Between 25 June 2016 and 24 December 2016, 68,445 ordinary shares were issued to various individuals as a result of the exercise of share options. The gross proceeds of additional share issues were £51,000 and these proceeds are included within share capital

At 24 December 2016 there were 26,919,707 ordinary shares in issue.

Between 1 July 2017 and 31 December 2017, 164,622 ordinary shares were issued to various individuals as a result of the exercise of share options. The gross proceeds of additional share issues were £122,000 and these proceeds are included within share capital.

At 31 December 2017 there were 27,277,250 ordinary shares in issue.

All shares carry equal voting rights.

12. Employee share options

These interim statements should be read in conjunction with the full year audited financial statements of the Group, which include full IFRS 2 disclosures and details of all outstanding share options as at 1 July 2017.

In the 6 months to 31 December 2017, the Group has recognised a credit to income of £280,000 in respect of executive share options. In the 26 weeks ended 24 December 2016 the group recorded a charge of £330,000 in respect of executive share options.

13. Net debt and cash equivalents

Reconciliation of net debt between 25 June 2016 and 24 December 2016

	25 June 2016	Cash flow	Non cash	24 December 2016
	£'000	£'000	£'000	£'000
Cash and cash equivalents	742	(361)	-	381
Loans	(18,871)	(10,570)	-	(29,441)
	(18,129)	**(10,931)**	**-**	**(29,060)**

Reconciliation of net debt between 1 July 2017 and 31 December 2017

	1 July 2017	Cash flow	Non cash	31 December 2017
	£'000	£'000	£'000	£'000
Cash and cash equivalents	7,749	(5,908)	-	1,841
Loans	(35,787)	4,158	-	(31,629)
	(28,038)	**(1,750)**	**-**	**(29,788)**

Reconciliation to statement of financial position

	31 December 2017	24 December 2016	1 July 2017	25 June 2016
	£'000	£'000	£'000	£'000
Cash and short term deposits	1,841	381	7,749	742
Non current interest bearing loans and borrowings	(15,500)	(10,000)	(16,875)	-
Current interest bearing loans and borrowings	(16,129)	(19,441)	(18,912)	(18,871)
	(29,788)	**(29,060)**	**(28,038)**	**(18,129)**

The current interest bearing loans and borrowings balance includes £10,811,000 (2016: £14,899,000) relating to Invoice Finance facilities secured on the sales ledgers of Greenvale AP Ltd and Rowe Farming Ltd, both of which are subject to a six month notice period. Also included is an overdraft facility balance of £3,016,000 (2016: £nil), repayable on demand.

14. 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 1 July 2017 and 31 December 2017. 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 31 December 2017 or 24 December 2016 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 between 1 July 2017 and 31 December 2017 represents cash contributions made by the Group in the period. 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.