JAMES CROPPER PLC

ESTABLISHED 1845

The advanced materials and paper products group, is pleased to announce its

Half year results to 28 September 2019

	Half year to 28 September 2019	Half year to 29 September 2018	Full year to 30 March 2019
	£m	£m	£m
Revenue	52.8	50.3	101.1
Adjusted operating profit (excluding IAS19 impact)	2.8	2.0	4.3
Operating profit	2.6	1.8	3.4
Adjusted profit before tax (excluding IAS19 impact)	2.6	1.9	4.0
Impact of IAS 19	(0.6)	(0.5)	(1.4)
Profit before tax	2.0	1.4	2.6
Earnings per share – basic and diluted	17.0p	12.9p	24.3p
Dividend per share declared	2.5p	2.5p	13.5p
Net borrowings (excluding IFRS 16)	(10.8)	(6.6)	(8.6)
Net borrowings (including IFRS 16)	(15.3)	(6.6)	(8.6)
Equity shareholders' funds	21.9	23.0	21.3
Gearing % - before IAS 19 deficit and IFRS 16	27%	17%	21%
Gearing % - after IAS 19 deficit and IFRS 16	70%	29%	40%
Capital expenditure	3.3	1.9	5.2

Highlights

- Revenue growth in all divisions with total revenue up 5% on prior period comparative
- Adjusted PBT (excluding IAS 19 impact) at £2.6m, up 31% on prior period comparative
- PBT at £2.0m, up 42% on prior period comparative
- EPS (diluted) 17.0p up 32% on prior period comparative
- Colourform™ revenues exceed £1m in the period
- Mix improvements and pulp price softening returns paper to profitability
- Expansion of TFP non-woven capacity on schedule, increasing capacity by 50% by end of the 2020 calendar year

Mark Cropper, Chairman, commented:

"TFP has delivered its best ever sales performance for a half year and is set to continue growth in the second half. Plans to provide an additional 50% capacity in TFP by the end of the 2020 calendar year are on track. Paper sales are projected to grow year on year with the benefits of an improved mix and a softening of pulp price leading to a return to profit. Continued commercialisation for Colourform™ is projected as the business gains further traction in the market. We have instituted an Environmental, Social and Corporate Governance (ESG) sub-committee and will commence formal measurement and reporting in line with ESG objectives in 2020.

We invest significantly in people, innovation and capability. This will ensure that over the long term the Group has the potential to sustain growth across all its businesses. In the nearer term, the full year results are anticipated to be in line with management expectations."

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Summary of results	Half year to 28 September 2019 £'000	Half year to 29 September 2018 £'000	Full year to 30 March 2019 £'000
Revenue	52,792	50,300	101,095
Adjusted operating profit (excluding IAS19 impact)	2,826	2,054	4,262
Operating profit	2,554	1,782	3,408
Adjusted profit before tax (excluding IAS19 impact)	2,557	1,956	3,962
Impact of IAS19	(548)	(542)	(1,386)
Profit before tax	2,009	1,414	2,576

	Half year to 28 September 2019 £'000	Half year to 29 September 2018 £'000	Full year to 30 March 2019 £'000
Revenue			
James Cropper Paper	37,992	37,227	74,318
James Cropper 3D Products	1,211	135	290
Technical Fibre Products	13,589	12,938	26,487
	52,792	**50,300**	**101,095**
Adjusted operating profit (excluding IAS19 impact)	**2,826**	**2,054**	**4,262**
Net interest (excluding IAS19 impact)	(269)	(98)	(300)
Adjusted profit before tax (excluding IAS19 impact)	**2,557**	**1,956**	**3,962**
IAS19 pension adjustments			
Net current service charge against operating profits	(273)	(272)	(854)
Finance costs charged against interest	(275)	(270)	(532)
	(548)	**(542)**	**(1,386)**
Profit before tax	**2,009**	**1,414**	**2,576**

Balance sheet summary	Half year to 28 September 2019 £'000	Half year to 29 September 2018 £'000	Full year to 30 March 2019 £'000
Non-pension assets – excluding cash	67,304	61,820	64,871
Right of use assets* – net book value	4,016	-	-
Non-pension liabilities – excluding borrowings	(15,704)	(15,709)	(16,236)
Right of use leases*	(4,506)	-	-
	51,110	46,111	48,635
Net IAS19 pension deficit (after deferred tax)	(18,351)	(16,447)	(18,798)
	32,759	29,664	29,837
Net borrowings (excluding Right of use leases*)	(10,817)	(6,626)	(8,561)
Equity shareholders' funds	21,942	23,038	21,276
Gearing % - before IAS19 deficit and IFRS 16*	27%	17%	21%
Gearing % - after IAS19 deficit and IFRS 16*	70%	29%	40%
Capital expenditure	3,284	1,9,44	5,229

* refer to Note 1 and Note 9 for adoption of IFRS 16 adopted 31 March 2019.

Dear Shareholders

I am pleased to report that James Cropper PLC recorded a 5% increase in revenue for the first half, compared to the prior year comparative, with growth in all divisions. Adjusted profit before tax (excluding the impact of IAS 19) was £2.6m for the first half of the current financial year, compared to £1.9m in the prior comparative period. After the impact of IAS19, profit before tax is £2.0m, up from £1.4m in the prior comparative period.

In Paper, the product portfolio mix improvement strategy is progressing and pulp prices have softened bringing the division back to a profitable position. Meanwhile, TFP profits have grown in the period on record first half sales. For the first time, Colourform™ revenue exceeded the £1m milestone.

Technical Fibre Products ("TFP")
TFP has delivered its best sales performance for a first half year, with 5% revenue growth over the comparable period last year and is expected to deliver further growth in the second half. There was growth across all the targeted global market sectors, with notable performances in the aerospace, defence and fuel cell markets. Plans for additional non-woven capability at Burneside, which will increase capacity by a further 50% by the end of the 2020 calendar year, are on track.

James Cropper Paper ("Paper")
Paper revenues have grown by 2% compared to the comparable period last year, with growth seen in all geographical markets - except the UK. Further improvement in value of the product portfolio and the softening of pulp prices over the first half of the year has returned the division to profitability.

Further commercialisation of CupCycling™ has increased the output of the existing coffee cup recycling plant, providing further independence from virgin pulp. As the proportion of recycled coffee cup pulp currently used is relatively low compared to virgin pulp, we are actively working on increasing recycling capacity and capability to make greater use of waste fibres.

Colourform™ ("3D Products")
Colourform™ revenues in the first half exceeded the £1m milestone and have been generated predominantly in Europe in the beauty and cosmetics market. The Colourform™ business is fully engaged with a pipeline of projects that demonstrate strong interest in high quality replacements for single use plastics. The ability to provide a full range of colour is proving to be a unique and defining feature.

Pension
The Group operates three pension schemes with close to 60% of employees holding a defined contribution personal payment plan. The two funded pension schemes provide defined benefits - for a decreasing number of its employees. The IAS19 valuations, for the defined benefit schemes as at 28 September 2019, revealed a combined deficit of £22.1m, compared with £22.6m as at 30 March 2019. After deferred taxation the net deficit stands at £18.4m.

Earnings per share and Dividend
Diluted earnings per share increased to 17.0 pence, compared to 12.9 pence in the prior year comparative period.

The Board has declared an interim dividend of 2.5p per share (2018: 2.5p). The final dividend for the year to 28 March 2020 will be subject to shareholder approval at the AGM on 29 July 2020.

Outlook

TFP has delivered its best ever sales performance for a half year and is set to continue growth in the second half. Plans to provide an additional 50% capacity in TFP by the end of the 2020 calendar year are on track. Paper sales are projected to grow year on year with the benefits of an improved mix and a softening of pulp price leading to a return to profit. Continued commercialisation for the Colourform™

business is projected as the business gains further traction in the market. We have instituted an Environmental, Social and Corporate Governance (ESG) sub-committee and will commence formal measurement and reporting in line with ESG objectives in 2020.

We invest significantly in people, innovation and capability. This will ensure that over the long term the Group has the potential to sustain growth across all its businesses. In the nearer term, the full year results are anticipated to be in line with management expectations.

Mark Cropper

Chairman

UN-AUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	26 week period to 28 September 2019	26 week period to 29 September 2018	52 week period to 30 March 2019
	£'000	£'000	£'000
Revenue	52,792	50,300	101,095
Operating profit	2,554	1,782	3,408
Finance costs			
Interest payable and similar charges	(567)	(486)	(965)
Interest receivable and similar income	22	118	133
Profit before taxation	**2,009**	**1,414**	**2,576**
Taxation	(382)	(190)	(262)
Profit for the period	**1,627**	**1,224**	**2,314**
Earnings per share – basic and diluted	17.0p	12.9p	24.3p
Dividend declared in the period – pence per share	2.5p	2.5p	13.5p

UN-AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit for the period	1,627	1,224	2,314
Items that are or may be reclassified to profit or loss			
Foreign currency translation	96	137	(117)
Cash flow hedges – effective portion of changes in fair value	(32)	6	29
Items that will never be reclassified to profit or loss			
Retirement benefit liabilities – actuarial gain / (loss)	352	(509)	(3,258)
Deferred tax on actuarial (gain)/loss on retirement benefit liabilities	(60)	87	554
Other comprehensive income/(expense) for the period	356	(279)	(2,850)
Total comprehensive income for the period attributable to equity holders of the	**1,983**	**945**	**(536)**

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UN-AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	28 September 2019	29 September 2018	30 March 2019
	£'000	£'000	£'000
Assets			
Intangible assets	320	424	365
Property, plant and equipment	29,521	25,924	27,639
Right of use assets	4,016	-	-
Deferred tax assets	3,759	2,112	2,234
Total non-current assets	**37,616**	**28,460**	**30,238**
Inventories	16,875	15,458	16,410
Trade and other receivables	19,337	18,771	19,012
Other financial assets	-	53	24
Cash and cash equivalents	435	4,388	2,352
Current tax assets	1,251	1,190	1,421
Total current assets	**37,898**	**39,860**	**39,219**
Total assets	**75,514**	**68,320**	**69,457**
Liabilities			
Trade and other payables	14,075	14,452	14,620
Other financial liabilities	12	-	-
Loans and borrowings	1,275	1,672	1,545
Right of use leases	637	-	-
Total current liabilities	**15,999**	**16,124**	**16,162**
Long-term borrowings	9,977	9,342	9,368
Right of use leases	3,869	-	-
Retirement benefit liabilities	22,110	19,816	22,648
Deferred tax liabilities	1,617	-	-
Total non-current liabilities	**37,573**	**29,158**	**32,016**
Total liabilities	**53,572**	**45,282**	**48,181**
Equity			
Share capital	2,389	2,386	2,389
Share premium	1,588	1,569	1,588
Translation reserve	499	657	403
Reserve for own shares	(1,251)	(1,246)	(1,251)
Retained earnings	18,717	19,672	18,147
Total shareholders' equity	**21,942**	**23,038**	**21,276**
Total equity and liabilities	**75,514**	**68,320**	**69,457**

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UN-AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	26 week period to 28 September 2019	26 week period to 29 September 2018	52 week period to 30 March 2019
	£'000	£'000	£'000
Cash flows from operating activities			
Net profit	**1,627**	**1,224**	**2,314**
Adjustments for:			
Tax	382	190	262
Depreciation and amortisation	1,911	1,394	2,952
Net IAS 19 pension adjustments within Statement of comprehensive income	548	542	1,386
Past service pension deficit payments	(734)	(707)	(1,468)
Foreign exchange differences	(77)	(190)	(312)
Profit on disposal of property, plant and equipment	-	(11)	(12)
Net bank interest expense	269	98	300
Share based payments	188	(24)	(49)
Changes in working capital:			
Increase in inventories	(454)	(585)	(1,529)
Decrease / (Increase) in trade and other receivables	1,644	214	(2,072)
(Decrease) / increase in trade and other payables	(2,331)	(699)	1,659
Tax paid	(177)	272	(65)
Net cash generated from operating activities	**2,796**	**1,718**	**3,366**
Cash flows from investing activities			
Purchase of intangible assets	(34)	(7)	(67)
Purchases of property, plant and equipment	(3,250)	(1,937)	(5,162)
Proceeds from sale of property, plant and equipment	-	11	12
Net cash used in investing activities	**(3,284)**	**(1,933)**	**(5,217)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares	-	113	135
Proceeds from issue of new loans	913	1,194	1,568
Repayment of borrowings	(864)	(845)	(1,311)
Repayment of right of use leases	(358)	-	-
Interest received	22	118	133
Interest paid	(212)	(216)	(391)
Purchase of LTIP investments	-	(315)	(315)
Sale of own shares	-	-	130
Dividends paid to shareholders	(1,038)	(1,027)	(1,263)
Net cash used in financing activities	**(1,537)**	**(978)**	**(1,314)**
Net decrease in cash and cash equivalents	**(2,025)**	**(1,193)**	**(3,165)**
Effect of exchange rate fluctuations on cash held	108	24	(40)
Net decrease in cash and cash equivalents	**(1,917)**	**(1,169)**	**(3,205)**
Cash and cash equivalents at the start of the period	2,352	5,557	5,557
Cash and cash equivalents at the end of the period	**435**	**4,388**	**2,352**
Cash and cash equivalents consists of:			
Cash at bank and in hand	435	4,388	2,352

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UN-AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Translation reserve	Own shares	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 30 March 2019	**2,389**	**1,588**	**403**	**(1,251)**	**18,147**	**21,276**
Impact of IFRS 16	-	-	-	-	(467)	(467)
At 30 March 2019 restated*	**2,389**	**1,588**	**403**	**(1,251)**	**17,680**	**20,809**
Profit for the period	-	-	-	-	1,627	1,627
Exchange differences	-	-	96	-	-	96
Loss on cash flow hedges	-	-	-	-	(32)	(32)
Actuarial gain on retirement benefit liabilities (net of deferred tax)	-	-	-	-	292	292
Total other comprehensive income	-	-	96	-	260	356
Dividends paid	-	-	-	-	(1,038)	(1,038)
Share based payments	-	-	-	-	188	188
Proceeds from issue of ordinary shares	-	-	-	-	-	-
Distribution of own shares	-	-	-	-	-	-
Consideration paid for own shares	-	-	-	-	-	-
Total contributions by and distributions to owners of the Group	-	-	-	-	(850)	(850)
At 28 September 2019	**2,389**	**1,588**	**499**	**(1,251)**	**18,717**	**21,942**
At 31 March 2018	**2,370**	**1,472**	**520**	**(1,445)**	**20,429**	**23,346**
Profit for the period	-	-	-	-	1,224	1,224
Exchange differences	-	-	137	-	-	137
Gain on cash flow hedges	-	-	-	-	6	6
Actuarial loss on retirement benefit liabilities (net of deferred tax)	-	-	-	-	(422)	(422)
Total other comprehensive income	-	-	137	-	(416)	(279)
Dividends paid	-	-	-	-	(1,027)	(1,027)
Share based payment charge	-	-	-	-	(154)	(154)
Proceeds from issue of ordinary shares	16	97	-	-	-	113
Distribution of own shares	-	-	-	514	(384)	130
Consideration paid for own shares	-	-	-	(315)	-	(315)
Total contributions by and distributions to owners of the Group	16	97	-	199	(1,565)	(1,253)
At 29 September 2018	**2,386**	**1,569**	**657**	**(1,246)**	**19,672**	**23,038**

* Please refer to note 9 for adjustments on transition following adoption of IFRS 16 - Leases.

NOTES TO THE CONDENSED CONSOLIDATED HALF YEAR STATEMENTS

1 BASIS OF PREPARATION

James Cropper Plc (the Company) is a public limited company incorporated and domiciled in the United Kingdom and listed on the Alternative Investment Market (AIM). The condensed consolidated half year financial statements of the Company for the twenty six weeks ended 28 September 2019, which have not been audited or reviewed, comprise the Company and its subsidiaries (together referred to as the Group).

Basis of preparation
The condensed consolidated financial statements for the 26 week periods ending 28 September 2019 and 29 September 2018 are unaudited and were approved by the Directors on 18 November 2019. They do not constitute statutory accounts as defined in s434 of the Companies Act 2006. The financial statements for the year ended 30 March 2019 were prepared in accordance with International Financial Reporting Standards (IFRS) and have been delivered to the Registrar of Companies. The report of the auditor on those financial statements was unqualified and did not draw attention to any matters by way of emphasis of matter. The Group's financial statements consolidate the financial statements of James cropper Plc and its subsidiaries.

Applicable standards
These unaudited consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, under the historical cost convention. They have not been prepared in accordance with IAs 34, the application of which is not required to the interim financial statements of companies trading on the Alternative Investment Market (AIM companies). The interim financial statements have been prepared in accordance with the accounting policies applied in the preparation of the Group's published consolidated financial statements for the 52 week period ended 30 march 2019, with the exception of the changes due to the adoption of IFRs 16, which are discussed in the new standards adopted section and note 9 below.

The consolidated financial statements of the Group for the 52 week period ended 30 March 2019 are available upon request from the Company's registered office Burneside Mills, Kendal, Cumbria, LA9 6PZ or at www.jamescropper.com.

The half year financial information is presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Going concern
The Directors have performed a robust assessment, including review of the forecast for the 52 week period ending 28 March 2020 and longer term strategic forecasts and plans, including consideration of the principal risks faced by the Group and the Company, as detailed in the Group's Annual Report 2019. Following this review the Directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

Significant accounting policies
The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the 52 week period ended 30 March 2019.

New and amended standards adopted by the Group
In the current year, the Group for the first time, has applied IFRS 16 - *Leases*. The Group has adopted IFRS 16 – *Leases* using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised

as an adjustment to the opening balance of retained earnings at 31 March 2019 with no restatement of comparative information.

For contracts in place at the date of adoption, the Group recognised liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17- Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the borrowing rate as of 31 March 2019. For leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets (less than $5,000), the Group has applied the optional exemptions to not recognise the right of use assets but to account for the lease expense on a straight line basis over the remaining lease term.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 3.6%.

The following is a reconciliation of total operating lease commitments at 30 March 2019 to the lease liabilities recognised at 31 March 2019:

	£'000
Total operating lease commitments disclosed at 30 March 2019	4,352
Discounted using the lessee's incremental borrowing rate at 31 March 2019	(1,322)
Less: short term leases recognised on a straight line basis as expense	(6)
Add: Adjustments as a result of a different treatment of extension and termination options	1,143
Total lease liability recognised under IFRS 16 as at 31 March 2019	4,167

For any new contracts entered into on or after 31 March 2019, the Group considered whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use of an asset for a period of time in exchange for consideration. To apply this definition the Group assess whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The group assesses whether it has the right to direct the use of the identified assets throughout the period of use. The Group assesses whether it has a right to direct how and for what purpose the asset is used throughout the period of use.

Measurement and recognition of leases

At the lease commencement date, the group recognises a right of use asset and a lease liability on the balance sheet. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date. The Group depreciates the right of use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right to use asset or the end of the lease term. The Group also assesses the right of use asset for impairment where such indicators exist.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit and loss if the right of use asset is already reduced to zero.

The Group has elected to account for short term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the term of the lease.

Where fixed assets are financed by leasing arrangements, which gives rights approximating to ownership, the assets are treated as if they had been purchased and the capital element of the leasing commitments are shown as obligations under finance leases. Assets acquired under finance leases are initially recognised at the present value of the minimum lease payments. The rentals payable are apportioned between interest, which is charged to the income statement, and liability, which reduces the outstanding obligation so as to give a constant rate of charge on the outstanding lease obligations.

2 Accounting estimates and judgements

The preparation of half year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the 52 week period ended 30 March 2019.

3 Risks and uncertainties

The principal risks and uncertainties which may have the largest impact on performance in the second half of the year are the same as disclosed in the 2019 Annual Report on pages 21-25. The principal risks set out in the 2019 Annual Report were:

Employee health & safety; Energy price volatility; Pulp price volatility and sustainability; Exchange rate volatility; Pension; Brexit and Information security and cyber risk.

The Board considers that the principal risks and uncertainties set out in the 2019 Annual report have not changed and remain relevant for the second half of the financial year.

4 Alternative performance measures

The Company uses alternative performance measures to allow users of the financial statements to gain a clearer understanding of the underlying performance of the business.

Profit before tax represents the Group's overall performance and financial position, however it contains significant non-operational items relating to IAS 19 that the directors believe obscure an understanding of the key performance trend.

Measures used to evaluate business performance are 'Adjusted operating profit' (operating profit excluding the impact of IAS 19), and 'Adjusted profit before tax' (profit before tax excluding the impact of IAS 19). The alternative performance measures are reconciled in note 8.

The adjustment, which we refer to in these accounts as the "IAS 19 impact" represents the difference between the pension charge as calculated under IAS 19 and the cash contributions for the current service cost only as determined by the latest triennial valuation. The Directors consider that the adjusted pension charge better reflects the actual pension costs for ongoing service compared to the IAS 19 charge. This adjustment is made internally when we assess performance and is also used in the EBITDA and EPS targets used in management incentive schemes.

5 Earnings per share

	Six months ended 28 September 2019	Six months ended 29 September 2018	Year ended 30 March 2019
Earnings per share - basic and diluted	17.0p	12.9p	24.3p
Profit for the financial period (£'000)	1,627	1,224	2,314
Weighted average number of shares – basic and diluted	9,554,803	9,483,193	9,516,325

6 Dividends

The proposed interim dividend of 2.5p (2018: 2.5p) per 25p ordinary share is payable on 10 January 2020 to those shareholders on the register of the Company at the close of business on 29 November 2019, with the last day for DRIP elections being 13 December 2019. The dividend recognised in the condensed consolidated statement of changes in equity is the final dividend for the 52 week period ended 30 March 2019 of 11.0p which was paid on 9 August 2019.

7 Retirement benefit obligations

Movements during the period in the Group's defined benefit pension schemes are set out below:

	26 week period ended 28 September 2019	26 week period ended 29 September 2018	52 week period ended 30 March 2019
	£'000	**£'000**	**£'000**
Obligation brought forward	(22,648)	(19,472)	(19,472)
Expense recognised in the income statement	(806)	(826)	(1,955)
Contributions paid to the schemes	992	991	2,037
Remeasurement gains and (losses)	352	(509)	(3,258)
Obligation carried forward	(22,110)	(19,816)	(22,648)

8 Alternative performance measures

	26 week period ended 28 September 2019	26 week period ended 29 September 2018	52 week period ended 30 March 2019
	£'000	**£'000**	**£'000**
Adjusted operating profit	2,826	2,054	4,262
Net IAS 19 pension adjustments			
- current service costs	(547)	(542)	(1,386)
- finance costs	275	270	532
Operating profit	2,554	1,782	3,408

	26 week period ended 28 September 2019	26 week period ended 29 September 2018	52 week period ended 30 March 2019
	£'000	£'000	£'000
Adjusted profit before tax	2,557	1,956	3,962
Net IAS 19 pension adjustments			
- current service costs	(531)	(556)	(1,423)
- future service contributions paid	258	284	569
- finance costs	(275)	(270)	(532)
Profit before tax	2,009	1,414	2,576

9 IFRS 16 – Right of use assets and leases

Right of use assets

	Carrying amount		
	Land and Buildings	Plant, equipment and vehicles	Total
	£'000	£'000	£'000
Balance at 30 March 2019	-	-	-
Adjustment on transition to IFRS 16	3,378	321	3,699
Balance at 31 March 2019 after adoption of IFRS 16	3,378	321	3,699
Additions	441	-	441
Depreciation	(235)	(66)	(301)
Effects of movements in foreign exchange	177	-	177
Balance at 28 September 2019	3,761	255	4,016

Right of use leases

	28 September 2019	29 September 2018	30 March 2019
	£'000	£'000	£'000
Balance at 30 March 2019	-	-	-
Adjustment on transition to IFRS 16	4,167	-	-
Balance at 31 March 2019 after adoption of IFRS 16	4,167	-	-
New leases	441	-	-
Interest charges	79	-	-
Repayments	(358)	-	-
Effects of movements in foreign exchange	177	-	-
Balance at 28 September 2019	4,506	-	-
Lease liabilities (current)	637	-	-
Lease liabilities (non-current)	3,869	-	-
	4,506	-	-

Amounts recognised in profit and loss

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expenses on a straight line basis. During the six months to 28 September 2019, in relation to leases under IFRS 16 the Group recognised the following amounts in the consolidated income statement:

	26 weeks to 28 September 2019
	£'000
Depreciation charge	301
Interest expense	79
Short term lease expense	44
	424

The principal operating lease agreements in place that now fall under IFRS16 include the following:

Factory and offices USA:
The Group entered into a building lease agreement for a non-cancellable term of 10 years from September 2011, with an option to extend for a further 5 years. In June 2018, the Group re-negotiated the lease term to extend the lease until September 2031, with an option to extend for a further 5 years.

Factory and offices in Crewe:
The Group entered into a building lease agreement for a term of 6 years from December 2018. The lease agreement may be terminated after December 2021 by giving the landlord not less than six months' previous written notice on 6 June 2021.

Warehouse in Milnthorpe:
The Group entered into a building lease agreement for a term of 10 years from May 2015. The lease agreement may be terminated from May 2020 subject to not less than six months' prior written notice.

Warehouse in Milnthorpe:
The Group entered into a building lease agreement for a term of 5 years from February 2019.The lease agreement may be terminated from February 2021 subject to not less than six months' prior written notice.

Company cars:
The Group has entered into a number of lease agreements for company cars with terms varying from 3 years to 5 years.

10 Related parties

There have been no significant changes in the nature of related party transactions in the period ended 28 September 2019 from that disclosed in the 2019 Annual report.

Statement of Directors' responsibilities

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

(i) An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(ii) Material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual report.

During the period since approval of the Annual Report for the 52 weeks ended 30 March 2019, David Wilks retired as a Non-Executive Director on 31 July 2019 and Lyndsey Scott was appointed as a Non-Executive Director on 1 August 2019.

The Directors of James Cropper Plc are detailed on our Group website www.jamescropper.com

Forward-looking statements

Sections of this half-yearly financial report may contain forward-looking statements with respect to the Group's plans and expectations relating to its future performance, results, strategic initiatives, objectives and financial position, including liquidity and capital resources. These forward-looking statements are not guarantees of future performance. By their very nature, all forward-looking statements involve risks and uncertainties because they relate to events that may or may not occur in the future and are or may be beyond the Group's control. Accordingly, the Group's actual results and financial condition may differ materially from those expressed or implied in any forward-looking statements. Forward-looking statements in this half-yearly financial report are current only as of the date on which such statements are made. The Group undertakes no obligation to update any forward-looking statements, save in respect of any requirement under applicable law or regulation. Nothing in this announcement shall be construed as a profit forecast.