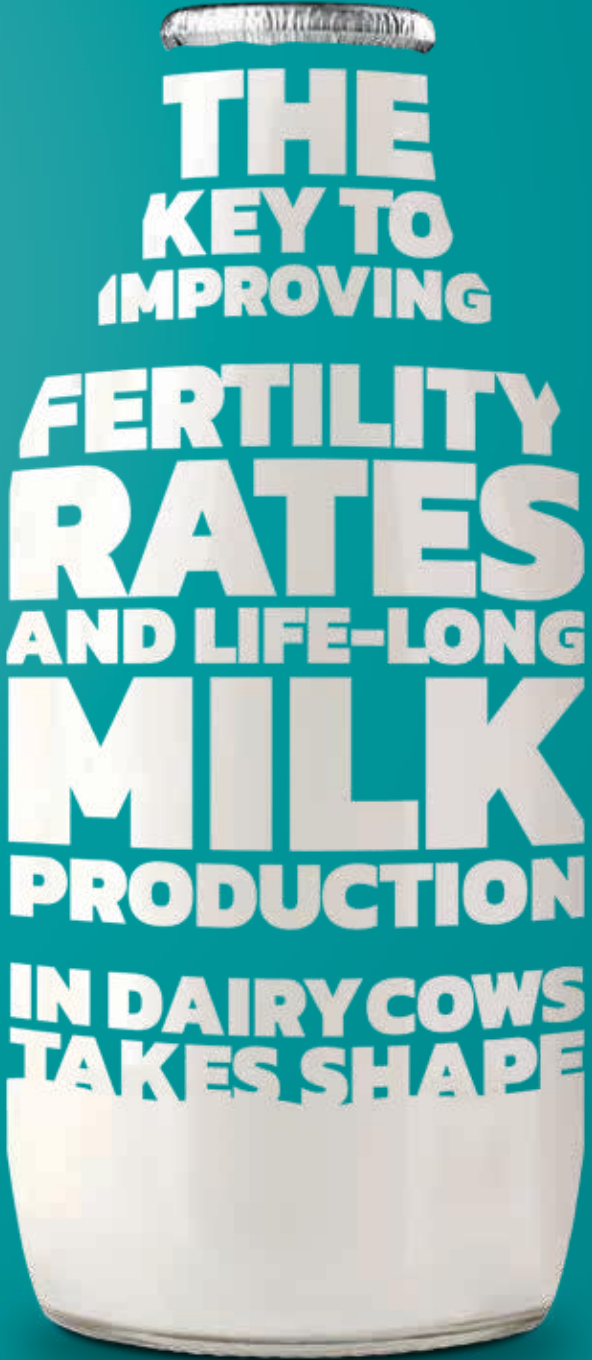
Anpario
Nature's Answer

Anpario plc
Interim Report 2019



11 September 2019

Anpario plc

("Anpario" or the "Group")

Interim Results

Anpario plc (AIM:ANP), the international producer and distributor of natural animal feed additives for animal health, nutrition and biosecurity is pleased to announce its interim results for the six months to 30 June 2019.

Financial highlights

- Sales of £14.3m (2018: £14.8m)
- 2% increase in gross profit to £7.1m (2018: £7.0m)
- 1% advance in profit before tax to £2.3m (2018: £2.2m)
- 3% uplift in diluted earnings per share to 8.88p (2018: 8.66p)
- 14% increase in interim dividend to 2.5p (2018: 2.2p) per share
- Cash balances of £13.7m at 30 June 2019 (Dec 2018: £12.9m)

Operational highlights

- Strong sales recovery in Latin America and the Middle East
- £1m investment in automated bottling plant completed
- Launch of Anpario Direct online channel to smaller farm customers

Peter Lawrence, Chairman, commented:

"The board is encouraged by the continued recovery in a number of our markets which struggled during 2018. Latin America and the Middle East delivered strong performances and the United States continued its double-digit sales growth. As expected, China and certain territories in South East Asia experienced weak trading, where the impact of African Swine Fever put farmers under significant strain. As our improved profitability demonstrates, the geographic and species diversity of the Group is a major strength when facing such external challenges and we have been able to mitigate some of the impact by focusing on higher value-added products and developing more direct routes to market, which have helped to improve gross margins.

Expanding profitable sales and distribution channels around the world remains our priority. Our strong balance sheet and cash generation capability provide Anpario with a firm platform from which to invest in new products and to develop the exciting Anpario Direct opportunity. Our business development initiatives, backed by the quality and ability of our employees worldwide, give me confidence that we are in line for our full year management expectations."

Chairman's statement

Group sales in the six months to 30 June 2019 were broadly the same as in the equivalent period last year, after allowing for the termination of our non-core business in the Philippines in early 2018. The impact of African Swine Fever in China and the surrounding region and the US – China trade dispute created tougher trading conditions than experienced during this period last year and which affected our business in Asia. However, this was significantly offset by the very strong recovery in our Latin American and Middle East markets and continued progress in the US. These positive trends highlight the benefit of our geographic diversity and the underlying strength of the business.

Profit before tax rose 1% to £2.3m (2018: £2.2m). Basic earnings were unchanged at 9.16 pence per share while diluted earnings increased 3% to 8.88 pence per share (2018: 8.66 pence). The Board is recommending an interim dividend of 2.5 pence per share (2018: 2.2 pence) an increase of 14%. This dividend, payable on 29 November to shareholders on the register at close of business on 15 November, continues to reflect the Board's confidence in the future of Anpario and its ability to generate cash.

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Operations

Latin America has delivered a very strong performance with sales growth of 29% compared with the same period last year. The upturn has been driven by a number of business development initiatives, particularly in Brazil, which are now beginning to produce results. Our Brazilian egg laying customers, using Orego-Stim®, have experienced improved production with additional eggs per laying hen and better egg size distribution. These benefits contribute to a significant return on investment for our customers and we expect further progress in the coming months. Mexico and Argentina also recovered well after a poor 2018, with sales growth in the period of 41% and 91% respectively. There has been renewed focus on our aquaculture efforts in the region, where we recently registered a number of products.

The USA achieved 14% sales growth compared with the same period last year with Orego-Stim® contributing significantly to the performance. Our mycotoxin binder growth was somewhat subdued due to a weaker dairy sector but the recruitment of sales personnel in California earlier this year is starting to deliver new business and we are in discussions with a number of customers about our Optomega dairy fertility product. Building on our success in Brazil with Orego-Stim®, we have recently added to our US sales team by expanding our poultry expertise, which is targeting the layer industry. Results have also been replicated in a significant trial programme commenced earlier in the year with North Carolina State University, which is one of the world's leading institutions in rearing and egg laying research. We continue to develop the poultry broiler sector by supporting integrators with their antibiotic free programmes.

In the UK and Europe sales declined 8%. This was largely due to the closure of a customer, who we supplied with lower margin vitamin and mineral premix formulations. Excluding this customer, sales were flat with a small increase in gross profit compared to the previous year. In general, the UK market was stable following a stronger previous year where higher feed volumes and rising milk prices benefited our toxin binder range. The UK sales team is focused on driving smaller farm customers to use the Anpario Direct online platform where they can experience transparent pricing, ease of ordering and next day delivery for order requirements of less than one tonne. A German subsidiary has been incorporated, as part of our preparations for the potential impact of Brexit, and also to enable Anpario to employ a sales team in the region as part of our strategy to develop more direct routes to market.

The Middle East and Africa had its best six months on record with sales growth of 23% compared with the previous year. The region experienced strong performances in Iraq, Israel and the United Arab Emirates driven by sales of Orego-Stim® and Mastercube, our pellet binder. Turkey continued to disappoint as a result of the economic situation there, but this is offset by strong sales to Iraq; a region whose animal nutrition capability is now recovering having been formerly dependent on supply from Turkey.

In China sales declined by 16% compared with the previous year mainly as the result of African Swine Fever. In addition, a large swine producer experienced financial difficulties and stopped using our products. However, our China team has worked hard to refocus the business by targeting the poultry industry, both broiler and layers, where they have been successful in selling our acid based eubiotic products.

In Asia African Swine Fever has spread to a number of countries, particularly Vietnam, which has a land border with China. Anpario's Asia region sales, excluding China, declined by 30% with a third of this fall due to our decision to terminate non-core and low margin product sales in the Philippines. In addition, a number of larger customers either stopped or reduced their purchase volumes in South Korea, Malaysia and the Philippines. Some of these decisions are due to the cost pressures faced by integrators as a consequence of cheap US meat exports, which have been diverted from the China market because US production is currently uncompetitive, given the tariff situation and the ongoing trade dispute. Territories that delivered strong sales performances include Bangladesh, Taiwan and Thailand. While Asia is expected to experience these headwinds for the remainder of the year, we remain optimistic that we can build on some of the work already underway when the region recovers.

Brexit

As highlighted in our full year results, released on 6 March 2019, Anpario's products and processes comply with European Union regulations. However, it is difficult to anticipate exactly what the regulatory environment will look like for our products in the event of a no-deal Brexit. In preparation for this possibility, we have incorporated a company in Germany. This business will be able to invoice customers in the EU and we have plans in place with our EU suppliers to try to minimise any Brexit related disruption. These arrangements also include increasing certain raw material stock levels in the UK.

Production

The £1 million investment in the automated bottling plant at Manton Wood is now complete. The plant has been commissioned and all previously toll-manufactured production brought in-house. This investment will speed up the turnaround time for our customers and enable us to support the Anpario Direct channel and some of their target customer segments for whom liquid versions of our products are more popular.

Our Anpario Direct channel was recently launched to the UK market with both sales and user visits to the website increasing week on week. The priority is to drive direct marketing activity which will include online offers and promotional campaigns coinciding with various agricultural shows throughout the UK. The Anpario Direct proposition was designed to also complement our field sales team channel and the UK sales team is actively introducing the online platform to those farmers who typically order smaller product quantities. The channel also targets other species such as equine, pigeon and game birds.

Innovation and development

Following an extensive programme of both in-vitro and in-vivo trials on our Anpro® mycotoxin binder product, the dossier for making mycotoxin deactivation claims was submitted during the period to the EU for their approval. We anticipate receiving a response early in 2020.

Anpario has an extensive programme of both scientific and commercial trials covering various aspects of animal health and performance. There is increasing pressure on the pig industry to reduce antimicrobial usage whilst maximising animal health and performance and some recent trials performed concluded that adding Orego-Stim® to the feed on farm made significant improvements to health and profitability.

Outlook

Sales in the current year are at a similar level to the equivalent period last year, albeit with improved gross margins.
We expect African Swine Fever to continue to impact the market although this should gradually ease albeit the timing remains uncertain. Expanding profitable sales and distribution channels around the world remains our priority. Our strong balance sheet and cash generation capability provide Anpario with a firm platform from which to invest in new products and to develop the exciting Anpario Direct opportunity.

Our business development initiatives, backed by the quality and ability of our employees worldwide, give me confidence that we are in line for our full year management expectations.

Peter Lawrence
Chairman
11 September 2019

Financial Review

	six months to 30/06/2019 £000	restated six months to 30/06/2018 £000	restated year ended 31/12/2018 £000
Revenue	**14,285**	14,773	28,277
Gross profit	**7,102**	6,994	13,542
Profit before tax	**2,253**	2,242	4,555
Adjusted EBITDA (note 3)	**2,805**	2,753	5,583
Adjusted earnings per share (note 4)	**9.16p**	9.16p	18.91p
Cash generated/(absorbed)	**718**	(861)	(615)
Cash and cash equivalents	**13,653**	12,647	12,912

Revenues for the first half of the year declined 3% to £14.3m (2018: £14.8m). There was strong double digit sales growth across the Middle-East, Latin America and US markets. However, overall sales declined, largely due to the Asia region which was impacted by a number of factors including African Swine Fever and the previously announced planned withdrawal from non-core and low margin product sales (£0.4m) in the Philippines which stopped after H1 2018.

Gross profits were 2% higher than last year at £7.1m (2018: £7.0m). This is a result of both increased sales to direct end user segments in strategically important markets and the withdrawal from the aforementioned, non-core, low margin sales. Gross margins increased to 49.7% from 47.3%.

Administrative expenses, excluding foreign exchange, were virtually unchanged at £4.9m (2018: £4.8m). Included in administrative costs are immaterial net foreign exchange gains while the prior year included gains of £0.2m.

Profit before tax rose by 1% to £2.3m (2018: £2.2m). Adjusted EBITDA, also increased by 1% to £2.8m.

Basic and adjusted earnings per share were unchanged at 9.16 pence per share and diluted earnings per share increased by 3% to 8.88 pence per share (2018: 8.66 pence).

The balance sheet remains strong and debt free, with a period-end cash balance of £13.7m (Dec 2018: £12.9m).

These financial statements reflect the adoption of IFRS 16 by the Group, as outlined in the last annual report the impact of this on the Income Statement is immaterial. IFRS 16 requires operating leases to be capitalised on the statement of financial position, as well as the present value of future lease obligations being shows in liabilities. Prior period comparatives have been restated to reflect the adoption and more detail about the impact can be found in the notes to the financial statements.

Unaudited consolidated income statement
for the six months ended 30 June 2019

	Notes	six months to 30/06/2019 £000	restated[1] six months to 30/06/2018 £000	restated[1] year ended 31/12/2018 £000
Revenue	3	**14,285**	14,773	28,277
Cost of sales		**(7,183)**	(7,779)	(14,735)
Gross profit		**7,102**	6,994	13,542
Administrative expenses		**(4,891)**	(4,786)	(9,069)
Operating profit		**2,211**	2,208	4,473
Finance income		**42**	34	82
Profit before income tax		**2,253**	2,242	4,555
Income tax expense		**(371)**	(366)	(552)
Profit for the period		**1,882**	1,876	4,003
Profit attributable to:				
Owners of the parent		**1,882**	1,875	4,003
Non-controlling interests		**-**	1	-
Profit for the period		**1,882**	1,876	4,003
Basic earnings per share	4	**9.16p**	9.16p	19.54p
Diluted earnings per share	4	**8.88p**	8.66p	18.53p

Unaudited consolidated statement of comprehensive income
for the six months ended 30 June 2019

	six months to 30/06/2019 £000	restated[1] six months to 30/06/2018 £000	restated[1] year ended 31/12/2018 £000
Profit for the period	**1,882**	1,876	4,003
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on translating foreign operations	**(43)**	76	(3)
Cashflow hedge movements (net of deferred tax)	**(75)**	(107)	(184)
Total comprehensive income for the period	**1,764**	1,845	3,816
Attributable to the owners of the parent:	**1,764**	1,844	3,816
Non-controlling interests	**-**	1	-
Total comprehensive income for the period	**1,764**	1,845	3,816

[1] Prior period comparatives have been restated following the adoption of IFRS 16 as disclosed in note 8.

Unaudited consolidated balance sheet

as at 30 June 2019

	Notes	as at 30/06/2019 £000	restated[1] as at 30/06/2018 £000	restated[1] as at 31/12/2018 £000
Intangible assets	5	**11,474**	10,954	11,373
Property, plant and equipment	6	**4,207**	3,319	3,710
Right of use assets	7	**280**	131	196
Deferred tax assets		**688**	451	641
Non-current assets		**16,649**	14,855	15,920
Inventories		**3,405**	3,852	4,031
Trade and other receivables		**5,767**	6,821	5,328
Derivative financial instruments		**6**	76	6
Cash and cash equivalents		**13,653**	12,647	12,912
Current assets		**22,831**	23,396	22,277
Total assets		**39,480**	38,251	38,197
Called up share capital		**5,394**	5,357	5,360
Share premium		**10,849**	10,397	10,423
Other reserves		**(5,824)**	(5,346)	(5,449)
Retained earnings		**24,696**	22,119	22,814
Equity attributable to owners of the parent company		**35,115**	32,527	33,148
Non-controlling interest		**-**	(1)	-
Total equity		**35,115**	32,526	33,148
Lease liabilities		**213**	75	115
Deferred tax liabilities		**1,288**	1,045	1,182
Non-current liabilities		**1,501**	1,120	1,297
Trade and other payables		**2,368**	4,149	3,426
Lease liabilities	7	**70**	60	83
Derivative financial instruments		**113**	-	11
Current income tax liabilities		**313**	396	232
Current liabilities		**2,864**	4,605	3,752
Total liabilities		**4,365**	5,725	5,049
Total equity and liabilities		**39,480**	38,251	38,197

[1] Prior period comparatives have been restated following the adoption of IFRS 16 as disclosed in note 8.

Unaudited consolidated statement of changes in equity

for the six months ended 30 June 2019

	Called up share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Non-controlling interest £000	Total equity £000
Balance at 1 January 2018	**5,350**	**10,330**	**(5,406)**	**20,248**	**-**	**30,522**
IFRS 16 Adjustment	-	-	-	(5)	-	(5)
Balance at 1 January 2018 - restated[1]	**5,350**	**10,330**	**(5,406)**	**20,243**	**-**	**30,517**
Profit for the period	-	-	-	1,876	(1)	1,875
Currency translation differences	-	-	76	-	-	76
Cash flow hedge reserve	-	-	(107)	-	-	(107)
Total comprehensive income for the period	-	-	(31)	1,876	(1)	1,844
Issue of share capital	7	67	-	-	-	74
Share-based payment adjustments	-	-	91	-	-	91
Transactions with owners	7	67	91	-	-	165
Balance at 30 June 2018	**5,357**	**10,397**	**(5,346)**	**22,119**	**(1)**	**32,526**
Profit for the period	-	-	-	2,127	1	2,128
Currency translation differences	-	-	(79)	-	-	(79)
Cash flow hedge reserve	-	-	(77)	-	-	(77)
Total comprehensive income for the period	-	-	(156)	2,127	1	1,972
Issue of share capital	3	26	-	-	-	29
Deferred tax regarding share–based payments	-	-	(23)	-	-	(23)
Share-based payment adjustments	-	-	76	-	-	76
Final dividend relating to 2017	-	-	-	(965)	-	(965)
Interim dividend relating to 2018	-	-	-	(467)	-	(467)
Transactions with owners	3	26	53	(1,432)	-	(1,350)
Balance at 31 December 2018	**5,360**	**10,423**	**(5,449)**	**22,814**	**-**	**33,148**
Profit for the period	-	-	-	1,882	-	1,882
Currency translation differences	-	-	(43)	-	-	(43)
Cash flow hedge reserve	-	-	(75)	-	-	(75)
Total comprehensive income for the period	-	-	(118)	1,882	-	1,764
Issue of share capital	34	426	-	-	-	460
Joint-share ownership plan	-	-	(320)	-	-	(320)
Share-based payment adjustments	-	-	63	-	-	63
Transactions with owners	34	426	(257)	-	-	203
Balance at 30 June 2019	**5,394**	**10,849**	**(5,824)**	**24,696**	**-**	**35,115**

[1] Prior period comparatives have been restated following the adoption of IFRS 16 as disclosed in note 8.

Unaudited consolidated statement of cash flows

for the six months ended 30 June 2019

	six months to 30/06/2019 £000	restated[1] six months to 30/06/2018 £000	restated[1] year ended 31/12/2018 £000
Cash generated from operating activities	**1,885**	(172)	3,362
Income tax paid	**(229)**	(257)	(673)
Net cash generated from operating activities	**1,656**	(429)	2,689
Investment in subsidiary	**-**	-	(132)
Purchases of property, plant and equipment	**(657)**	(130)	(695)
Payments to acquire intangible assets	**(394)**	(354)	(1,106)
Interest received	**47**	35	87
Net cash used in investing activities	**(1,004)**	(449)	(1,846)
Joint share ownership plan	**(320)**	-	-
Proceeds from issuance of shares	**460**	74	103
Cash payments in relation to lease liabilities	**(69)**	(56)	(124)
Operating lease interest paid	**(5)**	(1)	(5)
Dividend paid to Company's shareholders	**-**	-	(1,432)
Net cash used in financing activities	**66**	17	(1,458)
Net increase in cash and cash equivalents	**718**	(861)	(615)
Effect of exchange rate changes	**23**	(51)	(32)
Cash and cash equivalents at the beginning of the period	**12,912**	13,559	13,559
Cash and cash equivalents at the end of the period	**13,653**	12,647	12,912

	six months to 30/06/2019 £000	restated[1] six months to 30/06/2018 £000	restated[1] year ended 31/12/2018 £000
Cash generated from operating activities			
Profit before income tax	**2,253**	2,242	4,555
Net finance income	**(42)**	(34)	(82)
Depreciation, amortisation and impairment	**523**	433	992
(Profit)/Loss on disposal of property, plant and equipment	**-**	-	13
Share-based payments	**63**	91	167
Fair value adjustment to derivatives	**(75)**	37	32
Changes in working capital:			
Inventories	**657**	(783)	(900)
Trade and other receivables	**(426)**	(1,130)	401
Trade and other payables	**(1,068)**	(1,028)	(1,816)
Net cash generated from operating activities	**1,885**	(172)	3,362

[1] Prior period comparatives have been restated following the adoption of IFRS 16 as disclosed in note 8.

Notes to the financial statements

for the six months ended 30 June 2019

1. General information

Anpario plc ("the Company") and its subsidiaries (together "the Group") manufacture and supply high performance natural feed additives for the agricultural market with products to improve the health and output of animals.

The Company is traded on the London Stock Exchange AIM market and is incorporated and domiciled in the UK. The address of the registered office is Manton Wood Enterprise Park, Worksop, Nottinghamshire, S80 2RS.

2. Basis of preparation

The consolidated financial statements comprise the accounts of the Company and its subsidiaries drawn up to 30 June 2019.

The Group has presented its financial statements in accordance with International Financial Reporting Standards ("IFRS's"), as endorsed by the European Union, IFRS IC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. Full details on the basis of the accounting policies used are set out in the Group's financial statements for the year ended 31 December 2018, which are available on the Company's website at www.anpario.com.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2018 were approved by the Board of Directors on 6 March 2019 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 (2) or (3) of the Companies Act 2006.

The consolidated interim financial information for the period ended 30 June 2019 is neither audited nor reviewed.

3. Segment information

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Board considers the business from a geographic perspective.

	Americas £000	**Asia £000**	**Europe £000**	**MEA £000**	**Head Office £000**	**Total £000**
for the six months ended 30 June 2019						
Total segmental revenue	**3,339**	**4,958**	**5,556**	**2,577**	**-**	**16,430**
Inter-segment revenue	**-**	**-**	**(2,145)**	**-**	**-**	**(2,145)**
Revenue from external customers	**3,339**	**4,958**	**3,411**	**2,577**	**-**	**14,285**
Adjusted EBITDA	**784**	**1,556**	**1,442**	**848**	**(1,825)**	**2,805**
Depreciation and amortisation	**(2)**	**(9)**	**-**	**-**	**(512)**	**(523)**
Net finance income	**-**	**-**	**-**	**1**	**41**	**42**
Share-based payments	**-**	**-**	**-**	**-**	**(71)**	**(71)**
Profit before income tax	**782**	**1,547**	**1,442**	**849**	**(2,367)**	**2,253**
Income tax	**-**	**-**	**-**	**-**	**(371)**	**(371)**
Profit for the period	**782**	**1,547**	**1,442**	**849**	**(2,738)**	**1,882**
Total assets					**39,480**	**39,480**
Total liabilities					**(4,365)**	**(4,365)**

	Americas £000	Asia £000	Europe £000	MEA £000	Head Office £000	Total £000
for the six months ended 30 June 2018						
Total segmental revenue	2,678	6,401	6,366	2,068	-	17,513
Inter-segment revenue	-	-	(2,740)	-	-	(2,740)
Revenue from external customers	2,678	6,401	3,626	2,068	-	14,773
Adjusted EBITDA	568	2,118	1,410	645	(1,988)	2,753
Depreciation and amortisation	(4)	(6)	-	-	(423)	(433)
Net finance income	-	-	-	1	33	34
Share-based payments	-	-	-	-	(112)	(112)
Profit before income tax	564	2,112	1,410	646	(2,490)	2,242
Income tax	-	-	-	-	(366)	(366)
Profit for the period	564	2,112	1,410	646	(2,856)	1,876
Total assets					38,251	38,251
Total liabilities					(5,725)	(5,725)

	Americas £000	Asia £000	Europe £000	MEA £000	Head Office £000	Total £000
for the year ended 31 Dec 2018						
Total segmental revenue	5,703	11,563	12,341	3,614	-	33,221
Inter-segment revenue	-	-	(4,944)	-	-	(4,944)
Revenue from external customers	5,703	11,563	7,397	3,614	-	28,277
Adjusted EBITDA	1,444	3,776	2,971	1,097	(3,705)	5,583
Depreciation and amortisation	(7)	(12)	-	-	(973)	(992)
Net finance income	-	1	-	2	79	82
Share-based payments	-	-	-	-	(118)	(118)
Profit before income tax	1,437	3,765	2,971	1,099	(4,717)	4,555
Income tax	103	(72)	-	-	(583)	(552)
Profit for the year	1,540	3,693	2,971	1,099	(5,300)	4,003
Total assets					38,197	38,197
Total liabilities					(5,049)	(5,049)

4. Earnings per share

	six months to 30/06/2019	restated[1] six months to 30/06/2018	restated[1] year ended 31/12/2018
Weighted average number of shares in Issue (000's)	**20,538**	20,472	20,482
Adjusted for effects of dilutive potential Ordinary shares (000's)	**664**	1,183	1,121
Weighted average number for diluted earnings per share (000's)	**21,202**	21,655	21,603
Profit attributable to owners of the Parent (£000's)	**1,882**	1,875	4,003
Basic earnings per share	**9.16p**	9.16p	19.54p
Diluted earnings per share	**8.88p**	8.66p	18.53p

	six months to 30/06/2019 £000	restated[1] six months to 30/06/2018 £000	restated[1] year ended 31/12/2018 £000
Adjusted profit attributable to owners of the Parent			
Profit attributable to owners of the Parent	**1,882**	1,875	4,003
Prior year tax adjustments	**-**	-	(129)
Adjusted profit attributable to owners of the Parent	**1,882**	1,875	3,874
Adjusted earnings per share	**9.16p**	9.16p	18.91p
Diluted adjusted earnings per share	**8.88p**	8.66p	17.93p

5. Intangible assets

	Goodwill £000	Brands £000	Customer relationships £000	Patents, trademarks and registrations £000	Development costs £000	Software and Licences £000	Total £000
Cost							
As at 1 January 2019	5,960	3,432	786	1,636	2,499	688	15,001
Additions	-	11	-	124	254	5	394
As at 30 June 2019	**5,960**	**3,443**	**786**	**1,760**	**2,753**	**693**	**15,395**
Accumulated amortisation/impairment							
As at 1 January 2019	-	394	522	635	1,823	254	3,628
Charge for the period	-	71	38	127	-	57	293
As at 30 June 2019	**-**	**464**	**561**	**761**	**1,823**	**312**	**3,921**
Net book value							
As at 30 June 2019	**5,960**	**2,979**	**225**	**999**	**930**	**381**	**11,474**
As at 1 January 2019	5,960	3,038	264	1,001	676	434	11,373

6. Property, plant and equipment

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Assets in the course of construction £000	Total £000
Cost					
As at 1 January 2019	2,181	2,137	488	554	5,360
Additions	-	525	132	-	657
Transfer of assets in construction	-	554	-	(554)	-
As at 30 June 2019	**2,181**	**3,216**	**620**	**-**	**6,017**
Accumulated depreciation					
As at 1 January 2019	340	973	337	-	1,650
Charge for the period	15	110	35	-	160
As at 30 June 2019	**355**	**1,083**	**372**	**-**	**1,810**
Net book value					
As at 30 June 2019	**1,826**	**2,133**	**248**	**-**	**4,207**
As at 1 January 2019	1,841	1,164	151	554	3,710

7. Right-of-use assets

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
As at 1 Jan 2019	404	106	28	538
Additions	149	-	-	149
Disposals	(209)	(64)	-	(273)
Modification to lease terms	-	5	-	5
As at 30 June 2019	**344**	**47**	**28**	**419**
Accumulated depreciation				
As at 1 Jan 2019	236	90	16	342
Depreciation	60	6	4	70
Disposals	(209)	(64)	-	(273)
As at 30 June 2019	**87**	**32**	**20**	**139**
NBV				
As at 1 Jan 2019	168	16	12	196
As at 30 June 2019	**257**	**15**	**8**	**280**

	as at 30/06/2019 £000	as at 31/12/2018 £000
Non-current	**213**	115
Current	**70**	83
Total lease liabilities	**283**	198

8. Effect of the adoption of IFRS 16

IFRS 16 Leases has been adopted by the Group. The standard has been applied from 1 January 2019, the comparatives for prior periods have been restated accordingly. IFRS16 requires operating leases to be capitalised on the statement of financial position. Anpario has applied the full retrospective approach and as such at the end of 2018 fixed assets increased by £0.2m being the present value of future lease obligations with a corresponding increase in liabilities of £0.2m. The impact on the profit before tax in the Consolidated Income Statement is not material and the cash flow impact is nil. The tables below detail the full impact of the restatement.

Restated consolidated income statement

	As reported six months to 30/06/2018 £000	IFRS 16 Adjustments six months to 30/06/2018 £000	**Restated six months to 30/06/2018 £000**	As reported year ended 31/12/2018 £000	IFRS 16 Adjustments year ended 31/12/2018 £000	**Restated year ended 31/12/2018 £000**
Revenue	14,773	-	**14,773**	28,277	-	**28,277**
Gross profit	6,994	-	**6,994**	13,541	1	**13,542**
Administrative expenses	(4,788)	2	**(4,786)**	(9,076)	7	**(9,069)**
Operating profit	2,206	2	**2,208**	4,465	8	**4,473**
Net finance income	35	(1)	**34**	87	(5)	**82**
Profit before income tax	2,241	1	**2,242**	4,552	3	**4,555**
Profit for the period	1,875	1	**1,876**	4,000	3	**4,003**
Profit attributable to:						
Owners of the parent	1,874	1	**1,875**	4,000	3	**4,003**
Profit for the period	1,875	1	**1,876**	4,000	3	**4,003**

Restated adjusted EBITDA

	As reported six months to 30/06/2018 £000	IFRS 16 Adjustments six months to 30/06/2018 £000	**Restated six months to 30/06/2018 £000**	As reported year ended 31/12/2018 £000	IFRS 16 Adjustments year ended 31/12/2018 £000	**Restated year ended 31/12/2018 £000**
Adjusted EBITDA	2,696	57	**2,753**	5,454	129	**5,583**
Depreciation and amortisation	(378)	(55)	**(433)**	(871)	(121)	**(992)**
Net finance income	35	(1)	**34**	87	(5)	**82**
Profit before income tax	2,241	1	**2,242**	4,552	3	**4,555**
Profit for the period	1,875	1	**1,876**	4,000	3	**4,003**

Restated consolidated balance sheet

	as reported six months to 30/06/2018 £000	IFRS 16 adjustments six months to 30/06/2018 £000	**restated six months to 30/06/2018 £000**	as reported year ended 31/12/2018 £000	IFRS 16 adjustments year ended 31/12/2018 £000	**restated year ended 31/12/2018 £000**
Right of use assets	-	131	**131**	-	196	196
Total assets	38,120	131	**38,251**	38,001	196	38,197
Retained earnings	22,123	(4)	**22,119**	22,816	(2)	22,814
Total equity	32,530	(4)	**32,526**	33,150	(2)	33,148
Lease liabilities	-	75	**75**	-	115	115
Non-current liabilities	1,045	75	**1,120**	1,182	115	1,297
Lease liabilities	-	60	**60**	-	83	83
Current liabilities	4,545	60	**4,605**	3,669	83	3,752
Total liabilities	5,590	135	**5,725**	4,851	198	5,049
Total equity and liabilities	38,120	131	**38,251**	38,001	196	38,197

Restated consolidated statement of cash flows

	as reported six months to 30/06/2018 £000	IFRS 16 adjustments var £000	**restated six months to 30/06/2018 £000**	as reported year ended 31/12/2018 £000	IFRS 16 adjustments var £000	**restated year ended 31/12/2018 £000**
Cash generated from operating activities	(229)	57	**(172)**	3,233	129	**3,362**
Net cash generated from operating activities	(486)	57	**(429)**	2,560	129	**2,689**
Net cash used in investing activities	(449)	-	**(449)**	(1,846)	-	**(1,846)**
Cash payments in relation to lease liabilities	-	(56)	**(56)**	-	(124)	**(124)**
Operating lease interest paid	-	(1)	**(1)**	-	(5)	**(5)**
Net cash used in financing activities	74	(57)	**17**	(1,329)	(129)	**(1,458)**
Net increase in cash and cash equivalents	(861)	-	**(861)**	(615)	-	**(615)**
Cash and cash equivalents at the end of the period	12,647	-	**12,647**	12,912	-	**12,912**
Cash generated from operating activities						
Profit before income tax	2,241	1	**2,242**	4,552	3	**4,555**
Net finance income	(35)	1	**(34)**	(87)	5	**(82)**
Depreciation, amortisation and impairment	378	55	**433**	871	121	**992**
Net cash generated from operating activities	(229)	57	**(172)**	3,233	129	**3,362**