

SAMUEL HEATH & SONS plc
("Samuel Heath" or "the Company")

UNAUDITED HALF-YEAR REPORT

Half year ended 30 September 2024

CHAIR'S STATEMENT

For the half year ended 30 September 2024, sales came in at £7.55m representing a decrease of £260k (3.3%) compared to the six months ended 30 September 2023 which included a final delivery to a large London contract. The order book held up reasonably well despite adverse market conditions in the UK, where market intelligence suggested order volumes were generally down around 20%. However, the October 2024 order intake was significantly below budget (as discussed below).

Operating profit was £481k which compares with £465k in the six months to 30 September 2023, a £16k increase despite the £260k sales reduction. The small improvement in margin reflected labour savings and lower utility costs, as well as lower advertising and trade show costs.

Cash and cash equivalents at 30 September 2024 increased by £253k to £1.937m, from £1.684m as at 31 March 2024. Working capital reduced by £130k (mainly lower stocks), while plant expenditure of £319k was incurred to support production efficiency and productivity. However, a significant factor was the absence of a contribution to the defined benefit pension scheme (six months to 30 September 2023: £300k).

As mentioned in the financial statements for the year to 31 March 2024, the board has agreed with the pension trustees that the company contribution would be reduced to £300k in the year to 31 March 2025. This newly agreed level will be paid in the second half of the current financial year. Also as previously indicated, the trustees were asked to request a formal valuation at 31 March 2024 and this has now been completed. Using conservative assumptions, the report shows a surplus of £572k on an ongoing basis. In addition, the scheme assets have been transferred to a new fiduciary manager and invested such as to match the performance of assets and liabilities, with the intention of being able to buy out the fund in due course (note the scheme currently has a deficit on a 'solvency' basis).

Looking to the second half of the year, the Board has concerns about the economic environment and the state of the markets. As already mentioned, the order intake in October 2024 was significantly below budget and compared to previous months. Up until then, we appeared to be gaining some market share, against a background of depressed markets in the UK. Concerns about the UK government's budget, combined with anticipation of the US election result, contributed to a marked slowdown in order intake which has been evident in the market for several months. With both major events now concluded, we are hopeful that projects that have been on hold will now resume, though this may take several months to reach us in the form of confirmed orders.

The Company is pleased to report that the Forme Collection, launched 18 months ago, is selling ahead of budget and should continue to do so. This year has seen the introduction of four key new finishes, with Anthracite and Old Brass shown for the first time at the recent Decorex London exhibition to a very positive audience. New finishes, as we have seen with the recent Antique Brass Matt, can be a significant driver of sales.

Anthony Buttanshaw
Chair
26 November 2024

Dividend

As a result of the uncertain trading conditions, the directors recommend the same interim dividend as last year at 4.5p per share (2023: 4.5p). The interim dividend will be paid on 21 March 2025 to shareholders on the register at the close of business on 21 February 2025. The ex-dividend date for this payment is 20 February 2025.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

For further information, please contact:

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Unaudited Interim Financial Report
For the Half Year ended 30 September 2024

CONSOLIDATED INCOME STATEMENT

	Half year ended 30 September 2024 Unaudited £'000	Half year ended 30 September 2023 Unaudited £'000	Year ended 31 March 2024 Audited £'000
Revenue	7,548	7,808	15,237
Cost of sales	(4,114)	(4,298)	(8,137)
Gross profit	3,434	3,510	7,100
Selling and distribution costs	(1,886)	(1,956)	(3,973)
Administrative expenses	(1,067)	(1,089)	(2,313)
Other operating income – grants (note 5)	-	-	18
Operating profit	481	465	832
Finance income	-	-	64
Finance cost	(42)	(32)	(12)
Profit/(loss) before taxation	439	433	884
Taxation	(28)	(22)	(116)
Profit for the period	411	411	768
Basic and diluted earnings per ordinary share (note 4)	16.2p	16.2p	30.3p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 30 September 2024 Unaudited £'000	Half year ended 30 September 2023 Unaudited £'000	Year ended 31 March 2024 Audited £'000
Profit for the period	411	411	768
Items that will not be reclassified to profit or loss:			
Actuarial profit on defined benefit pension scheme	332	45	693
Deferred tax on actuarial profit	(82)	(11)	(174)
Revaluation of property, plant and equipment	(43)	-	-
Deferred tax on revaluation	11	-	-
	218	34	519
Total comprehensive income for the period	629	445	1,287

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 September 2024	At 30 September 2023	At 31 March 2024
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Non-current assets			
Intangible assets	963	723	911
Property, plant and equipment	4,728	4,951	4,733
Deferred tax assets	-	-	-
Retirement benefit scheme (note 6)	941	-	767
	<u>6,632</u>	<u>5,674</u>	<u>6,411</u>
Current assets			
Inventories	4,650	4,690	4,842
Trade and other receivables	1,749	2,448	2,071
Current tax receivable	-	-	-
Cash and cash equivalents	1,937	1,473	1,684
	<u>8,336</u>	<u>8,611</u>	<u>8,597</u>
Total assets	<u>14,968</u>	<u>14,285</u>	<u>15,008</u>
Current liabilities			
Trade and other payables	(1,548)	(1,718)	(1,989)
Right of use lease liabilities	(28)	(62)	(60)
Current tax payable	(28)	(22)	-
	<u>(1,604)</u>	<u>(1,802)</u>	<u>(2,049)</u>
Non-current liabilities			
Right of use liabilities	(19)	(24)	(25)
Deferred tax liability	(758)	(818)	(759)
Retirement benefit scheme (note 6)	-	(195)	-
	<u>(777)</u>	<u>(1,037)</u>	<u>(784)</u>
Total liabilities	<u>(2,381)</u>	<u>(2,839)</u>	<u>(2,833)</u>
Net assets	<u>12,587</u>	<u>11,446</u>	<u>12,175</u>
Equity			
Called up share capital	254	254	254
Capital redemption reserve	109	109	109
Revaluation reserve	1,079	1,183	1,146
Retained earnings	11,145	9,900	10,666
Equity shareholders' funds	<u>12,587</u>	<u>11,446</u>	<u>12,175</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Parent Company

	Share capital	Capital redemption reserve	Revaluation reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance at 31 March 2023	254	109	1,220	9,610	11,193
Total transactions with owners					
Equity dividends paid	-	-	-	(192)	(192)
Profit for the period	-	-	-	411	411
Other comprehensive income for the period	-	-	-	34	34
Reclassification of depreciation on revaluation	-	-	(37)	37	-
Total comprehensive income for the period	-	-	(37)	482	445
Balance at 30 September 2023	254	109	1,183	9,900	11,446
Total transactions with owners					
Equity dividends paid	-	-	-	(113)	(113)
Profit for the period	-	-	-	357	357
Other comprehensive income for the period	-	-	-	485	485
Reclassification of depreciation on revaluation	-	-	(37)	37	-
Total comprehensive income for the period	-	-	(37)	879	842
Balance at 31 March 2024	254	109	1,146	10,666	12,175
Total transactions with owners					
Equity dividends paid	-	-	-	(217)	(217)
Profit for the period	-	-	-	411	411
Other comprehensive income for the period	-	-	(32)	250	218
Reclassification of depreciation on revaluation	-	-	(35)	35	-
Total comprehensive income for the period	-	-	(67)	696	629
Balance at 30 September 2024	254	109	1,079	11,145	12,587

CONSOLIDATED CASH FLOW STATEMENT

	Half year ended 30 September 2024 Unaudited £'000	Half year ended 30 September 2023 Unaudited £'000	Year ended 31 March 2024 Audited £'000
Cash flow from operating activities			
Profit for the period before taxation	439	433	884
Adjustments for:			
Depreciation	246	238	535
Amortisation	106	63	154
(Profit)/loss on disposal of property, plant and equipment	(39)	-	1
Net finance costs/(income)	1	(57)	(52)
Defined benefit pension scheme expenses	83	83	38
Contributions to defined benefit pension scheme	-	(300)	(909)
Operating cash flow before movements in working capital	836	460	651
Changes in working capital:			
Decrease/(increase) in inventories	192	(303)	(455)
Decrease/(increase) in trade and other receivables	319	(819)	(442)
(Decrease)/increase in trade and other payables	(381)	107	345
Cash (used in) / generated from operations	130	(1,015)	(552)
Taxation received	-	-	38
Net cash from / (used in) operating activities	966	(555)	137
Cash flow from investing activities			
Payments to acquire property, plant and equipment	(319)	(402)	(476)
Proceeds from the sale of property, plant and equipment	36	-	1
Payments to acquire intangible assets	(150)	(95)	(374)
Net finance income/(costs)	(1)	57	62
Net cash outflow from investing activities	(434)	(440)	(787)
Cash flow from financing activities			
Payment for right of use assets	(38)	(33)	(71)
Dividends paid	(217)	(192)	(305)
Net cash outflow from financing activities	(255)	(225)	(376)
Net increase/(decrease) in cash and cash equivalents	277	(1,220)	(1,026)
Effect of exchange rate differences on cash or cash equivalents	(24)	(24)	(7)
Cash and cash equivalents at beginning of period	1,684	2,717	2,717
Cash and cash equivalents at end of period	1,937	1,473	1,684

NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION OF INTERIM REPORT

As permitted, IAS34 'Interim Financial Reporting' has not been applied in this interim report. The information for the period ended 30 September 2024 is not audited and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2024 were given an unqualified audit report and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The interim accounts for the half year ended 30 September 2023 were also unaudited.

2. ACCOUNTING POLICIES

Basis of accounting

The report has been prepared on a going concern basis in accordance UK-adopted International Accounting Standards.

The group has not availed itself of early adoption options in standards and interpretations.

The principal accounting policies adopted are as set out in the Annual Report for the year ended 31 March 2024. The valuation of inventories is considered to be the main area in terms of significant accounting estimates and judgements.

The retirement benefit scheme surplus recognised in these interim accounts reflects the estimated change in the surplus at 30 September 2024 from the movements in discount rates and inflation during the six months.

3. DIVIDENDS

A final dividend for the financial year 2024 of 8.5625p per share (2023: 7.5625p) was paid during the period.

An Interim dividend for the financial year 2025 of 4.5p per share is proposed (2024: 4.5p), payable on 21 March 2025.

4. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the relevant profit after taxation of £411,000 (2023: profit £411,000) by the average number of ordinary shares in issue during the period being 2,534,322 (2023: 2,534,322). The number of shares used in the calculation is the same for both basic and diluted earnings.

5. OTHER OPERATING INCOME

Income was received for the financial year 2024 from RTC North in the form of Grant Funding, supporting the Feasibility of Automated Unloading.

	Half year ended 30 September 2024 Unaudited £'000	Half year ended 30 September 2023 Unaudited £'000	Year ended 31 March 2024 Audited £'000
RTC North grant income	-	-	18
Total other operating income	-	-	18

Income has been accounted for under the accruals method.

NOTES TO THE INTERIM FINANCIAL REPORT (cont.)

6. RETIREMENT BENEFIT SCHEME

The values used in the Financial Statements are valued using IAS 19, which shows a surplus of £1.255m (shown in the balance sheet as £941k net of deferred tax). However, the Directors support the goal of a Buyout for the Scheme which is likely to result in a premium being paid to the insurance company. This would mean that the Directors do not expect this asset to be realised or ultimately distributable.

Contributions for the year to 31 March 2025 have been agreed at £300,000, which have yet to be paid.

Note:

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not a guarantee of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Company's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions security holders and prospective security holders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.