

SAMUEL HEATH & SONS PLC
INTERIM REPORT
HALF YEAR ENDED 30 SEPTEMBER 2013

CHAIRMAN'S STATEMENT

It is with great pleasure, and some relief, that I report a profit before tax for the first six months trading of £326,000 (2012: re-stated £77,000) on sales of £5,526,000 up 8.3% (2012: £5,103,000). It is clear that we were a little too cautious with our sales budget, although there was little sign of that at the time of my annual statement.

I should also point out two important facts to do with these results. The first is that they now, as forewarned in my annual statement, comply with the revised accounting standard in relation to Retirement Benefit Pension Schemes (*IAS19 Employee Benefits*). They also include a profit of £58,000 on realisation of our investments. This profit will not recur in the second half of the year, as we do not believe that the Company should put its cash at risk in these uncertain times. The sale of investments has also contributed significantly to the positive cash generation for the period.

During the six months under review, although sales overall all increased more than anticipated, there were large disparities between markets and our mix of products sold within these markets. In not a single one was there increase across all our product ranges of taps, bathroom accessories, builders' hardware and door closers, although the overall increase of 8.3% was very welcome.

With this type of mixed fortunes, it is very difficult to forecast in these circumstances, whether we will be able to continue in this fashion.

Our net assets however remain strong. We therefore propose a dividend of 5.5p per share (2012: 5.5p per share) payable on 24th March 2014.

Sam Heath
Chairman
6th November 2013

SAMUEL HEATH & SONS PLC UNAUDITED INTERIM FINANCIAL REPORT

For the half year ended 30 September 2013

CONSOLIDATED INCOME STATEMENT

	Half year ended 30 September 2013 Unaudited £'000	Half year ended 30 September 2012 Unaudited £'000 (Restated)	Year ended 31 March 2013 Audited £'000 (Restated)
Continuing operations			
Revenue	5,526	5,103	10,083
Cost of sales	(2,859)	(2,731)	(5,311)
Gross profit	2,667	2,372	4,772
Distribution costs	(1,523)	(1,517)	(2,870)
Administrative expenses	(818)	(761)	(1,552)
Operating profit	326	94	350
Gain on sale of financial assets	58	-	132
Finance costs	(58)	(17)	(32)
Profit before taxation	326	77	450
Taxation	(64)	(18)	(35)
Profit for the period	262	59	415
Basic and diluted earnings per ordinary share	10.3p	2.3p	16.4p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 30 September 2013 Unaudited £'000	Half year ended 30 September 2012 Unaudited £'000 (Restated)	Year ended 31 March 2013 Audited £'000 (Restated)
Profit for the period	262	59	415
Actuarial gain/(loss) on defined benefit pension scheme	681	(1,623)	(1,560)
Deferred taxation on actuarial gain/loss	(262)	364	329
(Loss)/gain on available for sale financial assets	(115)	40	(17)
Cash flow hedges	37	(7)	(3)
Other comprehensive income for the period	341	(1,226)	(1,251)
Total comprehensive income for the period	603	(1,167)	(836)
Equity shareholders' funds brought forward	4,112	5,246	5,246
Total comprehensive income for the period	603	(1,167)	(836)
Equity dividends paid	(158)	(158)	(298)
Equity shareholders' funds	4,557	3,921	4,112

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 September 2013 Unaudited £'000	At 30 September 2012 Unaudited £'000	At 31 March 2013 Audited £'000
Non-current assets			
Intangible assets	358	323	370
Property, plant and equipment	1,820	1,824	1,838
Deferred tax asset	725	1,083	986
	<u>2,903</u>	<u>3,230</u>	<u>3,194</u>
Current assets			
Inventories	2,724	2,683	2,731
Trade and other receivables	1,728	1,601	1,909
Derivative financial instruments	35	-	1
Available for sale financial assets	-	1,580	1,400
Cash and cash equivalents	1,853	284	219
	<u>6,340</u>	<u>6,148</u>	<u>6,260</u>
Total assets	<u>9,243</u>	<u>9,378</u>	<u>9,454</u>
Current liabilities			
Trade and other payables	(898)	(727)	(949)
Derivative financial instruments	-	(7)	(4)
Current tax payable	(90)	(103)	(15)
	<u>(988)</u>	<u>(837)</u>	<u>(968)</u>
Non-current liabilities			
Retirement benefit scheme	(3,624)	(4,512)	(4,290)
Deferred tax liability	(74)	(108)	(84)
	<u>(3,698)</u>	<u>(4,620)</u>	<u>(4,374)</u>
Total liabilities	<u>(4,686)</u>	<u>(5,457)</u>	<u>(5,342)</u>
Net assets	<u>4,557</u>	<u>3,921</u>	<u>4,112</u>
Equity			
Called up share capital	254	254	254
Capital redemption reserve	109	109	109
Retained earnings	4,194	3,558	3,749
Equity shareholders' funds	<u>4,557</u>	<u>3,921</u>	<u>4,112</u>

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For the half year ended 30 September 2013

CONSOLIDATED CASH FLOW STATEMENT

	Half year ended 30 September 2013 Unaudited £'000	Half year ended 30 September 2012 Unaudited £'000	Year ended 31 March 2013 Audited £'000
Net cash flow generated from operations	688	141	489
Pension contributions	(100)	(100)	(350)
Income taxes paid	-	-	(67)
Net cash flow from operating activities	588	41	72
Cash flow from investing activities			
Purchase of property, plant and equipment	(182)	(64)	(268)
Proceeds from sale of property, plant and equipment	18	6	6
Purchase of intangible assets	(5)	(67)	(117)
Purchase of available for sale financial assets	(57)	(97)	(421)
Proceeds from sale of available for sale financial assets	1,398	97	676
Interest received	32	49	92
Net cash inflow/(outflow) from investing activities	1,204	(76)	(32)
Net cash outflow from financing activities			
Equity dividends paid	(158)	(158)	(298)
Net cash outflow from financing activities	(158)	(158)	(298)
Increase/(decrease) in cash and cash equivalents	1,634	(193)	(258)
Cash and cash equivalents at beginning of period	284	477	477
Cash and cash equivalents at end of period	1,918	284	219

SAMUEL HEATH & SONS PLC UNAUDITED INTERIM FINANCIAL REPORT

For the half year ended 30 September 2013

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 2013 is not audited and does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2013 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 2012 were also unaudited.

2 ACCOUNTING POLICIES

Basis of accounting

The report has been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") at 30 September 2013 as well as all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") at 30 September 2013.

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

The financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are as set out in the Annual Report for the year ended 31 March 2013. The valuation of inventories is considered to be the main area in terms of significant accounting estimates and judgements.

The retirement benefit scheme liability recognised in these interim accounts reflects the estimated change in the deficit at 30 September 2013 from the movements in discount rates and inflation during the six months.

The comparative figures in the Income Statement and the Consolidated Statement of Comprehensive Income have been restated to reflect the introduction of the revised accounting standard "IAS19 Employee Benefits".

3 DIVIDENDS

An interim dividend of 5.50 pence per share is proposed (30 September 2012: 5.5 pence per share) and will be payable on 24th March 2014 with a record date of 28th February 2014.

4 EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the relevant profit after taxation of £262,000 (30 September 2012: £59,000) by the average number of ordinary shares in issue during the period being 2,534,322 (2012: 2,534,322). The number of shares used in the calculation is the same for both basic and diluted earnings.