

SAMUEL HEATH & SONS plc  
("the Company")

## INTERIM REPORT

Half year ended 30 September 2017

## CHAIRMAN'S STATEMENT

The first half of the year was satisfactory. Revenue was up at £7.377m (2016: £6.635m). The profit before tax was 5.6% down at £687k (2016: £728k), the previous year having benefitted from the windfall drop in Sterling after the Brexit referendum as I reported in my last full year's statement.

We sell all over the world, with exports increasing by 18%, but our performance has been very patchy in nearly all of our markets, with some doing much better than expected, some worse.

Although it is only a relatively short time since the end of September, we have to say that sales generally have weakened, particularly in the U.K. market, where the number of projects in the pipeline have decreased, not enormously but perhaps significantly. As always, it is difficult to forecast how this will affect the twelve months figures.

For the future, it is perhaps trite to say that we would prefer more clarity, but we would.

We are proposing an interim dividend of 5.5p per share (2016: deferred interim dividend of 5.5p), which will be paid on 23 March 2018.

**Sam Heath**  
Chairman  
09th November 2017

### **For further information, please contact:**

**Samuel Heath & Sons Plc**  
John Park, Company Secretary 0121 766 4235

**Cairn Financial Advisers LLP**  
James Caithie / Jo Turner 020 7213 0882

**Unaudited Interim Financial Report**  
For the Half Year ended 30 September 2017

**CONSOLIDATED INCOME STATEMENT**

	Half year ended 30 September 2017 Unaudited £'000	Half year ended 30 September 2016 Unaudited £'000	Year ended 31 March 2017 Audited £'000
<b>Continuing operations</b>			
<b>Revenue</b>	<b>7,377</b>	6,635	13,053
Cost of sales	<b>(3,707)</b>	(3,141)	(6,386)
<b>Gross profit</b>	<b>3,670</b>	3,494	6,667
Distribution costs	<b>(1,868)</b>	(1,664)	(3,274)
Administrative expenses	<b>(1,025)</b>	(998)	(1,949)
<b>Operating profit</b>	<b>777</b>	832	1,444
Finance costs	<b>(90)</b>	(104)	(210)
<b>Profit before taxation</b>	<b>687</b>	728	1,234
Taxation	<b>(131)</b>	(149)	(221)
<b>Profit for the period</b>	<b>556</b>	579	1,013
Basic and diluted earnings per ordinary share	<b>21.9p</b>	22.8p	40.0p

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Half year ended 30 September 2017 Unaudited £'000	Half year ended 30 September 2016 Unaudited £'000	Year ended 31 March 2017 Audited £'000
<b>Profit for the period</b>	<b>556</b>	579	1,013
<b>Items that will be reclassified to profit or loss:</b>			
Cash flow hedges	<b>25</b>	15	16
	<b>25</b>	15	16
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial (loss) on defined benefit pension scheme	<b>(34)</b>	(4,762)	(629)
Deferred tax on actuarial loss	<b>6</b>	738	46
Revaluation of property, plant and Equipment	-	-	1,607
Deferred taxation on revaluation of assets	-	-	(218)
	<b>(28)</b>	(4,024)	806
<b>Total comprehensive income for the period</b>	<b>553</b>	(3,430)	1,835

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 September 2017	At 30 September 2016	At 31 March 2017
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<b>Non-current assets</b>			
Intangible assets	50	99	79
Property, plant and equipment	3,398	1,848	3,511
Deferred tax asset	791	1,836	793
	<u>4,239</u>	<u>3,783</u>	<u>4,383</u>
<b>Current assets</b>			
Inventories	3,901	3,537	3,789
Trade and other receivables	2,342	1,978	2,169
Derivative financial instruments	25	-	-
Cash and cash equivalents	2,170	2,268	2,079
	<u>8,438</u>	<u>7,783</u>	<u>8,037</u>
<b>Total assets</b>	<u>12,677</u>	<u>11,566</u>	<u>12,420</u>
<b>Current liabilities</b>			
Trade and other payables	(1,327)	(1,290)	(1,400)
Current tax payable	(289)	(296)	(158)
	<u>(1,616)</u>	<u>(1,586)</u>	<u>(1,558)</u>
<b>Non-current liabilities</b>			
Retirement benefit scheme	(6,463)	(10,805)	(6,501)
Deferred tax liability	-	(79)	-
	<u>(6,463)</u>	<u>(10,884)</u>	<u>(6,501)</u>
<b>Total liabilities</b>	<u>(8,079)</u>	<u>(12,470)</u>	<u>(8,059)</u>
<b>Net assets</b>	<u>4,598</u>	<u>(904)</u>	<u>4,361</u>
<b>Equity</b>			
Called up share capital	254	254	254
Capital redemption reserve	109	109	109
Revaluation reserve	1,346	-	1,389
Retained earnings	2,889	(1,267)	2,609
Equity shareholders' funds	<u>4,598</u>	<u>(904)</u>	<u>4,361</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital redemption reserve	Revaluation reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
<b>Balance at 31 March 2016</b>	<b>254</b>	<b>109</b>	<b>-</b>	<b>2,337</b>	<b>2,700</b>
Equity dividends paid	-	-	-	(174)	(174)
Profit for period	-	-	-	579	579
Other comprehensive loss for the period	-	-	-	(4,009)	(4,009)
Total comprehensive loss for the period	-	-	-	(3,430)	(3,430)
<b>Balance at 30 September 2016</b>	<b>254</b>	<b>109</b>	<b>-</b>	<b>(1,267)</b>	<b>(904)</b>
Equity dividends paid	-	-	-	-	-
Profit for period	-	-	-	434	434
Other comprehensive income for the period	-	-	1,389	3,442	4,831
Total comprehensive income for the period	-	-	1,389	3,876	5,265
<b>Balance at 31 March 2017</b>	<b>254</b>	<b>109</b>	<b>1,389</b>	<b>2,609</b>	<b>4,361</b>
Equity dividends paid	-	-	-	(316)	(316)
Profit for period	-	-	-	556	556
Other comprehensive income for the period	-	-	-	(3)	(3)
Total comprehensive income for the period	-	-	-	553	553
Transfer relating to amortisation	-	-	(43)	43	-
<b>Balance at 30 September 2017</b>	<b>254</b>	<b>109</b>	<b>1,346</b>	<b>2,889</b>	<b>4,598</b>

## CONSOLIDATED CASH FLOW STATEMENT

	Half year ended 30 September	Half year ended 30 September	Year ended 31 March
	2017 Unaudited £'000	2016 Unaudited £'000	2017 Audited £'000
<b>Cash flow from operating activities</b>			
Profit for the period before tax	686	728	1,234
Adjustments for:			
Depreciation	186	130	272
Amortisation	28	29	57
Profit/(loss) on disposal of property, plant and equipment	10	(18)	(37)
Finance income	(4)	(5)	(7)
Defined benefit pension scheme expenses	126	132	282
Contributions to defined benefit pension scheme	(200)	(189)	(511)
<b>Operating cash flow before movements in working capital</b>	<b>832</b>	<b>807</b>	<b>1,290</b>
Changes in working capital:			
(Increase)/decrease in inventories	(107)	(216)	(468)
(Increase)/decrease in trade and other receivables	(203)	134	(16)
Increase/(decrease) in trade and other payables	(40)	13	117
<b>Cash generated from operations</b>	<b>482</b>	<b>738</b>	<b>923</b>
Taxation paid	-	-	(155)
<b>Net cash from operating activities</b>	<b>482</b>	<b>738</b>	<b>768</b>
<b>Cash flow from investing activities</b>			
Payments to acquire property, plant and equipment	(80)	(397)	(646)
Proceeds from the sale of property, plant and equipment	-	18	53
Proceeds from sale of financial assets	-	-	(8)
Finance income	5	5	8
	<b>(75)</b>	<b>(374)</b>	<b>(593)</b>
<b>Cash flow from financing activities</b>			
Dividends paid	(316)	(174)	(174)
	<b>(316)</b>	<b>(174)</b>	<b>(174)</b>
Net increase/(decrease) in cash and cash equivalents	91	190	1
Cash and cash equivalents at beginning of period	2,079	2,078	2,078
Cash and cash equivalents at end of period	<b>2,170</b>	<b>2,268</b>	<b>2,079</b>

**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 2017 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 2017 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 2016 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 2017 as well as all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") at 30 September 2017.

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

The principal accounting policies adopted are as set out in the Annual Report for the year ended 31 March 2017. 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 2017 from the movements in discount rates and inflation during the six months.

**3. DIVIDENDS**

An Interim dividend of 5.5p per share is proposed, payable on 23 March 2018. (30 September 2016: nil, although a deferred interim dividend was paid in August 2017 of 5.5p)

**4. EARNINGS PER SHARE**

The basic and diluted earnings per share are calculated by dividing the relevant profit after taxation of £556,000 (30 September 2016: £579,000) by the average number of ordinary shares in issue during the period being 2,534,322 (2016: 2,534,322). The number of shares used in the calculation is the same for both basic and diluted earnings.