

SAMUEL HEATH & SONS plc
("the Company")

INTERIM REPORT

Half year ended 30 September 2011

CHAIRMAN'S STATEMENT

As I made quite clear at the time of our annual results, business was going to be particularly tough in the current year. This proved to be the case with sales down 4.9% to £4,681,000 (2010: £4,920,000). As a consequence, we only just managed to more or less break even over the six month period with a profit before taxation of £11,000 (2010: £222,000).

I am very pleased to inform shareholders that Mr. Martin Green has accepted our invitation to join the Board. He is a well known Midland lawyer, specialising in finance. I welcome him.

It is no exaggeration to say that the financial world is in turmoil, which is well documented elsewhere. This situation is not encouraging our type of customer to spend money.

We, too, must therefore be extremely cautious. There has been no improvement in trading over the last two months. It is going to be very difficult to improve on the performance of the first half of the year. In fact it could be a lot worse.

Our net assets however remain strong. We therefore propose a dividend of 5.5p per share (2010: 5.5p per share) payable on 26th March 2012.

Sam Heath
Chairman
22nd November 2011

For further information, please contact:

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Unaudited Interim Financial Report
For the Half Year ended 30 September 2011

CONSOLIDATED INCOME STATEMENT

	Half year ended 30 September 2011 Unaudited £'000	Half year ended 30 September 2010 Unaudited £'000	Year ended 31 March 2011 Audited £'000
Revenue	4,681	4,920	9,832
Cost of sales	(2,519)	(2,512)	(4,990)
Gross profit	2,162	2,408	4,842
Selling and distribution costs	(1,436)	(1,507)	(2,987)
Administrative expenses	(738)	(675)	(1,371)
Operating (loss)/profit	(12)	226	484
Gain on sale of financial assets	-	-	51
Finance income/(costs)	23	(4)	15
Profit before taxation	11	222	550
Taxation	(3)	(62)	(127)
Profit for the period	8	160	423
	=====	=====	=====
Basic and diluted earnings/(loss) per ordinary share	0.3p	6.3p	16.7p
	=====	=====	=====

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 30 September 2011 Unaudited £'000	Half year ended 30 September 2010 Unaudited £'000	Year ended 31 March 2011 Audited £'000
Profit for the period	8	160	423
Actuarial gain on defined benefit scheme	-	-	345
Deferred taxation on actuarial gain	-	-	(114)
(Loss)/gain on available for sale financial assets	(42)	32	(45)
Cash flow hedges	(2)	-	2
Other comprehensive income for the period	(44)	32	188
Total comprehensive income for period	(36)	192	611
Equity shareholders' funds brought forward	6,350	6,037	6,037
Total comprehensive income for the period	(36)	192	611
Equity dividends paid	(158)	(158)	(298)
Equity shareholders' funds	6,156	6,071	6,350
	=====	=====	=====

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 September 2011 Unaudited £'000	At 30 September 2010 Unaudited £'000	At 31 March 2011 Audited £'000
Non current assets			
Intangible assets	203	210	207
Property, plant and equipment	2,072	2,229	2,135
Deferred tax asset	411	577	411
	<u>2,686</u>	<u>3,016</u>	<u>2,753</u>
Current assets			
Inventories	2,542	2,426	2,547
Trade and other receivables	1,636	1,563	1,903
Derivative financial instruments	-	-	2
Available for sale financial assets	1,463	1,531	1,505
Cash and cash equivalents	350	874	553
	<u>5,991</u>	<u>6,394</u>	<u>6,510</u>
Total assets	<u>8,677</u>	<u>9,410</u>	<u>9,263</u>
Current liabilities			
Trade and other payables	(859)	(913)	(1,167)
Current tax payable	(91)	(155)	(87)
	<u>(950)</u>	<u>(1,068)</u>	<u>(1,254)</u>
Non current liabilities			
Pension scheme deficit	(1,433)	(2,096)	(1,521)
Deferred tax liability	(138)	(175)	(138)
	<u>(1,571)</u>	<u>(2,271)</u>	<u>(1,659)</u>
Total liabilities	<u>(2,521)</u>	<u>(3,339)</u>	<u>(2,913)</u>
Net assets	<u>6,156</u>	<u>6,071</u>	<u>6,350</u>
Capital and reserves			
Called up share capital	254	254	254
Capital redemption reserve	109	109	109
Retained earnings	5,793	5,708	5,987
	<u>6,156</u>	<u>6,071</u>	<u>6,350</u>
Equity shareholders' funds	<u>6,156</u>	<u>6,071</u>	<u>6,350</u>

CONSOLIDATED CASH FLOW STATEMENT

	Half year Ended 30 September 2011 Unaudited £'000	Half year Ended 30 September 2010 Unaudited £'000	Year ended 31 March 2011 Audited £'000
Net cash flow generated from operations	138	468	749
Pension contributions	(100)	-	(255)
Income taxes paid	-	(19)	(137)
Net cash flow from operating activities	38	449	357
Cash flow from investing activities			
Purchases of property, plant and equipment	(155)	(175)	(319)
Proceeds from sale of property, plant and equipment	36	-	6
Purchase of intangible assets	-	(41)	(42)
Purchase of financial assets	-	(302)	(602)
Proceeds from sale of available for sale financial assets	-	-	302
Interest received	36	31	79
Net cash outflow from investing activities	(83)	(487)	(576)
Financing			
Equity dividends paid	(158)	(158)	(298)
Net cash outflow from financing	(158)	(158)	(298)
Decrease in cash and cash equivalents	(203)	(196)	(517)
Cash and cash equivalents at beginning of period	553	1,070	1,070
Cash and cash equivalents at end of period	350	874	553

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 2011 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 2011 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 2010 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 2011 as well as all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") at 30 September 2011.

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 2011. The valuation of inventories is considered to be the main area in terms of significant accounting estimates and judgements.

3 DIVIDENDS

An interim dividend of 5.5 pence per share is proposed (30 September 2010: 5.5 pence per share) and will be payable on 26 March 2012 with a record date of 24 February 2012.

4 EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the relevant profit after taxation of £8,000 (30 September 2010: £160,000) by the average number of ordinary shares in issue during the period being 2,534,322 (2010: 2,534,322). The number of shares used in the calculation is the same for both basic and diluted earnings.