

SAMUEL HEATH & SONS plc
("the Company")

INTERIM REPORT

Half year ended 30 September 2015

CHAIRMAN'S STATEMENT

It is pleasing to report a much better first half of the trading year with sales of £6,061,000 as against £5,398,000 and profit before taxation at £437,000 as against £96,000. It is even more pleasing to see the increase in operating profit to £542,000 (2014: £174,000). It should be pointed out however that this comparison is with a particularly difficult six months for the company last year.

Both the home market and export markets performed well during the period. As a result of this we were able to increase our labour force and authorise further purchases of machinery, which will come into operation in the second half of the year.

The order book has continued to be healthy but, as I have had to say so many times over the years, in a business such as our own things can change very rapidly. It is therefore extremely hazardous to forecast the results for the full year.

With our relatively strong balance sheet we have no hesitation in recommending the same again dividend of 5.5p (2014: 5.5p) to be paid on 21st March 2016.

Sam Heath
Chairman
4th November 2015

For further information, please contact:

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Unaudited Interim Financial Report
For the Half Year ended 30 September 2015

CONSOLIDATED INCOME STATEMENT

	Half year ended 30 September 2015 Unaudited £'000	Half year ended 30 September 2014 Unaudited £'000	Year ended 31 March 2015 Audited £'000
Continuing operations	£'000	£'000	£'000
Revenue	6,061	5,398	11,198
Cost of sales	(3,083)	(2,873)	(5,873)
Gross profit	2,978	2,525	5,325
Distribution costs	(1,543)	(1,521)	(3,006)
Administrative expenses	(893)	(830)	(1,721)
Operating profit	542	174	598
Finance costs	(105)	(78)	(155)
Profit before taxation	437	96	443
Taxation	(87)	(19)	(49)
Profit for the period	350	77	394
Basic and diluted earnings per ordinary share	13.8p	3.0p	15.5p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 30 September 2015 Unaudited £'000	Half year ended 30 September 2014 Unaudited £'000	Year ended 31 March 2015 Audited £'000
Profit for the period	350	77	394
Items that will be reclassified to profit or loss:			
Cash flow hedges	(48)	39	58
	(48)	39	58
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit pension scheme	1,408	(833)	(2,888)
Deferred tax on actuarial (gain)/loss	(255)	167	578
	1,153	(666)	(2,310)
Total comprehensive income for the period	1,455	(550)	(1,858)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 September 2015 Unaudited £'000	At 30 September 2014 Unaudited £'000	At 31 March 2015 Audited £'000
Non current assets			
Intangible assets	156	303	184
Property, plant and equipment	1,471	1,620	1,475
Deferred tax asset	1,058	941	1,313
	2,685	2,864	2,972
Current assets			
Inventories	3,388	3,034	3,157
Trade and other receivables	2,066	1,723	2,085
Derivative financial instruments	7	37	56
Cash and cash equivalents	1,887	1,785	1,648
	7,348	6,579	6,946
Total assets	10,033	9,443	9,918
Current liabilities			
Trade and other payables	(1,133)	(949)	(1,126)
Current tax payable	(159)	(135)	(72)
	(1,292)	(1,084)	(1,198)
Non current liabilities			
Retirement benefit scheme	(5,292)	(4,707)	(6,568)
Deferred tax liability	(58)	(110)	(58)
	(5,350)	(4,817)	(6,626)
Total liabilities	(6,642)	(5,901)	(7,824)
Net assets	3,391	3,542	2,094
Capital and reserves			
Called up share capital	254	254	254
Capital redemption reserve	109	109	109
Retained earnings	3,028	3,179	1,731
Equity shareholders' funds	3,391	3,542	2,094

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 31 March 2014	254	109	3,887	4,250
Equity dividends paid	-	-	(158)	(158)
Profit for period	-	-	77	77
Other comprehensive loss for the period	-	-	(627)	(627)
Total comprehensive loss for the period	-	-	(550)	(550)
Balance at 30 September 2014	254	109	3,179	3,542
Equity dividends paid	-	-	(140)	(140)
Profit for period	-	-	317	317
Other comprehensive loss for the period	-	-	(1,625)	(1,625)
Total comprehensive loss for the year	-	-	(1,308)	(1,308)
Balance at 31 March 2015	254	109	1,731	2,094
Equity dividends paid	-	-	(158)	(158)
Profit for period	-	-	350	350
Other comprehensive income for the period	-	-	1,105	1,105
Total comprehensive income for period	-	-	1,455	1,455
Balance at 30 September 2015	254	109	3,028	3,391

CONSOLIDATED CASH FLOW STATEMENT

	Half year Ended 30 September 2015 Unaudited £'000	Half year Ended 30 September 2014 Unaudited £'000	Year ended 31 March 2015 Audited £'000
Cash flow from operating activities			
Profit for the period before tax	437	96	443
Adjustments for:			
Depreciation	161	178	357
Amortisation	28	31	61
Impairment of intangible asset	-	-	135
Profit on disposal of property, plant and equipment	(3)	(8)	(8)
Finance income	(5)	(5)	(11)
Defined benefit pension scheme expenses	133	105	210
Contributions to defined benefit pension scheme	-	(100)	(400)
Operating cash flow before movements in working capital	751	297	787
Changes in working capital:			
Increase in inventories	(231)	(135)	(258)
(Increase)/decrease in trade and other receivables	(63)	96	(266)
Increase/(decrease) in trade and other payables	89	(215)	(39)
Cash generated from operations	546	43	224
Taxation paid	-	-	(106)
Net cash from operating activities	546	43	118
Cash flow from investing activities			
Payments to acquire property, plant and equipment	(157)	(173)	(225)
Proceeds from the sale of property, plant and equipment	3	50	70
Payments to acquire intangible assets	-	(8)	(54)
Finance income	5	5	11
	(149)	(126)	(198)
Cash flow from financing activities			
Dividends paid	(158)	(158)	(298)
Net cash outflow from financing	(158)	(158)	(298)
Net increase/(decrease) in cash and cash equivalents	239	(241)	(378)
Cash and cash equivalents at beginning of period	1,648	2,026	2,026
Cash and cash equivalents at end of period	1,887	1,785	1,648

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 2015 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 2015 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 2014 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 2015 as well as all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") at 30 September 2015.

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 2015. 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 2015 from the movements in discount rates and inflation during the six months.

3 DIVIDENDS

An interim dividend of 5.5 pence per share is proposed (30 September 2014: 5.5 pence per share) and will be payable on 21st March 2016 with a record date of 26th February 2016.

4 EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the relevant profit after taxation of £350,000 (30 September 2014: £77,000) by the average number of ordinary shares in issue during the period being 2,534,322 (2014: 2,534,322). The number of shares used in the calculation is the same for both basic and diluted earnings.