

SAMUEL HEATH & SONS plc
("the Company")

INTERIM REPORT

Half year ended 30 September 2018

CHAIRMAN'S STATEMENT

As I said in my statement in July, we have budgeted this year for lower figures than last year. In the event this has proved correct. Sales revenue was £6.722m (2017: £7.377m) and profit before tax £402k (2017: £687k). The business is trading at a level slightly better than budgeted and has been relatively evenly split across our major markets, although it is fair to say that the UK trade has been somewhat more subdued than elsewhere given the current situation.

As has been the case for some time now, we are still experiencing a level of uncertainty which is expected to persist at least until the final decision is taken as to what will happen with our trade with the EU after 29 March 2019. Although this falls at the end of our annual financial reporting period, we have already had to take decisions which will affect our statement of financial position at that time, as well as possibly our income statement. The vast majority of our purchases of raw materials, either directly or indirectly, are from Europe. We have thought it wise to buy forward with a number of these in good time, in case of a Hard Brexit, to ensure adequacy of supplies.

The effects of a Hard Brexit on actual trade are not known, but paying higher prices for our raw materials does not normally help. With all this going or not going on, it is even more difficult to forecast the results for the full year, but at the moment I am pleased to report that orders are coming in fairly well.

We are proposing an interim dividend of 5.5p per share (2017: 5.5p), which will be paid on 22 March 2019 to ordinary shareholders registered at the close of business on 22 February 2019.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

Sam Heath
Chairman
8 November 2018

For further information, please contact:

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Unaudited Interim Financial Report
For the Half Year ended 30 September 2018

CONSOLIDATED INCOME STATEMENT

	Half year ended 30 September 2018 Unaudited £'000	Half year ended 30 September 2017 Unaudited £'000	Year ended 31 March 2018 Audited £'000
Revenue	6,722	7,377	14,354
Cost of sales	(3,445)	(3,707)	(7,232)
Gross profit	3,277	3,670	7,122
Selling and distribution costs	(1,855)	(1,868)	(3,767)
Administrative expenses	(937)	(1,025)	(2,020)
Operating profit	485	777	1,335
Net finance costs	(83)	(90)	(158)
Profit before taxation	402	687	1,177
Taxation	(90)	(131)	(197)
Profit for the period	312	556	980
Basic and diluted earnings per ordinary share	13.0p	21.9p	38.7p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 30 September 2018 Unaudited £'000	Half year ended 30 September 2017 Unaudited £'000	Year ended 31 March 2018 Audited £'000
Profit for the period	312	556	980
Items that will be reclassified to profit or loss:			
Cash flow hedges	-	25	-
Items that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit pension scheme	29	(34)	(234)
Deferred tax on actuarial loss	(5)	6	40
Deferred taxation on revaluation of assets	-	-	44
	24	(3)	(150)
Total comprehensive income for the period	336	553	830

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 September 2018	At 30 September 2017	At 31 March 2018
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Non-current assets			
Intangible assets	51	50	85
Property, plant and equipment	3,295	3,398	3,337
Deferred tax assets	818	791	853
	4,164	4,239	4,276
Current assets			
Inventories	3,956	3,901	3,930
Trade and other receivables	1,942	2,342	2,287
Derivative financial instruments	-	25	-
Cash and cash equivalents	2,814	2,170	2,366
	8,712	8,438	8,583
Total assets	12,876	12,677	12,859
Current liabilities			
Trade and other payables	(1,427)	(1,327)	(1,474)
Current tax payable	(231)	(289)	(175)
	(1,658)	(1,616)	(1,649)
Non-current liabilities			
Retirement benefit scheme	(6,318)	(6,463)	(6,472)
Total liabilities	(7,976)	(8,079)	(8,121)
Net assets	4,900	4,598	4,738
Equity			
Called up share capital	254	254	254
Capital redemption reserve	109	109	109
Revaluation reserve	1,324	1,346	1,357
Retained earnings	3,213	2,889	3,018
Equity shareholders' funds	4,900	4,598	4,738

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital redemption reserve	Revaluation reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance at 31 March 2017	254	109	1,389	2,609	4,361
Equity dividends paid	-	-	-	(316)	(316)
Profit for the period	-	-	-	556	556
Other comprehensive income for the period	-	-	-	(3)	(3)
Reclassification of amortisation on revaluation	-	-	(43)	43	-
Total comprehensive income for the period	-	-	(43)	596	553
Balance at 30 September 2017	254	109	1,346	2,889	4,598
Equity dividends paid	-	-	-	(137)	(137)
Profit for the period	-	-	-	424	424
Other comprehensive income for the period	-	-	44	(191)	(147)
Reclassification of amortisation on revaluation	-	-	(33)	33	-
Total comprehensive income for the period	-	-	11	266	277
Balance at 31 March 2018	254	109	1,357	3,018	4,738
Equity dividends paid	-	-	-	(174)	(174)
Profit for the period	-	-	-	312	312
Other comprehensive income for the period	-	-	-	24	24
Reclassification of amortisation on revaluation	-	-	(33)	33	-
Total comprehensive income for the period	-	-	(33)	369	336
Balance at 30 September 2018	254	109	1,324	3,213	4,900

CONSOLIDATED CASH FLOW STATEMENT

	Half year ended 30 September	Half year ended 30 September	Year ended 31 March
	2018 Unaudited £'000	2017 Unaudited £'000	2018 Audited £'000
Cash flow from operating activities			
Profit for the period before taxation	402	686	1,177
Adjustments for:			
Depreciation	172	186	365
Amortisation	35	28	58
Profit/(loss) on disposal of property, plant and equipment	(16)	10	(10)
Finance income	(25)	(4)	(30)
Defined benefit pension scheme expenses	132	126	237
Contributions to defined benefit pension scheme	(258)	(200)	(500)
Operating cash flow before movements in working capital	442	832	1,297
Changes in working capital:			
Increase in inventories	(26)	(107)	(141)
Decrease/(increase) in trade and other receivables	315	(203)	(118)
(Decrease)/increase in trade and other payables	(17)	(40)	74
Cash generated from operations	714	482	1,112
Taxation paid	-	-	(157)
Net cash from operating activities	714	482	955
Cash flow from investing activities			
Payments to acquire property, plant and equipment	(133)	(80)	(222)
Proceeds from the sale of property, plant and equipment	16	-	41
Payments to acquire intangible assets	-	-	(64)
Finance income	25	5	30
	(92)	(75)	(215)
Cash flow from financing activities			
Dividends paid	(174)	(316)	(453)
Net increase in cash and cash equivalents	448	91	287
Cash and cash equivalents at beginning of period	2,366	2,079	2,079
Cash and cash equivalents at end of period	2,814	2,170	2,366

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 2018 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 2018 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 2017 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 and interpretations issued by the International Financial Reporting Interpretations Committee as adopted by the European Union.

The group has not availed itself of early adoption options in such standards and interpretations. There has been no impact on the adoption of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" in the period.

The principal accounting policies adopted are as set out in the Annual Report for the year ended 31 March 2018. 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 2018 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 22 March 2019 (paid 23 March 2018: 5.5p).

4. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the relevant profit after taxation of £330,000 (30 September 2017: £556,000) by the average number of ordinary shares in issue during the period being 2,534,322 (2017: 2,534,322). The number of shares used in the calculation is the same for both basic and diluted earnings.