

SAMUEL HEATH & SONS plc  
("the Company")

## INTERIM REPORT

Half year ended 30 September 2020

## CHAIRMAN'S STATEMENT

This has been the most extraordinary half year in my rather lengthy business career. Regrettably there is still not yet a clear outcome by any means.

Our trading performance for the six months until September 30th was quite a lot better than feared but still only produced a small profit of £6k before exceptional items (2019: £363k), on sales of £4.850m (2019: £6.920m). As I mentioned in my annual report, without any doubt this was greatly aided by the Government's furlough scheme. This was imaginative and effective. It helped us on all sides of the business, but particularly on the sales side. However, as it was coming to an end, we had to make some difficult decisions to protect the future of the Company. This resulted in considerable redundancy payments, shown in the accounts as exceptional. This brought our total half year results to a loss of £224k before taxation (2019: profit £363k).

You cannot run a business like ours successfully for long without a considerable sales team, focussed marketing activities and continual research and development. We have therefore brought these back into play for the second half of the year. This is clearly not without risk.

There are differing views on the next six months. We have the U.S. election which could affect a manufacturer at the luxury end of the market, the unknown outcome of the talks with the EU, and, by far the worst of all, the return in volume of the Coronavirus. Anybody offering a forecast in these circumstances would be extremely unwise.

This leaves the question of the dividend. Apart from the ethical question of whether we should pay out dividends when in receipt of Government money, notwithstanding the millions we have paid over the years in taxes, there is more importantly the possible cash requirements of the Company over the next six months. We have therefore decided not to pay an interim dividend but hope to return to normality next year.

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

**Sam Heath**  
Chairman  
11 November 2020

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

**Samuel Heath & Sons Plc**  
Simon Latham, Company Secretary 0121 766 4200

**Cairn Financial Advisers LLP**  
James Caithie / Jo Turner 020 7213 0880

**Unaudited Interim Financial Report**  
For the Half Year ended 30 September 2020

**CONSOLIDATED INCOME STATEMENT**

	<b>Half year ended 30 September 2020 Unaudited £'000</b>	Half year ended 30 September 2019 Unaudited £'000	Year ended 31 March 2020 Audited £'000
<b>Revenue</b>	<b>4,850</b>	6,920	13,887
Cost of sales	<b>(3,062)</b>	(3,598)	(6,798)
<b>Gross profit</b>	<b>1,788</b>	3,322	7,089
Selling and distribution costs	<b>(1,344)</b>	(1,776)	(3,543)
Administrative expenses	<b>(940)</b>	(1,067)	(2,012)
Other operating income – grant (note 6)	<b>596</b>	-	-
<b>Operating profit</b>	<b>100</b>	479	1,534
Finance income	<b>14</b>	9	25
Finance cost	<b>(108)</b>	(125)	(191)
<b>Profit before taxation and exceptional items</b>	<b>6</b>	363	1,368
Exceptional item (note 5)	<b>(230)</b>	-	-
<b>(Loss)/profit before taxation</b>	<b>(224)</b>	363	1,368
Taxation	<b>43</b>	(69)	(299)
<b>(Loss)/profit for the period</b>	<b>(181)</b>	294	1,069
Basic and diluted (loss)/earnings per ordinary share (note 4)	<b>(7.1p)</b>	11.6p	42.2p

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Half year ended 30 September 2020 Unaudited £'000</b>	Half year ended 30 September 2019 Unaudited £'000	Year ended 31 March 2020 Audited £'000
(Loss)/profit for the period	<b>(181)</b>	294	1,069
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gain/(loss) on defined benefit pension scheme	<b>(1,239)</b>	204	291
Deferred tax on actuarial loss/(gain)	<b>218</b>	(34)	(55)
Deferred tax rate change	-	-	125
Revaluation of property, plant and equipment	-	-	182
Deferred taxation on revaluation of assets	-	-	(23)
	<b>(1,021)</b>	170	520
<b>Total comprehensive income for the period</b>	<b>(1,202)</b>	464	1,589

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 September 2020	At 30 September 2019	At 31 March 2020
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<b>Non-current assets</b>			
Intangible assets	135	74	151
Property, plant and equipment	3,541	3,519	3,635
Deferred tax assets	1,103	972	887
	4,779	4,565	4,673
<b>Current assets</b>			
Inventories	3,869	3,883	4,230
Trade and other receivables	1,689	2,216	2,370
Cash and cash equivalents	3,424	3,100	3,016
	8,982	9,199	9,616
<b>Total assets</b>	13,761	13,764	14,289
<b>Current liabilities</b>			
Trade and other payables	(1,772)	(1,665)	(1,868)
Right of use lease liabilities	(53)	(57)	(58)
Current tax payable	(36)	(239)	(79)
	(1,861)	(1,961)	(2,005)
<b>Non-current liabilities</b>			
Right of use lease liabilities	(26)	(75)	(46)
Retirement benefit scheme	(7,413)	(7,050)	(6,575)
	(7,439)	(7,125)	(6,621)
<b>Total liabilities</b>	(9,300)	(9,086)	(8,626)
<b>Net assets</b>	4,461	4,678	5,663
<b>Equity</b>			
Called up share capital	254	254	254
Capital redemption reserve	109	109	109
Revaluation reserve	1,308	1,224	1,349
Retained earnings	2,790	3,091	3,951
<b>Equity shareholders' funds</b>	4,461	4,678	5,663

## 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 2019</b>	<b>254</b>	<b>109</b>	<b>1,277</b>	<b>2,748</b>	<b>4,388</b>
Total transactions with owners					
Equity dividends paid	-	-	-	(174)	(174)
Profit for the period	-	-	-	294	294
Other comprehensive income for the period	-	-	-	170	170
Reclassification of depreciation on revaluation	-	-	(53)	53	-
Total comprehensive income for the period	-	-	(53)	517	464
<b>Balance at 30 September 2019</b>	<b>254</b>	<b>109</b>	<b>1,224</b>	<b>3,091</b>	<b>4,678</b>
Total transactions with owners					
Equity dividends paid	-	-	-	(140)	(140)
Profit for the period	-	-	-	775	775
Other comprehensive income for the period	-	-	159	191	350
Reclassification of depreciation on revaluation	-	-	(34)	34	-
Total comprehensive income for the period	-	-	125	1,000	1,125
<b>Balance at 31 March 2020</b>	<b>254</b>	<b>109</b>	<b>1,349</b>	<b>3,951</b>	<b>5,663</b>
Total transactions with owners					
Equity dividends paid	-	-	-	-	-
Loss for the period	-	-	-	(181)	(181)
Other comprehensive income for the period	-	-	-	(1,021)	(1,021)
Reclassification of depreciation on revaluation	-	-	(41)	41	-
Total comprehensive income for the period	-	-	(41)	(1,161)	(1,202)
<b>Balance at 30 September 2020</b>	<b>254</b>	<b>109</b>	<b>1,308</b>	<b>2,790</b>	<b>4,461</b>

## CONSOLIDATED CASH FLOW STATEMENT

	Half year ended 30 September 2020 Unaudited £'000	Half year ended 30 September 2019 Unaudited £'000	Year ended 31 March 2020 Audited £'000
<b>Cash flow from operating activities</b>			
(Loss)/profit for the period before taxation	(224)	363	1,368
Adjustments for:			
Depreciation	155	192	405
Amortisation	16	8	16
Loss/(profit) on disposal of property, plant and equipment	-	3	(3)
Net finance cost/(income)	(14)	7	(25)
Defined benefit pension scheme expenses	98	137	228
Contributions to defined benefit pension scheme	(500)	(266)	(783)
<b>Operating cash flow before movements in working capital</b>	<b>(469)</b>	<b>444</b>	<b>1,206</b>
Changes in working capital:			
Decrease/(increase) in inventories	361	106	(241)
Decrease/(increase) in trade and other receivables	658	46	(84)
(Decrease)/increase in trade and other payables	(65)	23	79
<b>Cash generated from operations</b>	<b>485</b>	<b>619</b>	<b>960</b>
Taxation paid	-	-	(180)
<b>Net cash from operating activities</b>	<b>485</b>	<b>619</b>	<b>780</b>
<b>Cash flow from investing activities</b>			
Payments to acquire property, plant and equipment	(61)	(510)	(502)
Proceeds from the sale of property, plant and equipment	-	19	14
Payments to acquire intangible assets	-	-	(85)
Net finance income	14	(5)	25
	<b>(47)</b>	<b>(496)</b>	<b>(548)</b>
<b>Cash flow from financing activities</b>			
Payment for right of use assets	(30)	(2)	(55)
Dividends paid	-	(174)	(314)
	<b>(30)</b>	<b>(176)</b>	<b>(369)</b>
Net increase in cash and cash equivalents	<b>408</b>	<b>(53)</b>	<b>(137)</b>
Cash and cash equivalents at beginning of period	<b>3,016</b>	<b>3,153</b>	<b>3,153</b>
Cash and cash equivalents at end of period	<b>3,424</b>	<b>3,100</b>	<b>3,016</b>

## 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 2020 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 2020 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 2019 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 standards and interpretations.

The principal accounting policies adopted are as set out in the Annual Report for the year ended 31 March 2020. 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 2020 from the movements in discount rates and inflation during the six months.

### 3. DIVIDENDS

No Interim dividend is proposed (paid 20 March 2020: 5.5p).

### 4. (LOSS)/EARNINGS PER SHARE

The basic and diluted (loss)/earnings per share are calculated by dividing the relevant loss after taxation of £181,000 (30 September 2019: profit £294,000) by the average number of ordinary shares in issue during the period being 2,534,322 (2019: 2,534,322). The number of shares used in the calculation is the same for both basic and diluted earnings.

### 5. EXCEPTIONAL ITEM

The exceptional item for the 6 months to 30 September 2020 relates to restructuring costs within the business.

### 6. OTHER OPERATING INCOME – GRANT FUNDING

Income has been received from government grants providing support during the Coronavirus pandemic:

JRS	£571,000
Borough Hammersmith & Fulham	£ 25,000

Income has been accounted for under the accruals method.