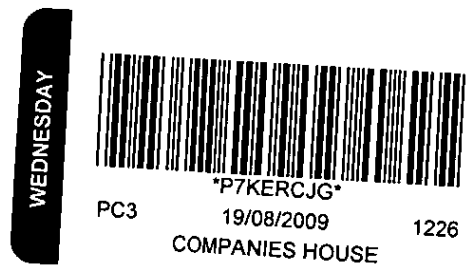


SAMUEL HEATH & SONS PLC

Report and Accounts

for the year ended 31st March 2009

SAMUEL HEATH



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SAMUEL HEATH

DIRECTORS AND OFFICERS

Directors: Samuel B. Heath*
(Chairman)
David J. Pick
(Managing Director)
Martin J. Legge * +
(Senior Non-executive)
David F. Coplestone * +
(Non-executive)
Neil Bosworth
(Manufacturing Director)
Anthony R. Buttanshaw * +
(Non-executive)

*Member of remuneration committee
+Member of audit committee

Secretary: John Park

Group Management Board: Martyn Whieldon

Registered Office: Cobden Works
Leopold Street
Birmingham
B12 0UJ
Registered No. 31942

Registrar: Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

Auditors: RSM Bentley Jennison
Charterhouse
Legge Street
Birmingham
B4 7EU

Nominated advisor and nominated broker: Evolution Securities Limited
100 Wood Street
London
EC2V 7AN

CHAIRMAN'S STATEMENT

As I warned at the half-year stage, trading collapsed at the end of September 2008. The result is that we are showing a profit before taxation for the year to 31st March 2009 of £292,000 against £1,392,000 the previous year, on sales down from £12,085,000 to £10,897,000.

Difficulties for businesses like ours have been well chronicled elsewhere and ours was certainly no exception. With a drop in sales as sudden and severe as this, it is very difficult to repair the damage immediately. Overall, but mainly on the manufacturing side of the business, we made 16% of our people redundant. A figure of £162,000 of redundancy payments is included in our profit figure.

Our profit before taxation for the first time has been enhanced by the capitalisation of Research and Development expenditure of £164,000. This now needs to be declared under International Financial Reporting Standards (IFRS), but I perhaps should point out, that the effect of this change is tax neutral.

Significant numbers of our customers have gone out of business, with regrettably no sign that this process has ended. Added to our problems was the reluctance of our credit insurers to continue cover on many of our clients, both home and overseas. This has had the bizarre effect of limiting already much curtailed sales. With these factors in mind, we have taken a cautious view of our bad debts and stock valuation.

Your Directors believe that a purchase of the Company's shares at the right price level could benefit the Company, and thereby its shareholders. Accordingly, your Directors are seeking your approval for the purchase of up to 15% of the issued share capital, 380,148 shares, between Annual General Meetings.

What of the future? It is quite clear that things are not going to return to normal in the short term. If we start to cut back on our sales and marketing side, we will do great harm to the business. We have therefore decided, for the time being, not to do so and to play the long game, which is perhaps not usual for a public company in the U.K. We understand however that in other countries, for a company of our size, this type of decision is normal. We are therefore budgeting for a manageable loss for the coming year, which only a much improved trading environment would eliminate.

The balance sheet remains strong with net assets at 31st March 2009 amounting to £6,709,000 (2008: £7,905,000). We have replaced some of our bank balances with other investments in order to protect the yield on these funds. However, in spite of the strength of this balance sheet, we feel it wise to halve the proposed final dividend to 6.25 pence per share.



Sam Heath
Chairman

9th July 2009

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 31st March 2009.

Principal activities

The Group engages in the manufacture and marketing of a wide range of products in the builders' hardware and bathroom field.

Business review and key performance indicators

A review of the business of the Group and future developments is set out in the Chairman's Statement on page 3.

The Board consider that the key financial performance indicators are those that communicate the financial performance and strength of the Company and are highlighted in the Chairman's Statement.

Financial risk management

The Group's financial risk management policies are disclosed on page 28.

Dividends

The directors recommend a final dividend of 6.25 pence per share which will be proposed as a resolution at the forthcoming Annual General Meeting.

Donations

No donations were made during the year (2008: £219).

Directors

The directors who were in office at the end of the financial year and their interests, were as follows:

<i>Beneficial interests:</i>		31st March 2009	31st March 2008
S. B. Heath	Chairman	487,081	487,081
D. F. Coplestone	Non-Executive	104,500	104,500
M. J. Legge	Senior Non-Executive	30,000	30,000
D. J. Pick	Managing Director	4,500	4,500
N. Bosworth	Manufacturing Director	1,000	1,000
A.R. Buttanshaw	Non-Executive	1,000	-
<i>Non-beneficial interests:</i>			
M. J. Legge	Senior Non-Executive	12,500	12,500

The director retiring by rotation is Mr S.B. Heath who offers himself for re-election. A Resolution will be proposed that he be re-elected.

Mr D.J. Richardson resigned as a director on 8th December 2008.

Mr A.R. Buttanshaw who was appointed on 26th September 2008 retires at the first general meeting following his appointment and offers himself for election. He does not have a service contract with the company.

DIRECTORS' REPORT

(continued)

Non-executives

Mr M. J. Legge has held a number of directorships in both public and private companies during his working life. He is the Senior Independent Director.

Mr D. F. Coplestone initially began working in the advertising agency field both in London and Birmingham. After a spell as a very successful independent selling agent, he worked for Samuel Heath & Sons PLC for 27 years.

Mr A.R. Buttanshaw is a qualified accountant and has held a number of directorships in both public and private companies during his working life.

None of the directors has a material interest in any contract of significance with the Company.

The directors confirm that there is no material relevant information that they know and of which they know the auditors are unaware.

Other major shareholdings

On 22nd June 2009, the company had been notified, in accordance with chapter 5 of Disclosures and Transparency Rules, of the following voting rights as a shareholder of the company:

	Percentage of voting rights and issued share capital	Number of shares
C. A. Heath	14.9	378,710
G. S. Heath	14.9	378,710
S. A. Perkins (née Heath)	10.8	272,810
Solid Brass AB	9.2	233,349

Employees

Full and fair consideration is given to applications for employment from disabled persons and to continuing the employment of those who become disabled while employed. The policy is to give equal opportunity for training, career development and promotion.

The awareness and involvement of employees in the Group's performance is achieved by consultation and negotiation in meetings involving employees at all levels. An active Works Committee has been in operation for many years.

Risk

The risks to the Company's future are the usual ones for an exporting manufacturing one – commodity prices, variation in currencies, which affect both our return and the price of our purchases, and the general state of trade, throughout the world.

Environment

The Company takes its environmental obligations very seriously. Our packaging is made from re-cycled materials wherever possible and any waste packaging is re-cycled locally. The Company strives to improve energy efficiencies and has made significant savings in gas and electricity usage. Solvent usage has also reduced, with any solvents that are used being in fully enclosed systems to reduce any release into the environment, any such solvent are totally re-cycled. Preparations are ongoing to seek certification of ISO 14001 "Environmental Management System". In addition we continually monitor our Carbon Footprint, with the aim of continual improvement.

DIRECTORS' REPORT

(continued)

Information to shareholders

The Company has its own website (www.samuel-heath.com) for the purposes of improving information flow to shareholders as well as potential investors.

Corporate governance

The Directors support high standards of corporate governance. As the Company is an AIM company, it is not required to comply with the provisions of the Combined Code on Corporate Governance issued in 2006 by the Financial Reporting Council (the "Code"). The Company aims to support the principles set out in the Code and complies in some areas where it considers it appropriate to do so given both the size and resources available to the Company.

Derivatives and other financial instruments

International Financial Reporting Standards require us to explain the role that derivatives and other financial instruments play in the Group's activities.

The Group is financed by operational cash flow and any surplus cash is placed short term on the money market.

Some trading takes place in foreign currencies but exposure at any one time is at a level for the Board to consider the currency risk acceptable. In addition the Group has entered into foreign exchange contracts to further mitigate potential exposure.

Supplier payment policy

The policy for payment of suppliers is to make payment in accordance with the agreed terms and conditions of trade.

At 31st March 2009 the creditor days compared to the value of supplier invoices received in the year was 23 (2008: 22).

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report each confirm the following:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

RSM Bentley Jennison have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



S.B. Heath
Chairman

9th July 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether the financial statements comply with IFRSs as adopted by the European Union.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 1985, as amended. They are also responsible for safeguarding the assets of the Group and of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT

To the shareholders of Samuel Heath & Sons PLC

We have audited the Group and Parent Company Financial Statements (the "Financial Statements") of Samuel Heath & Sons PLC for the year ended 31st March 2009 set out on pages 9 to 29. These Financial Statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the Group Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the Parent Company Financial Statements in accordance with applicable law and IFRSs are set out in the statement of directors' responsibilities on page 7.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions with the Group is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion:

- the Group and the Parent Company's Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the Group and the Parent Company as at 31st March 2009 and of the profit and cash flows of the Group and the Parent Company for the year then ended;
- the Group and Parent Company's Financial Statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the Financial Statements.

Rsm Bentley Jennison

RSM Bentley Jennison
Chartered Accountants and Registered Auditors
Charterhouse
Legge Street
Birmingham
B4 7EU

9th July 2009

SAMUEL HEATH

CONSOLIDATED INCOME STATEMENT

for the year ended 31st March 2009

	Note	2009		2008	
		£000	£000	£000	£000
				(Restated)	(Restated)
Continuing operations					
Revenue	4		10,897		12,085
Cost of sales		(5,952)		(6,293)	
Exceptional expenses (Redundancy payments)	5	<u>(162)</u>	<u>(6,114)</u>	<u>(112)</u>	<u>(6,405)</u>
Gross profit			<u>4,783</u>		<u>5,680</u>
Distribution costs			(3,036)		(3,003)
Administrative expenses			<u>(1,504)</u>		<u>(1,495)</u>
Operating profit	6		243		1,182
Finance income	8		593		778
Finance costs	9		<u>(544)</u>		<u>(568)</u>
Profit before taxation			292		1,392
Taxation	10		<u>23</u>		<u>(345)</u>
Profit for the year			<u>315</u>		<u>1,047</u>
Basic and diluted earnings per ordinary share	12		<u>12.5p</u>		<u>41.3 p</u>

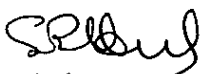
SAMUEL HEATH

BALANCE SHEETS

31st March 2009

	Note	Group		Company	
		2009 £000	2008 £000	2009 £000	2008 £000
Non-current assets					
Intangible assets	13	164	-	164	-
Property, plant and equipment	14	2,617	2,934	2,617	2,934
Investments	15	-	-	399	399
Deferred tax asset	19	284	101	284	101
		<u>3,065</u>	<u>3,035</u>	<u>3,464</u>	<u>3,434</u>
Current assets					
Inventories	17	2,654	2,787	2,654	2,787
Trade and other receivables	18	1,753	2,166	1,753	2,166
Current tax receivable		88	-	88	-
Available for sale financial assets	16	770	-	770	-
Cash and cash equivalents		571	1,728	571	1,728
		<u>5,836</u>	<u>6,681</u>	<u>5,836</u>	<u>6,681</u>
Total assets		8,901	9,716	9,300	10,115
Current liabilities					
Trade and other payables	20	(859)	(986)	(859)	(986)
Amounts owed to group undertakings		-	-	(1,052)	(1,052)
Derivative financial instruments	21	(103)	-	(103)	-
Current tax payable		-	(213)	-	(213)
		<u>(962)</u>	<u>(1,199)</u>	<u>(2,014)</u>	<u>(2,251)</u>
Non-current liabilities					
Pension scheme deficit	25	(1,015)	(360)	(1,015)	(360)
Deferred tax liability	19	(215)	(252)	(215)	(252)
		<u>(1,230)</u>	<u>(612)</u>	<u>(1,230)</u>	<u>(612)</u>
Total liabilities		(2,192)	(1,811)	(3,244)	(2,863)
Net assets		6,709	7,905	6,056	7,252
Equity					
Called up share capital	22	254	254	254	254
Capital redemption reserve		109	109	109	109
Retained earnings		6,346	7,542	5,693	6,889
		<u>6,709</u>	<u>7,905</u>	<u>6,056</u>	<u>7,252</u>
Equity shareholders' funds		6,709	7,905	6,056	7,252

The financial statements were approved by the Board on 9th July 2009 and signed on its behalf by:


 S.B. Heath
 Chairman

SAMUEL HEATH

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2009

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 31st March 2007	254	109	7,251	7,614
Actuarial losses on defined benefit pension scheme	-	-	(200)	(200)
Deferred taxation on items taken to equity	-	-	40	40
Net loss recognised directly in equity	-	-	(160)	(160)
Profit for the period	-	-	1,047	1,047
Total recognised income and expense for the period	-	-	887	887
Equity dividends paid	-	-	(596)	(596)
Balance at 31st March 2008	254	109	7,542	7,905
Actuarial loss on defined benefit pension scheme	-	-	(1,153)	(1,153)
Deferred taxation on items taken to equity	-	-	322	322
Net loss recognised directly in equity	-	-	(831)	(831)
Profit for the period	-	-	315	315
Total recognised income and expense for the period	-	-	(516)	(516)
Gains on available for sale financial assets	-	-	23	23
Cash flow hedges	-	-	(103)	(103)
Premium on purchase of own shares	-	-	(4)	(4)
Equity dividends paid	-	-	(596)	(596)
Balance at 31st March 2009	254	109	6,346	6,709

SAMUEL HEATH

STATEMENT OF CHANGES IN EQUITY (PARENT COMPANY)

for the year ended 31st March 2009

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 31st March 2007	254	109	6,598	6,961
Actuarial losses on defined benefit pension scheme	-	-	(200)	(200)
Deferred taxation on items taken to equity	-	-	40	40
Net income recognised directly in equity	-	-	(160)	(160)
Profit for the period	-	-	1,047	1,047
Total recognised income and expense for the period	-	-	887	887
Equity dividends paid	-	-	(596)	(596)
Balance at 31st March 2008	254	109	6,889	7,252
Actuarial loss on defined benefit pension scheme	-	-	(1,153)	(1,153)
Deferred taxation on items taken to equity	-	-	322	322
Net loss recognised directly in equity	-	-	(831)	(831)
Profit for the period	-	-	315	315
Total recognised income and expense for the period	-	-	(516)	(516)
Gains on available for sale financial assets	-	-	23	23
Cash flow hedges	-	-	(103)	(103)
Premium on purchase of own shares	-	-	(4)	(4)
Equity dividends paid	-	-	(596)	(596)
Balance at 31st March 2009	254	109	5,693	6,056

SAMUEL HEATH

CONSOLIDATED AND PARENT CASH FLOW STATEMENT

for the year ended 31st March 2009

	Note	2009 £000	2008 £000
Net cash inflow from operating activities	23	458	519
Cash flow from investing activities			
Purchase of property, plant and equipment		(203)	(226)
Proceeds from sale of property, plant and equipment		43	33
Purchase of intangible assets		(164)	-
Purchase of available for sale financial assets		(747)	-
Interest received		56	97
Net cash outflow from investing activities		(1,015)	(96)
Net cash outflow from financing activities			
Purchase of own shares		(4)	-
Equity dividends paid	11	(596)	(596)
Net cash outflow from financing activities		(600)	(596)
Decrease in cash and cash equivalents		(1,157)	(173)
Cash and cash equivalents at beginning of period		1,728	1,901
Cash and cash equivalents at end of period		571	1,728

NOTES FORMING PART OF THE ACCOUNTS

1. Adoption of new and revised Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1st April 2007. The adoption of the following IFRSs has not impacted upon the financial statements:

IFRIC 10 – Interim Financial Reporting and Impairment

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

*IFRS 8 – Operating Segments**IFRIC 11 – Group and Treasury Share Transactions*

These Standards and Interpretations are not expected to have any significant impact on the Group's financial statements, in their periods of initial application, except for the additional disclosures on operating segments when the relevant standard comes into effect for periods commencing on or after 1st January 2009.

2. Accounting policies*Basis of accounting*

The financial statements, upon which this financial information is based, have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS).

The comparative figures in the Income Statement have been restated merely to reflect a more conventional presentation and have no effect on the overall profitability of the Group.

The financial statements, upon which this financial information is based, have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31st March each year. Control is achieved where the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of the exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any cost directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Revenue recognition

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of VAT, discounts and rebates.

Foreign currency

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Any differences arising are written off to the income statement.

NOTES FORMING PART OF THE ACCOUNTS

(continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profits for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all, or part, of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefit costs

Defined benefit scheme

Funding surpluses or deficits that may arise in relation to the defined benefit scheme are taken directly to equity.

Defined contribution scheme

The costs of the defined contribution scheme are charged in the income statement as they fall due. Both employee and employer contributions are held in trust funds separately from the Group's finances.

Intangible assets

Research and development costs represent typical internally generated assets of relevance for the Group. Costs incurred in relation to individual projects are capitalised only when the future economic benefit of the project is probable and it is the intention of management to complete the intangible asset and use it or sell it.

Research costs are expensed as incurred.

For intangible assets with finite useful lives, amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life when the asset is available for use, as follows:

Research and development costs	20% per annum on cost
--------------------------------	-----------------------

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged, except on freehold land, so as to write off the cost or valuation of assets over their estimated useful lives using the straight-line method, on the following bases:

Freehold buildings	2% per annum on cost
Plant and machinery	10% per annum on cost
Vehicles	25% per annum on cost
Computer equipment	25% per annum on cost

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated at actual price paid. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

NOTES FORMING PART OF THE ACCOUNTS

(continued)

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction. To the extent that those proceeds exceed the par value of the shares issued they are credited to a share premium account.

Trade and other payables

Trade and other payables are not interest-bearing and are stated at their nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with a maturity of 90 days or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Hedging

The normal course of the Group's business exposes it to currency exchange rate fluctuations. In order to hedge this risk the Group has entered into foreign exchange contracts. This type of arrangement under IAS39 is classified as a "Cash Flow Hedge". The proportion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement.

3. Critical accounting and key sources of estimation***Critical judgments in applying the entity's accounting policies***

In the process of applying the entity's accounting policies, which are described above, the directors have made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

Income taxes

The Group is subject to income taxes in the United Kingdom. Judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The recoverable amounts of the Group's deferred tax assets have been determined based on the Board's estimates of future taxable profits and income and tax rates.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Retirement benefit scheme deficit

The valuation of expected returns on assets and the present value of the liabilities of the scheme are determined by assumptions and estimates made by the directors based on the current information to hand. Therefore amounts are open to fluctuations in the future due to unforeseen changes or additional factors that come to light following the year end. The assumptions and their sensitivity are disclosed in note 25.

NOTES FORMING PART OF THE ACCOUNTS

(continued)

4. Segmental analysis

The primary reporting format is by business segment and the second reporting format is by geographical area.

Primary analysis by business segment

The turnover, profit on ordinary activities and net assets of the Group are attributable to one business segment, the manufacture and marketing of products in the builders' hardware and bathroom field.

Secondary analysis by geographical area

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

Sales revenue by geographical market

	2009 £000	2008 £000 (Restated)
Overseas	4,245	4,220
Home	6,652	7,865
	<u>10,897</u>	<u>12,085</u>

No detailed analysis of overseas revenue is given as, in the opinion of the directors, the disclosure of such information would be seriously prejudicial to the interests of the Group.

5. Exceptional expenses

During the year the Group recorded an exceptional expense. This charge relates to restructuring costs and consists of redundancy payments. The prior year redundancy payments, although not presented as an exceptional item, have been disclosed as such for comparison purposes.

6. Profit for the year

Profit for the year has been arrived at after charging:

	2009 £000	2008 £000
Depreciation of property, plant and equipment	471	468
Loss/(profit) on disposal of property, plant and equipment	12	(8)
Net foreign exchange gains	<u>(198)</u>	<u>(60)</u>

7. Auditors' remuneration

	2009 £000	2008 £000
Fees payable:		
Audit services	21	22
Assurance services	1	3
Tax services	1	2
	<u>23</u>	<u>27</u>
Total fees		

SAMUEL HEATH

NOTES FORMING PART OF THE ACCOUNTS

(continued)

8. Finance income

	2009 £000	2008 £000
Gilt interest	5	-
Interest on bank deposits	51	97
Expected return on pension scheme assets	537	681
	593	778

9. Finance costs

	2009 £000	2008 £000
Interest on pension scheme liabilities	544	568

10. Income taxes

	2009 £000	2008 £000
Current taxes	(125)	211
Deferred taxes	102	134
Total income taxes	(23)	345

Corporation tax is calculated at 28% (2008: 30%) of the estimated assessable profit for the year.

Tax rate reconciliation

	2009 £000	2008 £000
Profit for the year	292	1,392
Corporation tax charge thereon at 28% (2008: 30%)	82	418
Adjusted for the effects of:		
Depreciation in excess of capital allowances	9	(9)
Marginal relief	(12)	(18)
Prior year adjustments	(37)	(2)
Research and development claim	(30)	(37)
Capitalisation of research and development expenditure	(46)	-
Loan relationships	6	-
Allowable payments to defined benefit scheme	-	(18)
Other adjustments	5	11
Total Income tax	(23)	345
Effective tax rate	(7.9%)	24.8%

NOTES FORMING PART OF THE ACCOUNTS

(continued)

11. Dividends

	2009 £000	2008 £000
Final dividend for the year ended 31 st March 2008 of 12.5 pence per share (2007: 12.5 pence per share)	317	317
Interim dividend for the year ended 31 st March 2009 of 11.0 pence per share (2008: 11.0 pence per share)	279	279
	<u>596</u>	<u>596</u>

In addition to the dividends paid during the year the directors are recommending a final dividend for 2009 of 6.25 pence per share amounting to £158,000. The proposed final dividend is subject to approval at the Annual General Meeting and has not been included as a liability in these accounts.

12. Earnings per share

The basic and diluted earnings per share are calculated by dividing the relevant profit after taxation of £315,000 (2008: £1,047,000) by the average number of ordinary shares in issue during the year being 2,534,577 (2008: 2,535,000). The number of shares used in the calculation is the same for both basic and diluted earnings.

13. Intangible assets

	Research and development costs £000
Cost	
At 31st March 2008	-
Internally developed additions	164
	<u>164</u>
At 31st March 2009	<u>164</u>
Amortisation	
At 31st March 2008	-
Charge for year	-
Disposals	-
	<u>-</u>
At 31st March 2009	<u>-</u>
Net book value	
At 31st March 2009	<u>164</u>
At 31st March 2008	<u>-</u>

NOTES FORMING PART OF THE ACCOUNTS

(continued)

14. Property, plant and equipment of the Group and of the Company

	Freehold land and buildings £000	Plant and equipment £000	Vehicles £000	Total £000
Cost				
At 31st March 2007	1,528	5,864	424	7,816
Additions	-	87	139	226
Disposals	-	-	(107)	(107)
At 31st March 2008	1,528	5,951	456	7,935
Additions	-	101	108	209
Disposals	-	(39)	(156)	(195)
At 31st March 2009	1,528	6,013	408	7,949
Depreciation				
At 31st March 2007	541	3,903	171	4,615
Charge for year	30	338	100	468
Disposals	-	-	(82)	(82)
At 31st March 2008	571	4,241	189	5,001
Charge for year	30	340	101	471
Disposals	-	(39)	(101)	(140)
At 31st March 2009	601	4,542	189	5,332
Net book value				
At 31st March 2009	927	1,471	219	2,617
At 31st March 2008	957	1,710	267	2,934

The net book value of freehold land and buildings includes £86,000 (2008: £86,000) in respect of land which is not depreciated.

15. Investments

	2009 Company £000	2008 Company £000
Shares in subsidiaries:		
Cost at 31st March 2009	852	852
Amounts written off	(453)	(453)
Net book value 31st March 2009	399	399

All subsidiary undertakings are incorporated in Great Britain, wholly owned and are dormant. The cumulative amount of goodwill purchased up to 23rd December 1998 and written off against reserves in respect of subsidiaries which remained in the Group at 31st March 2009 was £518,000 (2008: £518,000).

SAMUEL HEATH

NOTES FORMING PART OF THE ACCOUNTS

(continued)

16. Available for sale financial assets

Balances as at 31st March 2009 include UK Gilts and Corporate Bonds. These have been acquired to invest excess funds.

	2009 Group and Company £000	2008 Group and Company £000
Acquisitions	747	-
Changes in fair value recognised in equity	23	-
	770	-

The fair value of these assets is based on the current market value at the balance sheet date compared to value at acquisition.

17. Inventories

	2009 Group and Company £000	2008 Group and Company £000
Raw materials	782	654
Work in progress	995	1,123
Finished goods	877	1,010
	2,654	2,787

During the period, the group consumed £5,952,000 (2008: £6,293,000) of inventories and recognised a decrease in write-downs of £2,000 (2008: increase of £88,000).

There are no inventories pledged as security for liabilities.

18. Trade and other receivables

	2009 Group and Company £000	2008 Group and Company £000
Trade receivables	1,654	2,134
Allowance for doubtful receivables	(98)	(118)
	1,556	2,016
Prepayments and accrued income	197	150
	1,753	2,166

There is no material difference between the fair value of receivables and their book value.

Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience, and knowledge of the solvency of customers. No interest is charged on the receivables.

The Group provides for all trade receivables that are potentially irrecoverable at the reporting date. The Group does not hold any collateral over the balances that are overdue.

NOTES FORMING PART OF THE ACCOUNTS

(continued)

18. Trade and other receivables (continued)

	2009 Group and Company £000	2008 Group and Company £000
Allowance for doubtful receivables		
Balance at 31st March 2008	118	108
Provision for the year	4	21
Utilised in the year	(24)	(11)
Balance at 31st March 2009	<u>98</u>	<u>118</u>

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful receivables above.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

19. Deferred tax

Group and Company	Asset £000	Liability £000
At 31st March 2007	235	292
Charge to income	(174)	(40)
Credit to equity	40	-
At 31st March 2008	<u>101</u>	<u>252</u>
Charge to income	(139)	(37)
Credit to equity	322	-
At 31st March 2009	<u>284</u>	<u>215</u>

The asset is in respect of the retirement benefit scheme and the liability in respect of accelerated tax allowances.

20. Trade and other payables

	2009 Group and Company £000	2008 Group and Company £000
Trade payables	544	515
Accruals and deferred income	118	131
Social security and other taxes	197	340
	<u>859</u>	<u>986</u>

The directors consider that the carrying amount of trade payables approximates to their fair value.

NOTES FORMING PART OF THE ACCOUNTS

(continued)

21. Derivatives financial instruments and hedge accounting

At 31st March 2009 the Group has in place derivatives held for cash flow hedging purposes only.

Forward currency contracts

Contract	Amount	Reference Currency	Maturity	Fair Value £000
Forward currency contract	1,000,000	USD	30 Oct 2009	36
Forward currency contract	750,000	EURO	30 Oct 2009	67
				<u>103</u>

The purpose of these contracts is to mitigate the fluctuations of expected sales (forecast) denominated in USD and the EURO. The fair value of forward currency contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the balance sheet date.

22. Share capital

	2009 £000	2008 £000
Authorised:		
5,000,000 Ordinary shares of 10 pence each	<u>500</u>	<u>500</u>
Issued and fully paid:		
2,534,322 (2008: 2,535,322) ordinary shares of 10 pence each	<u>254</u>	<u>254</u>

During the year the Company purchased 1,000 of its own shares at a price of £4.15 each.

23. Notes to the cash flow statement

	2009 £000	2008 £000
Results from operating activities	243	1,182
Depreciation of property, plant and equipment	471	468
Loss/(gain) on disposal of property, plant and equipment	12	(8)
Operating cash flows before movements in working capital	<u>726</u>	<u>1,642</u>
Decrease/(increase) in inventories	133	(142)
Decrease/(increase) in receivables	413	(31)
Decrease in payables	(133)	(197)
Pension contributions	(505)	(510)
Cash generated by operations	<u>634</u>	<u>762</u>
Income tax paid	(176)	(243)
Net cash flow from operating activities	<u>458</u>	<u>519</u>

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

SAMUEL HEATH

NOTES FORMING PART OF THE ACCOUNTS

(continued)

24. Particulars of staff

The average number of persons employed by the Company (including directors) was 158 (2008: 175).

	2009 £000	2008 £000
The total staff costs were as follows:		
Wages and salaries	3,891	4,215
Social security costs	365	398
Pension scheme costs	285	298
	<u>4,541</u>	<u>4,911</u>
Directors' remuneration	423	496
Pension contributions (Salary sacrifice)	23	32
	<u>446</u>	<u>528</u>
Employer's pension contributions	68	65
	<u>514</u>	<u>593</u>
The amounts paid in respect of the highest paid director were as follows:		
Remuneration	138	162
Pension contributions (Salary sacrifice)	10	13
	<u>148</u>	<u>175</u>
Employer's pension contributions	32	28
	<u>180</u>	<u>203</u>
Accumulated total accrued pension at the year end	<u>43</u>	<u>43</u>

NOTES FORMING PART OF THE ACCOUNTS
(continued)

25. Retirement benefit schemes

The Company operates a defined benefit pension arrangement called the Samuel Heath & Sons Plc Combined Pension Scheme (the Combined Scheme). The Combined Scheme is the result of the merger into the Samuel Heath & Sons Plc Combine Pension Scheme of the Samuel Heath & Sons Plc Staff Pension & Life Assurance Scheme which took place on 31st March 2006. Both schemes had previously closed to future benefit accrual from 30th April 2005.

The most recent valuation of the Combined Scheme was carried out as at 31st March 2007. The liabilities were calculated using the defined accrued benefits method and assumed:

- long-term investment returns of 7.5% pa for the period before a member retires and 5.5% pa for the period after a member has retired
- long-term future inflation rates of 3.0% pa
- mortality rates based on the PA1992 year of birth mortality tables with medium cohort future improvements, as published by the Continuous Mortality Investigation Bureau

The 2007 actuarial valuation showed the market value of the Combined Scheme's assets to be £10,324,000 (excluding Additional Voluntary Contributions), compared with the value of the accrued benefits of £9,224,000. There were therefore sufficient assets to cover 112% of the accrued benefits, based on the long-term funding assumptions.

The assets of these now combined schemes are held separately from those of the Company and Citigroup Quilter manage these assets.

The major assumptions used by the actuary were:	2009	2008	2007
	%	%	%
Inflation	2.50	3.35	3.00
Rate of increase in pension payment	2.50	3.35	3.00
Discount rate	7.00	6.45	5.30

Equity returns are developed based on the selection of an equity risk premium above the risk free rate, which is measured in accordance with the yield on UK government bonds. Bond returns are selected by reference to the yields on government and corporate debt as appropriate.

Mortality assumptions

The mortality tables were reviewed as part of the actuarial valuation as at 31st March 2007. The current tables reflect expected future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2009	2008	2007
Retiring today:			
Male	22.0	22.0	20.1
Female	24.8	24.8	23.1
Retiring in 20 years:			
Male	23.1	23.1	20.1
Female	25.9	25.9	23.1

NOTES FORMING PART OF THE ACCOUNTS

(continued)

25. Retirement benefit schemes (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities £000
Discount rate	Decrease by 0.5%	Increase by 667
	Increase by 0.5%	Decrease by 548
Rate of inflation	Decrease by 0.5%	Decrease by 325
	Increase by 0.5%	Increase by 383
Rate of mortality	Decrease by 1 year	Decrease by 144
	Increase by 1 year	Increase by 142

Amounts recognised within finance income/costs are as follows:

	2009 £000	2008 £000
Expected return on pension scheme assets	(537)	(681)
Interest on pension scheme liabilities	544	568
	<u>7</u>	<u>(113)</u>

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit scheme is as follows:

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Present value of defined benefit obligations	5,586	9,365	10,063	9,668	7,482
Fair value of scheme assets	(6,601)	(9,725)	(10,846)	(10,820)	(9,755)
Deficit in scheme	(1,015)	(360)	(783)	(1,152)	(2,273)
Related deferred tax asset	284	101	235	346	682
Net liability	<u>(731)</u>	<u>(259)</u>	<u>(548)</u>	<u>(806)</u>	<u>(1,591)</u>

	2009 £000	2008 £000
Deficit at 31st March 2008	360	783
Company contributions	(505)	(510)
Other finance income	7	(113)
Actuarial losses	1,153	200
Deficit at 31st March 2009	<u>1,015</u>	<u>360</u>

NOTES FORMING PART OF THE ACCOUNTS

(continued)

25. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations are as follows:

	2009 £000	2008 £000
As at 31st March 2008	9,725	10,846
Interest cost	544	568
Benefits paid	(2,219)	(261)
Actuarial gain	(1,449)	(1,428)
As at 31st March 2009	<u>6,601</u>	<u>9,725</u>

Movements in the fair value of the scheme assets were as follows:

	2009 £000	2008 £000
As at 31st March 2008	9,365	10,063
Expected returns on assets	537	681
Employer contributions	505	510
Benefits paid	(2,219)	(261)
Actuarial loss on assets	(2,602)	(1,628)
As at 31st March 2009	<u>5,586</u>	<u>9,365</u>

The analysis of the scheme assets is set out below:

	2009	2008	2007
Equity	62%	61%	62%
Corporate bonds/Gilts	35%	13%	9%
Property	1%	10%	24%
Cash	2%	16%	5%

History of experience gains and losses:

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Difference between the expected and actual return on scheme assets	(2,602)	(1,628)	(167)	1,312	260
Experience gains and (losses) on scheme liabilities	(163)	311	-	-	(111)
Total actuarial gains and (losses) recognised	(1,153)	(200)	(301)	677	(29)

NOTES FORMING PART OF THE ACCOUNTS

(continued)

26. Financial instruments: information on financial risks

Categories of financial instruments:

	2009 Group and Company £000	2008 Group and Company £000
Financial assets		
Trade and other receivables	1,753	2,166
Cash and cash equivalents	571	1,728
	<u>2,324</u>	<u>3,894</u>
Financial liabilities		
Trade and other payables	<u>859</u>	<u>986</u>

Financial risk management policies

The main market risks to which the Group is exposed are interest rates and foreign exchange. There is also exposure to credit risk and liquidity risk. The Group monitors these risks and will take appropriate action to minimise any exposure through the use of natural hedges.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2009 £000	2008 £000	2009 £000	2008 £000
US Dollar	-	-	267	302
Euro	7	6	198	314

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of US Dollar and the Euro.

In the opinion of the directors a 5% increase or decrease in sterling against the US Dollar and Euro would not have a material effect on the profit for the year and equity.

NOTES FORMING PART OF THE ACCOUNTS

(continued)

26. Financial instruments: information on financial risks (continued)**Credit risk**

The Group controls its exposure to credit risk by setting limits on its exposure to individual customers and compliance is monitored by management. As part of the process of setting customer credit limits, different external credit reference agencies are used, according to the country of the customer. There are no significant concentrations of credit risk.

The table below illustrates the financial assets ageing analysis:

	2009 Group and Company £000	2008 Group and Company £000
Financial assets		
Less than 30 days	2,107	3,809
31 to 60 days	52	48
61 to 90 days	51	8
91 to 120 days	46	16
Over 120 days	68	13
	2,324	3,894

"Less than 30 days" includes short term deposits with a less than 30-day maturity that are classified as Cash and cash equivalents.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

25. Transactions with related parties

There have been no related party transactions during the year.

28. Events after the balance sheet date

The financial statements were authorised for issue on 9th July 2009, and at this date the Directors are unaware of any events that would affect these financial statements.

NOTICE OF MEETING

Notice is hereby given that the one hundred and nineteenth Annual General Meeting of the Company will be held at the registered office of the Company, Leopold Street, Birmingham, on 14th August 2009 at 12.00 noon.

The general business of the meeting will be to consider and, if thought fit, pass the following resolutions:

1. That the Directors' report and audited accounts for the year ended 31st March 2009 be approved and adopted.
2. That a final dividend for the year ended 31st March 2009 of 6.25 pence per share be declared payable on 21st August 2009 to ordinary shareholders registered at the close of business on 24th July 2009.
3. That Mr S.B. Heath who retires by rotation be re-elected a director.
4. That Mr A.R. Buttanshaw who retires at the first general meeting following his appointment be elected a director.
5. That RSM Bentley Jennison be reappointed as auditors and that the directors be authorised to determine their remuneration.

As special business to consider and, if thought fit, to pass the resolutions of which Resolutions 6 and 7 will be proposed as an Ordinary Resolution and Resolution 8 as a Special Resolution.

6. That the company be authorised, pursuant to Article 10 of the Articles of Association of the Company, to make market purchases (within the meaning of Section 163 of the Companies Act 1985) on the London Stock Exchange up to a cumulative maximum of 380,148 ordinary shares of 10 pence each in the capital of the Company at a price of not less than 10 pence per ordinary share and not more than 5% above the average of the middle market quotations of the ordinary shares as derived from the Stock Exchange Daily Official List on the 5 dealing days before the purchase.

The prices specified above are exclusive of expenses.

The authority hereby conferred shall expire at the next Annual General Meeting unless previously varied, revoked or renewed by the Company in General Meeting, provided that the Company shall be permitted to make any contract of purchase of any such shares which will or may be executed wholly or partly after the authority hereby conferred shall have expired.

7. That the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution for any authorities previously granted to the Directors), pursuant to Section 80 of the Companies Act 1985 ("the Act"), to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £25,343 provided that this authority shall expire on 13th August 2014 save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

NOTICE OF MEETING

- 8 That the Directors of the Company be and they are hereby empowered pursuant to Section 95(1) of the Act to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the authority conferred by Resolution 7 as if Section 89(1) of the Act did not apply to any such allotment, PROVIDED THAT this power shall be limited to a) the allotment of equity securities in connection with or pursuant to an offer by way of rights issue or open offer to the holders of equity shares in the Company in proportion (as nearly as may be) to such holders' holdings of such shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise and b) the allotment (otherwise than pursuant to (a) above) of equity securities for cash up to an aggregate nominal amount of £25,343 provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company or, if later, 15 months from the passing of this resolution, save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.

By order of the Board

J. Park



Secretary

9th July 2009

Notes:

1. Any member entitled to attend and vote at the above Meeting may appoint one or more persons as proxies, who need not also be members, to attend and vote on his behalf. Proxy forms must be lodged with the Registrar not later than 48 hours before the time fixed for the meeting.
2. A statement of the share transactions of each director for the twelve months to 30th June 2009 is available for inspection at the registered office during usual business hours on any weekday (excluding Saturdays and public holidays) until 13th August 2009 and will also be available at the Annual General Meeting from 11.45 a.m. until 15 minutes after the meeting is closed.

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Leopold Street, Birmingham, B12 0UJ, England