JAMES HALSTEAD PLC
Released 07:00:06 01 October 2020
RNS Number : 6743A

JAMES HALSTEAD PLC

1 October 2020

JAMES HALSTEAD PLC

PRELIMINARY ANNOUNCEMENT OF AUDITED RESULTS

FOR THE YEAR ENDED 30 JUNE 2020

"*It was the best of times (in the first three quarters), it was the worst of times (in the last quarter). A creditable performance.*"

Key Figures

- Revenue at £238.6 million (2019: £253.0 million) – down 5.7%
- Profit before tax £43.9 million (2019: £48.3 million) – down 9.2%
- Earnings per 5p ordinary share of 16.5p (2019: 18.2p) – down 9.3%
- Final dividend per ordinary share proposed of 10.0p (2019: 10.0p) which with the interim dividends of 4.25p (2019: 4.0p) takes the total dividend to 14.25p (2019: 14.0p) – an increase of 1.8% and once again a record dividend
- Cash £67.4 million (2019: £68.7 million)

Mr Mark Halstead, Chief Executive, commenting on the results, said:

"In a year that was on track to be our best ever, the global pandemic challenged our teams across the world and it is pleasing to note that we were not found wanting. We undertook many notable projects as diverse as the renovation of Moscow subway trains and NATO barracks in Lithuania. The year started with dealing with the effects of a major production line breakdown through to a record half year in terms of sales and profit followed by a final three months of pandemic disruption. Against the backdrop I rate our team's performance as five star."

Enquiries:

James Halstead:

Mark Halstead, Chief Executive — **Telephone: 0161 767 2500**

Gordon Oliver, Finance Director

Hudson Sandler:

Nick Lyon — **Telephone: 020 7796 4133**

Nick Moore

Panmure Gordon (NOMAD & Joint Broker):

Dominic Morley — **Telephone: 020 7886 2500**

WH Ireland (Joint Broker):

Ben Thorne / Chris Hardie — **Telephone: 0207 220 1666**

CHAIRMAN'S STATEMENT

Results

For the first time in over a generation we are not reporting record earnings per share.

Turnover for the year at £238.6 million (2019: £253.0 million) is some 5.7% below last year with the period April through to June 2020 showing significant decline as the global lockdown initiatives curtailed normal business with most of our businesses worldwide resulting in profit before tax at £43.9 million (2019: £48.3 million), down 9.2%. Perhaps it is worth noting that extrapolating the numbers based on performance for the first nine months we reasonably would have expected turnover to have been circa £25 million higher and profits some £7 million higher.

In reporting these figures we have, as a board, considered our approach and actions in the difficult months of the lock-downs that were thrust upon most of our businesses and asked what we should have done differently. In short, even with hindsight, we as a board feel the decisions and actions were correct and that the depth and quality of our senior teams' experience proved, once again, our capability and resilience.

Crucially in February and March we refocused production on the assumption of excess healthcare demand and concentrated on maintaining output whilst altering working practices to minimise risk to our employees.

These results are more than gratifying against the backdrop that all our major markets faced.

Our business was awarded the title Contract Flooring Manufacturer of the year, gratifying as the voting is by the floor laying contractors that install our products.

The company and our strategy

James Halstead plc is a group of companies involved in the manufacture and supply of flooring for commercial and domestic purposes, based in Bury UK. James Halstead plc has been listed on the London Stock Exchange for more than 70 years.

The group was established in 1914 and continues to operate out of the original premises in Bury. In its factories in Bury and Teesside it manufactures resilient flooring for distribution in the UK and worldwide.

The company's strategy is to enhance the brand identity thereby generating and enhancing goodwill and customer satisfaction with the aim of achieving repeat business. This approach is designed to increase revenue and consequently profitability and cash flow to enable the continuation of dividends thereby creating shareholder wealth. As a manufacturer our supply is in bulk to distributors responsible for regional and local delivery. Key to the company ethos is having dedicated sales personnel to present our product to end users and specifiers rather than to delegate the representation of products to stockists. Our businesses are totally flooring focused and by far and away the majority of this flooring is commercial.

Over many years our strategy has also included a policy of continual investment in both process improvement and in product development to improve output efficiency and product offering.

Corporate governance and corporate social responsibility

The Board has over many years recognised its responsibility towards good corporate governance. It is part of our character and, I believe, contributes to our ability to deliver long-term shareholder value. Increasingly companies are, quite rightly, tasked with demonstrating their environmental credentials, supply chain management with social and economic dimensions and stewardship.

Polyflor is certified to Quality Management System ISO9001 and ISO14001 to underline our robust environmental procedures. We are certified to BES9001 the standard for responsible sourcing which takes our credentials beyond our own factories to our suppliers. Added to this is our SA8000 accreditation based on the UN declaration of human rights that audits supplier provision of sound workplace and standards. Our commitment to our employees continues and this year saw one of our shop floor workers achieve the milestone of 50 years with the business.

We continue to be active members of trade bodies that bring standards across the industry for example the European Resilient Flooring Manufacturing Institute ERFMI (where our Technical Director is President). We publish, annually, a sustainability report, although given the disruption of the recent few months it will be a much briefer interim report.

Dividend

Profits and earnings per share have slightly decreased but we continue un-geared. Our cash balances stand at £67.4 million (2019: £ 68.7 million), even after dividends paid in the last year that amounted to £25.2 million, increased pension scheme payments of £4.1m and taxation of £11.6 million. Our cash reserves continue as the foundation of our strong balance sheet. I, and the Board, believe that the work done on control of working capital during the final quarter of the year was sterling.

It is pleasing to report that the Board proposes at this point, and subject to the approval of the shareholders at the upcoming AGM, to pay a final dividend. The final dividend will be 10.0p (2019: 10.0p). This, combined with the interim dividends paid in June and September totalling 4.25p (2019: 4.0p), makes a total of 14.25p (2019: 14.0p) for the year, an increase of 1.8%.

This is, yet again, a record level of dividend.

Acknowledgements

My thanks go to our staff in the UK and around the world whose hard work continues to allow us to increase our business. This year has been particularly challenging as we all faced uncertainties and a particular mention to those who have worked hard on the safeguards we have. I would also like to thank two of our competitors (Altro Group plc and Amtico International Ltd) for their assistance with PPE during the lockdown period.

Outlook

Currently, some three months into the new trading year, our sales are on a par with the record trading of the comparative period. Business has bounced back with refurbishment in many sectors buoyant, but with difficulties in sectors such as catering/hospitality.

Looking ahead there are two external factors that cloud a clear view of the current year – the pandemic and the final exit of the UK from the European Union. There are many reasons to believe that a second wave of the virus will not lead to a second major lock down – better knowledge and treatments within healthcare, greater awareness of social distancing and greater testing capability. That said the effects of targeted lockdowns does mean uncertainty is ongoing and we cannot say that the worst is past.

Despite these doubts I can only be confident of continued progress in the coming year. Both these issues will, no doubt, have an impact on the forthcoming financial year but, I believe, we have the experience and ability to move forward with confidence.

Healthcare has always been an area of core competence for our businesses and alongside the urgent demands of our NHS we have supplied flooring to 12 modular hospitals in Argentina, 13 hospitals in Mexico and 11 hospitals in South Africa. The pandemic tested supply chains but across the globe we have supplied from our stockholdings. Notwithstanding these sales our business has suffered as building projects are delayed and it is far from business as usual in many parts of the world.

I, and the Board, are confident of another solid year tempered by the uncertainties that currently abound.

Anthony Wild
Chairman

CHIEF EXECUTIVE'S REVIEW

At this time last year, we thought the major challenge would be the fast approaching implications of "Brexit", but we were tasked with something on a different scale entirely.

We drew on a wealth of experience to protect our company, our leading market position and our stakeholders. In most markets we, as manufacturers, deliver bulk for wholesalers and distributors who in turn break that bulk. Many of our distributors were closed and thus we faced the challenge of organising and fulfilling much smaller despatches to health providers across the UK, Europe and the rest of the world. In this task we were successful.

Worthy of note were the various government funding initiatives that were put in place across many markets. At the start of the lockdowns we assessed liquidity and debtor risk as major issues, but these did not, by and large, transpire. The contrast with the 2008 recession was stark and it can only be said that various government initiatives appeared to have been a success in the continuity of liquidity. In terms of our sector, flooring, we were well aware of the types of flooring that would be in immediate demand for the healthcare sector, not least because of our prior experience during the SARS-Cov-1 outbreak many years ago.

Turnover at £238.6 million (2019: £253.0 million) was 5.7% down on the year. The UK sales at £78.9 million (2019: £88.6 million) were 10.9% below last year. Overseas sales were 2.9% below last year. The shortfalls all came in the period April to June 2020.

Profit before tax at £43.9 million (2019: £48.3 million) was 9.2% below last year and though we traded profitably in the period April to June 2020 the shortfall in turnover inevitably lead to a major fall in profits.

It has been many years since we have seen profits fall, but these were far from normal times. I am very encouraged by the actions and efforts of our key staff during those difficult weeks when the news seemed to get progressively worse. Our focus was to protect our workforce and our company and to continue to supply our global market. To date we have succeeded.

Reviewing the businesses in more detail:

Objectflor / Karndean and James Halstead France, our European operations

Sales overall were slightly behind the prior year by 2.7% which also had an impact on profitability. The area of slowdown can be ascribed to the pandemic as there was a downturn in retail shop fitting in terms of refurbishment and new store openings. The business supplies a number of "private-label" collections to various buying groups which are refreshed on a two/three year cycle and, consequently, sales in these ranges reduced as the ranges approach re-launch in the coming financial year. Our own branded ranges however showed increases in sales. There were several product launches in the year including Expona Simplay 19dB and Expona Puzzle (an interlocking tile) both of which are loose lay products (ie not requiring glue). Loose lay flooring is seen as a growth area and we have developed over the last years a comprehensive offering in this area. These projects included the World Fashion Center in Amsterdam and Le Théatre des Folies Bergère, Paris.

Alongside expansion of the vinyl ranges we have launched a range of carpet tiles in these markets branded as Expona. This range closely aligns with our LVT ranges and will act as both complementary sales as well as new market segments. Our Expona carpet tiles have been installed in the Friedrich-Ebert-Allee in Bonn which is a very high profile office development that includes retail space and a museum. Another example of Expona carpet are the Mima Furniture Stores in Croatia.

Furthermore, the Saarflor (rubber sheet) range has been updated and is being sold across the European markets. Polyflor sheet vinyl sales continue to grow with Polyflor "Trend" fitted in many branches of Toys "r" Us across Germany and "Palettone" installed at Kliniken der Stadt Köln-Merheim (municipal hospitals of the City of Cologne in the district of Merheim).

Geographically, prior to the crisis most of the markets were showing performance ahead of the prior year, most significantly growth was experienced in France and Eastern markets with Germany and Austria performing well. Different markets had different levels of lock down of which France and Austria were the most significant. In France our route to market is generally through distribution and these outlets tend to also sell paint and the majority remained open and instigated "click and collect" which reduced the downside of the lockdown to our trade. Our French business continues to secure prestigious clients of which just one example is the Nestlé Waters headquarters is Issy-les-Moulineaux. The central European markets have recovered well following release of the restrictions and in France we are seeing the start of enquiries in advance of the 2024 Paris Olympics though it is noticeable that larger projects in general are being delayed.

Polyflor Pacific – encompassing Australia, New Zealand and Asia

Turnover in the region was down 4% at constant exchange rates (7% down when foreign exchange movements are included). Profit was however 11% ahead of last year as a result of a better mix of sales and strong control of costs.

Our Australian business faced a series of issues during the course of the year including bush fires that were widespread in the most populous states, an ongoing drought that severely impacted the New South Wales economy, a relatively weak economy and the significant depreciation of the Australian dollar against the US dollar. In addition, of course, the pandemic. Furthermore, the plant breakdown in Radcliffe affected supply of stock for some time during the mid-part of the financial year. Sales in Australia have fallen slightly against the prior year (3.7%) although increased margins coming from sales mix and lower costs has resulted in slightly higher profits. A particularly creditable result given the list of adversities.

The Australian business has continued to operate throughout the period and managed to continue to supply despite the various local restrictions that were in place. As with a number of our businesses good levels of local stock assisted in us being able to take opportunities from competitors where they were unable to supply, either because of issues within their supply chain or them having closed their operations. Polyflor (UK) continued despatches to Australia and New Zealand at normal levels in spite of the local lockdowns in anticipation that sales would quickly return to normal due to the majority of sales being refurbishments.

Our Australian business is strong both in the commercial and domestic sectors, and we have found that softening in the commercial markets has been offset by stronger domestic demand, which is thought, partly at least, to be a factor of travel restrictions meaning people taking fewer holidays and, instead, investing in their own property. The team have updated the local website and complemented this with new social media platforms whilst revamping the sampling processes across the continent and increasing sales representation in New South Wales and South Australia.

The New Zealand business, under new local management from the latter quarter of last year has shown significant growth in sales and profit for the first three quarters of the year. The business was closed for a seven week period during which New Zealand's commercial activities were forced to cease. New Zealand faced the most stringent lockdown of any market in which we operate. Some government support was received in this period which, combined with savings in overheads, has eased the impact on profit which came from low sales activity. Sales ended up lower than the prior year as a result of this, however post lockdown activity levels are showing good recovery. Despite this, profits for the full year were noticeably higher.

Towards the end of the year we re-secured the Kianga Ora (New Zealand's social housing provider) contract for a period of four years. This project takes product manufactured in our Manchester plant.

We continue to increase our sales resource in several of the Asian markets, including Indonesia, Malaysia and Singapore whilst also investing in more localised stocks. A warehouse has been established in Shanghai during the year to service the market locally. This initiative is in its infancy. Early signs suggest that it is having a positive impact on sales overall. Our social media and marketing are also being developed to be more localised in nature to facilitate a better understanding of our offering in these markets. China continues to be an important market but with the competitive situation there as rigorous as ever.

Polyflor & Riverside Flooring, based in UK

Turnover for the year was 7.2% below the prior year comparative and profit was 12% down. The loss of turnover and increased cost of working in the period of the UK lockdown is the causal factor behind these results. Looking at the turnover in more detail the UK turnover was down 10.9% against the prior year, sales from Polyflor to our overseas subsidiaries were level with the prior year and exports to third parties were 2.7% down. The closure by lockdown of the UK and several of our major customers was the reason for the decline. Extrapolating the period to the end of March we were expecting about 8-10% growth.

Polyflor is the engine behind the growth of our UK and overseas trade and there were several major product launches in the course of the year which, I believe, underline our market leading position. In August 2019 the Expona Design collection was re-launched with 24 new innovative designs of heavy duty commercial luxury vinyl tiles. These ranges have exceeded expectations for increased sales.

I would also note that the new ranges that we brought to market in the early months of 2019 have also proved to be very successful. Firstly, Polysafe Quicklay, a vinyl sheet that can be installed without adhesive (even on damp sub-floors) has been very well received and was the floor of choice for very many of the healthcare initiatives during the early stages of the pandemic and indeed broadened greatly the general acceptance by the conservative floor layers of a "glue – free" installation. In addition, Expona EnCore Rigid loc, our commercial luxury tile that is also adhesive free has been very successful and featured in some depth in the BBC renovation show "Your Home Made Perfect". It is clear that quality commercial flooring can gain market share in the domestic market, though our focus remains in the commercial sector. Projects of note in the year include Ibrox Stadium refurbishment, Knock Airport in County Mayo and Glenfield Hospital in Leicester.

As noted in last year's report the Radcliffe factory suffered a major breakdown in June 2019 that closed one of our four production lines. This ceased supply from that line for some 12 weeks into the current year and whilst the management team tried to manage stock and the adverse effects on sales there were projects that we lost most noticeably in export markets and in particular our Australian subsidiary.

Riverside, the manufacturing facility at Teesside saw sales of its product increase during the year by more than 10% and reported an increase in profits. The Polyflor sales team in Oldham have marketed and shipped the Riverside portfolio to an increasing number of countries despite the UK sales being decimated by the UK lockdown. A commendable result.

The lockdown of the UK from late March 2020 was a major focus of efforts in the year. Our production by-and-large continued but it was at increased cost due to the lower output and ancillary costs.

Polyflor Nordic comprising Polyflor Norway based in Oslo and Falck Design based in Sweden

Sales across this region are broadly comparable with those of the prior year in what has been a difficult year in both markets. Business continued to be soft however a few individually significant projects were delivered. Sales mix is weighted more towards our own product suite through the trading year, and whilst this has the consequence of reducing margins locally it is more beneficial to the group as a whole.

Although there were restrictions regarding the national response to the pandemic in Norway the business remained open throughout. To keep their economy more active, restrictions in Sweden were less severe however some negative commercial impacts came later in the year as the economy and refurbishment slowed. There were many education projects in Sweden with examples being Orkerstern School, and the Svärtingeschool. Across the Scandinavian region, competitors had problems supplying some specifications to the advantage of our businesses where we were able to supply from stocks locally or from the UK. This is a trend that has continued into the new financial year.

Polyflor Canada, based in Toronto

As has been the case every year since the business was established, we have increased sales, with a further 6.2% added this year compared to the last. The growth continues to come from the territories in which we have our own dedicated sales force, those being Ontario, British Columbia and Ottawa.

As the business supplies the healthcare sector it was able to remain open as an essential supplier and continue to operate during the period of restrictions in Ontario. Healthcare and education remain key sectors for this business selling our core ranges of products. Sales of luxury vinyl tiles have also increased significantly over the period in what is a very competitive market. Our product offerings are attractive given the quality of designs and product presentation. The City of Orillia Public Library, Trattoria Nervosa Kitchen in Toronto and Loblaw's Toronto headquarters are examples of key projects supplied in the year.

Polyflor India, based in Mumbai

The trend of increasing growth since the inception of this business came to an end during the year with project specifications facing delays / funding problems and failing to materialise as sales.

The slowdown was compounded by the effects of the pandemic that effectively closed the business operations for a three month period. The majority of sales are new projects and our business in India has a far lower level of refurbishment than any other market in which we operate. Sales have therefore retrenched significantly in this current period and we pared back some of the operations accordingly. Notwithstanding these issues, projects completed included Johnson & Johnson Pharma in Mumbai and Mark & Space Telesystems, Gurgaon.

Several significant projects have been delivered post year end in the healthcare and pharmaceutical sectors, including material for a manufacturing plant that will be producing one of the leading vaccines currently being trialled.

Rest of the World

The Polyflor export and marketing offices, based in Royton, continue to support our international businesses and to directly sell via a global network of representatives, agents and distributors.

During the year the export team and our Pacific Asia team have worked hard to increase our presence in the Far East. We have added dedicated sales representatives in Malaysia, Indonesia and Singapore working close with the long established Polyflor Hong Kong and reporting to the regional director in Australia. A major programme of presentations across the regions has re-invigorated the many contactors and architects we have dealt with over the years and presented the company and its products to a much wider audience. With Facebook and Instagram accounts added for Malaysia, Thailand, Vietnam Singapore, Indonesia and Tawain and the Philippines. In addition, our corporate websites have been re-vamped and social media sites for Wechat, Weibo and LinkedIn are all adding to the business and feeding enquires.

Our first full year with a sales office in Bogota, Colombia has seen good progress with projects across the region including Argentina, Chile, Brazil and Mexico. The team have not only increased the support to existing distributors in the region but also brought new opportunities and contacts with projects such as the Industrial Hospital Medical Centre in Puerto Rica.

Other local representatives working locally but reporting to Polyflor continue to represent us in Romania, Indonesia, the Czech Republic and Hungary. Project Livesport in Prague being just one example. In March, we appointed an experienced Spanish sales manager, who is already securing Polyflor specifications not only in Spain but in other Spanish speaking countries. The representative office in the Middle East is now underpinned with stock warehoused in the United Arab Emirates and supporting increased business in Dubai, Oman, Qatar and Saudi Arabia. During the year we supplied six emergency hospitals in the UAE, three more in Qatar and four in Jordan.

The 100,000 square metres of Polyflor Voyager XL that was shipped to refurbish the Moscow subway trains was a notable project. This subway is the fourth longest in the world with some seven million daily users. In addition, the supply of Palettone to the National Hospital of Iceland in Landspitali was also of note.

<u>In conclusion</u>

I, and the Board, are confident of another solid year tempered by the uncertainties that currently abound.

In several markets there is general sentiment that the cost of the recent months will lead to economic slowdown, business closures and increased unemployment. That said we have seen a very sharp return to prior levels which may, in part, be pent-up demand but equally there is demonstrable evidence of ongoing demand where there are buoyant sectors such as modular buildings.

Mark Halstead
Chief Executive

Audited Consolidated Income Statement
for the year ended 30 June 2020

	Year ended 30.06.20 £'000	Year ended 30.06.19 £'000
Revenue	**238,630**	253,038
Cost of sales	**(138,262)**	(144,236)
Gross profit	**100,368**	108,802
Selling and distribution costs	**(45,297)**	(49,149)
Administration expenses	**(10,936)**	(11,279)
Operating profit	**44,135**	48,374
Finance income	**382**	357
Finance cost	**(660)**	(455)
Profit before income tax	**43,857**	48,276
Income tax expense	**(9,502)**	(10,484)
Profit for the year attributable to equity shareholders	**34,355**	37,792
Earnings per ordinary share of 5p:		
-basic	**16.5p**	18.2p
-diluted	**16.5p**	18.2p

All amounts relate to continuing operations.

<u>Audited Consolidated Balance Sheet</u>
as at 30 June 2020

	As at 30.06.20 £'000	As at 30.06.19 £'000
Non-current assets		
Property, plant and equipment	**38,520**	37,449
Right of use assets	**5,872**	-
Intangible assets	**3,232**	3,232
Deferred tax assets	**4,334**	3,261
	51,958	43,942
Current assets		
Inventories	**68,542**	69,921
Trade and other receivables	**28,361**	32,816
Derivative financial instruments	**73**	372
Cash and cash equivalents	**67,445**	68,664
	164,421	171,773
Total assets	**216,379**	215,715
Current liabilities		
Trade and other payables	**47,444**	58,354
Derivative financial instruments	**883**	684
Current income tax liabilities	**773**	3,419
Lease liabilities	**2,568**	-
	51,668	62,457
Non-current liabilities		
Retirement benefit obligations	**23,216**	19,582
Other payables	**449**	419
Lease liabilities	**3,371**	-
Preference shares	**200**	200
	27,236	20,201
Total liabilities	**78,904**	82,658
Net assets	**137,475**	133,057
Equity		
Equity share capital	**10,407**	10,407
Equity share capital (B shares)	**160**	160
	10,567	10,567
Share premium account	**4,072**	4,044
Capital redemption reserve	**1,174**	1,174
Currency translation reserve	**5,601**	5,265
Hedging reserve	**(37)**	(21)
Retained earnings	**116,098**	112,028
Total equity attributable to shareholders of the parent	**137,475**	133,057

Audited Consolidated Cash Flow Statement
for the year ended 30 June 2020

	Year ended 30.06.20 £'000	Year ended 30.06.19 £'000
Profit for the year attributable to equity shareholders	**34,355**	37,792
Income tax expense	**9,502**	10,484
Profit before income tax	**43,857**	48,276
Finance cost	**660**	455
Finance income	**(382)**	(357)
Operating profit	**44,135**	48,374
Depreciation of property, plant and equipment	**3,185**	3,105
Depreciation of right of use assets	**2,937**	-
(Profit)/loss on sale of plant and equipment	**(43)**	16
Defined benefit pension scheme service cost	**611**	564
Defined benefit pension scheme employer contributions paid	**(4,138)**	(1,780)
Change in fair value of financial instruments	**14**	281
Share based payments	**13**	11
Decrease in inventories	**1,717**	1,449
Decrease/(increase) in trade and other receivables	**4,388**	(621)
(Decrease)/increase in trade and other payables	**(10,450)**	9,033
Cash inflow from operations	**42,369**	60,432
Taxation paid	**(11,566)**	(10,487)
Cash inflow from operating activities	**30,803**	49,945
Purchase of property, plant and equipment	**(4,215)**	(4,263)
Proceeds from disposal of property, plant and equipment	**110**	107
Cash outflow from investing activities	**(4,105)**	(4,156)
Interest received	**382**	357
Interest paid	**(30)**	(33)
Lease interest paid	**(202)**	-
Lease capital paid	**(2,873)**	-
Equity dividends paid	**(25,236)**	(28,405)
Shares issued	**28**	247
Cash outflow from financing activities	**(27,931)**	(27,834)
Net (decrease)/increase in cash and cash equivalents	**(1,233)**	17,955
Effect of exchange differences	**14**	30
Cash and cash equivalents at start of period	**68,664**	50,679
Cash and cash equivalents at end of period	**67,445**	68,664

Audited Consolidated Statement of Comprehensive Income
for the year ended 30 June 2020

	Year ended 30.06.20 £'000	Year ended 30.06.19 £'000
Profit for the year	**34,355**	37,792
Other comprehensive income net of tax:		
Items that will not be reclassified subsequently to the income statement:		
Remeasurement of the net defined benefit liability	**(5,062)**	(4,546)
	(5,062)	(4,546)
Items that could be reclassified subsequently to the income statement:		
Foreign currency translation differences	**336**	(170)
Fair value movements on hedging instruments	**(16)**	(689)
	320	(859)
Other comprehensive income for the year	**(4,742)**	(5,405)
Total comprehensive income for the year	**29,613**	32,387
Attributable to equity holders of the Company	**29,613**	32,387

Items in the statement above are disclosed net of tax.

NOTES

1. The final dividend of 10.0p per ordinary share will be paid, subject to the approval of the shareholders, on 11 December 2020 to shareholders on the register as at 20 November 2020. The annual report and accounts will be posted to shareholders on 16 October 2020.

2. The financial information in this statement does not represent the statutory accounts of the Group. Statutory accounts for the year ended 30 June 2019 have been delivered to the Registrar of Companies, carrying an unqualified audit report and no statement under section 498 (2) or (3) of the Companies Act 2006.

3. Statutory accounts for the year ended 30 June 2020 have not yet been delivered to the Registrar of Companies. They will carry an unqualified audit report and no statement under section 498 (2) or (3) of the Companies Act 2006.

4. Earnings per ordinary share

	2019 **£'000**	2019 £'000
Profit for the year attributable to equity shareholders	**34,355**	37,792
Weighted average number of shares in issue	**208,135,698**	208,071,633
Dilution effect of outstanding share options	**148,358**	70,667
Diluted weighted average number of shares	**208,284,056**	208,142,300
Basic earnings per ordinary share	**16.5p**	18.2p
Diluted earnings per ordinary share	**16.5p**	18.2p