JAMES HALSTEAD PLC

RNS Number : 7855N
James Halstead PLC
04 October 2021

JAMES HALSTEAD PLC

PRELIMINARY ANNOUNCEMENT OF AUDITED RESULTS

FOR THE YEAR ENDED 30 JUNE 2021

"*Very much a year of dealing with successive situations rather than tracking our budget forecast. Credit is due to our management teams for what is an excellent performance.*"

Key Figures

- Revenue at £266.4 million (2020: £238.6 million) – up 11.6%
- Profit before tax £51.3 million (2020: £43.9 million) – up 16.9%
- Earnings per 5p ordinary share of 19.2p (2020: 16.5p) – up 16.4%
- Final dividend per ordinary share proposed of 11.0p (2020: 10.0p) – an increase of 10% and once again a record dividend
- Cash £83.3 million (2020: £67.4 million)

Mr Mark Halstead, Chief Executive, commenting on the results, said:
"This was a complicated year. It was a year in which our top management had to balance risks to the business whilst maintaining key supplies to our core healthcare markets without compromising employee safety. I applaud the efforts of our management team who have faced difficulties from every direction.

In addition I am pleased to report that our flooring received recognition in the year from the Contract Flooring Association (CFA) in conjunction with the Contract Flooring Journal (CFJ) – winning the "contract of the year" accolade in respect of the Polyflor Quicksafe that was installed at the NHS Louisa Jordan at the SEC in Glasgow, one of many "Nightingale" projects with which we were connected".

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CHAIRMAN'S STATEMENT

Results

I am pleased to report turnover in the year was £266.4 million (2020: £238.6 million), 11.6% ahead of last year. Profit before tax at £51.3 million (2020: £43.9 million), was up 16.9%. Both sales and profits are at record levels. The projects we have been associated with in the year are as diverse as ever from Knattspyrnufélagið Fram – perhaps the largest football stadium in Iceland – to the Optimed Eye-Clinic in Belarus.

Our business, as have many, suffered disruptions in the year with production at our factories affected by labour shortages and raw material scarcity. However, healthy stock holdings supported sales. I am pleased to report these efforts were greatly appreciated by the trade and indeed we were recognised for those efforts by, for example, ProCure22 (the Construction Procurement Framework administrated by NHS England) with an award for outstanding support to the NHS during the pandemic.

The board, and I, are pleased to report we were able to continue to supply the many independent flooring contractors who worked on through the lock-downs. Our network of stockists were key to supplying these contractors and I would note that our business was also awarded the title "Flooring Manufacturer of the Year", which was particularly gratifying as the voting for this award was by the floor laying contractors (the Contract Flooring Association) that install our products.

These results are more than satisfying against the backdrop that all our major markets were faced with lockdowns of various durations and severity affecting many of our end users' needs for flooring. There were numerous delays and deferrals of maintenance and refurbishment work as well as new build projects as priorities and funding were diverted.

That said, the many global projects that we undertook involved healthcare and Covid-19 related installations (whether in temporary hospital wards, vaccination centres, test facilities or vaccine manufacturing) but it did not fully replace our normal level of healthcare directed flooring. One example was the flooring for a significant number of "campaign" hospitals for Covid patients next to main hospitals in eight different towns/cities in Portugal. Another example was a series of mobile hospitals within the seven emirates (Abu Dhabi, Dubai, Sharjah, Umm al-Qaiwain, Fujairah, Ajman, and Ra's al-Khaimah), where each field hospital contained 150 to 259 beds. Our ability to respond to these demands from stock was key to our strong performance.

The supply chain was under constant pressure over the year. Raw material costs rose and availability was challenging particularly on the supply of basic polymers as the global petrochemical companies struggled to maintain production. The reasons for this were varied but the most significant factors were:

- the ravaging of one of the world's largest production plants in Louisiana, USA, which was put out of action by Hurricane Ida. This one plant serviced 40% of US demand for PVC and its closure meant that these materials across the globe were in shorter supply;

- many of our basic materials are derived from the cracking process that produces aviation fuel and the decimation of that industry by the pandemic led to several refineries being temporarily closed;
- the Covid-19 virus and the related self-isolation protocols led to severe shortages of labour and consequent output reduction.

It was due to the dedication of our sourcing team and our long and close relationships with suppliers that we kept our production lines fed. It was not an easy task and this was at a time when we also had severe production pressure owing to the non-availability of labour.

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 constantly develop its brand identity and its reputation for quality, durability and availability thereby enhancing and maintaining goodwill with the aim of achieving repeat business. Our focus is to work with stockists who in turn distribute those bulk deliveries whilst promoting and representing the products to the end users and specifiers who will purchase the stock from those stockists.

This approach is designed to increase and secure revenue streams and drive profitability and cash flow which enables the continuation of dividends thereby creating shareholder wealth. In the normal course of business one key element of the company ethos is having dedicated sales personnel to present our product to our customers' clientele. In this last year face to face relationships were not possible but I am pleased to say that our customer service and reputation for delivery were enhanced despite the trials and tribulations of the last year.

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. I can be confident in saying that the loose lay flooring (both in sheet and tile) that we have launched into the market some two years ago was very well regarded over the last difficult year.

Corporate governance and corporate social responsibility and the environment

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 that their environmental credentials and supply chain management are supported by social and economic dimensions and stewardship.

We can now say that almost 100% of our electric usage is now derived from renewables. Our bi-annual Sustainability Report is about to be published and we have this report independently audited to further underline our credentials.

PVC polymer is one of our main raw materials and we began recycling waste into our processes in the 1950s and have continued to use waste PVC as part of the process of manufacturing in ever increasing volumes. For many years we have funded waste collection with Recofloor – our UK joint venture that collects post installation waste PVC within our industry. We are also founder members of the European PVC recycling venture, the AgPr, which funds the recycling of post-consumer PVC waste and diverts waste from landfill back into the manufacturing process.

An important point to note about PVC is that it has evolved and it is no longer just derived from petrochemicals. It is increasingly produced from bio-mass. Indeed, the by-products of PVC manufacturing, chlorine and caustic soda, are indispensable to the medical and food industries. Often a maligned material, PVC manufacture has the lowest consumption of primary energy of any of the major commodity plastics and our PVC flooring is made with over 80% renewable materials (excluding recyclates which further lessen the use of non-renewables).

As part of our focus on the future and the footprint of our industry we are major partners in industry wide bodies. One example is that our Technical Director is Chairman of the ERFMI (the European Resilient Flooring Manufacturing Institute). ERFMI activities range from involvement in the EU carbon neutral strategy through to funding new recycling initiatives to extend the ability of PVC to be recovered and recycled. In the past year initiatives include:

The Circular Plastics Alliance, a plastics industry association, to which ERFMI are a signatory has a target to achieve ten million tonnes of recycled plastic in new products in Europe by 2025.

In addition ERFMI has engaged consultants, based in Belgium, to undertake the following research:

- Recycling technologies that can be used for the recycling of PVC floor coverings, with particular focus on extraction of legacy additives.
- Identification and sorting technologies that can identify flooring containing legacy additives and the ability to sort it from flooring that does not contain legacy additives.

The scope of this engagement is to review technologies that have been tried in the past, that are emerging or used for other applications. This is just one example of working together for the future and we feel it is part of our duty as a responsible manufacturer (as opposed to importers) to be involved in a sustainable future.

The UK may have left the EU but our work on standards, the circular economy, sustainability and meaningful recycling is both Europe wide and globally focused and is progressing at pace. In no way has “Brexit” lessened our involvement as Europeans in the flooring industry.

Dividend

Profits and earnings per share have increased and we continue un-geared. Our cash balances stand at £83.3 million (2020: £67.4 million), even after dividends paid in the last year that amounted to £34.1 million, and taxation of £9.9 million. Our cash reserves continue to provide the foundation of our strong balance sheet.

It is pleasing to report that the Board proposes, subject to the approval of the shareholders at the upcoming AGM, to pay a record final dividend. The final dividend will be 11.0p (2020: 10.0p). This, combined with the interim dividends paid in June of 4.25p (2020: 4.25p), makes a total of 15.25p (2020: 14.25p) for the year, an increase of 7.0%.

Bonus Issue

The board considered the merits and will be proposing a bonus issue of one ordinary share for every share held at the upcoming AGM.

James Halstead plc has a long history of such issues and these have always been in addition to dividends not in substitution. The board believes that bonus issues are welcomed by the smaller holders of shares and promote liquidity amongst retail investors. A bonus issue such as this is not an economic event in that no wealth changes hands but nevertheless these issues have been popular with shareholders and it emphasises the history of our share price growth.

We would anticipate that, as in the past, the bonus will increase liquidity of the shares.

Acknowledgements

I would like to thank our staff for outstanding diligence in the face of significant turmoil during the course of the year. Many employees faced confusion and concern as we entered the pandemic tunnel and in many respects this was not helped by the headlines and media reporting. Whilst as a Board we knew that our flooring would be needed by healthcare authorities quickly and in volume, the authorities did not, initially, identify key industries or manufacturing as something to be encouraged to continue. We were able to source PPE, sanitising equipment and supplies from our global contacts to protect our workforce. Our health and safety teams and management rose well to these challenges.

My thanks go to our staff in the UK and around the world whose hard work continues to allow us to continue to grow the business. This year was particularly challenging as we all faced uncertainties and I would make particular mention of those who have worked hard, not to just put the safeguards in place, but to move the business forward in a positive way despite the prevailing challenges. Our senior management across the globe have faced dynamic challenges and have worked hard – thank you from myself and the board.

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 beyond our prior expectations with refurbishment in some sectors buoyant, it is to be expected that our markets around the globe will further recover as more countries vaccination rollouts extend and they follow the European model of a return to “normality”.

Supply shortages continue to frustrate whether they be due to the lack of availability of raw materials or to the widely publicised shortages of drivers and ongoing concerns with international freight. The cost of moving goods, the availability of shipping space and extended delivery times are both ongoing challenges. Our UK factories are in production and are tasked with raising stock levels and we have taken on extra shop-floor labour to assist in this task.

It is clear that ongoing issues with the global pandemic are not at an end and the cost pressures continue to persist but we do see signs of certain materials becoming more available and at a lower, albeit still high, cost.

Notwithstanding these concerns, I, and the board, can only be confident of another solid year of progress.

Anthony Wild
Chairman

CHIEF EXECUTIVE'S REVIEW

Turnover of £266.4 million (2020: £238.6 million) is a record level for the group and an increase against last year of 11.6%. Since the comparative year was affected by the first UK lockdown a more relevant comparison is against the year ended 30 June 2019 and turnover is some 5.3% ahead of that year.

Profit before tax at £51.3 million (2020: £43.9 million) is 16.9% ahead of the last year and against the 2019 comparative some 6.2% ahead.

As we entered this year our goal was to get back on track with the 2019 levels and to surpass this was a major achievement. Regarding sales turnover the split across areas was Europe 42%, UK 37%, Australasia 14% and the rest of the world 7% which is in line with the spilt over recent years. The largest sales growth year on year was in the sales within the UK with an increase of 24.0% compared to last year though, of course last year was impacted by the first national lockdown which had seen sales fall from 2019 levels. That being said, UK turnover was 10.9% ahead of 2019 levels.

Our contracts across the globe continue to expand and, for example, we have been involved with many installations in the Lebanon where we have supplied product used in the repair and refurbishment of the ruined hospitals and buildings that were devastated following the Beirut Port explosion in August 2020.

Overall, there was a modest diminution in the gross margin percentage which was due to the adverse effects of raw material price increases, freight and other costs rising and adverse manufacturing efficiencies due to lower volume throughput and labour shortages. The labour shortages were principally due to absenteeism and "self-isolation" protocols. These adverse gross margin effects were offset to a large degree by a change in the sales product mix (i.e. the sales were more biased to higher value products) and the focus away from keenly priced volume projects.

Our business has always been able to respond quickly to large projects across the globe which are efficient to produce but almost always very keenly priced. Given material and labour shortages we placed less emphasis on this area of business during the year.

Overheads in the year rose as the administrative cost returned to a normalised level of about 5% of turnover.

The balance sheet shows its normal level of robustness but some key numbers do stand out. Stock has reduced and whilst this in isolation is positive for cash flow and bank balances it is below optimal levels and a key management focus is to increase stock levels. Trade debtors and other receivables are much higher than last year (£42.9 million this year and £28.4 million in the prior year) but last year we had seen the UK closed in the three months prior to the year end. The comparison of these two balance sheet dates is mainly a contrast of two different situations and is best summarised as healthy.

It continues to be the case that our worldwide manufacturing 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 conditions and standards. Our quality of product, availability of stock and adherence to strict standards set us apart from many other manufacturers as we continue to cover the world.

Reviewing the businesses in more detail:

Objectflor / Karndean and James Halstead France, our European operations

The level of turnover in our Central European business was higher than last year by around 6%. This market encompasses Germany, France, Austria, Benelux and several Eastern European countries. Turnover increased in all these countries and we can only describe this as a satisfactory situation. Our gross margins in the region held up and consequently we have seen the increased sales translate into an increased level of profit.

This was not an easily achieved result and the control of costs has been an ongoing challenge. Freight costs into the region and within the markets have seen upward pressure and our businesses have, in common with many businesses in Europe, introduced freight surcharges.

James Halstead France remained open but the staff faced restrictions on movement and curfews. Stock movement was an ongoing issue with inflationary pressure on the cost of transport. France in particular faced difficulties in the weeks after “Brexit” and whilst this is working better now, the situation is far from ideal. The near 9% increase in sales was, I believe, commendable in the circumstances. The sales force worked throughout the year although face to face meetings could not take place. Our major competitors manufacture in France and they were faced with raw material shortages and consequent lack of product, factors which no doubt helped in achieving this result.

Objectflor traded well but stock levels have been reducing as suppliers have struggled with international freight. However, it would seem clear that our competitors were worse hit and I believe Objectflor took market share. There were shortages in the wood laminate sector which is a competing product to our luxury vinyl tile and this pushed demand up for our businesses. Whilst our warehouses remained open throughout the year there were additional procedures regarding personal protection that did affect efficiency. There were no exhibitions during the year and much less travel which reduced costs but Objectflor did re-open their in house “campus” marketing facility and hosted many customer visits. Throughout the year the cost and availability of shipping to Germany became more problematic and Objectflor stock levels have been under pressure due to increased demand. The company introduced freight surcharges on sales which seems to have been generally accepted in this marketplace.

Polyflor Pacific – encompassing Australia, New Zealand and Asia

The region has been one the hardest hit by successive lockdowns with Australia in particular lurching in and out of various restrictions on a state by state basis. The confusion has affected staff morale and made it difficult to forward plan. Having said this, the turnover in Australia was some 8.2% ahead of the comparative year and we have sought to hold stock at higher levels to mitigate the uncertainty. We are confident that this has differentiated us from our competitors and allowed us to take market share. In addition, our regional warehousing in each of the federal states has helped us to progress as individual state lockdowns hampered interstate deliveries. As noted, in many markets domestic demand was bolstered by spend being redirected from holidays, car purchases etc to home improvement as a greater number of people worked from home.

The almost weekly "knee-jerk" restrictions saw disruption to logistics with customers premises sometimes closed as well as several periods of congestion at the main import point in Sydney Harbour.

In New Zealand we achieved record turnover with sales some 28% above the prior year (albeit that the comparative was affected by a closure of the economy in the spring of 2020). Having said this turnover was still some 23% ahead of the 2019 comparative. As with Australia the plan to bolster our stock levels in the market was correct and the lack of availability of competitors stock (largely supplied from Europe) increased sales and was very much appreciated by our customers – the flooring contractors. In New Zealand we continued to supply flooring to the national social housing upgrades and new product launches of loose lay flooring projects were very successful.

As noted in previous years the Asian markets have been brought under the management of our Australian business and despite the effects of the pandemic, we continue to progress.

In Malaysia we incorporated a new company and took on the trade of our former long-term distributor in November 2020. This will now act as our base for the South Asia markets of Malaysia, Singapore, Indonesia, Thailand, the Philippines and Vietnam. This gives us a local stockholding in Malaysia to continue and growing the sales of our previous distributor, as well as holding stock in a free trade zone that will be used to service the other countries listed above on a timelier basis rather than shipping from the UK.

Unfortunately, activity since we began trading in Malaysia has been hampered by movement controls and full lockdowns, but despite this, sales across the region of Southern Asia for the period increased by 23% over last year.

Our North Asian markets (China, Hong Kong, South Korea, Taiwan and Japan) were similarly hampered by the pandemic with travel restrictions, lockdowns and a slowdown and delay in projects and renovation work. The effect was to reduce the sales in the region from the previous year by 21%. In last year's annual report, we noted plans to have a stock presence in mainland China and this is now operational. This has helped service smaller ad hoc projects in the region as well as helping supply some smaller orders to Hong Kong and Macau. China sales have remained in line with last year, helped by securing the prestigious Gansu Province Women & Children's Medical Complex.

We expect further growth for the Pacific / Asia region as we start to see the effects of easing lockdowns and travel restrictions, vaccination rollouts and government stimulus packages.

Polyflor & Riverside Flooring, based in UK

Sales at Polyflor were 11.4% ahead of last year. There was strong sales growth in sales in the UK (increased by 24%) and a continuation of good sales through our international businesses though there was a decline in exports. The export business suffered as a result of delays in government funded healthcare projects in many parts of the globe as attention was focused on the immediate issue of the pandemic and vaccine rollout. In addition, with raw materials in short supply and manufacturing hampered by employee absenteeism, the smooth flow of production was hampered throughout the year. Raw material prices did start the financial year at lower prices than we had seen in the period from March 2020 through to June 2020 but very quickly rose to levels that were 70-80% higher.

Riverside, which sells only to Polyflor had around an 8% increase in turnover.

During the year for both our UK based companies were dogged by manufacturing problems due to the shortage of basic raw materials. Polymers, plasticisers, packaging and pallets were in short supply. Each of our competitors faced the same problems and prices were consequently higher and largely non-negotiable. As manufacturers we have commitments to stockists in terms of price commitments that we ourselves are not able to get. That said we put into the market price increases. The increased volume of sales, most notably in the UK, meant that we were able to increase profitability though it was greatly assisted by stock levels. For many years as a manufacturer we have committed to stock in the warehouse to smooth production pressures and to be able to supply large projects “off the shelf” rather than make to order. It is a key differentiator of our business and it can have its challenges but in this year it was a key strength. Despite the difficulties in maintaining output the manufactured output was higher than the previous year, but the prior year included a ten week shutdown during the first lockdown and the start of that year was affected by a significant breakdown that affected one of the main production lines. In short output was below our potential and indeed the demand requirements but better than the year that preceded.

In our home market we have an extensive network of stockists and this helped us to capitalise on a return to more normal levels of demand for flooring as the year progressed. Our stock holding was key to this. In addition, there were new distributors added to the UK market and there was a cross-over of our commercial product into the domestic segment as the demand driven by household refurbishment sought credible flooring solutions. In the year we saw a significant growth in internet supply of our flooring by a number of our existing customers and indeed some contractors have extended their business model to online supply.

New product launches were deferred. This was not a cap on the year’s growth as there was simply not the need to compound the complications of supply and delivery. It would seem to be clear that Polyflor took market share in the UK during the year. In part this gain was from overseas competitors that faced difficulties in their own markets. It was perhaps also in part due to the “Brexit” changes in January 2021 but more significantly due to the import sector that sources Far Eastern product and re-brands for UK consumers. I have no reason to doubt that the extension of Polyflor into a wider consumer market (ie that of high end domestic) will lessen; the very high demand levels of household spending may be less pronounced but the product has performed and gained consumer credibility. The lockdown shortages have brought Polyflor ranges to a wider consumer base and contractor recommendation has become a key driver of consumer choice.

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 though the situation in Norway and Sweden contrasted sharply. In Norway sales were 11% ahead of the prior year but in Sweden down by a similar percentage. In Sweden the pandemic started with the lightest of touches but has been the most affected over the course of the year with staff on short time for a long time and commercial flooring projects at a much lower level. Norway in contrast remained open and adopted new working practices and procedures.

Although there were restrictions arising out of 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 2021/22 financial year.

Polyflor Canada, based in Toronto

Turnover in Canada was modestly ahead of last year and profit increased. Canada as a market faced severe disruption with long periods of business restrictions particularly in Ontario (where our warehousing is based). In recent years Polyflor Canada has undertaken a lot of business in hospitality and retail and these sectors were hardest hit by the successive lockdowns. Our strategy in Canada has been defensive – controlling costs and deferring expenditure on expansion.

With broadly the same turnover and profit as the prior year we are satisfied with the outcome but this was not easy to achieve. Travel across the various regions has been subject to restrictions for much of the year and day to day refurbishment was restricted by the governments Covid-19 regulations.

Polyflor India, based in Mumbai

During the year we scaled back our business in India. It was difficult to undertake local sales due to the scale of the pandemic and we reluctantly reduced our sales representation. The business remained operational throughout the year and it was noticeable that projects were delayed or protracted due to working restrictions.

Despite this, our turnover in India increased as did profits. In part this was the result of product being sold to the Serum Institute for vaccine manufacturing. Our business is largely focused on healthcare, education and pharma and there is every expectation of growth in the coming year. There are significant challenges in terms of cost and availability of shipping to the Indian continent which will resolve over time.

Rest of the World

During the year some of our markets did reduce their level of sales and the common theme in these markets is that there were delays in infrastructure projects that are government funded. The Middle East, Hong Kong, Africa and North America were the markets most affected. Projects such as Hamad International Airport and the extension of the Aspire Museum both in Qatar and Extra Foods Supermarkets in Trinidad and Tobago are examples of breadth of our exports. In Argentina we have supplied the flooring for twelve modular hospitals built for dealing with Covid-19.

Conclusion and outlook

Given the circumstances we can only be pleased with the results for the year. The hard work, dedication and experience of our subsidiary directors and management has been a key factor in this achievement.

However, the challenges have not lessened. Though in many markets the task of living with the Covid-19 virus is underway there are issues in manufacturing manning levels at our UK factories and logistical and transportation issues. At this point in time it is frustrating that even where we have orders and stock it is difficult to move goods internationally. The difficulties of the Suez blockage and disruption of the Yantian port in China continue to ripple into the present but should ameliorate.

In the UK our stockists handle distribution to end users and there has been many issues within our sector relating to customer delivery. Internationally it is difficult to compare the current situation with any other time that has been as difficult.

To date we have continued to fulfil customer orders and demand levels continue to be positive. Raw material prices continue to be under pressure and we have in many cases had to pass on cost increases to customers. Despite these pressures we are starting to see some positives in raw material availability and though these adversities may persist for several months I am confident we can continue to grow our global activities.

Mark Halstead
Chief Executive

Audited Consolidated Income Statement
for the year ended 30 June 2021

	Year ended 30.06.21 £'000	Year ended 30.06.20 £'000
Revenue	**266,362**	238,630
Cost of sales	**(154,722)**	(138,262)
Gross profit	**111,640**	100,368
Selling and distribution costs	**(46,335)**	(45,297)
Administration expenses	**(13,532)**	(10,936)
Operating profit	**51,773**	44,135
Finance income	**48**	382
Finance cost	**(553)**	(660)
Profit before income tax	**51,268**	43,857
Income tax expense	**(11,407)**	(9,502)
Profit for the year attributable to equity shareholders	**39,861**	34,355
Earnings per ordinary share of 5p:		
-basic	**19.2p**	16.5p
-diluted	**19.1p**	16.5p

All amounts relate to continuing operations.

Audited Consolidated Statement of Comprehensive Income
for the year ended 30 June 2021

	Year ended 30.06.21 £'000	Year ended 30.06.20 £'000
Profit for the year	**39,861**	34,355
Other comprehensive income net of tax:		
Items that will not be reclassified subsequently to the income statement:		
Remeasurement of the net defined benefit liability	**12,708**	(5,062)
	12,708	(5,062)
Items that could be reclassified subsequently to the income statement if specific conditions are met		
Foreign currency translation differences	**(615)**	336
Fair value movements on hedging instruments	**1,089**	(16)
	474	320
Other comprehensive income for the year	**13,182**	(4,742)
Total comprehensive income for the year	**53,043**	29,613
Attributable to equity holders of the company	**53,043**	29,613

Items in the statement above are disclosed net of tax.

Audited Consolidated Balance Sheet
as at 30 June 2021

	As at 30.06.21 £'000	As at 30.06.20 £'000
Non-current assets		
Property, plant and equipment	**37,242**	38,520
Right of use assets	**6,015**	5,872
Intangible assets	**3,232**	3,232
Deferred tax assets	**254**	4,334
	46,743	51,958
Current assets		
Inventories	**60,684**	68,542
Trade and other receivables	**42,949**	28,361
Derivative financial instruments	**848**	73
Cash and cash equivalents	**83,261**	67,445
	187,742	164,421
Total assets	**234,485**	216,379
Current liabilities		
Trade and other payables	**65,551**	47,444
Derivative financial instruments	**92**	883
Current income tax liabilities	**1,160**	773
Lease liabilities	**2,948**	2,568
	69,751	51,668
Non-current liabilities		
Retirement benefit obligations	**4,357**	23,216
Other payables	**447**	449
Lease liabilities	**3,236**	3,371
Preference shares	**200**	200
	8,240	27,236
Total liabilities	**77,991**	78,904
Net assets	**156,494**	137,475
Equity		
Equity share capital	**10,408**	10,407
Equity share capital (B shares)	**160**	160
	10,568	10,567
Share premium account	**4,122**	4,072
Capital redemption reserve	**1,174**	1,174
Currency translation reserve	**4,986**	5,601
Hedging reserve	**1,052**	(37)
Retained earnings	**134,592**	116,098
Total equity attributable to shareholders of the parent	**156,494**	137,475

Audited Consolidated Cash Flow Statement
for the year ended 30 June 2021

	Year ended 30.06.21 £'000	Year ended 30.06.20 £'000
Profit for the year attributable to equity shareholders	**39,861**	34,355
Income tax expense	**11,407**	9,502
Profit before income tax	**51,268**	43,857
Finance cost	**553**	660
Finance income	**(48)**	(382)
Operating profit	**51,773**	44,135
Depreciation of property, plant and equipment	**3,541**	3,185
Depreciation of right of use assets	**3,115**	2,937
Profit on sale of plant and equipment	**(64)**	(43)
Defined benefit pension scheme service cost	**620**	611
Defined benefit pension scheme employer contributions paid	**(4,144)**	(4,138)
Change in fair value of financial instruments	**(90)**	14
Share based payments	**8**	13
Decrease in inventories	**6,346**	1,717
(Increase)/decrease in trade and other receivables	**(15,573)**	4,388
Increase /(decrease) in trade and other payables	**20,248**	(10,450)
Cash inflow from operations	**65,780**	42,369
Taxation paid	**(9,895)**	(11,566)
Cash inflow from operating activities	**55,885**	30,803
Purchase of property, plant and equipment	**(2,811)**	(4,215)
Proceeds from disposal of property, plant and equipment	**131**	110
Cash outflow from investing activities	**(2,680)**	(4,105)
Interest received	**48**	382
Interest paid	**(26)**	(30)
Lease interest paid	**(173)**	(202)
Lease capital paid	**(3,010)**	(2,873)
Equity dividends paid	**(34,083)**	(25,236)
Shares issued	**51**	28
Cash outflow from financing activities	**(37,193)**	(27,931)
Net increase /(decrease) in cash and cash equivalents	**16,012**	(1,233)
Effect of exchange differences	**(196)**	14
Cash and cash equivalents at start of year	**67,445**	68,664
Cash and cash equivalents at end of year	**83,261**	67,445

NOTES

1. The final dividend of 11p per ordinary share will be paid, subject to the approval of the shareholders, on 17 December 2021 to shareholders on the register as at 26 November 2021. The annual report and accounts will be posted to shareholders on 15 October 2021.

2. The financial information in this statement does not represent the statutory accounts of the Group. Statutory accounts for the year ended 30 June 2020 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 2021 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

	2021	2020
	£'000	£'000
Profit for the year attributable to equity shareholders	**39,861**	34,355
Weighted average number of shares in issue	**208,141,520**	208,135,698
Dilution effect of outstanding share options	**123,165**	148,358
Diluted weighted average number of shares	**208,264,685**	208,284,056
Basic earnings per ordinary share	**19.2p**	16.5p
Diluted earnings per ordinary share	**19.1p**	16.5p