

2 December 2016

JAMES HALSTEAD PLC**Chairman's Statement to the Annual General Meeting**

James Halstead plc, the commercial flooring company, is holding its 101st AGM today at 12.00 noon at which the Chairman, Mr Geoffrey Halstead, will make the following statement:

As is customary, I would like to give you an update on trading now that we are five months into the current financial year.

The fall in the value of Sterling following the referendum vote of June has contributed to increased margins on our overseas sales, increased competitiveness and positive growth although it is still early days. There are, of course, off-setting price pressures from the lower value of sterling but overall the benefit is positive.

It was noted by the CEO in the results announced on 30 September 2016 that revenues in the UK market were below last year and this has continued. Whilst we note no slippage in market share, the market is lower than last year with the best estimate of this reduction being 4 -5 %. Nevertheless, these were all known factors that our management team have factored into budgets and targets.

In recent weeks there has been significant upward pressure on the pricing of plasticiser, one of our key raw materials, due to a suspension of production following an explosion at one of BASF's European plants. BASF are not our main supplier and we have, to date, accessed appropriate volumes elsewhere in the market however their failure to supply has raised industry prices and introduced supply chain delays and shortages. This may well continue into the second half of the financial year.

In conclusion, trading to date has been challenging and making progress against the comparative half-year will be difficult. Our cash balances have grown and continue to be solid underpinning the 8.5p dividend to be proposed today - an increase of 8.2% on that of last year and continuing our long history of dividend growth. I remain confident in the prospects of the Company going forward.

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Enquiries:

James Halstead:
Mark Halstead, Chief Executive
Gordon Oliver, Finance Director

Telephone: 0161 767 2500

Hudson Sandler:
Nick Lyon

Telephone: 020 7796 4133

Panmure Gordon (Nomad and Joint Brokers):

Ben Thorne
Andrew Potts

Telephone: 020 7886 2500

Arden (Joint Broker):

Chris Hardie

Telephone: 020 7614 5900