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Marshalls

Interim results for the half year ended 30 June 2012

Marshalls plc, the specialist Landscape Products Group, announces its half year trading results.

Financial Highlights

	Half year ended 30 June 2012	Half year ended 30 June 2011
Continuing operations before operational restructuring costs and asset impairments:		
Revenue	£167.5m	£177.2m
EBITDA	£18.1m	£22.9m
Operating profit	£9.5m	£13.7m
Profit before tax	£7.6m	£12.2m
Basic EPS	3.63p	5.47p
Interim dividend per share	1.75p	1.75p
Net debt	£83.8m	£70.4m
Reported results:		
(Loss) / profit before tax	£(10.8)m	£12.2m
Basic EPS	(3.82)p	2.96p

Background:

- Deterioration in economic outlook and forecast for construction output
- Wettest second quarter on record
- Prior year results include a net gain on property disposals of £2m (current year: £0.6m)

Current actions:

- Decisive action to reduce production output, release cash and reduce cost base
- First half charge for operational restructuring costs and asset impairments of £18.5m (cash element £6.6m)
- Further one-off cash charge of £2.5m expected in the second half
- Profit improvement impact of restructuring estimated to be £7m (cash benefit £6m) per annum
- Capacity reductions are expected to reduce inventory volumes by around £10m over an 18 month period

Priorities:

- Maintaining national geographic coverage and industry leading customer service
- Continuing investment in initiatives that deliver sales growth and improve market positions
- Further development of new markets and new overseas market areas with International approaching 5% of Group sales and showing a 24% growth rate in the first half

Commenting on these results, Graham Holden, Chief Executive, said:

"The operational restructuring initiatives the Group has taken are in direct response to the weaker market outlook. The actions taken set underlying capacity and the cost structure at a sustainable level for the lower volumes forecast and enable Marshalls to create its own operating certainty.

Despite the weakness in the economy Marshalls continues to strengthen its market position and there has been an improvement in underlying trading margins. The Group's growth initiatives are progressing well and sales effort is being reallocated to move these forward more quickly. Marshalls has strong operational flexibility. The cost reduction initiatives, targeted growth plans, strength of the installer order book, resilience of the Commercial end market and the opportunities created by the Group's International growth strategy should continue to mean that Marshalls is well placed to outperform the market and achieve good growth when market conditions improve."

Enquiries:

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Group Results

Marshalls' revenue for the six months ended 30 June 2012 was £167.5 million (2011: £177.2 million), a decrease of 5 per cent. Sales to the Public Sector and Commercial end market, which represent approximately 62 per cent of Group sales, were down 2 per cent and sales to the UK Domestic end market, which represent approximately 34 per cent of Group sales were down 14 per cent compared with the prior year period. The record rainfall has resulted in a reduction in sales in the second quarter of approximately £10 million, which is equivalent to six days' installation. Continued progress has been made in developing the International business which is approaching 5 per cent of Group sales and in line with our plans.

Operating profit, before operational restructuring costs and asset impairments, was £9.5 million (2011: £13.7 million). After operational restructuring costs and asset impairments, the reported operating loss was £9.0 million (2011: £13.7 million profit). EBITDA, before operational restructuring costs and asset impairments, was £18.1 million (2011: £22.9 million).

The net effect of one-off operational restructuring costs and asset impairments was £18.5 million (2011: £nil). These have been separately identified on the face of the Income Statement in order to provide a better understanding of the Group results. Operational restructuring costs reflect the implementation of a wide range of measures aimed at reducing costs, reducing inventories and releasing cash.

Net financial expenses were £1.8 million (2011: £1.4 million) and interest was strongly covered 5.2 times (2011: 9.5 times). The effective tax rate, before operational restructuring costs and asset impairments, was 7.4 per cent (2011: 12.4 per cent) and continued to benefit from the reduction in the rate of corporation tax and the utilisation of brought forward capital losses being applied against the capital gain on the disposal of a surplus property.

Basic EPS, before operational restructuring costs and asset impairments, was 3.63 pence (2011: 5.47 pence). EPS on a reported basis was 3.82 pence loss (2011: 2.96 pence profit). The interim dividend will be 1.75 pence (2011: 1.75 pence) per share.

Operating Performance

After a good first quarter, the record rainfall and exceptionally poor working conditions experienced in April 2012 continued through to the end of June. Sales to the Domestic end market were particularly adversely affected by the poor weather and this has been reflected in an increased installer order book at the end of June of 9.0 weeks (2011: 7.0 weeks). This compares with 7.5 weeks at the end of April 2012 (2011: 7.1 weeks).

The economic environment has become increasingly uncertain over the last quarter and the Group has fundamentally reviewed its operations against the changing economic backdrop. As a result, the Group has instigated a programme of cost reduction and cash realisation measures and a wide range of actions to reduce production output, release cash and reduce cost have been undertaken, whilst maintaining operating flexibility.

The operational restructuring initiatives include works closures and other capacity reductions which have impacted those businesses that have been particularly affected by the deterioration in current market conditions and for which the short term outlook remains most challenging. The operational restructuring measures give rise to a one-off cash charge of £6.6 million. Asset impairments of £11.9 million include the write down of plant and machinery and other assets together with the impairment of certain intangible assets and other items of plant that are being temporarily mothballed.

In addition to those undertaken in the half year to 30 June 2012, further measures will be completed in the second half of the year. These will include the closure of the Group's South Yorkshire plant which represents 4 per cent of core landscaping activity and there will be additional capacity reductions in other areas. These further initiatives are likely to give rise to a further one-off charge of £2.5 million in the second half of the year as the Group acts to reduce production output.

The profit improvement from the restructuring actions is estimated to be £7 million per annum, £6 million in cash and £1 million from lower depreciation charges. Inventory volumes are expected to reduce by around £10 million over an 18 month period.

In the Public Sector and Commercial end market Marshalls' strategy continues to be to build on its position as a market leading landscape products specialist. The Group has experienced technical and sales teams who continue to focus on markets where future demand is greatest across a full range of integrated products and sustainable solutions to customers, architects and contractors.

In the Domestic end market Marshalls' strategy continues to be to drive more sales through quality installers. The Group remains committed to increasing the marketing support of the installer base and the Marshalls Register through increased training, marketing materials and sales support. The Group has also continued to focus on innovation in order to develop areas with particular sales opportunity and to strengthen further the Marshalls' brand.

In 2011 Marshalls established a new subsidiary in Belgium called Marshalls NV. This business has now reached the end of its "start-up" phase, the management team has been fully established and investment has been made in systems and procedures. The business provides a physical stock location in mainland Europe from which to supply the wider Group specialist product portfolio. In addition, technology developed by the Belgium subsidiary has led to new products being launched in the UK such as the new cobble effect driveway product, "Cobbletech". Marshalls continues to expand its geographical reach and to extend its global supply chains and routes to market.

Balance Sheet and Cash Flow

Net assets at 30 June 2012 were £179.5 million (June 2011: £199.0 million).

At 30 June 2012 net debt was £83.8 million (June 2011: £70.4 million) resulting in gearing of 46.7 per cent (June 2011: 35.4 per cent). This increase largely reflects the investment of around £8 million of working capital that the Group has made in its Belgium operations.

In view of market uncertainty the Group has set a target of achieving a net debt to EBITDA ratio of 2 times by the end of 2013. The Group continues to focus on inventory reduction, capital expenditure management, tight credit control and maintains credit insurance for trade receivables. Appropriate cash management continues to be an area of focus, including realising value from the sale of surplus properties. The estimated cash saving resulting from the profit improvement and the associated inventory reduction is expected to be around £17 million over an 18 month period with £3 million of this benefit arising in the second half of 2012 from actions already taken. The one-off operational restructuring costs announced in the first half and the further actions taken in the second half are expected to give rise to a cash charge of £9.1 million, of which £7.1 million will be incurred in 2012.

The Group continues its policy of having significant committed bank facilities in place with a positive spread of medium term maturities. In March 2012 bank debt facilities, which were to mature in December 2012 and January 2013 totalling £75 million in aggregate, were re-financed with extended maturity dates to 2015 and 2016. In addition, in August 2012, the Group renewed its short term working capital facilities with RBS.

The fair value of the Pension Scheme assets at 30 June 2012 was £249.6 million (December 2011: £250.6 million) and the present value of the Scheme obligations was £247.5 million (December 2011: £237.6 million). This has given rise to an accounting surplus of £2.1 million (December 2011: £13.0 million; June 2011: deficit £3.6 million). The surplus has been determined by the Scheme Actuary using assumptions that are considered to be prudent and in line with current market levels. The assumptions that have changed in the last six months are a reduction in the AA corporate bond rate from 4.8 per cent to 4.6 per cent, in line with market movements, and a reduction in the expected rate of CPI inflation from 2.0 per cent to 1.8 per cent. The movement in the period is mainly attributable to the fall in the AA corporate bond rate.

Dividend

The Board has declared an unchanged interim dividend of 1.75 pence (June 2011: 1.75 pence) per share. This dividend will be paid on 7 December 2012 to shareholders on the register at the close of business on 26 October 2012. The ex-dividend date will be 24 October 2012.

The Group has a policy of 2 times dividend cover over the business cycle. Future dividend payments will take into account the Group's underlying earnings, cash flows and capital investment plans and the desire to maintain an appropriate level of dividend cover.

Outlook

The Construction Products Association's latest forecasts for total production output have been further downgraded and predict a decline in construction activity of 4.5 per cent in 2012 and a decline of 1.3 per cent in 2013. Within this overall decline, market demand for heavyside products is forecast to be lower by a greater amount than previously expected. This reflects a weakening in outlook as a slow recovery in Private Sector demand fails to offset the contraction in demand from the Public Sector.

The operational restructuring initiatives the Group has taken are in direct response to the weaker market outlook. The actions taken set underlying capacity and the cost structure at a sustainable level for the lower volumes forecast and enable Marshalls to create its own operating certainty.

Despite the weakness in the economy Marshalls continues to strengthen its market position and there has been an improvement in underlying trading margins. The Group's growth initiatives are progressing well and sales effort is being reallocated to move these forward more quickly. Marshalls has strong operational flexibility. The cost reduction initiatives, targeted growth plans, strength of the installer order book, resilience of the Commercial end market and the opportunities created by the Group’s International growth strategy should continue to mean that Marshalls is well placed to outperform the market and achieve good growth when market conditions improve.

Graham Holden
Chief Executive

Condensed Consolidated Half-yearly Income Statement

for the half year ended 30 June 2012

	Notes	Half year ended June 2012 Before operational restructuring costs and asset impairments £'000	Half year ended June 2012 Operational restructuring costs and asset impairments £'000	Half year ended June 2012 Total £'000	Half year ended June 2011 £'000	Year ended December 2011 £'000
Revenue	2	**167,461**	**-**	**167,461**	177,174	334,127
Net operating costs	3	**(158,011)**	**(18,450)**	**(176,461)**	(163,510)	(317,430)
Operating profit / (loss)	2	**9,450**	**(18,450)**	**(9,000)**	13,664	16,697
Financial expenses	5	**(7,828)**	**-**	**(7,828)**	(7,443)	(14,960)
Financial income	5	**6,006**	**-**	**6,006**	6,000	11,953
Profit / (loss) before tax	2	**7,628**	**(18,450)**	**(10,822)**	12,221	13,690
Income tax (expense) / credit	6	**(568)**	**3,888**	**3,320**	(1,511)	(1,522)
Profit / (loss) for the financial period before post tax loss of discontinued operations		**7,060**	**(14,562)**	**(7,502)**	10,710	12,168
Post tax loss of discontinued operations	7	**-**	**-**	**-**	(4,912)	(4,912)
Profit / (loss) for the financial period		**7,060**	**(14,562)**	**(7,502)**	5,798	7,256
Profit / (loss) for the period						
Attributable to:						
Equity shareholders of the parent		**7,103**	**(14,562)**	**(7,459)**	5,776	7,390
Non-controlling interests		**(43)**	**-**	**(43)**	22	(134)
		7,060	**(14,562)**	**(7,502)**	5,798	7,256
Earnings per share (total operations):						
Basic	8	**3.63p**		**(3.82)p**	2.96p	3.78p
Diluted	8	**3.56p**		**(3.82)p**	2.90p	3.71p
Earnings per share (continuing operations):						
Basic	8	**3.63p**		**(3.82)p**	5.47p	6.30p
Diluted	8	**3.56p**		**(3.82)p**	5.36p	6.17p
Dividend:						
Pence per share	9			**3.50p**	3.50p	5.25p
Dividends declared	9			**6,861**	6,863	10,292

Condensed Consolidated Half-yearly Statement of Comprehensive Income

for the half year ended 30 June 2012

	Half year ended June 2012 £'000	Half year ended June 2011 £'000	Year ended December 2011 £'000
Profit for the financial period before operational restructuring costs and asset impairments	**7,060**	5,798	7,256
Operational restructuring costs and asset impairments	**(14,562)**	-	-
(Loss) / profit for the financial period	**(7,502)**	5,798	7,256
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges	**(2,304)**	(366)	(570)
Fair value of cash flow hedges transferred to the Income Statement	**363**	212	402
Deferred tax arising	**466**	40	43
Defined benefit plan actuarial (losses) / gains	**(14,530)**	(3,029)	9,982
Deferred tax arising	**3,487**	787	(2,496)
Impact of the change in rate of deferred taxation	**253**	(68)	(145)
Foreign currency translation differences - foreign operations	**62**	179	(110)
Foreign currency translation differences - non-controlling interests	**(112)**	116	(56)
Other comprehensive (expense) / income for period, net of income tax	**(12,315)**	(2,129)	7,050
Total comprehensive (expense) / income for the period	**(19,817)**	3,669	14,306
Attributable to:			
Equity shareholders of the parent	**(19,662)**	3,531	14,496
Non-controlling interests	**(155)**	138	(190)
	(19,817)	3,669	14,306

Condensed Consolidated Half-yearly Balance Sheet

as at 30 June 2012

	Notes	June 2012 £'000	June 2011 £'000	December 2011 £'000
Assets				
Non-current assets				
Property, plant and equipment		**181,223**	193,722	191,324
Intangible assets		**41,557**	42,046	42,730
Investments in associates		**618**	2,149	2,188
Employee benefits	10	**2,087**	-	12,966
Deferred taxation assets		**-**	943	63
		225,485	238,860	249,271
Current assets				
Inventories		**83,823**	83,776	82,338
Trade and other receivables		**56,736**	63,962	40,304
Cash and cash equivalents		**662**	26,275	5,998
		141,221	174,013	128,640
Total assets		**366,706**	412,873	377,911
Liabilities				
Current liabilities				
Trade and other payables		**80,245**	85,736	57,539
Corporation tax		**3,084**	6,618	5,923
Interest bearing loans and borrowings		**32**	46,663	25,088
		83,361	139,017	88,550
Non-current liabilities				
Interest bearing loans and borrowings		**84,382**	50,000	58,011
Employee benefits	10	**-**	3,628	-
Deferred taxation liabilities		**19,470**	21,234	25,286
		103,852	74,862	83,297
Total liabilities		**187,213**	213,879	171,847
Net assets		**179,493**	198,994	206,064
Equity				
Capital and reserves attributable to equity shareholders of the parent				
Share capital		**49,845**	49,845	49,845
Share premium account		**22,695**	22,695	22,695
Own shares		**(9,514)**	(9,514)	(9,514)
Capital redemption reserve		**75,394**	75,394	75,394
Consolidation reserve		**(213,067)**	(213,067)	(213,067)
Hedging reserve		**(1,779)**	(293)	(304)
Retained earnings		**252,680**	270,212	277,621
Equity attributable to equity shareholders of the parent		**176,254**	195,272	202,670
Non-controlling interests		**3,239**	3,722	3,394
Total equity		**179,493**	198,994	206,064

Condensed Consolidated Half-yearly Cash Flow Statement
for the half year ended 30 June 2012

	Half year ended June 2012 £'000	Half year ended June 2011 £'000	Year ended December 2011 £'000
Cash flows from operating activities			
Profit before operational restructuring costs and asset impairments	**7,060**	5,798	7,256
Operational restructuring costs and asset impairments	**(14,562)**	-	-
(Loss) / profit for the financial period	**(7,502)**	5,798	7,256
Income tax expense on continuing operations	**568**	1,511	1,522
Income tax credit on operational restructuring costs and asset impairments	**(3,888)**	-	-
Loss on disposal and closure of discontinued operations	**-**	4,949	4,949
Income tax credit on discontinued operations	**-**	(756)	(756)
(Loss) / profit before tax on total operations	**(10,822)**	11,502	12,971
Adjustments for:			
Depreciation	**8,043**	8,751	17,269
Amortisation	**593**	679	1,231
Asset impairments	**11,884**	-	-
Negative goodwill	**-**	-	(1,772)
Share of results of associates	**3**	14	(65)
Gain on sale of associates	**-**	-	(23)
Gain on sale of property, plant and equipment	**(563)**	(2,140)	(1,667)
Equity settled share based expenses	**107**	362	226
Financial income and expenses (net)	**1,822**	1,443	3,007
Operating cash flow before changes in working capital and pension scheme contributions	**11,067**	20,611	31,177
Increase in trade and other receivables	**(16,541)**	(36,376)	(10,440)
(Increase)/decrease in inventories	**(1,369)**	(1,846)	437
Increase in trade and other payables	**9,999**	20,602	1,674
Operational restructuring costs paid	**(1,334)**	-	(1,197)
Pension scheme contributions	**(3,300)**	(3,300)	(6,600)
Cash (absorbed by) / generated from the operations	**(1,478)**	(309)	15,051
Financial expenses paid	**(2,175)**	(1,656)	(3,496)
Income tax (paid) / received	**(1,068)**	(650)	222
Net cash flow from operating activities	**(4,721)**	(2,615)	11,777
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	**2,201**	5,263	5,361
Financial income received	**2**	20	13
Proceeds from disposal of discontinued operations	**150**	550	550
Proceeds from disposal of investment in associates	**-**	-	63
Acquisition of subsidiaries and investment in associates	**-**	(1,104)	(4,181)
Acquisition of property, plant and equipment	**(3,827)**	(5,017)	(11,754)
Acquisition of intangible assets	**(713)**	(644)	(1,857)
Net cash flow from investing activities	**(2,187)**	(932)	(11,805)
Cash flows from financing activities			
Net decrease in other debt and finance leases	**(58)**	152	165
Increase in borrowings	**1,643**	25,611	12,034
Equity dividends paid	**-**	-	(10,292)
Net cash flow from financing activities	**1,585**	25,763	1,907
Net (decrease) / increase in cash and cash equivalents	**(5,323)**	22,216	1,879
Cash and cash equivalents at beginning of the period	**5,998**	4,059	4,059
Effect of exchange rate fluctuations	**(13)**	-	60
Cash and cash equivalents at end of the period	**662**	26,275	5,998

Condensed Consolidated Half-yearly Statement of Changes in Equity
for the half year ended 30 June 2012

	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital £'000	Share premium account £'000	Own shares £'000	Capital redemption reserve £'000	Consolidation reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000	£'000	£'000
Current half-year										
At 1 January 2012	**49,845**	**22,695**	**(9,514)**	**75,394**	**(213,067)**	**(304)**	**277,621**	**202,670**	**3,394**	**206,064**
Total comprehensive income for the period										
Loss for the financial period attributable to equity shareholders of the parent	-	-	-	-	-	-	**(7,459)**	**(7,459)**	**(43)**	**(7,502)**
Other comprehensive income										
Foreign currency translation differences	-	-	-	-	-	-	**62**	**62**	**(112)**	**(50)**
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	**(2,304)**	-	**(2,304)**	-	**(2,304)**
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	**363**	-	**363**	-	**363**
Deferred tax arising	-	-	-	-	-	**466**	-	**466**	-	**466**
Defined benefit plan actuarial gains	-	-	-	-	-	-	**(14,530)**	**(14,530)**	-	**(14,530)**
Deferred tax arising	-	-	-	-	-	-	**3,487**	**3,487**	-	**3,487**
Impact of the change in rate of deferred taxation	-	-	-	-	-	-	**253**	**253**	-	**253**
Total other comprehensive income	-	-	-	-	-	**(1,475)**	**(10,728)**	**(12,203)**	**(112)**	**(12,315)**
Total comprehensive income for the period	-	-	-	-	-	**(1,475)**	**(18,187)**	**(19,662)**	**(155)**	**(19,817)**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share based expenses	-	-	-	-	-	-	**107**	**107**	-	**107**
Dividends to equity shareholders	-	-	-	-	-	-	**(6,861)**	**(6,861)**	-	**(6,861)**
Total contributions by and distributions to owners	-	-	-	-	-	-	**(6,754)**	**(6,754)**	-	**(6,754)**
Changes in Ownership Interests in										
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-
Total transactions with Owners of the company	-	-	-	-	-	**(1,475)**	**(24,941)**	**(26,416)**	**(155)**	**(26,571)**
At 30 June 2012	**49,845**	**22,695**	**(9,514)**	**75,394**	**(213,06**	**(1,779)**	**252,680**	**176,254**	**3,239**	**179,493**

Condensed Consolidated Half-yearly Statement of Changes in Equity (continued)

for the half year ended 30 June 2012

	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital £'000	Share premium account £'000	Own shares £'000	Capital redemption reserve £'000	Consolidation reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000	£'000	£'000
Prior half-year										
At 1 January 2011	49,845	22,695	(9,514)	75,394	(213,067)	(179)	273,066	198,240	-	198,240
Total comprehensive income for the period										
Profit for the financial period attributable to equity shareholders of the parent	-	-	-	-	-	-	5,776	5,776	22	5,798
Other comprehensive income										
Foreign currency translation differences	-	-	-	-	-	-	179	179	116	295
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(366)	-	(366)	-	(366)
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	212	-	212	-	212
Deferred tax arising	-	-	-	-	-	40	-	40	-	40
Defined benefit plan actuarial gains	-	-	-	-	-	-	(3,029)	(3,029	-	(3,029)
Deferred tax arising	-	-	-	-	-	-	787	787	-	787
Impact of the change in rate of deferred taxation	-	-	-	-	-	-	(68)	(68)	-	(68)
Total other comprehensive income	-	-	-	-	-	(114)	(2,131)	(2,245	116	(2,129)
Total comprehensive income for the period	-	-	-	-	-	(114)	3,645	3,531	138	3,669
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share based expenses	-	-	-	-	-	-	362	362	-	362
Dividends to equity shareholders	-	-	-	-	-	-	(6,861)	(6,861	-	(6,861)
Total contributions by and distributions to owners	-	-	-	-	-	-	(6,499)	(6,499	-	(6,499)
Changes in Ownership Interests in subsidiaries										
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	3,584	3,584
Total transactions with Owners of the company	-	-	-	-	-	(114)	(2,854)	(2,968	3,722	754
At 30 June 2011	49,845	22,695	(9,51	75,394	(213,06	(293)	270,212	195,27	3,722	198,994

Condensed Consolidated Half-yearly Statement of Changes in Equity (continued)

for the half year ended 30 June 2012

	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital £'000	Share premium account £'000	Own shares £'000	Capital redemption reserve £'000	Consolidation reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000	£'000	£'000
Prior year										
At 1 January 2011	49,845	22,695	(9,514)	75,394	(213,067)	(179)	273,066	198,240	-	198,240
Total comprehensive income for the period										
Profit for the financial period attributable to equity shareholders of the parent	-	-	-	-	-	-	7,390	7,390	(134)	7,256
Other comprehensive income										
Foreign currency translation differences	-	-	-	-	-	-	(110)	(110)	(56)	(166)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(570)	-	(570)	-	(570)
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	402	-	402	-	402
Deferred tax arising	-	-	-	-	-	43	-	43	-	43
Defined benefit plan actuarial gains	-	-	-	-	-	-	9,982	9,982	-	9,982
Deferred tax arising	-	-	-	-	-	-	(2,496)	(2,496)	-	(2,496)
Impact of the change in rate of deferred taxation	-	-	-	-	-	-	(145)	(145)	-	(145)
Total other comprehensive income	-	-	-	-	-	(125)	7,231	7,106	(56)	7,050
Total comprehensive income for the period	-	-	-	-	-	(125)	14,621	14,496	(190)	14,306
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share based expenses	-	-	-	-	-	-	226	226	-	226
Dividends to equity shareholders	-	-	-	-	-	-	(10,292)	(10,292)	-	(10,292)
Total contributions by and distributions to owners	-	-	-	-	-	-	(10,066)	(10,066)	-	(10,066)
Changes in Ownership Interests in subsidiaries										
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	3,584	3,584
Total transactions with Owners of the company	-	-	-	-	-	(125)	4,555	4,430	3,394	7,824
At 31 December 2011	49,845	22,695	(9,514	75,394	(213,067)	(304)	277,621	202,670	3,394	206,064

Notes to the Condensed Consolidated Half-yearly Financial Statements

1. Basis of preparation

Marshalls plc (the "Company") is a company domiciled in the United Kingdom. The Condensed Consolidated Half-yearly Financial Statements of the Company for the half year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

The Condensed Consolidated Half-yearly Financial Statements have been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority and the requirements of IAS 34 "Interim Financial Reporting" as adopted by the European Union ("EU").

The Condensed Consolidated Half-yearly Financial Statements do not constitute financial statements and do not include all the information and disclosures required for full annual financial statements. The Condensed Consolidated Half-yearly Financial Statements were approved by the Board on 31 August 2012.

The annual Financial Statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed set of Financial Statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's Published Consolidated Financial Statements for the year ended 31 December 2011.

The comparative figures for the financial year ended 31 December 2011 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Condensed Consolidated Half-yearly Financial Statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and liabilities for cash-settled share-based payments.

The accounting policies have been applied consistently throughout the Group for the purposes of these Condensed Consolidated Half-yearly Financial Statements and are also set out on the Company's website (www.marshalls.co.uk). The Condensed Consolidated Half-yearly Financial Statements are presented in sterling, rounded to the nearest thousand.

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing these Condensed Consolidated Half-yearly Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements of the Group for the year ended 31 December 2011.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Details of the Group's funding position are set out in Note 12 and are subject to normal covenant arrangements. The Group's on-demand overdraft facility is reviewed on an annual basis and the current arrangements were renewed and signed on 15 August 2012. Management believe that there are sufficient unutilised facilities held which mature after twelve months. The Group's performance is dependent on economic and market conditions, the outlook for which is uncertain and difficult to predict. The Group has taken decisive action to align its operational capacity with expected market conditions. Markets remain uncertain but, based on current expectations, the Group's cash forecasts continue to meet half-year and year end bank covenants and there is adequate headroom which is not dependent on facility renewals. The Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the Condensed Consolidated Half-yearly Financial Statements.

Notes to the Condensed Consolidated Half-yearly Financial Statements (continued)

2. Segmental analysis

	Revenue			Operating profit (before operational restructuring costs and asset impairments)			Operating profit / (loss)		
	Half year ended June		Year ended December	Half year ended June		Year ended December	Half year ended June		Year ended December
	2012	2011	2011	**2012**	2011	2011	**2012**	2011	2011
	£'000	£'000	£'000	**£'000**	£'000	£'000	**£'000**	£'000	£'000
Continuing operations	**167,461**	177,174	334,127	**9,450**	13,664	16,697	**(9,000)**	13,664	16,697
Financial income and expenses (net)				**(1,822)**	(1,443)	(3,007)	**(1,822)**	(1,443)	(3,007)
Profit / (loss) before tax				**7,628**	12,221	13,690	**(10,822)**	12,221	13,690

Geographical destination of revenue:

	Half year ended June		Year ended December
	2012	2011	2011
	£'000	£'000	£'000
United Kingdom	**160,109**	171,253	322,396
Rest of the World	**7,352**	5,921	11,731
	167,461	177,174	334,127

The Group's revenue is subject to seasonal fluctuations resulting from demand from customers. In particular, demand is higher in the summer months. The Group manages the seasonal impact through the use of a seasonal working capital facility to build up inventories to meet demand and at the half year end this typically leads to higher inventory and trade receivable levels.

On the basis of the strategy, structure and nature of the business and having considered the specific requirements of IFRS 8, the Directors have concluded that the Group has one operating segment. The Group's International operations do not meet the definition of an operating segment under IFRS 8.

Notes to the Condensed Consolidated Half-yearly Financial Statements (continued)

3. Net operating costs

	Half year ended June 2012 £'000	Half year ended June 2011 £'000	Year ended December 2011 £'000
Raw materials and consumables	**55,339**	61,833	117,865
Changes in inventories of finished goods and work in progress	**952**	(1,894)	542
Personnel costs	**44,373**	44,253	87,979
Depreciation - owned	**7,991**	8,597	17,054
- leased	**52**	41	99
Amortisation of intangible assets	**593**	628	1,179
Own work capitalised	**(499)**	(862)	(1,984)
Other operating costs	**51,272**	54,181	98,264
Negative goodwill	**-**	(1,772)	(1,772)
Acquisition costs	**-**	482	482
Overseas "start-up" costs	**-**	745	848
Operating costs	**160,073**	166,232	320,556
Other operating income	**(1,502)**	(771)	(1,679)
Net gain on asset and property disposals	**(563)**	(1,965)	(1,359)
Share of results of associates	**3**	14	(65)
Gain on sale of associates	**-**	-	(23)
Net operating costs before operational restructuring costs and asset impairments	**158,011**	163,510	317,430
Operational restructuring costs and asset impairments (Note 4)	**18,450**	-	-
Net operating costs	**176,461**	163,510	317,430

4. Operational restructuring costs and asset impairments

	Half year ended June 2012 £'000	Half year ended June 2011 £'000	Year ended December 2011 £'000
Operational restructuring costs	**6,566**	-	-
Asset impairments	**11,884**	-	-
	18,450	-	-

The Board has determined that certain charges to the Condensed Consolidated Half-yearly Income Statement should be separately identified for better understanding of the Group's results for the Half Year ended 30 June 2012.

Operational restructuring costs reflect the implementation of a wide range of contingency measures aimed at reducing costs, reducing inventories and conserving cash. These initiatives include works closure costs which reflect the need for capacity reductions and these have impacted those businesses that have been particularly affected by the deterioration in current market conditions and for which the short term outlook remains challenging. Operational restructuring costs include redundancy costs of £3,602,000.

Asset impairments include the write down of plant and machinery and other assets together with the impairment of certain intangible assets and other items of plant that are being temporarily mothballed.

Notes to the Condensed Consolidated Half-yearly Financial Statements (continued)

5. Financial expenses and income

	Half year ended June 2012 £'000	Half year ended June 2011 £'000	Year ended December 2011 £'000
(a) Financial expenses			
Interest expense on bank loans, overdrafts and loan notes	**2,170**	1,651	3,484
Interest on obligations under the defined benefit Pension Scheme	**5,652**	5,787	11,464
Finance lease interest expense	**6**	5	12
	7,828	7,443	14,960
(b) Financial income			
Expected return on Scheme assets under the defined benefit Pension Scheme	**6,003**	5,980	11,940
Interest receivable and similar income	**3**	20	13
	6,006	6,000	11,953

6. Income tax expense

	Half year ended June 2012			Half year ended June 2011	Year ended December 2011
	Before operational restructuring costs and asset impairments £'000	**Operational restructuring costs and asset impairments £'000**	**Total £'000**	£'000	£'000
Current tax expense					
Current year	**1,429**	**(2,400)**	**(971)**	2,765	2,471
Adjustments for prior years	**(800)**	**-**	**(800)**	-	(1,272)
	629	**(2,400)**	**(1,771)**	2,765	1,199
Deferred taxation expense					
Origination and reversal of temporary differences:					
Current year	**(305)**	**(1,488)**	**(1,793)**	(829)	626
Adjustments for prior years	**244**	**-**	**244**	(425)	(303)
Income tax expense / (credit) in the Consolidated Income Statement (continuing operations)	**568**	**(3,888)**	**(3,320)**	1,511	1,522
Tax on discontinued operations (excluding loss on sale)	**-**	**-**	**-**	(194)	(194)
Income tax credit on disposal and closure of discontinued operations	**-**	**-**	**-**	(562)	(562)
Total tax expense / (credit)	**568**	**(3,888)**	**(3,320)**	755	766

Notes to the Condensed Consolidated Half-yearly Financial Statements (continued)

6. Income tax expense (continued)

	Half year ended June 2012		Half year ended June 2011		Year ended December 2011	
	%	**£'000**	%	£'000	%	£'000
Reconciliation of effective tax rate						
(Loss) / profit before tax:						
Continuing operations	**100.0**	**(10,822)**	100.0	12,221	100.0	13,690
Tax using domestic corporation tax rate	**25.0**	**(2,706)**	27.0	3,300	26.5	3,628
Disallowed amortisation of intangible assets	**(0.3)**	**32**	0.5	55	0.7	95
Net income/expenditure not taxable	**(6.6)**	**719**	(5.2)	(639)	7.5	1,033
Adjustments for prior years	**3.3**	**(356)**	(3.5)	(425)	(11.5)	(1,575)
Impact of the change in the rate of corporation tax on deferred taxation	**9.3**	**(1,009)**	(6.4)	(780)	(12.1)	(1,659)
	30.7	**(3,320)**	12.4	1,511	11.1	1,522

7. Discontinued operations

On 14 June 2011 the Group announced the proposed closure of its non-core garage and greenhouse manufacturing operations. Later in June 2011, agreement was reached to sell, separately, the Compton garage brand and the Alton and Robinson greenhouse brands, and the Compton manufacturing site has been closed. The operation has been treated as discontinued.

The results of the discontinued operations which have been included in the Condensed Consolidated Half-yearly Income Statement were as follows:

	Half year ended June 2012 £'000	Half year ended June 2011 £'000	Year ended December 2011 £'000
Revenue	-	5,856	7,847
Net operating costs	-	(6,575)	(8,566)
Loss before tax	-	(719)	(719)
Income tax credit	-	194	194
Loss after tax	-	(525)	(525)
Loss on disposal and closure of discontinued operations	-	(4,949)	(4,949)
Income tax credit on disposal and closure of discontinued operations	-	562	562
Net loss attributable to discontinued operations	-	(4,912)	(4,912)
Basic loss per share (pence)	-	(2.51)p	(2.52)p
Diluted earnings per share (pence)	-	(2.51)p	(2.52)p

Notes to the Condensed Consolidated Half-yearly Financial Statements (continued)

8. Earnings per share

Basic loss per share from total operations of 3.82 pence (30 June 2011: 2.96 pence earnings; 31 December 2011: 3.78 pence earnings) per share is calculated by dividing the loss attributable to ordinary shareholders from total operations, and after adjusting for non-controlling interests, of £7,459,000 (30 June 2011: £5,776,000 profit; 31 December 2011: £7,390,000 profit) by the weighted average number of shares in issue during the period of 195,421,396 (30 June 2011: 195,381,014; 31 December 2011: 195,374,526).

Basic loss per share from continuing operations of 3.82 pence (30 June 2011: 5.47 pence earnings; 31 December 2011: 6.30 pence earnings) per share is calculated by dividing the loss from continuing operations and after adjusting for non-controlling interests of £7,459,000 (30 June 2011: £10,688,000 profit; 31 December 2011: £12,302,000 profit) by the weighted average number of shares in issue during the year of 195,421,396 (30 June 2011: 195,381,014; 31 December 2011: 195,374,526).

Basic earnings per share from continuing operations before operational restructuring costs and asset impairments of 3.63 pence (30 June 2011: 5.47 pence; 31 December 2011: 6.30 pence) per share is calculated by dividing the profit from continuing operations before operational restructuring costs and asset impairments, and after adjusting for non-controlling interests, of £7,103,000 (30 June 2011: £10,688,000; 31 December 2011: £12,302,000) by the weighted average number of shares in issue during the period of 195,421,396 (30 June 2011: 195,381,014; 31 December 2011: 195,374,526).

Profit attributable to ordinary shareholders

	Half year ended June		Year ended December
	2012	2011	2011
	£'000	£'000	£'000
Profit from continuing operations before operational restructuring costs and asset impairments	**7,060**	10,710	12,168
Operational restructuring costs and asset impairments	**(14,562)**	-	-
(Loss) / profit from continuing operations	**(7,502)**	10,710	12,168
Loss from discontinued operations	**-**	(4,912)	(4,912)
(Loss) / profit for the financial period	**(7,502)**	5,798	7,256
Loss / (profit) attributable to non-controlling interests	**43**	(22)	134
(Loss) / profit attributable to ordinary shareholders	**(7,459)**	5,776	7,390

Weighted average number of ordinary shares

	Half year ended June		Year ended December
	2012	2011	2011
	Number	Number	Number
Number of issued ordinary shares (at beginning of the period)	**199,378,755**	199,378,755	199,378,755
Effect of shares transferred into employee benefit trust	**(1,532,359)**	(1,572,741)	(1,579,229)
Effect of treasury shares acquired	**(2,425,000)**	(2,425,000)	(2,425,000)
Weighted average number of ordinary shares at end of the period	**195,421,396**	195,381,014	195,374,526

Notes to the Condensed Consolidated Half-yearly Financial Statements (continued)

8. Earnings per share (continued)

For the half year ended 30 June 2012 the potential ordinary shares set out below are considered to be anti-dilutive to the total earnings per share calculation.

Diluted earnings per share from continuing operations before operational restructuring costs and asset impairments of 3.56 pence (30 June 2011: 5.36 pence; 31 December 2011: 6.17 pence) per share is calculated by dividing the profit from continuing operations before operational restructuring costs and asset impairments, and after adjusting for non-controlling interests, of £7,103,000 (30 June 2011: £10,688,000; 31 December 2011: £12,302,000) by the weighted average number of shares in issue during the period of 195,421,396 (30 June 2011: 195,381,014; 31 December 2011: 195,374,526) plus potentially dilutive shares of 3,957,359 (30 June 2011: 3,997,741; 31 December 2011: 4,004,229) which totals 199,378,755 (30 June 2011: 199,378,755; 31 December 2011: 199,378,755).

Weighted average number of ordinary shares (diluted)

	Half year ended June **2012** **Number**	Half year ended June 2011 Number	Year ended December 2011 Number
Weighted average number of ordinary shares	**195,421,396**	195,381,014	195,374,526
Effect of shares transferred into employee benefit trust	**1,532,359**	1,572,741	1,579,229
Effect of treasury shares acquired	**2,425,000**	2,425,000	2,425,000
Weighted average number of ordinary shares (diluted)	**199,378,755**	199,378,755	199,378,755

9. Dividends

After the balance sheet date, the following dividends were proposed by the Directors. The dividends have not been provided and there were no income tax consequences.

	Pence per qualifying share	Half year ended June **2012** **£'000**	Half year ended June 2011 £'000	Year ended December 2011 £'000
2012 interim	1.75	**3,431**	-	-
2011 final	3.50	**-**	-	6,861
2011 interim	1.75	**-**	3,431	3,431
		3,431	3,431	10,292

The following dividends were approved by the shareholders in the period.

	Pence per qualifying share	Half year ended June **2012** **£'000**	Half year ended June 2011 £'000	Year ended December 2011 £'000
2011 final	3.50	**6,861**	-	-
2011 interim	1.75	**-**	-	3,431
2010 final	3.50	**-**	6,863	6,861
		6,861	6,863	10,292

Notes to the Condensed Consolidated Half-yearly Financial Statements (continued)

9. Dividend (continued)

The 2011 final dividend of 3.50 pence per qualifying ordinary share, total value £6,861,000, was paid on 6 July 2012 to shareholders registered at the close of business on 8 June 2012.

10. Employee benefits

The Group operates the Marshalls plc Pension Scheme (the "Scheme") which has both a defined benefit and a defined contribution section. The assets of the Scheme are held in separately managed funds which are independent of the Group's finances. The defined benefit section of the Scheme is closed to new members and future service accrual. Pension contributions, for both the employer and the employee, are made into the defined contribution section of the Scheme.

	June **2012** **£'000**	2011 £'000	December 2011 £'000
Present value of funded obligations	**(247,513)**	(214,466)	(237,621)
Fair value of Scheme assets	**249,600**	210,838	250,587
Net surplus / (liability) in the Scheme for defined benefit obligations (see below)	**2,087**	(3,628)	12,966
Experience adjustments on Scheme liabilities	**(8,454)**	(200)	(21,680)
Experience adjustments on Scheme assets	**(6,076)**	(2,829)	31,662

Movements in the net liability for defined benefit obligations recognised in the balance sheet

	2012 **£'000**	Half year ended June 2011 £'000	Year ended December 2011 £'000
Net liability for defined benefit obligations at beginning of the period	**12,966**	(4,092)	(4,092)
Contributions received	**3,300**	3,300	6,600
Profit recognised in the Consolidated Income Statement	**351**	193	476
Actuarial (losses) / gains recognised in the Consolidated Statement of Comprehensive Income	**(14,530)**	(3,029)	9,982
Net surplus/(liability) in the Scheme for the defined benefit obligations at period end	**2,087**	(3,628)	12,966

The actuarial loss of £14,530,000 in the half year ended 30 June 2012 is due to the net effect of the movement in the fair value of the Scheme assets, the decrease in the AA corporate bond rate from 4.8 per cent to 4.6 per cent and the decrease in the inflation assumption.

Notes to the Condensed Consolidated Half-yearly Financial Statements (continued)

10. Employee benefits (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

		June	December
	2012	2011	2011
Discount rate (AA corporate bond rate)	**4.6%**	5.6%	4.8%
Inflation (RPI)	**2.8%**	3.5%	3.0%
Inflation (CPI)	**1.8%**	2.8%	2.0%
Future pension increases	**1.8%**	2.8%	2.0%
Expected return on Scheme assets	**4.8%**	5.8%	4.8%
Future expected lifetime of pensioner at age 65 (years):			
Male:	**21.8**	20.7	21.7
Female:	**23.9**	23.8	23.8

11. Analysis of net debt

	1 January 2012 £'000	Cash flow £'000	Exchange differences £'000	**30 June 2012 £'000**
Cash at bank and in hand	5,998	(5,323)	(13)	**662**
Debt due within one year	(25,000)	25,000	-	**-**
Debt due after one year	(57,934)	(26,643)	270	**(84,307)**
Finance leases	(165)	58	**-**	**(107)**
	(77,101)	(6,908)	257	**(83,752)**

Reconciliation of Net Cash Flow to Movement in Net Debt

	Half year ended June		Year ended December
	2012 £'000	2011 £'000	2011 £'000
Net (decrease) / increase in cash and cash equivalents	**(5,323)**	22,216	1,879
Cash inflow from increase in debt and lease financing	**(1,585)**	(25,763)	(12,199)
Effect of exchange rate fluctuations	**257**	-	60
Movement in net debt in the period	**(6,651)**	(3,547)	(10,260)
Net debt at beginning of the period	**(77,101)**	(66,841)	(66,841)
Net debt at the end of the period	**(83,752)**	(70,388)	(77,101)

12. Borrowing facilities

The total borrowing facilities at 30 June 2012 amounted to £190.0 million (30 June 2011: £188.4 million; 31 December 2011: £170.0 million) of which £105.7 million (30 June 2011: £91.7 million; 31 December 2011: £87.1 million) remained unutilised.

These figures include an additional seasonal bank working capital facility of £20.0 million available between 1 February and 31 August each year.

Notes to the Condensed Consolidated Half-yearly Financial Statements (continued)

12. Borrowing facilities (continued)

The undrawn facilities available at 30 June 2012 in respect of which all conditions precedent had been met were as follows:

	June		December
	2012	2011	2011
	£'000	£'000	£'000
Committed			
- Expiring in one year or less	**-**	1,737	-
- Expiring in more than two years but not more than five years	**60,693**	45,000	62,066
Uncommitted			
- Expiring in one year or less	**45,000**	45,000	25,000
	105,693	91,737	87,066

In March 2012 existing bank debt facilities, which were to mature in December 2012 and January 2013 and totalling £75 million in aggregate, were refinanced with extended maturity dates to 2015 and 2016.

The maturity profile of borrowing facilities is structured to provide balanced, committed and phased medium term debt and following the renewal of certain bank facilities on 31 August 2012 is set out as follows:

	Facility	Cumulative Facility
	£'000	£'000
Committed facilities:		
Q3: 2016	50,000	50,000
Q3: 2015	75,000	125,000
Q3: 2014	20,000	145,000
On demand facilities:		
Available all year	25,000	170,000
Seasonal (February to August inclusive)	20,000	190,000

13. Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year are those detailed on pages 22 to 25 of the 2011 Annual Report. These cover the Strategic, Financial and Operational Risks and have not changed during the period.

Strategic risks include those relating to general economic conditions, Government policy, the actions of customers, suppliers and competitors and also weather conditions. The Group also continues to be subject to various financial risks in relation to access to funding and to the Pension Scheme, principally the volatility of the discount (AA corporate bond) rate, any downturn in the performance of equities and increases in the longevity of members. The other main financial risks arising from the Group's financial instruments are liquidity risk, interest rate risk, credit risk and foreign currency risk. Operational risks include those relating to business integration, employees and key relationships. The Group continues to monitor all these risks and pursue policies that take account of, and mitigate, the risks where possible.

Responsibility Statement

The Directors who held office at the date of approval of these Financial Statements confirm that to the best of their knowledge:

- the Condensed Consolidated Half-yearly Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union; and
- the Half-yearly management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the half year ended 30 June 2012 and their impact on the Condensed Consolidated Half-yearly Financial Statements and a description of the principal risks and uncertainties for the remaining second half of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the half year ended 30 June 2012 and that have materially affected the financial position or performance of the entity during that period and any changes in the related party transactions described in the last Annual Report that could do so.

The Board

The Directors serving during the half year ended 30 June 2012 were as follows:

Andrew Allner	Chairman
Graham Holden	Chief Executive
Ian Burrell	Finance Director
David Sarti	Chief Operating Officer
Alan Coppin	Non-Executive Director
Mark Edwards	Non-Executive Director
Tim Pile	Non-Executive Director

The responsibilities of the Directors during their period of service were as set out on pages 26 and 27 of the 2011 Annual Report.

By order of the Board
Cathy Baxandall
Company Secretary
31 August 2012

Cautionary Statement

This Half-yearly Report contains certain forward looking statements with respect to the financial condition, results, operations and business of Marshalls plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this Half-yearly Report should be construed as a profit forecast.

Directors' Liability

Neither the Company nor the Directors accept any liability to any person in relation to this Half-yearly Report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.