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Marshalls

Preliminary results for the year ended 31 December 2011

Marshalls plc, the specialist Landscape Products Group, announces its full year results

Financial Highlights

	Year ended 31 December 2011	Year ended 31 December 2010*	%
Continuing operations:			
Revenue	£334.1m	£308.8m	+ 8
EBITDA	£35.0m	£31.9m	+ 10
Operating profit	£16.7m	£13.0m	+ 29
Profit before tax	£13.7m	£10.4m	+ 32
Basic EPS	6.30p	4.21p	+ 50
Dividends declared and paid	5.25p	5.25p	-
Final dividend recommended	3.50p	3.50p	-
Total operations:			
Basic EPS	3.78p	3.76p	+ 1

*****The comparatives have been restated in respect of discontinued operations

Key features of 2011:

Highlights

- Revenue from continuing operations up 8.2 per cent
- EBITDA from continuing operations up 9.7 per cent helped by a small improvement in margins
- Operating profit from continuing operations up 28.6 per cent at £16.7 million, including a net gain on asset and property disposals of £1.4 million
- Profit before tax from continuing operations of £13.7 million, up 31.7 per cent
- Basic EPS on continuing operations up 49.6 per cent to 6.30 pence
- Final dividend recommended of 3.50 pence per share
- Dividends maintained at 5.25 pence with comfortable cash cover
- Net debt at £77.1 million with the increase on prior year reflecting the selected investment in growth initiatives

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

"Marshalls has performed well in a tough environment, benefitting from our broad Domestic, Commercial and Public Sector customer base and our strong brand. Our commitment to innovation and appealing products and the development of our International activities has further boosted our performance. Marshalls continues to be well placed to outperform the market in the short term and to benefit more strongly from operational gearing, once market conditions improve."

Enquiries:

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Group Results

Continuing revenue for the year ended 31 December 2011 was £334.1 million (2010: £308.8 million) which represented a year-on-year increase of 8.2 per cent from one less trading day. Sales to the Public Sector and Commercial end market, which represent approximately 64 per cent of Marshalls' sales, were up 9 per cent for the full year. Sales to the Domestic end market were up 7 per cent compared to the prior year. Sales to International end markets increased by £8.9 million and at £11.7 million grew to 3 per cent of Group revenue. The Group's target is that international sales will reach 5 per cent by the end of 2012.

Reported operating profit from continuing operations was up 28.6 per cent to £16.7 million (2010: £13.0 million) including a net gain of £1.4 million on asset and property disposals. Operating profit, excluding the net gain on asset and property disposals, was up 22.1 per cent at £15.3 million (2010: £12.6 million). EBITDA, from continuing operations, was £35.0 million (2010: £31.9 million), an increase of 9.7 per cent helped by a small improvement in margins.

The Group announced in June 2011 the closure of its non-core garage and greenhouse manufacturing operations. Agreement was also reached to sell, separately, the Compton garage brand and the Alton and Robinson greenhouse brands. The operations have been treated as discontinued in the year ended 31 December 2011. The Income Statement charge for discontinued operations is £4.9 million (2010: £0.9 million) and included the operating loss together with the impact of writing off intangible assets, the costs of site closure and the net sale proceeds of the garage and greenhouse brands.

Net financial expenses were £3.0 million (2010: £2.6 million) and interest was strongly covered at 5.6 times. Higher external interest charges, totalling £3.5 million, have been offset by an IAS 19 notional interest credit of £0.5 million in relation to the Group's Pension Scheme.

The tax charge for 2011 was £1.5 million (2010: £2.2 million) which represented an effective rate of 11.1 per cent (2010: 21.1 per cent). The effective tax rate benefitted from the reduction in the rate of corporation tax, with its impact on deferred tax and the utilisation of brought forward capital losses being applied against the capital gain on the disposal of the surplus property.

Basic earnings per share, for the continuing operations, were up 49.6 per cent at 6.30 pence (2010: 4.21 pence) per share. Excluding the net gain on asset and property disposals basic earnings per share was up 37.1 per cent at 5.40 pence (2010: 3.94 pence) per share.

Operating Performance

During the last four years, Marshalls has simplified and refocused its operations with emphasis on financial and operating flexibility. The strategy has combined established and new initiatives to deliver growth and, despite economic and market uncertainty, these initiatives have been delivering consistent market outperformance with sales and production continuing their upward trend. A specific initiative to provide additional operating flexibility includes a programme to re-balance production nationally to meet stronger demand in the south-east, compared with the north, in order to minimise distribution distance and reduce costs.

Marshalls' operating strategy continues to combine regional manufacturing with a unique national network of distribution sites with a wide geographical spread. The Group continues to utilise well invested modern plants which have sufficient capacity to meet medium term demand requirements efficiently and has the operational and financial flexibility to respond to further changes in market conditions as they occur. The same capital equipment produces products for both the Public Sector and Commercial and Domestic end markets and this flexibility remains a key operational objective. These factors optimise manufacturing efficiency and ensure that Marshalls continues to have the lowest cost to market.

Marshalls is a marketing and sales led Group with an increasingly well known brand. Marshalls has again been awarded the accolade of a business Superbrand in 2012. The Group has a broad range of initiatives designed to build on our competitive advantages and the Group continues to invest selectively in innovation to drive growth in the medium term. The Group has sector leading product availability and customer service and these attributes are both at the heart of the Marshalls' "Superbrand" concept together with the Group's continuing drive to generate value by "Creating Better Landscapes." The Group's combined measure for product availability and customer service is consistently above 97 per cent.

Within the Public Sector and Commercial end markets precision marketing continues to be used in order to develop innovative products and services to meet customer requirements and increase sales. In particular, the Group has been targeting growth areas such as rail, education, home and retail with experienced technical and sales teams providing a full range of integrated products and sustainable solutions to support the specialist product directories and marketing collateral. The process of identifying projects and following them through to completion is analytical and data driven and utilises specialist software unique to Marshalls. The combination of marketing, systems, processes and highly experienced sales teams continues to provide the Group with a sustainable competitive advantage.

Marshalls continues to be the only landscape products company able to provide a fully integrated product offer to the Public Sector and Commercial end market. This integrated offer was created in response to the specific demand of suppliers, distributors, and architects but its value is now also appreciated in a wider environmental context and increasingly by local authorities and other Public Sector bodies. Around 50 per cent of all sales enquiries in 2011 covered more than one product category with 20 per cent covering three or more. Delivery of product to the Olympic sites is now drawing to a close and overall sales have been around £10 million, which is at the upper end of management's original expectations. The installation of Marshalls' products at the Northern Spectator Transport Mall, which is the size of fourteen football pitches, has recently been completed leaving the Athletes' Village as the final area of landscaping.

In the Domestic end market Marshalls has focused on brand development, increasing customer awareness and developing stronger links with installers. During 2011 the Group has increased its marketing support of the installer base through increased training, marketing materials and sales support. Marshalls has now built a substantial and growing network of around 1,800 approved domestic installation teams throughout the country which is unique. The number of installation teams on the Marshalls Register grew by a further 10 per cent during 2011 and is still on an upward trend with an overall 20 per cent growth since the beginning of the initiative in 2010.

Against the uncertain economic backdrop installer order books remained fairly consistent in 2011 at around 7 weeks. Installer order books at the end of February 2012 were slightly lower at 6.3 weeks, benefitting from the better weather for installation (2011: 7.2 weeks). Although Marshalls continues to receive good feedback from its customers and installers for the consistency and quality of service, the Group remains cautious about the outlook given the uncertainty in consumer confidence.

The Group's plants are modern and well invested and this continues to enable capital expenditure to be maintained at historically low levels for the medium term without any noticeable impact on the effectiveness of the business. Capital investment in 2011 totalled £13.6 million (2010: £11.9 million), although this includes £1.3 million in relation to a strategic land purchase adjacent to our existing Newport site and £1.0 million in relation to the Group's newly acquired operational sites in Belgium. This compares to depreciation of £17.3 million (2010: £17.8 million). The Group will continue to invest selectively in innovation to deliver new products and improvement projects that reinforce its market leading position.

Marshalls has won numerous national and international awards for its ground breaking work on ethical sourcing and carbon labelling. Marshalls was the first business in its Sector to become a member of the Ethical Trading Initiative and is also the UK's first heavyside materials manufacturer to be accepted into the prestigious UN Global Compact. Looking forward, these initiatives will be a "must have" and consequently the Group continues to ensure that sustainability is embedded in everything it does.

Corporate Development

There continues to be potential for growth in Marshalls' existing markets. The Group continues to seek opportunities to expand reserves and geographical coverage in dimensional natural stone and strategically located aggregates reserves. During the year the Group also expanded its capacity to process stone walling in the Cotswolds and stone paving in South Wales by investing in new stone sawing capacity.

In March 2011 the Group acquired a business comprising two operational sites and manufacturing assets in Belgium, via a newly-formed subsidiary, to enable the manufacture of landscape products locally and to provide a physical stock location in mainland Europe from which to supply the wider Group's specialist product portfolio. This investment provides the logistics potential to link our range of ethically sourced natural stone products from India, China and Vietnam with UK manufactured products and wider European markets. Marshalls NV is also able to manufacture a unique patented driveway product which is currently only available in Belgium and Holland. The business will provide a core logistics operation for the Group's expansion in Europe with over 40 million people living within a two hour drive from the two sites, an area that covers Belgium, Holland, Northern France and parts of Germany.

Geographically, the Group is committed to increasing its business in Western Europe, the Middle East and Asia with particular emphasis on natural stone paving, street furniture and water management. Most recently, the Group has established a Chinese subsidiary to maximise the efficiency, quality and ethical control of the Group's Chinese and Vietnamese supply chain. The aim internationally is to be a niche, premium product supplier of specialist paving and associated products from India, China and the UK into Western Europe and other export areas. The focus will be on products which are not generally available in those export markets.

Balance Sheet

Net assets at 31 December 2011 were £206.1 million (2010: £198.2 million).

The Group continues to keep a tight control of receivables. The balance sheet at 31 December 2011 shows an increase in trade and other receivables to £40.3 million (2010: £27.9 million). The normal weather conditions in November and December 2011, compared with 2010, added £6 million with underlying sales growth and the VAT rate change to 20 per cent adding a further £3 million. The return of normal credit insurance availability for a number of customers also increased receivables and the impact of Marshalls NV accounts for the remainder of the increase. The Group maintains credit insurance which provides excellent intelligence to minimise the number and value of bad debts and ultimately provides compensation if bad debts are incurred.

The Group's UK stock reduction programme has led to a volume reduction of around £7 million which, after the impact of upward cost inflation of £4 million, has released cash of approximately £3 million. The Group balance sheet shows a net increase of £0.7 million at 31 December 2011 compared with the prior year and this also reflects the increase in inventory to support the Group’s investment in Marshalls NV and the growth of the Group’s international operations.

The Group’s total investment in Marshalls NV in the period was £8.0 million, with £3.9 million comprising capital assets and a further £4.1 million in working capital. Marshalls acquired 66.7 per cent of the ordinary share capital of Marshalls NV and the balance sheet records the 33.3 per cent minority interest at 31 December 2011 of £3.4 million. The additional revenue in the period was £8.9 million.

Risk management has been a key focus for the Group’s Pension Scheme over recent years and the actions the Group has taken have reduced actuarial volatility and risk. In accordance with the Scheme-specific funding and recovery plan, the Group made cash contributions of £6.6 million into the Scheme in the year ended 31 December 2011. The change from RPI to CPI for inflation purposes means actuarial deficits have reduced and lower levels of cash contribution are expected in the medium term as a consequence. The actions the Group has taken to manage the actuarial position have also helped manage the accounting risk. In the year ended 31 December 2011 the AA corporate bond rate reduced from 5.5 per cent to 4.8 per cent and liabilities increased by around £25 million as a result. The Group’s Liability Driven Investments (“LDI’s”), however, provide a hedge against Scheme liabilities and have risen in value to offset this. The fair value of the Scheme assets at 31 December 2011 increased to £250.6 million (2010: £208.3 million) and the present value of funded obligations increased to £237.6 million (2010: £212.4 million) and this has given rise to an accounting surplus of £13.0 million (2010: £4.1 million deficit) at the balance sheet date. These changes have resulted in an actuarial gain, net of deferred taxation, of £7.5 million (2010: £20.2 million) and this has been recorded in the Consolidated Statement of Comprehensive Income. The values have been determined by the Scheme Actuary using prudent assumptions in line with current market levels for accounting purposes.

Net Debt and Borrowing Facilities

Net debt increased from £66.8 million to £77.1 million during the year with gearing at 31 December 2011 being 37.4 per cent (2010: 33.7 per cent). The main reason for the increase has been the investment the Group has made in Marshalls NV and its other International growth initiatives. Excluding this investment, net debt would have been £69.1 million, being close to the previous year.

The Group continues to focus on working capital and capital expenditure management. Cash management continues to be a high priority and the Group remains committed to realising value from surplus properties. The Group has realised cash of £5.4 million from the sale of a surplus property in the year ended 31 December 2011, delivering a net profit on asset and property disposals of £1.4 million (2010: £0.4 million). Since the year end, the Group has sold an additional area of surplus land for net cash proceeds of £2 million, and holds remaining assets for sale with an expected realisable value of around £5 million over the next few years.

The Group renewed certain bank facilities in August 2011 and has also recently taken the opportunity in March 2012 to re-finance further committed facilities totalling £75 million that were due to mature in December 2012 and January 2013. The strategy continues to be to retain significant committed facilities with a positive spread of medium term maturities. Following the signing of these new facility agreements, the Group has no need for further committed facility renewals for two and a half years. The total bank borrowing facilities at 31 December 2011 amounted to £170.0 million (2010: £168.4 million) of which £87.1 million (2010: £97.5 million) remained unutilised. In addition, the Group has a seasonal working capital facility of £20.0 million which is available between 1 February and 31 August each year. The Group has significant headroom in its facilities with utilisation at 31 December 2011 representing just over 45 per cent of the available facilities.

Dividends

An interim dividend of 1.75 pence (2010: 1.75 pence) per share was paid on 2 December 2011. A final dividend of 3.50 pence (2010: 3.50 pence) per share is now being recommended for payment on 6 July 2012 to shareholders on the register at the close of business on 8 June 2012. The ex-dividend date will be 6 June 2012. This gives a total dividend of 5.25 pence (2010: 5.25 pence) per share for the year.

On an IFRS basis, which does not account for the final dividend until it is approved at the 2012 Annual General Meeting, the dividend declared for the year ended 31 December 2011 is 5.25 pence (2010: 5.25 pence) per share.

The Board remains committed to a progressive dividend policy and the level of future dividend payments will take into account the Group's underlying earnings, cash flows and capital investment plans, and the need to maintain an appropriate level of dividend cover.

Outlook

The Construction Products Association's most recent forecast predicts a reduction in UK market volumes in 2012. However, Marshalls would expect the positive impact of its targeted growth initiatives to continue to bring positive benefits. Based on the Group's forward indicators, Commercial work is expected to continue to improve from historically low levels, although Public demand is starting to weaken as current projects are completed. The installer market remains stable and the Group's International growth strategy is now in place.

In response to the market downturn, Marshalls has simplified and refocused its operations. This is intended to ensure that it will be in a strong position when markets improve with increased operational and financial flexibility. The Group has permanently reduced its cost base and continues to have the lowest cost to market across the widest geographical range. As a result of its positive actions, Marshalls continues to be well placed to outperform the market in the short term and to benefit more strongly from operational gearing, once market conditions improve.

Graham Holden
Chief Executive

MARSHALLS PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	**Total 2011 £'000**	Total 2010* £'000
Revenue	2	**334,127**	308,843
Net operating costs	3	**(317,430)**	(295,862)
Operating profit	2	**16,697**	12,981
Financial expenses	4	**(14,960)**	(14,479)
Financial income	4	**11,953**	11,921
Profit before tax	2	**13,690**	10,423
Income tax expense	5	**(1,522)**	(2,202)
Profit for the financial period before post tax loss of discontinued operations		**12,168**	8,221
Post tax loss of discontinued operations	6	**(4,912)**	(871)
Profit for the financial period		**7,256**	7,350
Profit for the period Attributable to:			
Equity shareholders of the parent		**7,390**	7,350
Non-controlling interests		**(134)**	-
		7,256	7,350
Earnings per share (total operations):			
Basic	7	**3.78p**	3.76p
Diluted	7	**3.71p**	3.69p
Earnings per share (continuing operations):			
Basic	7	**6.30p**	4.21p
Diluted	7	**6.17p**	4.13p
Dividend:			
Pence per share	8	**5.25p**	5.25p
Dividends declared	8	**10,292**	10,294

* The comparatives have been restated in respect of discontinued operations (Note 6)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £'000	2010* £'000
Profit for the period	**7,256**	7,350
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedges	**(570)**	(505)
Fair value of cash flow hedges transferred to the Income Statement	**402**	262
Deferred tax arising	**43**	66
Defined benefit plan actuarial gains	**9,982**	27,640
Deferred tax arising	**(2,496)**	(7,463)
Impact of the change in rate of deferred taxation	**(145)**	(123)
Foreign currency translation differences - foreign operations	**(110)**	-
Foreign currency translation differences - non-controlling interests	**(56)**	-
Other comprehensive income for period, net of income tax	**7,050**	19,877
Total comprehensive income for the period	**14,306**	27,227
Attributable to:		
Equity shareholders of the parent	**14,496**	27,227
Non-controlling interests	**(190)**	-
	14,306	27,227

* The comparatives have been restated in respect of discontinued operations (Note 6)

MARSHALLS PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Notes	2011	2010
Assets		**£'000**	£'000
Non-current assets			
Property, plant and equipment		**191,324**	190,627
Intangible assets		**42,730**	42,945
Investment in associates		**2,188**	2,163
Employee benefits	9	**12,966**	-
Deferred taxation assets		**63**	1,171
		249,271	236,906
Current assets			
Inventories		**82,338**	81,626
Trade and other receivables		**40,304**	27,925
Cash and cash equivalents		**5,998**	4,059
		128,640	113,610
Total assets		**377,911**	350,516
Liabilities			
Current liabilities			
Trade and other payables		**57,539**	48,552
Corporation tax		**5,923**	5,164
Interest bearing loans and borrowings		**25,088**	40,900
		88,550	94,616
Non-current liabilities			
Interest bearing loans and borrowings		**58,011**	30,000
Employee benefits	9	**-**	4,092
Deferred taxation liabilities		**25,286**	23,568
		83,297	57,660
Total liabilities		**171,847**	152,276
Net assets		**206,064**	198,240
Equity			
Share capital		**49,845**	49,845
Share premium account		**22,695**	22,695
Own shares		**(9,514)**	(9,514)
Capital redemption reserve		**75,394**	75,394
Consolidation reserve		**(213,067)**	(213,067)
Hedging reserve		**(304)**	(179)
Retained earnings		**277,621**	273,066
Equity attributable to equity shareholders of the parent		**202,670**	198,240
Non-controlling interests	10	**3,394**	-
Total equity		**206,064**	198,240

MARSHALLS PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £'000	2010 £'000
Cash flows from operating activities		
Profit for the financial period	**7,256**	7,350
Income tax expense on continuing operations	**1,522**	2,202
Income tax credit on discontinued operations	**(756)**	(339)
Loss on disposal and closure of discontinued operations	**4,949**	-
Profit before tax on total operations	**12,971**	9,213
Adjustments for:		
Depreciation	**17,269**	17,771
Amortisation	**1,231**	1,554
Negative goodwill	**(1,772)**	-
Share of results of associates	**(65)**	63
Gain on sale of associates	**(23)**	-
Gain on sale of property, plant & equipment	**(1,667)**	(746)
Equity settled share based expenses	**226**	250
Financial income and expenses (net)	**3,007**	2,558
Operating cash flow before changes in working capital and pension scheme contributions	**31,177**	30,663
(Increase) / decrease in trade and other receivables	**(10,440)**	3,342
Decrease in inventories	**437**	561
Increase / (decrease) in trade and other payables	**1,674**	(3,436)
Works closure costs paid	**(1,197)**	(1,447)
Pension scheme contributions	**(6,600)**	(6,600)
Cash generated from the operations	**15,051**	23,083
Financial expenses paid	**(3,496)**	(2,177)
Income tax received / (paid)	**222**	(129)
Net cash flow from operating activities	**11,777**	20,777
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**5,361**	3,936
Financial income received	**13**	4
Proceeds from disposal of discontinued operations	**550**	-
Proceeds from disposal of investment in associates	**63**	-
Acquisition of subsidiaries and investment in associates	**(4,181)**	(108)
Acquisition of property, plant & equipment	**(11,754)**	(9,018)
Acquisition of intangible assets	**(1,857)**	(2,940)
Net cash flow from investing activities	**(11,805)**	(8,126)
Cash flows from financing activities		
Payments to acquire own shares	**-**	(42)
Net increase / (decrease) in other debt and finance leases	**165**	(39)
Increase / (decrease) in borrowings	**12,034**	(7,500)
Equity dividends paid	**(10,292)**	(10,294)
Net cash flow from financing activities	**1,907**	(17,875)
Net increase / (decrease) in cash and cash equivalents	**1,879**	(5,224)
Cash and cash equivalents at beginning of the period	**4,059**	9,283
Effect of exchange rate fluctuations	**60**	-
Cash and cash equivalents at end of the period	**5,998**	4,059

MARSHALLS PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	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 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**

MARSHALLS PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Share capital £'000	Share premium account £'000	Own shares £'000	Capital redemption reserve £'000	Consolid-ation reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Prior year								
At 1 January 2010	49,845	22,695	(9,472)	75,394	(213,067)	(2)	255,706	181,099
Total comprehensive income for the period								
Loss for the financial period attributable to equity shareholders of the parent	-	-	-	-	-	-	7,350	7,350
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(505)	-	(505)
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	262	-	262
Deferred tax arising	-	-	-	-	-	66	-	66
Defined benefit plan actuarial losses	-	-	-	-	-	-	27,640	27,640
Deferred tax arising	-	-	-	-	-	-	(7,463)	(7,463)
Impact of the change in rate of deferred taxation	-	-	-	-	-	-	(123)	(123)
Total other comprehensive income	-	-	-	-	-	(177)	20,054	19,877
Total comprehensive income for the period	-	-	-	-	-	(177)	27,404	27,227
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share based expenses	-	-	-	-	-	-	250	250
Dividends to equity shareholders	-	-	-	-	-	-	(10,294)	(10,294)
Purchase of own shares	-	-	(42)	-	-	-	-	(42)
Total contributions by and distributions to owners	-	-	(42)	-	-	-	(10,044)	(10,086)
At 31 December 2010	49,845	22,695	(9,514)	75,394	(213,067)	(179)	273,066	198,240

1 Basis of preparation

Whilst the Financial Information included in this Preliminary Announcement has been prepared on the basis of the requirements of IFRSs in issue, as adopted by the European Union and effective at 31 December 2011, this announcement does not itself contain sufficient information to comply with IFRS. The Group expects to publish full Consolidated Financial Statements in April 2012.

The Financial Information set out in this Preliminary Announcement does not constitute the Company's Consolidated Financial Statements for the years ended 31 December 2011 or 2010, but is derived from those Financial Statements. Statutory Financial Statements for 2010 have been delivered to the Registrar of Companies and those for 2011 will be delivered following the Company's Annual General Meeting. The auditors, KPMG Audit Plc, have reported on those Financial Statements. Their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006 in respect of the Financial Statements for 2011 or 2010.

The Consolidated Financial Statements have been prepared in accordance with IFRSs as adopted for use in the EU. The Group has applied all accounting standards and interpretations issued by the IASB and International Financial Reporting Committee relevant to its operations and which are effective in respect of these Financial Statements.

In the current year the Group has adopted the following new accounting standards which become effective for the first time in the year ended 31 December 2011:

- IAS 24 – *"Related Party Disclosures (revised 2009)*" - The changes introduced by IAS 24 (2009) relate mainly to the related party disclosure requirements for government-related entities, and the definition of a related party.
- Amendments to IFRIC 14 – *"Prepayments of a Minimum Funding Requirement"* - The amendment to IFRIC 14 removes unintended consequences arising from the treatment of prepayments when there is a minimum funding requirement.

Improvements to IFRS:

- IFRS 7 – *"Financial Instruments: Disclosures – Amendments to disclosures"* - amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial instruments.
- IAS 1 – *"Presentation of Financial Statements – Presentation of statement of changes in equity"* - amended to clarify that a reconciliation from opening to closing balances is required to be presented in the statement of changes in equity for each component of equity.
- IFRIC 13 – *"Customer Loyalty Programmes – Fair value of award credit*" - amended to state that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits.

These standards and interpretations have been adopted by the EU.

The application of these standards and interpretations has not had a material impact on the Group's reported financial performance or position.

The following standard has been endorsed but, in respect of the year ended 31 December 2011, is not yet effective:

- "*Disclosures - Transfers of Financial Assets (Amendments to IFRS 7)*" - The Amendments require additional disclosures about transfers of financial assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

This standard is not expected to have a material impact on the Consolidated Financial Statements.

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 renewed on an annual basis and the current arrangements were renewed and signed on 22 August 2011. 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 and, based on current expectations, the Group's cash forecasts 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 Group Consolidated Financial Statements.

The Consolidated Financial Statements are prepared on the historical cost basis except that the following asset 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 Consolidated Financial Statements and are also set out on the Company’s website (www.marshalls.co.uk).

The Consolidated 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.

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.

2 Segmental analysis

		Revenue		Operating Profit
	2011	2010*	**2011**	2010*
	£’000	£’000	**£’000**	£’000
Continuing operations	**334,127**	308,843	**16,697**	12,981
Financial income and expenses (net)			**(3,007)**	(2,558)
Profit before tax			**13,690**	10,423

* The comparatives have been restated in respect of discontinued operations (Note 6)

Operating segments

IFRS 8 "*Operating Segments"* requires operating segments to be identified on the basis of discrete financial information about components of the Group that are regularly reviewed by the Group’s Chief Operating Decision Maker (“CODM”) to allocate resources to the segments and to assess their performance. The Directors have concluded that, in terms of the Group's operations, the detailed requirements of IFRS 8 support the reporting of the Group's operations as a single business segment. As far as Marshalls is concerned the CODM is regarded as being the Executive Directors.

	2011 **£'000**	2010* £'000
Geographical destination of revenue:		
United Kingdom	**322,396**	306,042
Rest of the world	**11,731**	2,801
	334,127	308,843

* The comparatives have been restated in respect of discontinued operations (Note 6)

In the period ended 31 December 2011 Marshalls NV contributed revenue of £8,877,000. All other revenue originates in the United Kingdom from continuing operations. The Group's International operations do not meet the definition of an operating segment under IFRS 8.

3 Net operating costs

	2011 **£'000**	2010* £'000
Raw materials and consumables	**117,865**	108,021
Changes in inventories of finished goods and work in progress	**542**	830
Personnel costs	**87,979**	80,854
Depreciation - owned	**17,054**	17,422
- leased	**99**	101
Amortisation of intangible fixed assets	**1,179**	1,433
Own work capitalised	**(1,984)**	(2,194)
Other operating costs	**98,264**	91,500
Negative goodwill (Note 10)	**(1,772)**	-
Acquisition costs	**482**	-
International "start up" costs	**848**	-
Operating costs	**320,556**	297,967
Other operating income	**(1,679)**	(1,747)
Net gain on asset and property disposals	**(1,359)**	(421)
Share of results of associates	**(65)**	63
Gain on sale of associates	**(23)**	-
Net operating costs	**317,430**	295,862

* The comparatives have been restated in respect of discontinued operations (Note 6)

As set out in Note 10 on 4 March 2011 the Group obtained control of a newly formed company in Belgium engaged in the manufacture and supply of landscape products. The Group acquired 66.7 per cent of the ordinary share capital and voting interests in Marshalls NV and the new business was established following the acquisition of certain business assets and the injection of new working capital. The Group incurred acquisition-related costs of £482,000 relating to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in net operating costs.

The initial acquisition of these assets, principally land, buildings, plant and machinery, has given rise to negative goodwill. The first months of trading necessitated the commissioning of the plant and the manufacture and sourcing of the Company's operational inventory and working capital. A new management team has been established and investment has been made in systems and procedures in the "start-up" phase. To assist the user of these Consolidated Financial Statements these "start up" costs have been separately disclosed.

4 Financial expenses and income

	2011 £'000	2010* £'000
(a) **Financial expenses**		
Interest expense on bank loans, overdrafts and loan notes	**3,496**	2,180
Interest on obligations under the defined benefit Pension Scheme	**11,464**	12,293
Finance lease interest expense	**-**	6
	14,960	14,479
(b) **Financial income**		
Expected return on Scheme assets under the defined benefit Pension Scheme	**11,940**	11,917
Interest receivable and similar income	**13**	4
	11,953	11,921

* The comparatives have been restated in respect of discontinued operations (Note 6)

5 Income tax expense

	2011 £'000	2010* £'000
Current tax expense		
Current year	**2,471**	2,228
Adjustments for prior years	**(1,272)**	(506)
	1,199	1,722
Deferred taxation expense		
Origination and reversal of temporary differences:		
Current year	**626**	1,047
Adjustments for prior years	**(303)**	(567)
Income tax expense in the Consolidated Income Statement (excluding tax on discontinued operations)	**1,522**	2,202
Tax on discontinued operations (excluding loss on sale)	**(194)**	(339)
Income tax credit on disposal and closure of discontinued operations	**(562)**	-
Total tax expense	**766**	1,863

Reconciliation of effective tax rate

	2011 %	**2011 £'000**	2010 %	2010* £'000
Profit before tax Continuing operations	**100.0**	**13,690**	100.0	10,423
Tax using domestic corporation tax rate	**26.5**	**3,628**	28.0	2,918
Disallowed amortisation / impairment of intangible assets	**0.7**	**95**	4.2	435
Net items not taxable	**7.5**	**1,033**	7.2	747
Adjustments for prior years	**(11.5)**	**(1,575)**	(10.3)	(1,073)
Impact of the change in the rate of corporation tax on deferred taxation	**(12.1)**	**(1,659)**	(8.0)	(825)
	11.1	**1,522**	21.1	2,202

* The comparatives have been restated in respect of discontinued operations (Note 6)

The net amount of deferred taxation credited to the Consolidated Statement of Comprehensive Income in the year was £2,598,000 (2010: £7,520,000).

6 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 Consolidated Income Statement were as follows:

	2011 £'000	2010 £'000
Revenue	**7,847**	14,261
Net operating costs	**(8,566)**	(15,471)
Loss before tax	**(719)**	(1,210)
Income tax credit	**194**	339
Loss after tax	**(525)**	(871)
Loss on disposal and closure of discontinued operations	**(4,949)**	-
Income tax credit on disposal and closure of discontinued operations	**562**	-
Net loss attributable to discontinued operations	**(4,912)**	(871)
Basic loss per share (pence)	**(2.52)p**	(0.45)p
Diluted earnings per share (pence)	**(2.52)p**	(0.45)p

Effect of disposal and closure on the financial position of the Group

	£'000
Property, plant and equipment	**266**
Intangible assets	**1,359**
Assets disposed of	**1,625**
Consideration received, satisfied in cash	**550**
Consideration receivable	**450**
Professional fees accrued	**(93)**
Net consideration received	**907**
Loss on disposal	**718**
Closure costs	**4,231**
Loss on disposal and closure of discontinued operations (attributable to equity shareholders of the parent)	**(4,949)**

During the year ended 31 December 2011 Compton contributed an outflow of £209,000 to the Group's net operating cash flows (2010: £895,000), received £550,000 in respect of investing activities (2010: paid £39,000) and paid £nil in respect of financing activities (2010: £nil).

A pre tax loss of £718,000 arose on the disposal of the Compton garage and the Alton and Robinson greenhouse brands, being the proceeds of disposal less the carrying amount of the relevant net assets. In addition the net cost of the closure of the Compton site is £4,231,000. The total net loss on disposal and closure of discontinued operations is £4,949,000.

Basic loss per share from discontinued operations of 2.52 pence (2010: 0.45 pence) per share is calculated by dividing the loss attributable to ordinary shareholders from discontinued operations of £4,912,000 (2010: £871,000) by the weighted average number of shares in issue during the period of 195,374,526 (2010: 195,462,449).

The ordinary shares are considered to be anti-dilutive to the loss per share from discontinued operations calculation

7 Earnings per share

Basic earnings per share from total operations of 3.78 pence (2010: 3.76 pence) per share is calculated by dividing the profit attributable to ordinary shareholders from total operations, and after adding back the loss on non-controlling interests, of £7,390,000 (2010: £7,350,000) by the weighted average number of shares in issue during the period of 195,374,526 (2010: 195,462,449).

Basic earnings per share from continuing operations of 6.30 pence (2010: 4.21 pence) per share is calculated by dividing the profit from continuing operations, and after adding back the loss on non-controlling interests, of £12,302,000 (2010: £8,221,000) by the weighted average number of shares in issue during the year of 195,374,526 (2010: 195,462,449).

Profit attributable to ordinary shareholders

	2011	2010
	£'000	£'000
Profit from continuing operations	**12,168**	8,221
Loss from discontinued operations	**(4,912)**	(871)
Profit for the financial period	**7,256**	7,350
Loss attributable to non-controlling interests	**134**	-
Profit attributable to ordinary shareholders	**7,390**	7,350

Weighted average number of ordinary shares

	2011	2010
	Number	Number
Number of issued ordinary shares (at beginning of the period)	**199,378,755**	199,378,755
Effect of shares transferred into employee benefit trust	**(1,579,229)**	(1,491,306)
Effect of treasury shares acquired	**(2,425,000)**	(2,425,000)
Weighted average number of ordinary shares at end of the period	**195,374,526**	195,462,449

Diluted earnings per share of 3.71 pence (2010: 3.69 pence) per share is calculated by dividing the profit attributable to ordinary shares and potentially dilutive ordinary shares from total operations and after adding back the loss on non-controlling interests of £7,390,000 (2010: £7,350,000) by the weighted average number of shares in issue during the period of 195,374,526 (2010: 195,462,449) plus potentially dilutive shares of 4,004,229 (2010: 3,916,306) which totals 199,378,755 (2010: 199,378,755).

Diluted earnings per share from continuing operations of 6.17 pence (2010: 4.13 pence) per share is calculated by dividing the profit attributable to ordinary shares and potentially dilutive ordinary shares from continuing operations and after adding back the loss on non-controlling interests of £12,302,000 (2010: £8,221,000) by the weighted average number of shares in issue during the period of 195,374,526 (2010: 195,462,449) plus potentially dilutive shares of 4,004,229 (2010: 3,916,306) which totals 199,378,755 (2010: 199,378,755).

Weighted average number of ordinary shares (diluted)

	2011	2010
	£'000	£'000
Weighted average number of ordinary shares	**195,374,526**	195,462,449
Effect of shares transferred into employee benefit trust	**1,579,229**	1,491,306
Effect of treasury shares acquired	**2,425,000**	2,425,000
Weighted average number of ordinary shares (diluted)	**199,378,755**	199,378,755

8 Dividends

After the balance sheet date dividends of 3.50 pence per qualifying ordinary share (2010: 3.50 pence) were proposed by the Directors. The dividends have not been provided for and there were no income tax consequences. The total dividends proposed in respect of the year are as follows:

	Pence per qualifying share	**2011 £'000**	2010 £'000
2011 final	**3.50**	**6,861**	
2011 interim	**1.75**	**3,431**	
	5.25	**10,292**	
2010 final	3.50		6,861
2010 interim	1.75		3,431
	5.25		10,292

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

	Pence per qualifying share	**2011 £'000**	2010 £'000
2011 interim	**1.75**	**3,431**	
2010 final	**3.50**	**6,861**	
	5.25	**10,292**	
2010 interim	1.75		3,431
2009 final	3.50		6,863
	5.25		10,294

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

9 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.

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Present value of funded obligations	**(237,621)**	(212,394)	(221,895)	(167,312)	(194,782)
Fair value of Scheme assets	**250,587**	208,302	183,939	183,813	176,987
Surplus / (net liability) in the Scheme for defined benefit obligations (see below)	**12,966**	(4,092)	(37,956)	16,501	(17,795)
Experience adjustments on Scheme liabilities	**(21,680)**	14,332	(51,099)	31,184	17,749
Experience adjustments on Scheme assets	**31,662**	13,658	(4,903)	(3,530)	33

Movements in the surplus / (net liability) for defined benefit obligations recognised in the balance sheet

	2011 £'000	2010 £'000
Net liability for defined benefit obligations at 1 January	**(4,092)**	(37,956)
Contributions received	**6,600**	6,600
Income / (expense) recognised in the Consolidated Income Statement	**476**	(376)
Actuarial gains / (losses) recognised in the Consolidated Statement of Comprehensive Income	**9,982**	27,640
Net surplus / (liability) in the Scheme for the defined benefit obligations	**12,966**	(4,092)

IFRIC 14 - *"The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"*, stipulates that an employer should only recognise a surplus as an asset to the extent that it is able to recover that surplus either through reduced contributions in the future or through unconditional refunds from the Scheme. The Directors have reviewed the terms of the Scheme Rules which allow the Group an unconditional right to a refund and consequently the full Scheme surplus has been recognised in full.

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

	2011	2010
Discount rate (AA corporate bond rate)	**4.8%**	5.5%
Inflation (RPI)	**3.0%**	3.4%
Inflation (CPI)	**2.0%**	2.7%
Future pension increases	**2.0%**	2.7%
Expected return on Scheme assets	**4.8%**	5.8%
Future expected lifetime of pensioner at age 65 (years):		
Male:	**21.7**	20.6
Female:	**23.8**	23.8

10 Acquisition of subsidiary with non-controlling interests

On 4 March 2011 the Group obtained control of a newly formed company located and registered in Belgium called Marshalls NV which had been established to acquire the trade and certain assets of a number of existing businesses. The Group acquired 66.7 per cent of the ordinary share capital and voting interests of Marshalls NV and the remaining 33.3 per cent non-controlling interest is owned by an unrelated party. Marshalls NV manufactures and supplies landscape, driveway and garden products from a range of materials, but principally concrete and natural stone. Acquisition costs are included in net operating costs and are disclosed in Note 3.

In the period to 31 December 2011 Marshalls NV contributed revenue of £8,877,000 and operating loss of £687,000 to the Group's results after charging "start up" costs.

The following summarises the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred

	£'000
Cash	**5,393**

Identified assets acquired and liabilities assumed, recorded at fair value

	£'000
Property, plant and equipment	**7,899**
Inventories	**1,104**
Cash and cash equivalents	**2,888**
Trade and other payables	**(1,142)**
Total net identifiable assets	**10,749**

Net cash outflow on acquisition of subsidiaries

	£'000
Consideration paid in cash	**5,393**
less: cash and cash equivalents acquired	**(2,888)**
Loan to non-controlling interest	**1,401**
Net cash outflow	**3,906**

Negative goodwill has been recognised as a result of the acquisition as follows:

	£'000
Total consideration transferred	**5,393**
Non-controlling interests, based on their proportionate interest (33.3 per cent) of the fair value of the assets and liabilities of the acquiree	**3,584**
Fair value of identifiable assets	**(10,749)**
Negative goodwill (Note 3)	**(1,772)**

The transaction meets the definition of a bargain purchase and, in accordance with IFRS3, the recognised gain has been reported in the Consolidated Income Statement as negative goodwill. The situation has arisen due to the majority of the assets being acquired through a Belgium Court process as a consequence of the major part of the former trading business falling into severe financial difficulties. As a result it has not been practicable to estimate pre-acquisition financial information.

	£'000
Non-controlling interests	
On acquisition of subsidiary undertaking	**3,584**
Share of result for the period	**(134)**
Foreign currency transaction differences	**(56)**
At 31 December 2011	**3,394**

On 1 July 2011 the Group acquired the entire ordinary share capital of Hornton Grounds Stone Sales Limited, a company engaged in the cutting and processing of stone products. The cash consideration was £275,000 and the fair value of the net liabilities acquired was £243,000. Goodwill arising of £518,000 has been recognised. Acquisition costs are included in net operating costs and are disclosed in Note 3. With effect from 1 July 2011 the trade, assets and liabilities of Hornton Grounds Stone Sales Limited were transferred to Marshalls Mono Limited. In the period ended to 31 December 2011 the business contributed revenue of £340,000 and an operating loss of £301,000 to the Group's results.

Cash flow from investing activities

	£'000
Marshalls NV	**3,906**
Hornton Grounds Stone Sales Limited	**275**
Acquisition of subsidiaries and investment in associates	**4,181**

11 Analysis of net debt

	1 January 2011 £'000	Cash flow £'000	Other changes £'000	**31 December 2011 £'000**
Cash at bank and in hand	4,059	1,879	60	**5,998**
Debt due within one year	(40,900)	40,900	(25,000)	**(25,000)**
Debt due after one year	(30,000)	(52,934)	25,000	**(57,934)**
Finance leases	-	84	(249)	**(165)**
	(66,841)	(10,071)	(189)	**(77,101)**

Reconciliation of Net Cash Flow to Movement in Net Debt

	2011 £'000	2010 £'000
Net increase / (decrease) in cash and cash equivalents	**1,879**	(5,224)
Cash (inflow) / outflow from increase in debt and lease financing	**(12,199)**	7,539
Effect of exchange rate fluctuations	**60**	-
Movement in net debt in the period	**(10,260)**	2,315
Net debt at 1 January	**(66,841)**	(69,156)
Net debt at 31 December	**(77,101)**	(66,841)

12 Borrowing facilities

The total bank borrowing facilities at 31 December 2011 amounted to £170.0 million (2010: £168.4 million) of which £87.1 million (2010: £97.5 million) remained unutilised. There are additional seasonal bank working capital facilities of £20.0 million available between 1 February and 31 August each year. The undrawn facilities available at 31 December 2011, in respect of which all conditions precedent had been met, were as follows:

	2011 £'000	2010 £'000
Committed:		
- Expiring in one year or less	**-**	7,500
- Expiring in more than two years but not more than five years	**62,066**	65,000
Uncommitted:		
- Expiring in one year or less	**25,000**	25,000
	87,066	97,500

In March 2012 existing bank debt facilities which were to mature in December 2012 and January 2013 and totalling £75 million in aggregate were re-financed 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 as at 9 March 2012 is set out as follows:

	Facility £'000	Cumulative Facility £'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 in the Group's 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.

14 Annual General Meeting

The Annual General Meeting will be held at Birkby Grange, Birkby Hall Road, Birkby, Huddersfield, West Yorkshire HD2 2XB at 11.00am on Wednesday 16 May 2012.

Responsibility Statement

The Statement of Directors' Responsibilities is made in respect of the full Annual Report Financial Statements not the extracts from the Financial Statements required to be set out in this Announcement.

The 2011 Annual Report and Financial Statements comply with the United Kingdom's Financial Services Authority Disclosure and Transparency Rules in respect of the requirement to produce an annual Financial Report.

The Directors confirm that to the best of our knowledge:

- The Group and Parent Company Financial Statements, contained in the 2011 Annual Report and Financial Statements prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

- The Business Review, contained in the 2011 Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that they face.

The Board

The Directors serving during the year ended 31 December 2011 were as follows:

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

By order of the Board
Cathy Baxandall
Company Secretary
9 March 2012

Cautionary Statement

This Preliminary Results announcement 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 Preliminary Results announcement should be construed as a profit forecast.

Directors' Liability

Neither the Company nor the Directors accept any liability to any person in relation to the contents of this Preliminary Results announcement except to the extent that such liability arises 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.