Marshalls

Preliminary results for the year ended 31 December 2013

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

Financial Highlights	Year ended 31 December 2013	Year ended 31 December 2012*	Increase %
Continuing operations:			
Revenue	£307.4m	£300.9m	2
EBITDA	£30.2m	£28.1m	8
Operating profit	£16.1m	£12.9m	25
Profit before tax	£13.0m	£9.3m	40
Basic EPS	6.94p	5.52p	26
Dividends declared and paid	5.25p	5.25p	
Final dividend recommended	3.50p	3.50p	
Net debt	£35.6m	£63.5m	
Reported results:			
Profit / (loss) before tax	£13.0m	£(12.2)m	
Basic EPS on total operations	7.20p	(2.91)p	

***** The comparative continuing operations are before operational restructuring costs and asset impairments

Highlights:

- Revenue up 2 per cent due to sales price increases and growth in International revenue of 23 per cent
- Operating profit up 25 per cent benefiting from cost reduction initiatives and margin improvement
- EPS up 26 per cent at 6.94p (2012: 5.52p)
- Net debt reduced by 44 per cent to £35.6m due to cash received from the sale of aggregate quarries and tight control over working capital
- Recommended final dividend of 3.50p per share

Current priorities:

- To increase output to meet growing demand and to deliver benefits from operational gearing
- To strengthen and extend the Marshalls brand focusing on innovation, service and new product development
- To develop “strategic growth initiatives” for targeted investment and focus
- To develop and grow profitably the International business and invest prudently in new overseas market opportunities

Commenting on these results, Martyn Coffey, Chief Executive, said:

"The action Marshalls has taken over recent years to reduce its cost base and debt whilst maintaining operational flexibility, combined with a range of growth initiatives, means the business is well positioned to take full advantage of the improving market conditions. In addition, there are further opportunities to refocus the business, establish rigorous targets and set a clear growth objective for the years ahead.

Sales in January and February 2014 are up 18 per cent against very weak weather affected comparatives. Marshalls is increasing output to meet growing demand and deliver benefits from operational gearing. The medium term objective is for the Group to return to the revenue and profit levels that were achieved by Marshalls before the recession."

Enquiries:

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Group Results

Marshalls' revenue, from continuing operations, for the year ended 31 December 2013 was up 2 per cent at £307.4 million (2012: £300.9 million) and compares with a 4 per cent reduction at the Half Year. Revenue for the six months to 31 December 2013 was up 9 per cent compared with the second half of 2012. Growth has been seen in the second half in the Public Sector and Commercial and also the Domestic end markets.

Sales to the Public Sector and Commercial end market, which represent approximately 63 per cent of Marshalls' sales, were up 1 per cent for the year, on a continuing basis, compared with 2012 reflecting the anticipated improved market conditions in the second half. Sales to the Domestic end market, which represent approximately 32 per cent of Group sales, were up 2 per cent compared with the prior year.

Operating profit from continuing operations was £16.1 million (2012: £12.9 million, before operational restructuring costs and asset impairments). EBITDA from continuing operations was £30.2 million (2012: £28.1 million, before operational restructuring costs and asset impairments).

On 30 April 2013 the Group completed the sale of a number of quarries and associated aggregates businesses to Breedon Aggregates England Limited for an initial cash consideration at completion of £17.5 million. On 23 August 2013 additional consideration of £1.2 million was received following the satisfactory fulfilment of a post completion condition. The post tax profit from discontinued operations in the year ended 31 December 2013 was £0.5 million, which included a net profit on disposal of £0.3 million. The quarries that were sold supplied solely aggregates, sand and gravel. The Group has retained all of its dimensional stone quarries, some of which produce aggregate as an ancillary product. The Group retains significant reserves of dimensional stone and related aggregates. These actions have enabled the Group to improve materially on its target net debt to EBITDA ratio of two times by the end of 2013. The net debt to EBITDA ratio at 31 December 2013 is 1.2 times.

Net finance costs were £3.1 million (2012: £3.6 million) and interest was covered 5.3 times (2012: 3.6 times before operational restructuring costs and asset impairments). External charges, totalling £3.7 million, have been partially offset by an IAS 19 notional interest credit of £0.6 million (2012: £0.7 million) in relation to the Group's Pension Scheme.

The effective tax rate, from continuing operations, was 1 per cent (2012: credit of 11 per cent, before operational restructuring costs and asset impairments) and continued to benefit from the reduction in the rate of corporation tax and a credit arising on the finalisation of prior year tax computations. An additional deferred tax credit of £2.6 million has arisen as reductions in the rate of corporation tax to 21 per cent by April 2014 and 20 per cent by April 2015 were substantively enacted, following the receipt of Royal Assent in July 2013. These factors have given rise to only a nominal tax charge in the year. The Group has paid £0.8 million of corporation tax during the year.

Basic EPS from continuing operations was 6.94 pence (2012: 5.52 pence, before operational restructuring costs and asset impairments), an increase of 26 per cent. EPS from total operations was 7.20 pence (2012: loss of 2.91 pence).

Operating Performance

The last six years has seen significant economic and commercial challenges and, in common with many businesses, Marshalls has experienced some of the most difficult trading conditions in its history. In response to a significantly declining market the Group reacted quickly to reduce its cost base through plant closures and headcount reduction. Despite this, the Group has maintained its national geographic coverage and still retains lowest cost to market and industry leading customer service. The Group has also worked hard to ensure the retention of operational and financial flexibility and this leaves Marshalls well placed to benefit from the improving market conditions. The Group's continuing investment in marketing, sales and operations has helped maintain its market leading position.

The current opportunity for Marshalls is to benefit from the new market conditions and to create increased demand in the brand to pull additional sales through our continually developing distribution channels. We are seeing growth in a number of key areas, for example, Landscape Water Management and Internal Natural Stone Flooring together with Home, Rail and Retail. The Group's current priorities are:

- To increase output to meet growing demand and to deliver benefits from operational gearing;
- To strengthen and extend the Marshalls brand focusing on innovation, service and new product development;
- To develop "strategic growth initiatives" for targeted investment and focus; and
- To develop and grow profitably the International business and invest prudently in new overseas market opportunities.

The Group has continued to strengthen its market position and trading margins are improving. During 2012, the Group undertook a major operational restructuring exercise in order to focus emphasis on financial and operating flexibility. This programme of cost reduction and cash realisation measures is now complete and continues to deliver positive results. The strategy combined established and new initiatives to deliver growth and these have been delivering market outperformance. Manufacturing output can be increased by 25 per cent without the need for any significant capital investment and, as demand is improving, output is being increased.

The Group continues to have customer service as a KPI and maintains industry leading standards of product quality, availability and "on time" delivery. The combined customer service measure continued to be in excess of 97 per cent throughout 2013. Customer service lies at the heart of the Marshalls' brand. The Brand strategy is focused on "Creating Better Landscapes" covering all aspects of Economic, Social and Environmental impacts of hard landscaping and, where possible, even greater alignment under this brand will be introduced in future. As hard landscaping experts, the key priorities remain service, quality, design, innovation and a commitment to research and development, sustainability and an integrated product offer. As the economy continues to recover, greater emphasis will be placed on the further extension of the Marshalls' brand across all aspects of hard landscaping.

Marshalls continues to focus on product innovation and service delivery initiatives to drive sales growth in all its end markets in order to benefit from the operational and financial flexibility that has been built into the Group over recent years. The Group is well placed to improve trading margins and deliver growth in all its end markets and key focus areas.

Commercial order intake has been encouraging with the Group securing its largest ever natural stone paving order in Manchester and two significant export orders for street furniture in Saudi Arabia and Qatar. Stone cladding, which is a relatively new area of focus for the Group, is a particular growth area and Marshalls is supplying stone for a new prestigious office building in the City of London. Commercial work from rail and new house building is also increasing, albeit from historically low levels. Water management remains a major focus area and in September 2013 Marshalls launched a re-designed and comprehensive range of linear drainage products which should appeal to Local Authorities and Property Developers.

Installer order books at the end of February 2014 were 9.3 weeks (February 2013: 7.8 weeks), compared with 11.0 weeks at the end of October 2013. Although the figure has fallen slightly over the last few months, this represents the highest sustained level for many years and the Group continues to receive good feedback from its customers and installers for the consistency and quality of service. Although the GfK's Consumer Confidence index remains negative, it is significantly improved from this time last year.

During 2013 the Group has continued to focus on innovation in order to develop areas of particular sales opportunity and to strengthen further the Marshalls' brand. In 2012 the Group launched its new cobble effect driveway product. This has utilised patented technology developed by the Group's Belgian business and is the market's first genuinely new driveway product for a decade. Sales in 2013 were £1.2 million, a significant increase from £0.2 million in the whole of the prior year. Utilising this technology Marshalls has further new products to launch over the next few years and the product's technical strength means that it is potentially suitable for both Commercial and Domestic applications.

Sales to International markets increased by £3 million, or 22.9 per cent, to £16.5 million. Despite very poor weather conditions in Belgium in the first quarter of 2013 and difficult trading conditions in Western Europe, continued progress has been made in developing the International business which now represents 5 per cent of Group sales.

Developing the International market is a key priority and the Group will continue to invest in its International structures in order to grow profitably this part of the business and to develop opportunities to promote growth both organically and by acquisition. The Group has already appointed an International Director who will add further focus to this important area.

Balance Sheet and Net Debt

Net assets at 31 December 2013 were £175.4 million (2012: £183.6 million).

At 31 December 2013 net debt was £35.6 million (2012: £63.5 million) resulting in gearing of 20 per cent (2012: 35 per cent). This reduction is due to the cash proceeds from the sale of a number of quarries and associated aggregates businesses and to close control of inventory and the effective management of working capital. Working capital has successfully released cash in the year of £5.1 million. Cash management continues to be a high priority and the Group remains committed to realising value from surplus properties.

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 £5.6 million into the Scheme in the year ended 31 December 2013. The fair value of the Scheme assets at 31 December 2013 was £258.6 million (2012: £254.8 million) and the present value of the Scheme liabilities is £262.9 million (2012: £246.6 million) and this has given rise to an accounting deficit of £4.3 million (2012: £8.2 million surplus) at the balance sheet date. These changes have resulted in an actuarial loss, net of deferred taxation, of £15.0 million (2012: £7.0 million actuarial loss) and this has been recorded in the Consolidated Statement of Comprehensive Income. In the year ended 31 December 2013 the AA corporate bond rate reduced from 4.7 per cent to 4.6 per cent and the values have been determined by the Scheme Actuary using assumptions in line with current market levels.

Borrowing Facilities

The Group continues its policy of having significant committed bank facilities in place with a positive spread of medium term maturities.

In July 2013, following the steady reduction in net debt, and especially following the disposal of the aggregates businesses, the Group cancelled a £25 million loan facility in order to re-align the unused headroom against available facilities. In August 2013, the Group renewed its short term working capital facilities with RBS.

The strategy is to retain significant committed facilities and the Group has no immediate need to renew its committed facilities. The total bank borrowing facilities at 31 December 2013 amounted to £145.0 million (2012: £170.0 million) of which £92.0 million (2012: £95.7 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 year end debt at 31 December 2013 representing approximately 25 per cent of the available facilities.

Dividends

The Group continues to have a policy of 2 times dividend cover over the business cycle and as earnings increase we would plan to share the increase between strengthening cover and progressively raising the rate of dividend. The Board is recommending a final dividend of 3.50 pence (2012: 3.50 pence) per share which, together with the interim dividend of 1.75 pence (2012: 1.75 pence) per share, makes a combined dividend of 5.25 pence (2012: 5.25 pence) per share.

The final dividend of 3.50 pence is being recommended for payment on 4 July 2014 to shareholders on the register at the close of business on 6 June 2014. The ex-dividend date will be 4 June 2014.

Outlook

The Construction Products Association's ("CPA") Winter Forecast predicts growth of 3.4 per cent in 2014 and 5.2 per cent in 2015, which compares with 2.7 per cent and 4.6 per cent respectively in their Autumn forecast. The CPA predicts that growth in private house building, infrastructure work and commercial activity will drive recovery in the Sector over the next four years although they do also point to considerable uncertainties regarding the long term sustainability of the recovery.

The action Marshalls has taken over recent years to reduce its cost base and debt whilst maintaining operational flexibility, combined with a range of growth initiatives, means the business is well positioned to take full advantage of the improving market conditions. In addition, there are further opportunities to refocus the business and achieve growth, and set rigorous targets and a clear growth objective for the years ahead.

Sales in January and February 2014 are up 18 per cent against very weak weather affected comparatives. Marshalls is increasing output to meet growing demand and deliver benefits from operational gearing. The medium term objective is for the Group to return to the revenue and profit levels that were achieved by Marshalls before the recession.

Martyn Coffey
Chief Executive

MARSHALLS PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013 £'000**	Before operational restructuring costs and asset impairments 2012* £'000	Operational restructuring costs and asset impairments 2012* £'000	Total 2012* £'000
Revenue	2	**307,390**	300,938	-	300,938
Net operating costs	3	**(291,300)**	(288,087)	(21,521)	(309,608)
Operating profit / (loss)	2	**16,090**	12,851	(21,521)	(8,670)
Financial expenses	5	**(3,649)**	(4,291)	-	(4,291)
Financial income	5	**585**	713	-	713
Profit / (loss) before tax	2	**13,026**	9,273	(21,521)	(12,248)
Income tax (expense) / credit	6	**(67)**	1,507	4,367	5,874
Profit / (loss) for the financial period before post tax profit of discontinued operations		**12,959**	10,780	(17,154)	(6,374)
Post tax profit of discontinued operations	7	**503**	676	-	676
Profit / (loss) for the financial period		**13,462**	11,456	(17,154)	(5,698)
Profit / (loss) for the period					
Attributable to:					
Equity shareholders of the parent		**14,096**	11,470	(17,154)	(5,684)
Non-controlling interests		**(634)**	(14)	-	(14)
		13,462	11,456	(17,154)	(5,698)
Earnings per share (total operations):					
Basic	8	**7.20p**	5.87p		(2.91)p
Diluted	8	**7.07p**	5.75p		(2.91)p
Earnings per share (continuing operations):					
Basic	8	**6.94p**	5.52p		(3.26)p
Diluted	8	**6.82p**	5.41p		(3.26)p
Dividend:					
Pence per share	9	**5.25p**			5.25p
Dividends declared	9	**10,292**			10,292

* The comparatives have been restated in respect of discontinued operations (Note 7) and in respect of the revisions to IAS 19 - *"Employee Benefits (2011)"* Note 10.

MARSHALLS PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 **£'000**	2012* £'000
Profit for the financial period (2012 before operational restructuring costs and asset impairments)	**13,462**	11,456
Operational restructuring costs and asset impairments	**-**	(17,154)
Profit / (loss) for the financial period	**13,462**	(5,698)
Other comprehensive income / (expense)		
Items that will not be reclassified to the Income Statement:		
Remeasurements of the net defined benefit liability	**(18,735)**	(9,063)
Deferred tax arising	**3,747**	2,084
Deferred tax on share-based payments	**176**	-
Total items that will not be reclassified to the Income Statement:	**(14,812)**	(6,979)
Items that are or may in the future be reclassified to the Income Statement:		
Effective portion of changes in fair value of cash flow hedges	**2,787**	(2,050)
Fair value of cash flow hedges transferred to the Income Statement	**(1,447)**	840
Deferred tax arising	**(286)**	298
Impact of the change in rate of deferred taxation	**275**	360
Foreign currency translation differences - foreign operations	**(51)**	116
Foreign currency translation differences - non-controlling interests	**45**	(106)
Total items that are or may be reclassified subsequently to the Income Statement:	**1,323**	(542)
Other comprehensive income / (expense) for period, net of income tax	**(13,489)**	(7,521)
Total comprehensive income / (expense) for the period	**(27)**	(13,219)
Attributable to:		
Equity shareholders of the parent	**562**	(13,099)
Non-controlling interests	**(589)**	(120)
	(27)	(13,219)

* The comparatives have been restated in respect of discontinued operations (Note 7).

MARSHALLS PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013	2012
Assets		**£'000**	£'000
Non-current assets			
Property, plant and equipment		**154,721**	175,607
Intangible assets		**41,071**	41,413
Investment in associates		**664**	650
Employee benefits	10	**-**	8,212
Deferred taxation assets		**1,626**	-
		198,082	225,882
Current assets			
Inventories		**70,807**	75,416
Trade and other receivables		**32,373**	30,218
Cash and cash equivalents		**17,652**	11,101
		120,832	116,735
Total assets		**318,914**	342,617
Liabilities			
Current liabilities			
Trade and other payables		**65,882**	61,513
Corporation tax		**4,802**	2,828
Interest bearing loans and borrowings		**3,453**	99
		74,137	64,440
Non-current liabilities			
Interest bearing loans and borrowings		**49,768**	74,545
Employee benefits	10	**4,347**	-
Deferred taxation liabilities		**15,230**	20,058
		69,345	94,603
Total liabilities		**143,482**	159,043
Net assets		**175,432**	183,574
Equity			
Capital and reserves attributable to equity shareholders of the parent			
Share capital		**49,845**	49,845
Share premium account		**22,695**	22,695
Own shares		**(9,512)**	(9,571)
Capital redemption reserve		**75,394**	75,394
Consolidation reserve		**(213,067)**	(213,067)
Hedging reserve		**(162)**	(1,216)
Retained earnings		**246,944**	255,610
Equity attributable to equity shareholders of the parent		**172,137**	179,690
Non-controlling interests		**3,295**	3,884
Total equity		**175,432**	183,574

MARSHALLS PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £'000	2012 £'000
Cash flows from operating activities		
Profit for the financial period (2012 before operational restructuring costs and asset impairments):	**13,462**	11,456
Operational restructuring costs and asset impairments	**-**	(17,154)
Profit / (loss) for the financial period	**13,462**	(5,698)
Income tax expense / (credit) on continuing operations	**67**	(1,507)
Income tax credit on operational restructuring costs and asset impairments	**-**	(4,367)
Profit on disposal and closure of discontinued operations	**(272)**	-
Income tax credit on discontinued operations	**110**	402
Profit / (loss) before tax on total operations	**13,367**	(11,170)
Adjustments for:		
Depreciation	**13,455**	14,783
Amortisation	**938**	1,247
Operational restructuring costs and asset impairments	**-**	21,521
Share of results of associates	**(14)**	(28)
Gain on sale of property, plant and equipment	**(131)**	(1,944)
Gain on exchange of property	**-**	(594)
Equity settled share-based expenses	**2,353**	468
Financial income and expenses (net)	**3,064**	3,578
Operating cash flow before changes in working capital and pension scheme contributions	**33,032**	27,861
(Increase) / decrease in trade and other receivables	**(2,933)**	9,970
Decrease in inventories	**2,840**	4,968
Increase / (decrease) in trade and other payables	**5,146**	(2,742)
Operational restructuring costs paid	**(870)**	(7,431)
Pension scheme contributions	**(5,600)**	(3,600)
Cash generated from the operations	**31,615**	29,026
Financial expenses paid	**(3,649)**	(4,292)
Income tax paid	**(842)**	(46)
Net cash flow from operating activities	**27,124**	24,688
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**175**	8,595
Financial income received	**9**	4
Net proceeds from disposal of discontinued operations	**16,999**	150
Acquisition of property, plant and equipment	**(5,462)**	(8,307)
Acquisition of intangible assets	**(596)**	(1,212)
Net cash flow from investing activities	**11,125**	(770)
Cash flows from financing activities		
Payments to acquire own shares	**-**	(57)
Net (decrease) / increase in other debt and finance leases	**(95)**	154
Decrease in borrowings	**(21,328)**	(8,609)
Equity dividends paid	**(10,292)**	(10,292)
Net cash flow from financing activities	**(31,715)**	(18,804)
Net increase in cash and cash equivalents	**6,534**	5,114
Cash and cash equivalents at beginning of the period	**11,101**	5,998
Effect of exchange rate fluctuations	**17**	(11)
Cash and cash equivalents at end of the period	**17,652**	11,101

MARSHALLS PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	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 2013	**49,845**	**22,695**	**(9,571)**	**75,394**	**(213,067)**	**(1,216)**	**255,610**	**179,690**	**3,884**	**183,574**
Total comprehensive income / (expense) for the period										
Profit for the financial period attributable to equity shareholders of the parent	**-**	**-**	**-**	**-**	**-**	**-**	**14,096**	**14,096**	**(634)**	**13,462**
Other comprehensive income / (expense)										
Foreign currency translation differences	**-**	**-**	**-**	**-**	**-**	**-**	**(51)**	**(51)**	**45**	**(6)**
Effective portion of changes in fair value of cash flow hedges	**-**	**-**	**-**	**-**	**-**	**2,787**	**-**	**2,787**	**-**	**2,787**
Net change in fair value of cash flow hedges transferred to the Income Statement	**-**	**-**	**-**	**-**	**-**	**(1,447)**	**-**	**(1,447)**	**-**	**(1,447)**
Deferred tax arising	**-**	**-**	**-**	**-**	**-**	**(286)**	**-**	**(286)**	**-**	**(286)**
Defined benefit plan actuarial gains	**-**	**-**	**-**	**-**	**-**	**-**	**(18,735)**	**(18,735)**	**-**	**(18,735)**
Deferred tax arising	**-**	**-**	**-**	**-**	**-**	**-**	**3,747**	**3,747**	**-**	**3,747**
Deferred tax on share-based expenses	**-**	**-**	**-**	**-**	**-**	**-**	**176**	**176**	**-**	**176**
Impact of the change in rate of deferred taxation	**-**	**-**	**-**	**-**	**-**	**-**	**275**	**275**	**-**	**275**
Total other comprehensive income / (expense)	**-**	**-**	**-**	**-**	**-**	**1,054**	**(14,588)**	**(13,534)**	**45**	**(13,489)**
Total comprehensive income / (expense) for the period	**-**	**-**	**-**	**-**	**-**	**1,054**	**(492)**	**562**	**(589)**	**(27)**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based expenses	**-**	**-**	**-**	**-**	**-**	**-**	**2,177**	**2,177**	**-**	**2,177**
Dividends to equity shareholders	-	-	-	-	-	-	**(10,292)**	**(10,292)**	**-**	**(10,292)**
Disposal of own shares	-	-	**59**	-	-	-	**(59)**	**-**	**-**	**-**
Total contributions by and distributions to owners	**-**	**-**	**59**	**-**	**-**	**-**	**(8,174)**	**(8,115)**	**-**	**(8,115)**
Total transactions with owners of the company	**-**	**-**	**59**	**-**	**-**	**1,054**	**(8,666)**	**(7,553)**	**(589)**	**(8,142)**
At 31 December 2013	**49,845**	**22,695**	**(9,512)**	**75,394**	**(213,067)**	**(162)**	**246,944**	**172,137**	**3,295**	**175,432**

MARSHALLS PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

Attributable to equity holders of the Company

	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	Non-con-trolling interests £'000	Total equity £'000
Prior 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 / (expense) expense for the period										
Loss for the financial period attributable to equity shareholders of the parent	-	-	-	-	-	-	(5,684)	(5,684)	(14)	(5,698)
Other comprehensive Income / (expense)										
Foreign currency translation differences	-	-	-	-	-	-	116	116	(106)	10
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(2,050)	-	(2,050)	-	(2,050)
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	840	-	840	-	840
Deferred tax arising	-	-	-	-	-	298	-	298	-	298
Defined benefit plan actuarial losses	-	-	-	-	-	-	(9,063)	(9,063)	-	(9,063)
Deferred tax arising	-	-	-	-	-	-	2,084	2,084	-	2,084
Impact of the change in rate of deferred taxation	-	-	-	-	-	-	360	360	-	360
Total other comprehensive income / (expense)	-	-	-	-	-	(912)	(6,503)	(7,415)	(106)	(7,521)
Total comprehensive income / (expense) for the period	-	-	-	-	-	(912)	(12,187)	(13,099)	(120)	(13,219)
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based expenses	-	-	-	-	-	-	468	468	-	468
Dividends to equity shareholders	-	-	-	-	-	-	(10,292)	(10,292)	-	(10,292)
Purchase of own shares	-	-	(57)	-	-	-	-	(57)	-	(57)
Total contributions by and distributions to owners	-	-	(57)	-	-	-	(9,824)	(9,881)	-	(9,881)
Changes in Ownership Interests in subsidiaries										
Issue of shares	-	-	-	-	-	-	-	-	610	610
Total transactions with owners of the Company	-	-	(57)	-	-	(912)	(22,011)	(22,980)	490	(22,490)
At 31 December 2012	49,845	22,695	(9,571)	75,394	(213,067)	(1,216)	255,610	179,690	3,884	183,574

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 2013, this announcement does not itself contain sufficient information to comply with IFRS. The Group expects to publish full Consolidated Financial Statements in April 2014.

The Financial Information set out in this Preliminary Announcement does not constitute the Company's Consolidated Financial Statements for the years ended 31 December 2013 or 2012, but is derived from those Financial Statements. Statutory Financial Statements for 2012 have been delivered to the Registrar of Companies and those for 2013 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 2013 or 2012.

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.

The following new accounting standards and amendments to standards are mandatory and have been adopted for the first time in the year ended 31 December 2013:

Amendments to IAS 19 – "*Employee Benefits (2011)";*

Amendments to IAS 1 – "*Presentation of Items of Other Comprehensive Income";*

Amendments to IFRS 13 – "*Fair Value Measurement";*

Amendments to IFRS 7 – "*Financial Instruments: Disclosures - Offsetting Financial Assets and Liabilities";*

Amendments to IAS 32 – "*Financial Instruments: Offsetting Financial Assets and Liabilities";* and

Annual improvements to IFRSs – "2*009-2011 Cycle".*

The impact of IAS 19 –"*Employee Benefits (2011)"* and IFRS 13 – "*Fair Value Measurement"* are described below. The implementation of the other standards has only had a presentational impact.

The Group adopted IAS 19, "*Employee Benefits (2011)*", on 1 January 2013 and changed its basis for deferring its income or expense relating to defined benefit plans. As a result of the change the Group now determines the net interest income on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset at the beginning of the annual period. The comparative figures have been restated accordingly. As the discount rate and the rate of return on assets at 31 December 2011 were equal there has been no impact on the net interest income once restated.

IFRS 13 – "*Fair Value Measurement,"* establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 – "*Financial Instruments: Disclosures*."

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

These standards have not had a material impact on the Consolidated Financial Statements.

1 Basis of preparation (continued)

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 16 August 2013. In the opinion of the Directors 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 difficult to predict. The Group took decisive action in 2012 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. Accordingly, they continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

The Consolidated 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 share-based payments.

The comparative figures for the financial year ended 31 December 2012 have been restated in respect of discontinued operations.

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 (before operational restructuring costs and asset impairments)**		**Operating profit / (loss)**	
	2013	2012*	**2013**	2012*	**2013**	2012*
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Continuing operations	**307,390**	300,938	**16,090**	12,851	**16,090**	(8,670)
Financial income and expenses (net)			**(3,064)**	(3,578)	**(3,064)**	(3,578)
Profit / (loss) before tax			**13,026**	9,273	**13,026**	(12,248)

* The comparatives have been restated in respect of discontinued operations (Note 7).

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.

2 Segmental analysis (continued)

Operating segments (continued)

	2013	2012*
	£'000	£'000
Geographical destination of revenue:		
United Kingdom	**290,855**	287,487
Rest of the World	**16,535**	13,451
	307,390	300,938

* The comparatives have been restated in respect of discontinued operations (Note 7).

3 Net operating costs

	2013	2012*
	£'000	£'000
Raw materials and consumables	**117,176**	100,589
Changes in inventories of finished goods and work in progress	**1,470**	6,598
Personnel costs	**80,549**	81,899
Depreciation - owned	**13,041**	13,883
- leased	**158**	79
Amortisation of intangible assets	**938**	1,247
Own work capitalised	**(1,071)**	(1,272)
Other operating costs	**80,425**	89,298
International "start-up" costs	**84**	499
Operating costs	**292,770**	292,820
Other operating income	**(1,325)**	(2,167)
Net gain on asset and property disposals	**(131)**	(1,944)
Gain on property exchange	**-**	(594)
Share of results of associates	**(14)**	(28)
Net operating costs before operational restructuring costs and asset impairments	**291,300**	288,087
Operational restructuring costs and asset impairments (Note 4)	**-**	21,521
Net operating costs	**291,300**	309,608

*The comparatives have been restated in respect of discontinued operations (Note 7).

4 Operational restructuring costs and asset impairments

	2013	2012
	£'000	£'000
Operational restructuring costs	**-**	10,226
Asset impairments	**-**	11,295
	-	21,521

The Board determined that certain charges to the Consolidated Income Statement should be separately identified for better understanding of the Group's results for the year ended 31 December 2013.

4 Operational restructuring costs and asset impairments (continued)

Operational restructuring costs in 2012 reflected the implementation of a wide range of contingency measures aimed at reducing costs, reducing inventories and conserving cash. These initiatives included works closure costs which reflected the need for capacity reductions. Operational restructuring costs included redundancy costs of £nil (2012: £6,205,000).

5 Financial expenses and income

	2013 £'000	2012* £'000
(a) **Financial expenses**		
Interest expense on bank loans, overdrafts and loan notes	**3,638**	4,279
Finance lease interest expense	**11**	12
	3,649	4,291
(b) **Financial income**		
Expected return on the Defined Benefit Pension Scheme	**576**	709
Interest receivable and similar income	**9**	4
	585	713

* The comparatives have been restated in respect of the revisions to IAS 19, "*Employee Benefits (2011)*", as described in Note 1. As the discount rate and the rate of return on assets at 31 December 2011 were equal there has been no impact on the net interest income and earnings per share once restated. A restated balance sheet has not been provided given there is no impact on the balance sheet.

6 Income tax expense

	2013 £'000	Before operational restructuring costs and asset impairments 2012* £'000	Operational restructuring costs and asset impairments Total 2012* £'000	Total 2012* £'000
Current tax expense				
Current year	**4,251**	1,293	(2,596)	(1,303)
Adjustments for prior years	**(1,642)**	(2,148)	-	(2,148)
	2,609	(855)	(2,596)	(3,451)
Deferred taxation expense				
Origination and reversal of temporary differences:				
Current year	**(2,944)**	(736)	(1,771)	(2,507)
Adjustments for prior years	**402**	84	-	84
Income tax credit in the Consolidated Income Statement (continuing operations)	**67**	(1,507)	(4,367)	(5,874)
Tax on discontinued operations	**210**	402	-	402
Total tax expense / (credit)	**277**	(1,105)	(4,367)	(5,472)

6 **Income tax expense** (continued)

	%	2013 £'000	Before operational restructuring costs and asset impairments 2012* £'000	Operational restructuring costs and asset impairments 2012* £'000	Total 2012* £'000
Reconciliation of effective tax rate					
Profit / (loss) before tax:					
Continuing operations	**100.0**	**13,026**	9,273	(21,521)	(12,248)
Tax using domestic corporation tax rate	**23.25**	**3,051**	2,272	(5,273)	(3,001)
Disallowed amortisation of intangible assets	**0.3**	**33**	63	-	63
Net income / (expenditure) not taxable	**6.4**	**839**	240	906	1,146
Adjustments for prior years	**(9.5)**	**(1,240)**	(2,064)	-	(2,064)
Impact of the change in the rate of corporation tax on deferred taxation	**(20.0)**	**(2,616)**	(2,018)	-	(2,018)
	0.5	**67**	(1,507)	(4,367)	(5,874)

*The comparatives have been restated in respect of discontinued operations (Note 7).

The deferred tax credit arose due to reductions in the rate of corporation tax to 21 per cent by April 2014 and 20 per cent by April 2015 which were substantially enacted, following the receipt of Royal Assent, in July 2013.

The net amount of deferred taxation credited to the Consolidated Statement of Comprehensive Income in the year was £3,912,000 (2012: £2,742,000).

7 Discontinued operations

On 30 April 2013 the Group completed the sale of aggregate quarries to Breedon Aggregates England Limited for cash consideration of £17.5 million. The final consideration will be up to £19.2 million dependent on certain conditions being satisfied. The assets sold comprised quarries solely supplying aggregates, sand and gravel. The Group has retained all of its dimensional stone quarries, some of which produce aggregate as an ancillary product. The disposed quarries were the freehold and leasehold quarries at Clearwell, near Lydney, Gloucestershire, which produces primarily high quality limestone aggregates and the Group's sand and gravel quarries located at Dunsville, near Hatfield, South Yorkshire, Astley Moss in Greater Manchester and Mold in North Wales which operates under the Lloyds Sand and Gravel trading name and the business carried on from these quarries. Also included was an option to develop sand and gravel resources near Saredon, Staffordshire. On 23 August 2013 additional consideration of £1.2 million was received following the satisfactory completion of a post completion condition. This condition had required the commissioning of a sand extraction plant to the satisfaction of the purchaser. The additional consideration, net of attributable costs, has given rise to a post tax profit of discontinued operations of £0.5 million.

7 **Discontinued operations** (continued)

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

	2013 £'000	2012 £'000
Revenue	**2,989**	8,755
Net operating costs	**(2,648)**	(7,677)
Profit before tax	**341**	1,078
Income tax expense	**(110)**	(402)
Profit after tax	**231**	676
Profit on disposal and closure of discontinued operations	**272**	-
Net profit attributable to discontinued operations	**503**	676
Basic earnings per share (pence)	**0.26**	0.35
Diluted earnings per share (pence)	**0.25**	0.34

Effect of disposal on the financial position of the Group

	2013 £'000
Property, plant and equipment	**12,774**
Inventories	**1,734**
Other net current assets	**1,969**
Assets disposed of	**16,477**
Consideration received, satisfied in cash	**18,660**
Attributable costs and professional fees	**(1,811)**
Net consideration received	**16,849**
Profit on disposal	**372**
Taxation	**(100)**
Net profit on disposal	**272**
Analysis of net consideration received:	
On sale of aggregate quarries on 30 April 2013	**16,849**
Deferred consideration received	**150**
	16,999

During the year ended 31 December 2013 these aggregate businesses contributed an inflow of £422,000 to the Group's net operating cash flows (2012: £2,034,000), paid £nil in respect of investing activities (2012: paid £260,000), and paid £nil in respect of financing activities (2012: £nil).

A post tax profit of £272,000 arose on the disposal of the aggregates businesses, being the net proceeds of disposal less the carrying amount of the relevant net assets.

7 Discontinued operations (continued)

Basic earnings per share from discontinued operations of 0.26 pence (2012: 0.35 pence) per share is calculated by dividing the profit attributable to ordinary shareholders from discontinued operations of £503,000 (2012: £676,000) by the weighted average number of shares in issue during the period of 195,742,757 (2012: 195,464,528).

Diluted earnings per share from discontinued operations of 0.25 pence (2012: 0.34 pence) per share is calculated by dividing the profit attributable to ordinary shareholders and potentially dilutive ordinary shares from discontinued operations of £503,000 (2012: £676,000) by the weighted average number of shares in issue during the period of 195,742,757 (2012: 195,464,528) plus potentially dilutive ordinary shares of 3,635,998 (2012: 3,914,227) which totals 199,378,755 (2012: 199,378,755).

8 Earnings per share

Basic earnings per share from total operations of 7.20 pence (2012: 2.91 pence loss) per share is calculated by dividing the profit attributable to ordinary shareholders from total operations and after adjusting for non-controlling interests of £14,096,000 (2012: £5,684,000 loss) by the weighted average number of shares in issue during the period of 195,742,757 (2012: 195,464,528).

Basic earnings per share from total operations before operational restructuring costs and asset impairments of 7.20 pence (2012: 5.87 pence) per share is calculated by dividing the profit from total operations before operational restructuring costs and asset impairments and after adjusting for non-controlling interests of £14,096,000 (2012: £11,470,000) by the weighted average number of shares in issue during the period of 195,742,757 (2012: 195,464,528).

Basic earnings per share from continuing operations of 6.94 pence (2012: 3.26 pence loss) per share is calculated by dividing the profit from continuing operations and after adjusting for non-controlling interests of £13,593,000 (2012: £6,360,000 loss) by the weighted average number of shares in issue during the year of 195,742,757 (2012: 195,464,528).

Basic earnings per share from continuing operations before operational restructuring costs and asset impairments of 6.94 pence (2012: 5.52 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 £13,593,000 (2012: £10,794,000) by the weighted average number of shares in issue during the period of 195,742,757 (2012: 195,464,528).

Profit attributable to ordinary shareholders

	2013	2012
	£'000	£'000
Profit from continuing operations before operational restructuring costs and asset impairments	**12,959**	10,780
Operational restructuring costs and asset impairments	**-**	(17,154)
Profit / (loss) from continuing operations	**12,959**	(6,374)
Profit from discontinued operations	**503**	676
Profit / (loss) for the financial period	**13,462**	(5,698)
Loss attributable to non-controlling interests	**634**	14
Profit / (loss) attributable to ordinary shareholders	**14,096**	(5,684)

Weighted average number of ordinary shares

	2013	2012
	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	**(1,210,998)**	(1,489,227)
Effect of treasury shares acquired	**(2,425,000)**	(2,425,000)
Weighted average number of ordinary shares at end of the period	**195,742,757**	195,464,528

8 Earnings per share (continued)

Diluted earnings per share from total operations of 7.07 pence per share is calculated by dividing the profit from total operations, after adjusting for non-controlling interests, of £14,096,000 by the weighted average number of shares in issue during the period of 195,742,757 plus potentially dilutive shares of 3,635,998 which totals 199,378,755.

For total operations at 31 December 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 total operations before operational restructuring costs and asset impairments of 7.07 pence (2012: 5.75 pence) per share is calculated by dividing the profit from total operations before operational restructuring costs and asset impairments and after adjusting for non-controlling interests of £14,096,000 (2012: £11,470,000) by the weighted average number of shares in issue during the period of 195,742,757 (2012: 195,464,528) plus potentially dilutive shares of 3,635,998 (2012: 3,914,227) which totals 199,378,755 (2012: 199,378,755).

Diluted earnings per share from continuing operations before operational restructuring costs and asset impairments of 6.82 pence (2012: 5.41 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 £13,593,000 (2012: £10,794,000) by the weighted average number of shares in issue during the period of 195,742,757 (2012: 195,464,528) plus potentially dilutive shares of 3,635,998 (2012: 3,914,227) which totals 199,378,755 (2012: 199,378,755).

Diluted earnings per share from continuing operations of 6.82 pence per share is calculated by dividing the profit from continuing operations, after adjusting for non-controlling interests, of £13,593,000 by the weighted average number of shares in issue during the period of 195,742,757 plus potentially dilutive shares of 3,635,998 which totals 199,378,755.

For continuing operations at 31 December 2012 the potential ordinary shares set out below are considered to be anti-dilutive to the continuing earnings per share calculation.

Weighted average number of ordinary shares (diluted)

	2013 Number	2012 Number
Weighted average number of ordinary shares	**195,742,757**	195,464,528
Effect of shares transferred into employee benefit trust	**1,210,998**	1,489,227
Effect of treasury shares acquired	**2,425,000**	2,425,000
Weighted average number of ordinary shares (diluted)	**199,378,755**	199,378,755

9 Dividends

After the balance sheet date dividends of 3.50 pence per qualifying ordinary share (2012: 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	**2013 £'000**	2012 £'000
2013 final	**3.50**	**6,861**	
2013 interim	**1.75**	**3,431**	
	5.25	**10,292**	
2012 final	3.50		6,861
2012 interim	1.75		3,431
	5.25		10,292

9 Dividends (continued)

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

	Pence per qualifying share	**2013 £'000**	2012 £'000
2013 interim	**1.75**	**3,431**	
2012 final	**3.50**	**6,861**	
	5.25	**10,292**	
2012 interim	1.75		3,431
2011 final	3.50		6,861
	5.25		10,292

The 2013 final dividend of 3.50 pence per qualifying ordinary share, total value £6,861,000 will be paid on 4 July 2014 to shareholders registered at the close of business on 6 June 2014.

10 Employee benefits

The Company sponsors a funded defined benefit pension scheme in the UK. The Scheme is administered within a trust which is legally separate from the Company. The Trustee Board is appointed by both the Company and the Scheme's membership and acts in the interest of the Scheme and all relevant stakeholders, including the members and the Company. The Trustee is also responsible for the investment of the Scheme's assets.

The Defined Benefit Section of the Scheme closed to future service accrual with effect from 30 June 2006 and members no longer pay contributions to the Defined Benefit Section. Company contributions after this date are used to fund any deficit in the Scheme and to meet the expenses associated with administering the Scheme, as determined by regular actuarial valuations.

The Trustee is required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions must be best estimates.

The Scheme is subject to regular actuarial valuations, which are usually carried out every three years. The next actuarial valuation is due to be carried out with an effective date of 5 April 2016. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and include deliberate margins for prudence. This contrasts with these accounting disclosures which are determined using best estimate assumptions.

A formal actuarial valuation is currently being carried out as at 5 April 2013. The preliminary results of that valuation have been projected to 31 December 2013 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

The amounts recognised in the Consolidated Balance Sheet are as follows:

	2013 £'000	2012 £'000	2011 £'000
Present value of a Scheme liabilities	**(262,900)**	(246,573)	(237,621)
Fair value of Scheme assets	**258,553**	254,785	250,587
Net amount recognised at year end (before any adjustments for deferred tax)	**(4,347)**	8,212	12,966

10 Employee benefits (continued)

The amounts recognised in Comprehensive Income are:

The current and past service costs, settlement and curtailments, together with the net interest expense for the year are included in the employee benefits expense in the Statement of Comprehensive Income. Remeasurements of the net defined benefit liability are included in Other Comprehensive Income.

	2013 £'000	2012 £'000
Service cost:		
Net interest credit recognised in the Consolidated Income Statement	**(576)**	(709)
Remeasurements of the net liability:		
Difference between actual and expected investment return	**5,108**	2,261
Loss arising from changes in financial assumptions	**13,437**	2,636
Loss arising from changes in demographic assumptions	**987**	-
Experience (gain) / loss	**(797)**	4,166
Charge recorded in Other Comprehensive Income	**18,735**	9,063
	18,159	8,354

The principal actuarial assumptions used were:

	2013 £'000	2012 £'000
Liability discount rate	**4.60%**	4.70%
Inflation assumption - RPI	**3.40%**	2.90%
Inflation assumption - CPI	**2.40%**	1.90%
Rate of increase in salaries	**n/a**	n/a
Future expected lifetime of current pensioner at age 65:		
Male aged 65 at year end	**21.9**	21.8
Female age 65 at year end	**24.1**	23.9
Future expected lifetime of future pensioner at age 65:		
Male aged 45 at year end	**23.2**	23.2
Female age 45 at year end	**25.6**	25.5

11 Analysis of net debt

	1 January 2013 £'000	Cash flow £'000	Other changes £'000	31 December 2013 £'000
Cash at bank and in hand	11,101	6,534	17	**17,652**
Debt due within one year	-	(3,370)	-	**(3,370)**
Debt due after one year	(74,325)	24,838	(140)	**(49,627)**
Finance leases	(319)	100	(5)	**(224)**
	(63,543)	28,102	(128)	**(35,569)**

11 Analysis of net debt (continued)

Reconciliation of Net Cash Flow to Movement in Net Debt

	2013	2012
	£'000	£'000
Net increase in cash equivalents	**6,534**	5,114
Cash outflow from decrease in debt and lease financing	**21,568**	8,247
Effect of exchange rate fluctuations	**(128)**	197
Movement in net debt in the period	**27,974**	13,558
Net debt at 1 January	**(63,543)**	(77,101)
Net debt at 31 December	**(35,569)**	(63,543)

12 Borrowing facilities

The total bank borrowing facilities at 31 December 2013 amounted to £145.0 million (2012: £170.0 million) of which £92.0 million (2012: £95.7 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 2013, in respect of which all conditions precedent had been met, were as follows:

	2013	2012
	£'000	£'000
Committed:		
- Expiring in more than two years but not more than five years	**72,006**	70,675
- Expiring in one year or less	**20,000**	-
Uncommitted:		
- Expiring in one year or less	**25,000**	25,000
	117,006	95,675

The committed facilities are all revolving credit facilities with interest charged at a variable rate based on LIBOR.

The total borrowing facilities at 31 December 2013 amounted to £145 million. This was due to the cancellation at no cost by the Group on 19 July 2013 of a £25 million loan facility that was due to mature in August 2015.

The maturity profile of borrowing facilities is structured to provide balanced, committed and phased medium term debt. Following the cancellation of the £25 million loan facility and the renewal of certain other bank facilities on 16 August 2013 the committed facilities are set out as follows:

	Facility £'000	Cumulative Facility £'000
Committed facilities:		
Q3 2016	50,000	50,000
Q3 2015	50,000	100,000
Q3 2014	20,000	120,000
On demand facilities:		
Available all year	25,000	145,000
Seasonal (February to August inclusive)	20,000	165,000

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 14 May 2014.

The Board

The Directors serving during the year ended 31 December 2013 were as follows:

Andrew Allner	Non-Executive Chairman
Graham Holden	Chief Executive (resigned 10 October 2013)
Martyn Coffey	Appointed 9 September 2013 (Chief Executive from 10 October 2013)
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
26 March 2014

Cautionary Statement

This 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 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 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.