Marshalls

Embargoed until 7.00am on Friday 28 August 2015

Interim results for the half year ended 30 June 2015

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

Financial Highlights	**Half Year ended 30 June 2015**	**Half Year ended 30 June 2014**	**Increase %**
Continuing operations:			
Revenue	£199.1m	£180.0m	11
EBITDA	£29.7m	£22.2m	34
Operating profit	£22.0m	£15.6m	41
Profit before tax	£20.8m	£14.0m	48
Basic EPS	8.50p	6.11p	39
Interim dividend	2.25p	2.00p	13
ROCE	15.2%	10.1%	↑510 basis points
Net debt to EBITDA	0.7 times	1.4 times	

Highlights:

- Revenue up 11% to £199.1 million (2014: £180.0 million)
- Improvement in operating margins to 11.1% (2014: 8.7%)
- Profit before tax up 48% to £20.8 million (2014: £14.0 million)
- Return on capital employed for the year ended 30 June 2015 up 50% to 15.2% (2014: 10.1%)
- EPS up 39% to 8.50 pence (2014: 6.11 pence)
- Interim dividend increased by 13% to 2.25 pence (2014: 2.00 pence) per share

Current priorities:

- To increase output to meet growing demand and to deliver benefits from operational gearing
- To further strengthen the Marshalls brand by developing systems based solutions, service excellence and new product development
- To grow our business organically and selectively through acquisitions
- To continue to develop and invest in our strategic growth initiatives, particularly in Water Management, Street Furniture, Rail and Newbuild Housing

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

"The Group is well positioned to grow organically and selectively through acquisitions. We will continue to focus on growth initiatives during the remainder of 2015 and in 2016.

The Construction Products Association supports this view of growth and its Summer Forecast predicts growth in UK market volumes of 4.9 per cent in 2015 and 4.2 per cent in 2016. In order to drive growth, the Group continues to develop the Marshalls brand and invest in product innovation and service delivery initiatives to deliver improved trading margins and increased return on capital employed."

Enquiries:

Martyn Coffey	Chief Executive	Marshalls plc	01422 314777
Jack Clarke	Finance Director	Marshalls plc	01422 314777
Jon Coles Simon Maine		Brunswick Group	0207 404 5959

Interim Management Report

Group results

Marshalls' revenue for the six months ended 30 June 2015 grew by 11 per cent to £199.1 million (2014: £180.0 million). Trading conditions continue to be positive and the Group experienced both strong order intake and sales growth. If these positive market conditions continue through the second half, noting the stronger comparables in the second half of 2014, it is likely that full year trading will be above original expectations.

Sales to the Public Sector and Commercial end market, which represent approximately 64 per cent of Group sales, were up 15 per cent, compared with the prior year. Sales to the Domestic end market, which represent approximately 30 per cent of Group sales, were up 4 per cent compared with the prior year. Sales in the International business have increased by 7 per cent in the six months ended 30 June 2015 and represent 6 per cent of Group sales.

Operating profit increased to £22.0 million (2014: £15.6 million). EBITDA also improved to £29.7 million (2014: £22.2 million).

Group return on capital employed ("ROCE") was 15.2 per cent for the year ended 30 June 2015 which represents an increase of 50 per cent compared with the prior year. ROCE is defined as EBITA / shareholders' funds plus net debt.

Net financial expenses were £1.2 million (2014: £1.6 million) and interest was strongly covered 18.5 times operating profit (2014: 9.9 times). The effective tax rate was 20.8 per cent (2014: 17.0 per cent).

Basic EPS was 8.50 pence (2014: 6.11 pence) per share. The interim dividend will be 2.25 pence (2014: 2.00 pence) per share, a 13% increase on the prior year.

Current strategy

The Group's focus is to grow the business organically and selectively through acquisitions. Our strategic objectives include the improvement of profit margins in all businesses and to increase the Group's ROCE. The long-term strategy continues to combine the delivery of sustainable shareholder value and profitability with organic expansion and the development of key "route to market" relationships.

Current priorities

The Group's priorities are to grow and develop the business and to leverage the benefits from the improving market conditions in order to generate volume growth and so benefit from operational gearing. A key objective is to deliver further improvement in profit margins in all businesses and end markets, and the operational priorities remain service, quality, design, innovation and a commitment to research and development, sustainability and an integrated product offer.

Operating performance

Operating margins increased to 11.1 per cent in the six months ended 30 June 2015 (2014: 8.7 per cent). This represents an improvement of 27 per cent reflecting improved operational gearing as a result of volume growth which continues to be ahead of the Construction Products Association's market forecasts. The continued focus on operational flexibility has enabled the Group to increase manufacturing output as the market has recovered and our network of manufacturing sites has enough capacity to absorb medium-term demand and the flexibility for further capacity and capability investment.

In the UK, sales price increases generated £5.6 million in additional revenue and exceeded the impact of cost inflation by £1.4 million. Volume growth has been particularly strong in the Public Sector and Commercial end market where the revenue increase attributable to volume and mix has been 11 per cent.

In the Public Sector and Commercial end market the Group's strategy is to build on its position as a market leading landscape products specialist. The Group's experienced technical and sales teams continue to focus on markets where future demand is greatest across a full range of integrated products and sustainable solutions for customers, architects and contractors. The Group continued to focus on innovation and new product development to drive sales growth in areas of particular opportunity. Commercial work from Water Management, Street Furniture, Rail and Newbuild Housing continues to increase and the Group is outperforming the market in these areas.

Our objective is to continually strengthen and differentiate the Marshalls brand, to improve the product mix and to ensure a consistently high standard of quality and to provide good geographical coverage.

In the Domestic end market the Group's strategy continues to be to drive more sales through quality installers. The Marshalls Register of approved domestic installers has grown to over 1,800 teams. The Group remains committed to increasing the marketing support to the installer base through increased training, marketing materials and sales support.

Historically, there has been a good correlation between consumer confidence and installer order books. The survey of domestic installers at the end of June 2015 revealed continuing strong order books of 12.0 weeks (2014: 11.5 weeks) and compares with 10.6 weeks at the end of April 2015. The position at 30 June 2015 is the highest recorded order book at this time of year.

The Group's Landscape Products business is a reportable segment servicing the UK Public Sector and Commercial and UK Domestic end markets. The Group's smaller UK businesses include Street Furniture, Mineral Products and Stone Cladding and their performance has continued to improve in the first half of 2015, delivering volume revenue growth of £3.8 million and profit growth of £1.0 million. All these businesses are now profitable.

Continued progress is being made in developing the International business and activity levels have been increasingly encouraging. Sales from our operations in Belgium increased by 15.8 per cent, in local currency, in the six months ended 30 June 2015 despite a market background in mainland Europe that continues to be subdued. Trading performance in the Belgium business has improved markedly. Marshalls continues to expand its geographical reach and to extend its global supply chains and routes to market. Marshalls continues to develop the distribution of natural stone products into the North American market and the Group is now opening a sales office in Dubai to facilitate further sales growth in the Middle East.

Balance sheet and cash flow as at 30 June 2015

Net assets at 30 June 2015 were £184.0 million (June 2014: £177.0 million).

At 30 June 2015 net debt was markedly lower at £32.9 million (June 2014: £50.9 million) with gearing at 17.9 per cent (June 2014: 28.8 per cent). Cash management continues to be a high priority area and the Group continues to focus on inventory and capital expenditure management, credit control and the maintenance of credit insurance for trade receivables.

Capital investment in property, plant and equipment in the six months to 30 June 2015 totalled £5.5 million (2014: £3.8 million) and compares with depreciation of £7.0 million (2014: £6.0 million). Research and development expenditure amounted to £1.6 million (2014: £1.1 million).

In July 2015, following the continued steady reduction in net debt, the Group undertook a full review of its bank facilities in order to align them with current strategy and to ensure headroom against available facilities remains at appropriate levels. We reduced our total committed facility lines by £30 million to £80 million and reduced our interest costs significantly through the refinancing. New committed facility lines have been established and Marshalls continues its policy of having significant committed facilities in place with a positive spread of medium-term maturities. The new facilities have extended maturities with some going out to 2020. At the same time, the Group also renewed its short-term working capital facilities with RBS.

The balance sheet value of the Group's defined benefit pension scheme was a surplus of £0.8 million at 30 June 2015 (December 2014: £3.4 million surplus; June 2014: £0.1 million deficit). The amount has been determined by the scheme actuary using assumptions that are considered to be prudent and in line with current market levels. The assumptions that have changed in the last six months are an increase in the AA corporate bond rate from 3.6 per cent to 3.7 per cent, in line with market movements, and an increase in the expected rate of inflation from 3.1 per cent to 3.3 per cent. The Company has agreed with the Trustee of the defined benefit pension scheme that it will cease to make cash payments under the funding and recovery plan, which totalled £4.6 million in the previous year, with immediate effect.

Dividend

The Group has a progressive dividend policy with a stated objective of achieving up to 2 times dividend cover over the business cycle. The Board has declared an interim dividend of 2.25 pence (June 2014: 2.00 pence) per share, an increase of 13 per cent. This dividend will be paid on 4 December 2015 to shareholders on the register at the close of business on 23 October 2015. The ex-dividend date will be 22 October 2015.

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining 6 months of the financial year and could cause actual results to differ materially from expected and historical results. The Directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 31 December 2014. Further information is provided in Note 12 and a detailed explanation of the risks, and how the Group seeks to mitigate these risks, can be found on pages 18 to 20 of the Annual Report which is available at www.marshalls.co.uk/documents/reports/2014-full-annual-report.

Going concern

As stated in Note 1 of the 2015 Half-yearly Report, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, being a period of not less than 12 months from the date of the Half-yearly Report. Accordingly, they continue to adopt the going concern basis in preparing the Half-yearly Report.

Outlook

The Group is well positioned to grow organically and selectively through acquisitions. We will continue to focus on growth initiatives during the remainder of 2015 and in 2016.

The Construction Products Association supports this view of growth and its Summer Forecast predicts growth in UK market volumes of 4.9 per cent in 2015 and 4.2 per cent in 2016. In order to drive growth, the Group continues to develop the Marshalls brand and invest in product innovation and service delivery initiatives to deliver improved trading margins and increased return on capital employed.

Martyn Coffey
Chief Executive

Condensed Consolidated Half-yearly Income Statement
for the half year ended 30 June 2015

	Notes	2015 Total £'000	Half year ended June 2014 Total £'000	Year ended December 2014 Total £'000
Revenue	2	**199,067**	179,955	358,516
Net operating costs	3	**(177,053)**	(164,341)	(333,211)
Operating profit	2	**22,014**	15,614	25,305
Financial expenses	4	**(1,197)**	(1,587)	(2,889)
Financial income	4	**5**	2	5
Profit before tax	2	**20,822**	14,029	22,421
Income tax expense	5	**(4,335)**	(2,385)	(4,198)
Profit for the financial period		**16,487**	11,644	18,223
Profit for the period				
Attributable to:				
Equity shareholders of the parent		**16,711**	11,975	19,857
Non-controlling interests		**(224)**	(331)	(1,634)
		16,487	11,644	18,223
Earnings per share				
Basic	6	**8.50p**	6.11p	10.13p
Diluted	6	**8.39p**	6.00p	9.89p
Dividend				
Pence per share	7	**4.00p**	3.50p	5.50p
Dividends declared	7	**7,866**	6,867	10,791

All results relate to continuing operations.

Condensed Consolidated Half-yearly Statement of Comprehensive Income
for the half year ended 30 June 2015

	2015 £'000	Half year ended June 2014 (Restated) £'000	Year ended December 2014 (Restated) £'000
Profit for the financial period	**16,487**	11,644	18,223
Other comprehensive (expense) / income			
Items that will not be reclassified to the Income Statement:			
Remeasurements of the net defined benefit liability	**(6,777)**	8	3,244
Deferred tax arising	**1,355**	(2)	(649)
Total items that will not be reclassified to the Income Statement	**(5,422)**	6	2,595
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	**602**	712	(3,984)
Fair value of cash flow hedges transferred to the Income Statement	**870**	(482)	1,076
Deferred tax arising	**(294)**	(45)	582
Exchange difference on retranslation of foreign currency net investments	**(1,718)**	(505)	(944)
Exchange movements associated with borrowings	**1,719**	491	869
Exchange differences – non-controlling interests	**(136)**	(144)	(186)
Total items that are or may be reclassified subsequently to the Income Statement	**1,043**	27	(2,587)
Other comprehensive (expense) / income for the period, net of income tax	**(4,379)**	33	8
Total comprehensive income for the period	**12,108**	11,677	18,231
Attributable to:			
Equity shareholders of the parent	**12,468**	12,152	20,051
Non-controlling interests	**(360)**	(475)	(1,820)
	12,108	11,677	18,231

Condensed Consolidated Half-yearly Balance Sheet
as at 30 June 2015

	Notes	June 2015 £'000	June 2014 £'000	December 2014 £'000
Assets				
Non-current assets				
Property, plant and equipment		**148,025**	150,150	149,745
Intangible assets		**40,374**	40,850	40,581
Investments in associates		**854**	666	782
Employee benefits	8	**799**	-	3,449
Deferred taxation assets		**1,325**	1,698	1,394
		191,377	193,364	195,951
Current assets				
Inventories		**70,269**	71,588	67,323
Trade and other receivables		**58,329**	59,601	32,254
Cash and cash equivalents		**20,500**	3,789	20,320
		149,098	134,978	119,897
Total assets		**340,475**	328,342	315,848
Liabilities				
Current liabilities				
Trade and other payables		**82,953**	76,308	60,720
Corporation tax		**4,443**	4,149	4,276
Interest-bearing loans and borrowings		**33**	5,244	85
Derivative financial instruments		**1,719**	54	3,192
		89,148	85,755	68,273
Non-current liabilities				
Interest-bearing loans and borrowings		**53,397**	49,495	50,715
Employee benefits	8	**-**	90	-
Deferred taxation liabilities		**13,966**	15,990	14,966
		67,363	65,575	65,681
Total liabilities		**156,511**	151,330	133,954
Net assets		**183,964**	177,012	181,894
Equity				
Capital and reserves attributable to equity shareholders of the parent				
Share capital		**49,845**	49,845	49,845
Share premium account		**22,695**	22,695	22,695
Own shares		**(5,532)**	(6,689)	(6,689)
Capital redemption reserve		**75,394**	75,394	75,394
Consolidation reserve		**(213,067)**	(213,067)	(213,067)
Hedging reserve		**(1,310)**	23	(2,488)
Retained earnings		**254,824**	245,991	254,729
Equity attributable to equity shareholders of the parent		**182,849**	174,192	180,419
Non-controlling interests		**1,115**	2,820	1,475
Total equity		**183,964**	177,012	181,894

Condensed Consolidated Half-yearly Cash Flow Statement
for the half year ended 30 June 2015

	Half year ended June		Year ended December
	2015	2014	2014
	£'000	£'000	£'000
Cash flows from operating activities			
Profit for the financial period	**16,487**	11,644	18,223
Income tax expense	**4,335**	2,385	4,198
Profit before tax on total operations	**20,822**	14,029	22,421
Adjustments for:			
Depreciation	**7,006**	5,986	11,982
Amortisation	**645**	605	1,231
Share of results of associates	**(72)**	(3)	(118)
Loss / (gain) on sale of property, plant and equipment	**84**	143	(360)
Equity settled share-based expenses	**974**	579	2,496
Financial income and expenses (net)	**1,192**	1,585	2,884
Operating cash flow before changes in working capital and pension scheme contributions	**30,651**	22,924	40,536
Increase in trade and other receivables	**(27,735)**	(27,166)	(159)
(Increase) / decrease in inventories	**(3,584)**	(559)	3,102
Increase / (decrease) in trade and other payables	**15,224**	3,506	(2,656)
Operational restructuring costs paid	**(260)**	-	(235)
Pension scheme contributions	**(4,300)**	(4,300)	(4,600)
Cash generated from / (absorbed by) the operations	**9,996**	(5,595)	35,988
Financial expenses paid	**(1,074)**	(1,536)	(2,840)
Income tax paid	**(3,724)**	(1,940)	(4,031)
Net cash flow from operating activities	**5,198**	(9,071)	29,117
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	**93**	2,190	3,077
Financial income received	**5**	2	5
Acquisition of property, plant and equipment	**(5,545)**	(3,818)	(11,269)
Acquisition of intangible assets	**(441)**	(393)	(741)
Net cash flow from investing activities	**(5,888)**	(2,019)	(8,928)
Cash flows from financing activities			
Payments to acquire own shares	**(3,461)**	(4,266)	(4,266)
Net (decrease) / increase in other debt and finance leases	**(117)**	(49)	269
Increase / (decrease) in borrowings	**4,465**	1,567	(2,690)
Equity dividends paid	**-**	-	(10,791)
Net cash flow from financing activities	**887**	(2,748)	(17,478)
Net increase / (decrease) in cash and cash equivalents	**197**	(13,838)	2,711
Cash and cash equivalents at beginning of the period	**20,320**	17,652	17,652
Effect of exchange rate fluctuations	**(17)**	(25)	(43)
Cash and cash equivalents at end of the period	**20,500**	3,789	20,320

Condensed Consolidated Half-yearly Statement of Changes in Equity
for the half year ended 30 June 2015

	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
Current half year										
At 1 January 2015	**49,845**	**22,695**	**(6,689)**	**75,394**	**(213,067)**	**(2,488)**	**254,729**	**180,419**	**1,475**	**181,894**
Total comprehensive income / (expense) for the period										
Profit for the financial period attributable to equity shareholders of the parent	-	-	-	-	-	-	**16,711**	**16,711**	**(224)**	**16,487**
Other comprehensive income / (expense)										
Exchange differences	-	-	-	-	-	-	**1**	**1**	**(136)**	**(135)**
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	**602**	-	**602**	-	**602**
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	**870**	-	**870**	-	**870**
Deferred tax arising	-	-	-	-	-	**(294)**	-	**(294)**	-	**(294)**
Defined benefit plan actuarial losses	-	-	-	-	-	-	**(6,777)**	**(6,777)**	-	**(6,777)**
Deferred tax arising	-	-	-	-	-	-	**1,355**	**1,355**	-	**1,355**
Total other comprehensive income / (expense)	-	-	-	-	-	**1,178**	**(5,421)**	**(4,243)**	**(136)**	**(4,379)**
Total comprehensive income / (expense) for the period	-	-	-	-	-	**1,178**	**11,290**	**12,468**	**(360)**	**12,108**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	-	-	-	-	-	-	**974**	**974**	-	**974**
Deferred tax on share-based payments	-	-	-	-	-	-	**100**	**100**	-	**100**
Corporation tax on share-based payments	-	-	-	-	-	-	**215**	**215**	-	**215**
Dividends to equity shareholders	-	-	-	-	-	-	**(7,866)**	**(7,866)**	-	**(7,866)**
Purchase of own shares	-	-	**(3,461)**	-	-	-	-	**(3,461)**	-	**(3,461)**
Disposal of own shares	-	-	**4,618**	-	-	-	**(4,618)**	-	-	-
Total contributions by and distributions to owners	-	-	**1,157**	-	-	-	**(11,195)**	**(10,038)**	-	**(10,038)**
Total transactions with owners of the Company	-	-	**1,157**	-	-	**1,178**	**95**	**2,430**	**(360)**	**2,070**
At 30 June 2015	**49,845**	**22,695**	**(5,532)**	**75,394**	**(213,067)**	**(1,310)**	**254,824**	**182,849**	**1,115**	**183,964**

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

for the half year ended 30 June 2015 (Restated)

	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 half year										
At 1 January 2014	49,845	22,695	(9,512)	75,394	(213,067)	(162)	246,944	172,137	3,295	175,432
Total comprehensive income / (expense) for the period										
Profit for the financial period attributable to equity shareholders of the parent	-	-	-	-	-	-	11,975	11,975	(331)	11,644
Other comprehensive income / (expense)										
Exchange differences	-	-	-	-	-	-	(14)	(14)	(144)	(158)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	712	-	712	-	712
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	(482)	-	(482)	-	(482)
Deferred tax arising	-	-	-	-	-	(45)	-	(45)	-	(45)
Defined benefit plan actuarial gain	-	-	-	-	-	-	8	8	-	8
Deferred tax arising	-	-	-	-	-	-	(2)	(2)	-	(2)
Total other comprehensive income / (expense)	-	-	-	-	-	185	(8)	177	(144)	33
Total comprehensive income / (expense) for the period	-	-	-	-	-	185	11,967	12,152	(475)	11,677
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	-	-	-	-	-	-	579	579	-	579
Deferred tax on share-based payments	-	-	-	-	-	-	291	291	-	291
Corporation tax on share-based payments	-	-	-	-	-	-	166	166	-	166
Dividends to equity shareholders	-	-	-	-	-	-	(6,867)	(6,867)	-	(6,867)
Purchase of own shares	-	-	(4,266)	-	-	-	-	(4,266)	-	(4,266)
Disposal of own shares	-	-	7,089	-	-	-	(7,089)	-	-	-
Total contributions by and distributions to owners	-	-	2,823	-	-	-	(12,920)	(10,097)	-	(10,097)
Total transactions with owners of the Company	-	-	2,823	-	-	185	(953)	2,055	(475)	1,580
At 30 June 2014	49,845	22,695	(6,689)	75,394	(213,067)	23	245,991	174,192	2,820	177,012

Condensed Consolidated Half-yearly Statement of Changes in Equity (continued)
for the half year ended 30 June 2015 (Restated)

	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
	Attributable to equity holders of the Company									
Prior year										
At 1 January 2014	49,845	22,695	(9,512)	75,394	(213,067)	(162)	246,944	172,137	3,295	175,432
Total comprehensive income / (expense) for the period										
Profit for the financial period attributable to equity shareholders of the parent	-	-	-	-	-	-	19,857	19,857	(1,634)	18,223
Other comprehensive income / (expense)										
Exchange differences	-	-	-	-	-	-	(75)	(75)	(186)	(261)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(3,984)	-	(3,984)	-	(3,984)
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	1,076	-	1,076	-	1,076
Deferred tax arising	-	-	-	-	-	582	-	582	-	582
Defined benefit plan actuarial gains	-	-	-	-	-	-	3,244	3,244	-	3,244
Deferred tax arising	-	-	-	-	-	-	(649)	(649)	-	(649)
Total other comprehensive income / (expense)	-	-	-	-	-	(2,326)	2,520	194	(186)	8
Total comprehensive income / (expense) for the period	-	-	-	-	-	(2,326)	22,377	20,051	(1,820)	18,231
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	-	-	-	-	-	-	2,496	2,496	-	2,496
Deferred tax on share-based payments	-	-	-	-	-	-	460	460	-	460
Corporation tax on share-based payments	-	-	-	-	-	-	332	332	-	332
Dividend to equity shareholders	-	-	-	-	-	-	(10,791)	(10,791)	-	(10,791)
Purchase of own shares	-	-	(4,266)	-	-	-	-	(4,266)	-	(4,266)
Disposal of own shares	-	-	7,089	-	-	-	(7,089)	-	-	-
Total contributions by and distributions to owners	-	-	2,823	-	-	-	(14,592)	(11,769)	-	(11,769)
Total transactions with owners of the Company	-	-	2,823	-	-	(2,326)	7,785	8,282	(1,820)	6,462
At 31 December 2014	49,845	22,695	(6,689)	75,394	(213,067	(2,488)	254,729	180,419	1,475	181,894

Notes to the Condensed Consolidated Half-yearly Financial Statements

1. Basis of preparation

Marshalls plc (the "Company") is a company domiciled in the United Kingdom. The Condensed Consolidated Half-yearly Financial Statements of the Company for the half year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group").

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

The Condensed Consolidated Half-yearly Financial Statements do not constitute financial statements and do not include all the information and disclosures required for full annual financial statements. The Condensed Consolidated Half-yearly Financial Statements were approved by the Board on 28 August 2015. The Condensed Consolidated Half-yearly Financial Statements are not statutory accounts as defined by Section 434 of the Companies Act 2006.

The Condensed Consolidated Financial Statements for the half year ended 30 June 2015 and comparative period have not been audited. The Auditor has carried out a review of the Half-yearly Financial Information and their report is set out below.

The financial information for the year ended 31 December 2014 has been extracted from the annual Financial Statements, included in the Annual Report 2014, which has been filed with the Registrar of Companies. The report of the Auditor was: (i) unqualified; (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under Section 498 (2) and (3) of the Companies Act 2006.

The annual Financial Statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of Financial Statements has, other than in respect of the matters referred to below, been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published Consolidated Financial Statements for the year ended 31 December 2014.

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

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

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing these Condensed Consolidated Half-yearly Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements of the Group for the year ended 31 December 2014.

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.

1. Basis of preparation (continued)

Details of the Group's funding position are set out in Note 10 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 10 July 2015. Management believe that there are sufficient unutilised facilities held, which mature after 12 months. The Group's performance is dependent on economic and market conditions, the outlook for which is difficult to predict. Based on current expectations, the Group's cash forecasts continue to meet half year and year end bank covenants and there is adequate headroom that is not dependent on facility renewals. After considering relevant uncertainties, 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 Condensed Consolidated Half-yearly Financial Statements.

The Condensed Consolidated Statement of Comprehensive Income and Condensed Consolidated Statement of Changes in Equity have been restated in respect of the half year ended 30 June 2014 (£457,000 reduction to Other Comprehensive Income) and the year ended 31 December 2014 (£792,000 reduction to Other Comprehensive Income). The restatement was in respect of deferred taxation and corporation tax on share-based payments which were previously presented within Other Comprehensive Income. The Statement has also been restated to show the effects of net investment hedging on a gross basis in both periods. There is no impact on retained profits or net assets for any period.

2. Segmental analysis

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. As far as Marshalls is concerned, the CODM is regarded as being the Executive Directors. The Directors have concluded that the detailed requirements of IFRS 8 support the reporting of the Group’s Landscape Products business as a reportable segment, which includes the UK operations of the Marshalls Landscape Products hard landscaping business, servicing both the UK Domestic and the UK Public Sector and Commercial end markets. Financial information for Landscape Products is reported to the Group’s CODM for the assessment of segmental performance and to facilitate resource allocation.

The Landscape Products reportable segment operates a national manufacturing plan that is structured around a series of production units throughout the UK, in conjunction with a single logistics and distribution operation. A national planning process supports sales to both of the key end markets, namely the Domestic and Public Sector and Commercial end markets and the operating assets produce and deliver a range of broadly similar products that are sold into each of these end markets. Within the Landscape Products operating segment the focus is on the one integrated production, logistics and distribution network supporting both end markets.

Included in “Other” are the Group’s Street Furniture, Mineral Products, Stone Cladding and International operations which do not currently meet the IFRS 8 reporting requirements.

2. Segmental analysis (continued)

Segment revenues and results

	Half year ended June 2015			Half year ended June 2014 (Restated)			Year ended December 2014 (Restated)		
	Landscape Products £'000	**Other £'000**	**Total £'000**	Landscape Products £'000	Other £'000	Total £'000	Landscape Products £'000	Other £'000	Total £'000
External revenue	**154,590**	**46,756**	**201,346**	141,036*	41,659*	182,695	280,508*	82,933*	363,441
Inter-segment revenue	**(18)**	**(2,261)**	**(2,279)**	(100)	(2,640)	(2,740)	(194)	(4,731)	(4,925)
Total revenue	**154,572**	**44,495**	**199,067**	140,936*	39,019*	179,955	280,314*	78,202*	358,516
Segment operating profit	**24,710**	**720**	**25,430**	19,735	(1,591)	18,144	36,066	(4,549)**	31,517
Unallocated administration costs			**(3,488)**			(2,533)			(6,330)
Share of profits of associates			**72**			3			118
Operating profit			**22,014**			15,614			25,305
Finance charges (net)			**(1,192)**			(1,585)			(2,884)
Profit before tax			**20,822**			14,029			22,421
Taxation			**(4,335)**			(2,385)			(4,198)
Profit after tax			**16,487**			11,644			18,223

* The comparative revenue figures have been restated to ensure consistent classification with the analysis reported for the half year ended 30 June 2015.

** After charging £1,995,000 in respect of restructuring costs in the Belgium business.

The accounting policies of the Landscape Products operating segment are the same as the Group's accounting policies.

Segment profit represents the profit earned without allocation of the share of profit of associates and certain administration costs that are not capable of allocation. Centrally administered overhead costs that relate directly to the reportable segments are included within the segment results.

2. Segmental analysis (continued)

Segment assets	June 2015 £'000	June 2014 £'000	December 2014 £'000
Fixed assets and inventory:			
Landscape Products	**158,807**	160,613	156,509
Other	**59,487**	61,125	60,559
Total segment fixed assets and inventory	**218,294**	221,738	217,068
Unallocated assets	**122,181**	106,604	98,780
Consolidated total assets	**340,475**	328,342	315,848

For the purpose of monitoring segment performance and allocating performance between segments, the Group's CODM monitors the property, plant and equipment and inventory. Assets used jointly by reportable segments are not allocated to individual reportable segments.

Other segment information

	Depreciation and amortisation			Fixed asset additions		
	Half year ended June		Year ended December	Half year ended June		Year ended December
	2015 £'000	2014 £'000	2014 £'000	**2015 £'000**	2014 £'000	2014 £'000
Landscape Products	**5,286**	4,924	9,919	**4,594**	2,981	7,994
Other	**2,365**	1,667	3,294	**1,392**	1,230	4,016
	7,651	6,591	13,213	**5,986**	4,211	12,010

Geographical destination of revenue

	Half year ended June		Year ended December
	2015 £'000	2014 £'000 (Restated)	2014 £'000 (Restated)
United Kingdom	**187,062**	168,732*	338,483*
Rest of the World	**12,005**	11,223*	20,033*
	199,067	179,955	358,516

* The comparative figures that analyse revenue by geographical destination have been restated to ensure consistent classification with the analysis reported for the half year ended 30 June 2015.

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

3. Net operating costs

	Half year ended June		Year ended December
	2015	2014	2014
	£'000	£'000	£'000
Raw materials and consumables	**73,308**	66,407	137,250
Changes in inventories of finished goods and work in progress	**(1,678)**	781	(3,484)
Personnel costs	**48,744**	45,778	93,439
Depreciation - owned	**7,006**	5,946	11,907
Depreciation - leased	**-**	40	75
Amortisation of intangible assets	**645**	605	1,231
Own work capitalised	**(907)**	(561)	(1,473)
Other operating costs	**50,551**	46,954	94,910
Restructuring costs in Marshalls NV	**-**	-	1,995
Operating costs	**177,669**	165,950	335,850
Other operating income	**(628)**	(1,749)	(2,161)
Net loss / (gain) on asset and property disposals	**84**	143	(360)
Share of results of associates	**(72)**	(3)	(118)
Net operating costs	**177,053**	164,341	333,211

4. Financial expenses and income

	Half year ended June		Year ended December
	2015	2014	2014
	£'000	£'000	£'000
(a) Financial expenses			
Net interest expense on defined benefit pension scheme	**123**	51	48
Interest expense on bank loans, overdrafts and loan notes	**1,070**	1,532	2,835
Finance lease interest expense	**4**	4	6
	1,197	1,587	2,889
(b) Financial income			
Interest receivable and similar income	**5**	2	5

5. Income tax expense

	Half year ended June 2015 £'000	2014 £'000	Year ended December 2014 £'000
Current tax expense			
Current year	**4,057**	2,693	5,670
Adjustments for prior years	**49**	(1,240)	(1,834)
	4,106	1,453	3,836
Deferred taxation expense			
Origination and reversal of temporary differences:			
Current year	**162**	195	(319)
Adjustments for prior years	**67**	737	681
Total tax expense	**4,335**	2,385	4,198

	Half year ended June 2015 %	£'000	2014 %	£'000	Year ended December 2014 %	£'000
Reconciliation of effective tax rate						
Profit before tax:						
Continuing operations	**100.0**	**20,822**	100.0	14,029	100.0	22,421
Tax using domestic corporation tax rate	**20.2**	**4,206**	21.5	3,016	21.5	4,821
Disallowed amortisation of intangible assets	**(0.1)**	**(10)**	1.4	196	0.1	20
Net income / (expenditure) not taxable	**0.1**	**23**	(2.3)	(324)	2.3	510
Adjustments for prior years	**0.6**	**116**	(3.6)	(503)	(5.2)	(1,153)
	20.8	**4,335**	17.0	2,385	18.7	4,198

6. Earnings per share

Basic earnings per share of 8.50 pence (30 June 2014: 6.11 pence; 31 December 2014: 10.13 pence) per share is calculated by dividing the profit attributable to ordinary shareholders from total operations and after adjusting for non-controlling interests of 16,711,000 (30 June 2014: £11,975,000; 31 December 2014: £19,857,000) by the weighted average number of shares in issue during the period of 196,484,800 (30 June 2014: 196,034,036; 31 December 2014: 196,116,404).

Profit attributable to ordinary shareholders

	Half year ended June 2015 £'000	2014 £'000	Year ended December 2014 £'000
Profit for the financial period	**16,487**	11,644	18,223
Loss attributable to non-controlling interests	**224**	331	1,634
Profit attributable to ordinary shareholders	**16,711**	11,975	19,857

6. **Earnings per share** (continued)

Weighted average number of ordinary shares

	Half year ended June 2015 Number	2014 Number	Year ended December 2014 Number
Number of issued ordinary shares (at beginning of the period)	**199,378,755**	199,378,755	199,378,755
Effect of shares transferred into employee benefit trust	**(2,893,955)**	(2,205,907)	(3,262,351)
Effect of treasury shares acquired	**-**	(1,138,812)	-
Weighted average number of ordinary shares at end of the period	**196,484,800**	196,034,036	196,116,404

Diluted earnings per share of 8.39 pence (30 June 2014: 6.00 pence; 31 December 2014: 9.89 pence) per share is calculated by dividing the profit from total operations, after adjusting for non-controlling interests, of £16,711,000 (30 June 2014: £11,975,000; 31 December 2014: £19,857,000) by the weighted average number of shares in issue during the period of 196,484,800 (30 June 2014: 196,034,036; 31 December 2014: 196,116,404), plus potentially dilutive shares of 2,734,019 (30 June 2014: 3,711,426; 31 December 2014: 4,646,375), which totals 199,218,819 (30 June 2014: 199,745,462; 31 December 2014: 200,762,779).

Weighted average number of ordinary shares (diluted)

	Half year ended June 2015 Number	2014 Number	Year ended December 2014 Number
Weighted average number of ordinary shares	**196,484,800**	196,034,036	196,116,404
Dilutive shares	**2,734,019**	3,711,426	4,646,375
Weighted average number of ordinary shares (diluted)	**199,218,819**	199,745,462	200,762,779

7. **Dividends**

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

	Pence per qualifying share	Half year ended June 2015 £'000	2014 £'000	Year ended December 2014 £'000
2015 interim	2.25	**4,425**	-	-
2014 final	4.00	**-**	-	7,975
2014 interim	2.00	**-**	3,924	3,924
		4,425	3,924	11,899

7. Dividends (continued)

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

	Pence per qualifying share	Half year ended June **2015** **£'000**	2014 £'000	Year ended December 2014 £'000
2014 final	4.00	**7,866**	-	-
2014 interim	2.00	**-**	-	3,924
2013 final	3.50	**-**	6,867	6,867
		7,866	6,867	10,791

The 2014 final dividend of 4.00 pence per qualifying ordinary share (total value £7,866,000) was paid on 3 July 2015 to shareholders registered at the close of business on 5 June 2015.

The Board has declared an interim dividend of 2.25 pence (June 2014: 2.00 pence) per share. This dividend will be paid on 4 December 2015 to shareholders on the register at the close of business on 23 October 2015. The ex-dividend date will be 22 October 2015.

8. Employee benefits

The Company sponsors a funded defined benefit pension scheme ("the 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 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 poses a number of risks to the Company, for example longevity risk, investment risk, interest rate risk and inflation risk. The Trustee is aware of these risks and uses various techniques to control them. The Trustee has a number of internal control policies, including a risk register, which are in place to manage and monitor the various risks they face. The Trustee's investment strategy incorporates the use of liability driven investments ("LDIs") to minimise sensitivity of the actuarial funding position to movements in interest rates and inflation rates.

The Scheme is subject to regular actuarial valuations, which are usually carried out every three years. An actuarial valuation has been carried out with an effective date of 5 April 2015. 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.

The results of the 5 April 2015 valuation have been projected to 30 June 2015 by a qualified independent actuary. The figures in the following disclosure were measured using the projected unit method.

8. Employee benefits (continued)

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

	June		December
	2015	2014	2014
	£'000	£'000	£'000
Present value of Scheme liabilities	**(305,730)**	(271,958)	(309,067)
Fair value of Scheme assets	**306,529**	271,868	312,516
Net amount recognised (before any adjustment for deferred tax)	**799**	(90)	3,449

The amounts recognised in Comprehensive Income were:

The current and past service costs, settlement and curtailments, together with the net interest expense for the period 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.

	Half year ended June		Year ended December
	2015	2014	2014
	£'000	£'000	£'000
Service cost:			
Net interest expense recognised in the Consolidated Income Statement	**123**	51	48
Remeasurements of the net liability:			
Difference between actual and expected investment return	**10,866**	(7,494)	(46,766)
Loss arising from changes in financial assumptions	**(1,727)**	7,064	44,242
Loss arising from changes in demographic assumptions	**(4,461)**	-	-
Experience loss / (gain)	**2,099**	422	(720)
Charge / (credit) recorded in Other Comprehensive Income	**6,777**	(8)	(3,244)
	6,900	43	(3,196)

The principal actuarial assumptions used were:

	June		December
	2015	2014	2014
Liability discount rate	**3.70%**	4.40%	3.60%
Inflation assumption – RPI	**3.30%**	3.30%	3.10%
Inflation assumption – CPI	**2.30%**	2.30%	2.10%
Rate of increase in salaries	**n/a**	n/a	n/a
Revaluation of deferred pensions	**2.30%**	2.30%	2.10%
Increases for pensions in payment:			
CPI pension increases (maximum 5% per annum)	**2.30%**	2.30%	2.10%
CPI pension increases (maximum 5% per annum, minimum 3% per annum)	**3.10%**	3.10%	3.10%
CPI pension increases (maximum 3% per annum)	**2.20%**	2.20%	2.00%

8. Employee benefits (continued)

	June		December
	2015	2014	2014
Mortality assumption - before retirement	**Same as post retirement**	Same as post retirement	Same as post retirement
Mortality assumption - after retirement (males)	**S2PMA tables**	S1PMA tables	S1PMA tables
Loading	**105%**	105%	105%
Projection basis	**Year of birth**	Year of birth	Year of birth
	CMI_2014 1.0%	CMI_2012 1.0%	CMI_2012 1.0%
Mortality assumption - after retirement (females)	**S2PFA tables**	S1PFA tables	S1PFA tables
Loading	**105%**	105%	105%
Projection basis	**Year of birth**	Year of birth	Year of birth
	CMI_2014 1.0%	CMI_2012 1.0%	CMI_2012 1.0%
Future expected lifetime of current pensioner at age 65:			
Male aged 65 at year end	**21.7**	22.0	21.9
Female aged 65 at year end	**23.7**	24.2	24.2
Future expected lifetime of future pensioner at age 65:			
Male aged 45 at year end	**23.0**	23.3	23.3
Female aged 45 at year end	**25.2**	25.7	25.7

9. Analysis of net debt

	1 January 2015 £'000	Cash flow £'000	Exchange differences £'000	**30 June 2015 £'000**
Cash at bank and in hand	20,320	197	(17)	**20,500**
Debt due after one year	(50,307)	(4,465)	1,706	**(53,066)**
Finance leases	(493)	117	12	**(364)**
	(30,480)	(4,151)	1,701	**(32,930)**

Reconciliation of net cash flow to movement in net debt

	Half year ended June		Year ended December
	2015 £'000	2014 £'000	2014 £'000
Net increase / (decrease) in cash and cash equivalents	**197**	(13,838)	2,711
Cash (inflow) / outflow from (increase) / decrease in debt and lease financing	**(4,348)**	(2,009)	1,552
Effect of exchange rate fluctuations	**1,701**	466	826
Movement in net debt in the period	**(2,450)**	(15,381)	5,089
Net debt at beginning of the period	**(30,480)**	(35,569)	(35,569)
Net debt at the end of the period	**(32,930)**	(50,950)	(30,480)

10. Borrowing facilities

The total bank borrowing facilities at 30 June 2015 amounted to £145.0 million (30 June 2014: £165.0 million; 31 December 2014: £125.0 million) of which £91.9 million (30 June 2014: £110.4 million; 31 December 2014: £74.7 million) remained unutilised.

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

The undrawn facilities available at 30 June 2015, in respect of which all conditions precedent had been met, were as follows:

	June		December
	2015	2014	2014
	£'000	£'000	£'000
Committed:			
- Expiring in more than two years but not more than five years	**31,934**	50,641	34,693
- Expiring in one year or less	**25,000**	14,795	25,000
Uncommitted:			
- Expiring in one year or less	**35,000**	45,000	15,000
	91,934	110,436	74,693

The total borrowing facilities at 28 August 2015 amounted to £115.0 million. In July 2015, following the continued steady reduction in net debt, the Group undertook a full review of its bank facilities in order to align them with current strategy and to ensure headroom against available facilities remains at appropriate levels. On 10 July 2015, the Group decreased its committed facility levels by £30.0 million to £80.0 million, comprising new committed facilities with extended maturities. The committed facilities are all revolving credit facilities with interest charged at variable rate based on LIBOR.

On 10 July 2015, the Group also renewed its short-term working capital facilities.

The maturity profile of borrowing facilities is structured to provide balanced, committed and phased medium-term debt. Following the recent refinancing of bank facilities, the current facilities are set out as follows:

	Facility	Cumulative facility
	£'000	£'000
Committed facilities:		
Q3: 2020	20,000	20,000
Q3: 2019	20,000	40,000
Q3: 2018	20,000	60,000
Q3: 2017	20,000	80,000
On-demand facilities:		
Available all year	15,000	95,000
Seasonal (February to August inclusive)	20,000	115,000

11. Fair values of financial assets and financial liabilities

A comparison by category of the book values and fair values of the financial assets and liabilities of the Group at 30 June 2015 is shown below:

	June 2015		December 2014 (Restated)	
	Book amount	**Fair value**	Book amount	Fair value
	£'000	**£'000**	£'000	£'000
Trade and other receivables	**52,548**	**52,548**	24,830*	24,830*
Cash and cash equivalents	**20,500**	**20,500**	20,320	20,320
Bank loans	**(53,066)**	**(52,697)**	(50,307)	(49,451)
Finance lease liabilities	**(364)**	**(400)**	(493)	(539)
Trade and other payables	**(82,953)**	**(82,953)**	(60,720)	(60,720)
Interest rate swaps, forward contracts and fuel hedges	**(1,719)**	**(1,719)**	(3,192)	(3,192)
Financial liabilities – net	**(65,054)**		(69,562)	
Other assets – net	**249,018**		251,456	
	183,964		181,894	

* The amount of financial assets included within trade and other receivables at 31 December 2014 has been restated to remove the impact of prepayments and accrued income, which were previously shown as financial assets. There was no difference between the book value and the fair value of those assets.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

(a) Derivatives

Derivative contracts are either marked to market using listed market prices or by discounting the contractual forward price at the relevant rate and deducting the current spot rate. For interest rate swaps broker quotes are used.

(b) Interest-bearing loans and borrowings

Fair value is calculated based on the expected future principal and interest cash flows discounted at the market rate of interest at the balance sheet date.

(c) Finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect changes in interest rates.

(d) Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

11. Fair values of financial assets and financial liabilities (continued)

(e) Fair value hierarchy

The table below analyses financial instruments, measured at fair value, into a fair value hierarchy based on the valuation techniques used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2015				
Derivative financial liabilities	**-**	**1,719**	**-**	**-**
31 December 2014				
Derivative financial liabilities	-	3,192	-	-

12. Principal risks and uncertainties

The principal risks and uncertainties that could impact the Group for the remainder of the current financial year are those detailed on pages 18 to 20 of the 2014 Annual Report. These cover the strategic, financial and operational risks and have not changed during the period.

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

Responsibility Statement

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

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

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the half year ended 30 June 2015 and their impact on the Condensed Consolidated Half-yearly Financial Statements and a description of the principal risks and uncertainties for the remaining second half of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the half year ended 30 June 2015 and that have materially affected the financial position or performance of the entity during that period and any changes in the related party transactions described in the last Annual Report that could do so.

The Board

The Directors serving during the half year ended 30 June 2015 were as follows:

Andrew Allner	Chairman
Janet Ashdown	Non-Executive Director
Jack Clarke	Finance Director
Martyn Coffey	Chief Executive
Alan Coppin	Non-Executive Director
Mark Edwards	Non-Executive Director
Tim Pile	Non-Executive Director

The responsibilities of the Directors during their period of service were as set out on pages 41 and 42 of the 2014 Annual Report.

By order of the Board
Cathy Baxandall
Company Secretary
28 August 2015

Cautionary statement

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

Directors' liability

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

Independent Review Report to Marshalls plc

Introduction

We have been engaged by the Company to review the condensed set of Financial Statements in the Half-yearly Financial Report for the six months ended 30 June 2015, which comprises the Condensed Consolidated Half-yearly Income Statement, the Condensed Consolidated Half-yearly Statement of Comprehensive Income, the Condensed Consolidated Half-yearly Balance Sheet, the Condensed Consolidated Half-yearly Cash Flow Statement, the Condensed Consolidated Half-yearly Statement of Changes in Equity and related Notes 1 to 12. We have read the other information contained in the Half-yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed set of Financial Statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The Half-yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half-yearly Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1, the annual Financial Statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of Financial Statements included in this Half-yearly Financial Report has been prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of Financial Statements in the Half-yearly Financial Report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Auditing Practices Board for use in the United Kingdom. A review of Half-yearly Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of Financial Statements in the Half-yearly Financial Report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants
Leeds, United Kingdom
28 August 2015