INTERIM REPORT 2006

Marshalls

Shareholder Information

Financial calendar

Interim results for the year ended December 2006	Announced	8 September 2006
Interim dividend for the year ended December 2006	Payable	6 December 2006
Results for the year ending December 2006	Announcement	Early March 2007
Report and accounts for the year ending December 2006		April 2007
Annual General Meeting		May 2007
Final dividend for the year ending December 2006	Payable	July 2007

Registrars and general

All administrative enquiries relating to shareholdings should, in the first instance, be directed to Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, telephone: 0870 702 0000, fax: 0870 703 6116 and clearly state the registered shareholder's name and address.

A copy of this report is being sent to the holders of listed securities of the Company and further copies are available for members of the public on application to the Company Secretary, Marshalls plc, Birkby Grange, Birkby Hall Road, Huddersfield HD2 2YA, telephone: 01484 438900, fax: 01484 438944.

Dividend mandate

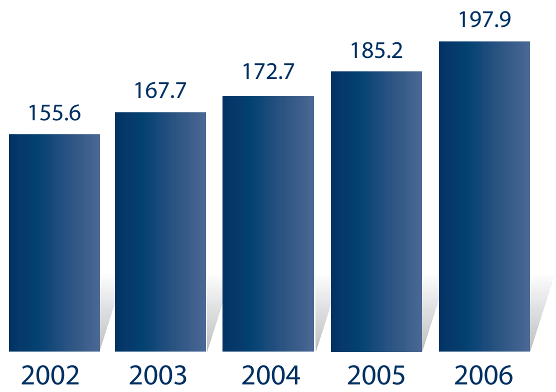
Any shareholder wishing dividends to be paid directly into a bank or building society should contact the Registrar for a dividend mandate form. Dividends paid in this way will be paid through the Bankers Automated Clearing System (BACS).

Website

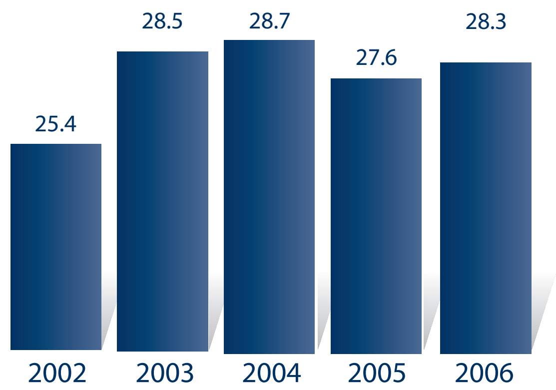
The Group has an internet website which gives information on the Group, its products and provides details of significant Group announcements. The address is: www.marshalls.co.uk

Financial Highlights

Revenue (£m)
Continuing operations

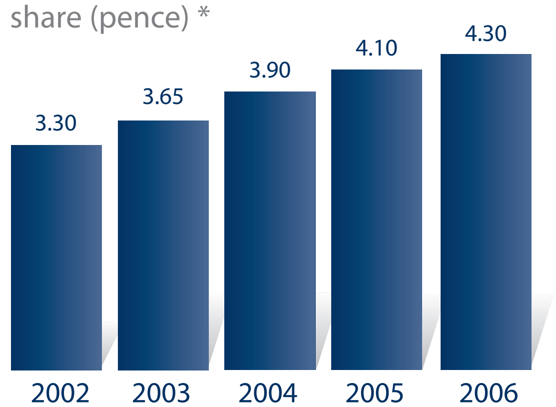


Operating profit (£m)
Continuing operations



Basic earnings per share (pence)
Continuing operations

Interim dividend per ordinary share (pence) *



* In accordance with International Accounting Standards, the proposed interim dividends have not been accrued in the Financial Statements for the half year ended June.

Chief Executive's Review

Group Results

Marshalls' revenue from continuing operations was up 6.9 per cent, including acquisitions, in the half year ended 30 June 2006 at £197.9 million (2005: £185.2 million). Like for like revenue, on a day for day basis, was up 3.4 per cent and this increases to 4.2 per cent if the additional working day in the current period is included. Acquisitions contributed an additional £5.0 million.

Operating profit from continuing operations for the period was £28.3 million (2005: £27.6 million) after expensing start-up and one-off costs in the period amounting to £1.7 million (2005: £1.4 million) and relating to revenue investment in our new Drive & Garden Transformation Centres and works closure costs associated with previously announced site closures. Operating profit before these costs was £30.0 million (2005: £29.0 million) which represents an increase of 3.4 per cent.

Net financial expenses were £3.2 million (2005: £3.4 million) with the small decrease due to a lower IAS 19 notional interest charge compared with the prior half year period. Interest cover was 8.9 times (2005: 8.1 times).

Basic earnings per share, from continuing operations, was up 3.5 per cent at 12.21 pence (2005: 11.80 pence).

The interim dividend will be 4.30 pence per share (2005: 4.10 pence per share), an increase of almost 5 per cent. Our dividend policy continues to be that dividends will move in line with medium term earnings growth.

Operating Performance

Half of the revenue of the business is from the consumer driven Domestic market and half from the Public Sector and Commercial market. This provides balance as the performance of the two markets can be countercyclical.

In the first half of 2006, like for like sales to the Public Sector and Commercial market were 7 per cent ahead of 2005 reflecting the relative strength of this market. Like for like sales to the Domestic market were at a similar level to the prior year reflecting the widely experienced slowdown in consumer spending on home improvements, particularly for DIY.

We continue to invest in and develop the business whilst keeping tight control of costs and production levels.

We continue to innovate in distribution and manufacturing as we build a World Class customer service and product delivery system. We have increased the proportion of product delivered on our own vehicles from 20 per cent to 42 per cent over the past three years and a further 30 per cent is delivered by directly managed hauliers. This has enabled us to improve "on time" delivery significantly.

In addition, we have designed and implemented sophisticated demand forecasting and production planning software and centralised our planning function. This has enabled us to improve significantly product availability whilst progressively allowing us to reduce volumes of finished goods stock.

We also continue to invest in robotics and now have 44 active robots with a further 20 planned. These are delivering a 5 to 10 per cent productivity gain per machine hour. There is an added health and safety benefit from the reduction in manual handling.

During the first half of the year, we have opened two additional Drive & Garden Transformation Centres in Bramhall, Cheshire and Roxton, Bedfordshire. These improve awareness of the Marshalls brand by displaying a wide range of garden and driveway products in an aspirational setting. The original site we opened last year in Falkirk, Scotland, is performing well with turnover in the area increasing both in terms of volume and added value products and it is outperforming the rest of the country. Further expansion of this initiative is planned.

The commercial alignment in Scotland of Stonemarket and our newly acquired Paver Systems business, based in Lanarkshire, is delivering excellent results. Further commercial and operational benefits are expected to arise as we extend this association into England.

We continue to develop an integrated solution for clients, architects, designers and contractors in response to market demand. We have made a number of acquisitions, which are explained below. These expand our portfolio of products and widen our Public Sector and Commercial offer.

After extensive consultation with the employees affected and their representatives, we introduced a new defined contribution section to the pension scheme to replace the existing defined benefit section which closed to future service accrual on 1 July 2006. This allows us to manage risk better and reduce volatility in the future. Following this change, the Company made a special cash contribution of £5 million to the Marshalls plc Pension Scheme in July 2006 and a further cash contribution of £5 million will be made at the end of the year.

Corporate Activity

We are continually seeking to increase the flow of suitable acquisition opportunities. On 4 May 2006, we completed the acquisition of Urban Engineering based in Southport, Merseyside. The business specialises in the sale of a range of shelters and associated products, particularly to the Education Sector, and will form part of our Street Furniture business unit.

Since the half year we have completed the purchase of the assets of two small businesses, being Tempakerb, a business that manufactures temporary kerbs from recycled materials, and Decathlon, which manufactures high capacity drainage systems and complements well our linear drainage products. Although small, these acquisitions demonstrate our commitment to growing the Group in part through bolt-on acquisitions and to adding value by organic growth.

It is also our intention to continue to develop the Group's Natural Stone businesses and, to demonstrate this commitment, we have acquired the rights to develop an aggregate reserve in North West England. Capital equipment of approximately £2 million is being installed at present and we intend to commence operations in mid 2007.

Balance Sheet

Net assets at 30 June 2006 were £177.2 million which represented 123.8 pence per share.

At 30 June 2006 net debt was £47.4 million with gearing at 26.7 per cent. This is very similar to the position at the last year end.

New bank facilities have been agreed with the Group's principal bankers. These amount to £100 million comprising of a mixture of committed term loans and uncommitted short term facilities plus a further £15 million seasonal working capital facility.

The liability for defined benefit pension obligations decreased from £65.3 million at 31 December 2005 to £58.9 million at 30 June 2006. This reduction is largely due to an increase in the AA corporate bond rate from 4.8 per cent to 5.2 per cent and partially offset by a continued strengthening of the mortality rate. An actuarial gain of £5.7 million (net of deferred taxation) has been recorded in the Consolidated Interim Statement of Recognised Income and Expenses. As a consequence of the change to the actuarial assumptions following the move to defined contribution for future service, there will be a one-off curtailment gain which will reduce the outstanding liability in the second half.

Dividend

The Board has decided to declare an interim dividend of 4.30 pence (2005: 4.10 pence) per ordinary share, an increase of 4.9 per cent. This dividend will be paid on 6 December 2006 to shareholders on the register at the close of business on 3 November 2006. The ex-dividend date will be 1 November 2006.

Outlook

The Construction Products Association is forecasting similar demand overall in 2006 to 2005 followed by growth in 2007 and 2008. As far as the immediate outlook for the Domestic market is concerned, consumer confidence, as measured by the climate for major purchases, and installer order books are at a similar level to last year. Forecasts for the Public Sector and Commercial market remain positive.

Order intake and despatches since the end of the half year have continued to show similar like for like growth. The continuing tight control of our cost base, our strong balance sheet and the range of initiatives that we are pursuing to drive future growth ensure that we are well placed to benefit from any improvement in market conditions.

Graham Holden
Chief Executive

Consolidated Interim Income Statement

for the half year ended 30 June 2006

	Notes	Half year ended June **2006** **£'000**	Half year ended June 2005 £'000	Year ended December 2005 £'000
Revenue	2	**197,898**	185,202	359,310
Net operating costs		**(169,638)**	(157,588)	(314,885)
Operating profit	2	**28,260**	27,614	44,425
Financial expenses	3	**(7,853)**	(7,238)	(14,421)
Financial income	3	**4,688**	3,815	8,014
Profit before tax	2	**25,095**	24,191	38,018
Income tax expense		**(7,628)**	(7,442)	(11,661)
Profit after tax but before gain on sale of discontinued operation		**17,467**	16,749	26,357
Gain on sale of discontinued operation	4	**-**	31,517	31,517
Profit for the financial period		**17,467**	48,266	57,874
Earnings per share (total operations including gain on sale in 2005):				
Basic	5	**12.21p**	34.01p	40.73p
Diluted	5	**12.21p**	33.94p	40.71p
Earnings per share (continuing operations):				
Basic	5	**12.21p**	11.80p	18.55p
Diluted	5	**12.21p**	11.78p	18.54p
Dividend:				
Pence per share	6	**8.40p**	8.00p	12.10p
Dividends paid	6	**12,010**	11,353	17,169

Consolidated Interim Balance Sheet

as at 30 June 2006

	June		December
	2006	2005	2005
	£'000	£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	**200,281**	192,790	198,030
Intangible fixed assets	**49,882**	40,694	46,461
	250,163	233,484	244,491
Current assets			
Inventories	**69,096**	68,616	67,759
Trade and other receivables	**64,016**	67,194	36,598
Cash and cash equivalents	**3,912**	21	5,210
	137,024	135,831	109,567
Total assets	**387,187**	369,315	354,058
Liabilities			
Current liabilities			
Trade and other payables	**92,800**	99,404	64,570
Current instalments of loans	**161**	-	348
	92,961	99,404	64,918
Non-current liabilities			
Trade and other payables	**-**	2,000	475
Interest bearing loans and borrowings	**51,143**	40,350	51,550
Employee benefits	**58,877**	65,118	65,264
Deferred tax	**7,001**	3,020	5,511
	117,021	110,488	122,800
Total liabilities	**209,982**	209,892	187,718
Net assets	**177,205**	159,423	166,340
Equity			
Capital and reserves attributable to equity holders			
Share capital	**35,777**	35,482	35,772
Share premium account	**2,732**	320	2,694
Own shares	**(407)**	(444)	(102)
Capital redemption reserve	**72,986**	72,138	72,573
Consolidation reserve	**(213,067)**	(213,067)	(213,067)
Hedging reserve	**(4)**	(14)	(2)
Retained earnings	**279,188**	265,008	268,472
Equity shareholders' funds	**177,205**	159,423	166,340

Consolidated Interim Cash Flow Statement

for the half year ended 30 June 2006

	Notes	Half year ended June		Year ended December
		2006	2005	2005
		£'000	£'000	£'000
Net cashflow from operating activities	7	**12,154**	3,049	42,750
Net cashflow from investing activities	7	**(12,597)**	54,270	35,668
Net cashflow from financing activities	7	**(855)**	(52,414)	(56,539)
Net (decrease)/increase in cash and cash equivalents		**(1,298)**	4,905	21,879
Cash and cash equivalents at beginning of period		**5,210**	(16,669)	(16,669)
Cash and cash equivalents at end of period		**3,912**	(11,764)	5,210

The above includes the operating, investing and financing cashflows of the discontinued operation disclosed in Note 7. The relevant cash flows of the discontinued operation are included in Note 7.

Reconciliation of Net Cash Flow to Movement in Net Debt

	2006	2005	2005
	£'000	£'000	£'000
Net (decrease)/increase in cash and cash equivalents	**(1,298)**	4,905	21,879
Cash outflow from decrease in debt and lease financing	**594**	51,027	39,910
Finance leases acquired on acquisition of subsidiary undertakings	**-**	-	(238)
Movement in net debt in the period	**(704)**	55,932	61,551
Net debt at beginning of the period	**(46,688)**	(108,239)	(108,239)
Net debt at the end of the period	**(47,392)**	(52,307)	(46,688)

Consolidated Interim Statement of Recognised Income and Expenses

	2006	2005	2005
	£'000	£'000	£'000
Cash flow hedges: effective portion of changes in fair value	**(2)**	(12)	4
Actuarial gains/(losses) (net of deferred taxation)	**5,672**	(9,218)	(8,563)
Net expense recognised directly in equity	**5,670**	(9,230)	(8,559)
Profit for the period	**17,467**	48,266	57,874
Total recognised income and expenses for the period (equity)	**23,137**	39,036	49,315

Notes to the Consolidated Interim Financial Statements

1. Basis of Preparation

Marshalls plc (the "Company") is a company domiciled in the United Kingdom. The Consolidated Interim Financial Statements of the Company for the half year ended 30 June 2006 comprise the Company and its subsidiaries (together referred to as the "Group").

The Consolidated Interim Financial Statements have been prepared on the basis of the recognition and measurement requirements of IFRSs in issue and endorsed by the EU and effective (or available for early adoption) at 30 June 2006.

The Consolidated Interim Financial Statements do not include all the information required for full annual Financial Statements.

The Consolidated Interim Financial Statements have been prepared applying the accounting policies and presentation that were applied in the Company's published Consolidated Financial Statements for the year ended 31 December 2005. The accounting policies are included on the Company's website and have been applied consistently throughout the Group for the purposes of these Consolidated Interim Financial Statements.

The preparation of financial statements in conformity with 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**		
	Half year ended June		Year ended December	Half year ended June		Year ended December
	2006	2005	2005	**2006**	2005	2005
	£'000	£'000	£'000	**£'000**	£'000	£'000
Continuing operations	**197,898**	185,202	359,310	**28,260**	27,614	44,425
Financial income and expenses (net)				**(3,165)**	(3,423)	(6,407)
Profit before tax				**25,095**	24,191	38,018

	Half year ended June		Year ended December
	2006	2005	2005
	£'000	£'000	£'000
Geographical destination of revenue:			
United Kingdom	**196,055**	182,736	356,051
Rest of the world	**1,843**	2,466	3,259
	197,898	185,202	359,310

All revenue originates in the United Kingdom from continuing operations and there is no material inter-segmental turnover.

Notes to the Consolidated Interim Financial Statements (continued)

3. Financial expenses and income

	Half year ended June 2006 £'000	Half year ended June 2005 £'000	Year ended December 2005 £'000
(a) Financial expenses			
Interest expense on bank loans, overdrafts and loan notes	**1,376**	1,247	2,487
Interest on obligations under the defined benefit pension scheme	**5,278**	4,769	9,505
Debenture interest expense	**1,137**	1,137	2,275
B share dividend expense	**48**	76	132
Finance lease interest expense	**14**	9	22
	7,853	7,238	14,421
(b) Financial income			
Expected return on plan assets under the defined benefit pension scheme	**4,678**	3,773	7,953
Interest receivable and similar income	**10**	42	61
	4,688	3,815	8,014

4. Assets held for sale and discontinued operations

On 4 January 2005 Marshalls Clay Products Limited (the "Clay Products Division") was sold to Hanson PLC for a cash consideration of £65.0 million (including the repayment of all inter-group indebtedness) and a pre-tax gain of £31.5 million was realised. No tax is payable on the gain due to the utilisation of capital losses. The gain on sale has been disclosed under discontinued activities in the Consolidated Interim Income Statement.

5. Earnings per share

Basic earnings per share on total operations of 12.21 pence (30 June 2005: 34.01 pence) (31 December 2005: 40.73 pence) is calculated by dividing the profit attributable to ordinary shareholders from total operations of £17,467,000 (30 June 2005: £48,266,000) (31 December 2005: £57,874,000) by the weighted average number of shares in issue during the period of 143,001,830 (30 June 2005: 141,918,011) (31 December 2005: 142,106,234).

Basic earnings per share on continuing operations of 12.21 pence (30 June 2005: 11.80 pence) (31 December 2005: 18.55 pence) is calculated by dividing the profit attributable to ordinary shareholders from continuing operations of £17,467,000 (30 June 2005: £16,749,000) (31 December 2005: £26,357,000) by the weighted average number of shares in issue during the period of 143,001,830 (30 June 2005: 141,918,011) (31 December 2005: 142,106,234).

Basic earnings per share on discontinued operations of nil pence (30 June 2005: 22.21 pence) (31 December 2005: 22.18 pence) is calculated by dividing the profit attributable to ordinary shareholders from discontinued operations of £Nil (30 June 2005: £31,517,000) (31 December 2005: £31,517,000) by the weighted average number of shares in issue during the period of 143,001,830 (30 June 2005: 141,918,011) (31 December 2005: 142,106,234).

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

Profit attributable to ordinary shareholders

	Half year ended June 2006 £'000	Half year ended June 2005 £'000	Year ended December 2005 £'000
Profit attributable to ordinary shareholders			
- Continuing operations	**17,467**	16,749	26,357
- Discontinued operations	**-**	31,517	31,517
Total	**17,467**	48,266	57,874

Weighted average number of ordinary shares

	Half year ended June 2006 Number	Half year ended June 2005 Number	Year ended December 2005 Number
Issued ordinary shares at beginning of period	**143,087,712**	141,913,313	141,913,313
Effect of share transactions in the period	**(85,882)**	4,698	192,921
Weighted average number of ordinary shares at end of period	**143,001,830**	141,918,011	142,106,234

Diluted earnings per share on total operations of 12.21 pence (30 June 2005: 33.94 pence) (31 December 2005: 40.71 pence) is calculated by dividing the profit attributable to ordinary shares and potentially dilutive ordinary shares from total operations of £17,467,000 (30 June 2005: £48,266,000) (31 December 2005: £57,874,000) by the weighted average number of shares in issue during the period of 143,001,830 (30 June 2005: 141,918,011) (31 December 2005: 142,106,234) plus dilutive shares of 96,345 (30 June 2005: 303,107) (31 December 2005: 44,303) which totals 143,098,175 (30 June 2005: 142,221,118) (31 December 2005: 142,150,537).

Diluted earnings per share on continuing operations of 12.21 pence (30 June 2005: 11.78 pence) (31 December 2005: 18.54 pence) is calculated by dividing profit attributable to ordinary shares, and potentially ordinary dilutive shares, from continuing operations of £17,467,000 (30 June 2005: £16,749,000) (31 December 2005: £26,357,000) by the weighted average number of shares in issue during the period of 143,001,830 (30 June 2005: 141,918,011) (31 December 2005: 142,106,234), plus dilutive shares of 96,345 (30 June 2005: 303,107) (31 December 2005: 44,303) which totals 143,098,175 (30 June 2005: 142,221,118) (31 December 2005: 142,150,537).

Diluted earnings per share on discontinued operations of nil pence (30 June 2005: 22.16 pence) (31 December 2005: 22.17 pence) is calculated by dividing profit attributable to ordinary shares, and potentially ordinary dilutive shares, from discontinued operations of £Nil (30 June 2005: £31,517,000) (31 December 2005: £31,517,000) by the weighted average number of shares in issue during the period of 143,001,830 (30 June 2005: 141,918,011) (31 December 2005: 142,106,234), plus dilutive shares of 96,345 (30 June 2005: 303,107) (31 December 2005: 44,303) which totals 143,098,175 (30 June 2005: 142,221,118) (31 December 2005: 142,150,537).

Notes to the Consolidated Interim Financial Statements (continued)

5. Earnings per share (continued)

Weighted average number of ordinary shares (diluted)

	Half year ended June		Year ended December
	2006	2005	2005
	£'000	£'000	£'000
Weighted average number of ordinary shares	**143,001,830**	141,918,011	142,106,234
Effect of share options	**96,345**	303,107	44,303
Weighted average number of ordinary shares (diluted)	**143,098,175**	142,221,118	142,150,537

6. Dividends

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

	Half year ended June		Year ended December
	2006	2005	2005
	£'000	£'000	£'000
8.40 pence per qualifying ordinary share (30 June 2005: 8.00 pence) (31 December 2005: 12.10 pence)	**12,010**	11,353	17,169

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.

	Half year ended June		Year ended December
	2006	2005	2005
	£'000	£'000	£'000
4.30 pence (30 June 2005: 4.10 pence) (31 December 2005: 8.40 pence)	**6,154**	5,816	12,010

7. Notes to the cash flow statement

	Half year ended June 2006 £'000	Half year ended June 2005 £'000	Year ended December 2005 £'000
Cashflows from operating activities			
Profit before tax	**25,095**	24,191	38,018
Adjustments for:			
Depreciation	**9,750**	9,155	18,716
Amortisation	**160**	111	259
Gain on sale of property, plant and equipment	**(39)**	4	(1,545)
Loss in hedging instrument	**(2)**	-	-
Financial income and expenses (net)	**3,165**	3,423	6,407
Operating profit before changes in working capital and provisions	**38,129**	36,884	61,855
(Increase) in trade and other receivables	**(26,940)**	(29,613)	(533)
(Increase) in inventories	**(1,039)**	(7,995)	(6,805)
Increase in trade and other payables	**8,745**	11,102	3,336
Increase in provisions and employee benefits	**1,117**	704	1,225
Cash generated from the operations	**20,012**	11,082	59,078
Financial expenses paid	**(2,338)**	(2,902)	(4,969)
Non equity dividends paid	**(105)**	(76)	(75)
Income tax paid	**(5,415)**	(5,055)	(11,284)
Net cash flow from operating activities	**12,154**	3,049	42,750
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment (net of costs)	**125**	274	3,172
Financial income received	**4**	40	61
Disposal of subsidiary, net of cash disposed of	**-**	65,000	65,000
Acquisition of subsidiaries	**(1,000)**	(291)	(9,406)
Bank balance acquired with subsidiaries	**-**	-	664
Acquisition of property, plant and equipment	**(11,726)**	(10,753)	(23,823)
Net cash flow from investing activities	**(12,597)**	54,270	35,668
Cash flows from financing activities			
Proceeds from issue of share capital	**43**	37	2,701
Increase in other debt and lease financing	**(181)**	-	(293)
Redemption of B shares	**(687)**	(764)	(1,102)
Repayment of borrowings	**-**	(50,126)	(38,281)
Payment of transaction costs	**(30)**	(1,561)	(2,395)
Equity dividends paid	**-**	-	(17,169)
Net cash flow from financing activities	**(855)**	(52,414)	(56,539)

Notes to the Consolidated Interim Financial Statements (continued)

7. Notes to the cash flow statement (continued)

Analysis of continuing operations and discontinued items

	Half year ended June 2006			Half year ended June 2005		
	Continuing operations	Discontinued operations	Group	Continuing operations	Discontinued operations	Group
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Net cash flow from operating activities	**12,154**	**-**	**12,154**	3,049	-	3,049
Net cash flow from investing activities	**(12,597)**	**-**	**(12,597)**	(10,730)	65,000	54,270
Net cash flow from financing activities	**(830)**	**(25)**	**(855)**	(50,920)	(1,494)	(52,414)

	Year ended December 2005		
	Continuing operations	Discontinued operations	Group
	£'000	£'000	£'000
Net cash flow from operating activities	42,750	-	42,750
Net cash flow from investing activities	(29,332)	65,000	35,668
Net cash flow from financing activities	(54,262)	(2,277)	(56,539)

8. Borrowing facilities

New bank facilities have been agreed with the Group's principal bankers. Total bank borrowing facilities are now £100 million analysed as follows:

			£'000
Committed	–	expiry in more than two years but not more than five years	**30,000**
Uncommitted	–	expiry in one year or less (with option to convert to committed)	**30,000**
Uncommitted	–	expiry in one year or less	**40,000**
			100,000

9. Comparative information

The comparative figures for the financial year ended 31 December 2005 are not the Company's statutory financial statements for that financial year. Those financial statements have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

Independent Review Report to Marshalls plc

IIntroduction

We have been instructed by the Company to review the Financial Information for the six months ended 30 June 2006 which comprises Income Statement, Balance Sheet, Cash Flow Statement and the related notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the Financial Information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 reached.

Directors' responsibilities

The Interim Report, including the Financial Information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the UK. A review consists principally of making enquiries of management and applying analytical procedures to the Financial Information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Statements on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the Financial Information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the Financial Information as presented for the six months ended 30 June 2006.

KPMG Audit Plc

Chartered Accountants
Leeds
8 September 2006

PRINTED BY TAYLOR BLOXHAM LIMITED