GALIFORM Plc

PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 26 DECEMBER 2009

Galiform's Chief Executive, Matthew Ingle, said:

"The strength and flexibility of Howdens' business model, which is focused on the small builder, and the timely pro-active steps we took in response to the economic downturn enabled us to deliver a strong set of results, despite challenging market conditions. Relentless operational focus led to a significant improvement in gross profit margin, which resulted in an increase in operating profit. Strong cash flow meant we had net cash at the year-end. This was despite the costs associated with legacy issues, on which we continue to make good progress.

"We expect market conditions in 2010 to remain challenging and are cautious about the outlook for the year. As the year evolves, and we enter the next stage of Howdens growth and development, we will continue to adapt to any changes in market and economic conditions."

HIGHLIGHTS

Financial results

- Howden Joinery UK depot revenue decreased by 3.4% to £756.4m (down 4.6% on same depot basis). Group revenue totalled £769.5m (2008: £805.7m);
- Gross profit margin rose from 53.1% to 56.2%, despite the impact of adverse currency movements;
- Operating profit before exceptional items increased by £3.6m to £79.5m;
- Profit before tax and exceptional items fell by £5.6m to £68.7m, mainly reflecting the £11.3m increase in the net finance charge in respect of pensions;
- Basic earnings per share from continuing operations before exceptional items of 8.3p (2008: 8.5p);
- Basic earnings per share from continuing and discontinued operations of 7.6p (2008: 8.6p loss);
- Net cash inflow from operating activities of £71.4m;
- Total net cash inflow of £130.8m before cash payments totalling £46.3m relating to 'legacy' properties and a payment, in excess of the operating charge, of £20.9m to the Group's pension schemes (the 'pension deficit contribution');
- Net cash of £2.4m at 26 December 2009 (27 December 2008: £61.2m net borrowings), including the impact of a £35.0m reduction in stock levels.

Business developments

Howden Joinery continues to strengthen its competitive position:

- 8 new Howden Joinery UK depots opened in 2009, bringing total to 462, with 20 to 30 openings planned in 2010;
- Review of kitchen range identified opportunities to improve choice and service: roll-out has commenced;
- Continuing smooth roll-out of major IT projects with implementation of upgraded kitchen planning tool.

In addition:

- Group's bank facility extended until May 2014;
- Continuing successful mitigation of legacy issues – two more deals on legacy properties since November 2009 Interim Management Statement – current liability c. 30% lower than at end of 2008;
- Continued sourcing improvements in purchasing, manufacturing and logistics.

Current trading

- In what is the quietest time of year for the business, Howden Joinery UK depot revenue in the first two periods of 2010 was down by 3.7%* (down 4.1%* on a same depot basis) compared to the same two periods in 2009, reflecting impact of snow and prolonged spell of cold weather.

**Note 1: Week 1 sales excluded because of distortion arising from New Year's Day falling on different days of the week (Thursday in 2009, Friday in 2010), which meant there was no trading in the first week of this year (2009: £0.8m).*

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SUMMARY OF GROUP RESULTS

The information presented below relates to the 52 weeks to 26 December 2009 and the 52 weeks to 27 December 2008, unless otherwise stated.

£m unless stated	**2009**	2008
Continuing operations before exceptional items unless stated		
Revenue		
- Group	**769.5**	805.7
- Howden Joinery UK depots	**756.4**	782.9
Gross profit	**432.1**	427.5
Gross profit margin, %	**56.2**	53.1
Operating profit	**79.5**	75.9
Profit before tax		
- excluding exceptional items	**68.7**	74.3
- including exceptional items[1]	**68.6**	79.1
Loss from discontinued items before tax		
- including exceptional items[1]	**(4.4)**	(108.8)
Earnings per share from continuing operations		
- basic excluding exceptional items	**8.3p**	8.5p
- basic including exceptional items	**8.3p**	9.2p
Earnings/(loss) per share from continuing and discontinued operations		
- basic excluding exceptional items	**8.3p**	8.5p
- basic including exceptional items	**7.6p**	(8.6)p
Net cash/(debt) at end of period	**2.4**	(61.2)

1 Details of exceptional items are given in note 3 to the Condensed Financial Statements.

FINANCIAL REVIEW

The following discussion relates to continuing operations unless otherwise stated.

FINANCIAL RESULTS FOR 2009

The financial performance of the Group during 2009 benefited from the strength of the Group's competitive position and the characteristics of the end-users of its products. This includes significant exposure to the tenanted housing sector, both public and private, which are subject to different economic drivers than the owner-occupied sector, and very limited exposure to the new housing market. Performance also benefited from actions taken during the course of 2008 and 2009 to enable the business to cope with weaker economic and market conditions, including rationalising depot costs and pursuing opportunities to improve gross profit.

Total Group revenue fell by £36.2m to £769.5m, primarily reflecting a decrease of £26.5m through Howden Joinery UK, and also reflecting the termination of sales to Hygena Cuisines early in the year.

Revenue £m	**2009**	2008
Group	**769.5**	805.7
comprising:		
Howden Joinery UK depots	**756.4**	782.9
Howden Joinery French depots	**12.0**	11.7
Hygena Cuisines*	**1.1**	11.1
* ceased in H1 2009		

Howden Joinery UK depot revenue fell by 3.4% to £756.4m, declining 4.6% on a same depot basis. Trading conditions were stable throughout the year, with evidence of improving market sentiment emerging in the second half. Comparative sales performance improved as 2009 progressed, reflecting the deteriorating sales pattern seen during 2008. In the last three periods of the year, from early October, underlying sales were around 4% higher than in the comparable periods in 2008.

Sales by our French depots of £12.0m were down 8% in constant currency terms.

Gross profit rose by £4.6m to £432.1m. This reflected an increased focus in our depots on gross profit margin and the benefit of a small price increase implemented early in the year. In addition, gross profit benefited from purchasing and manufacturing efficiencies. These were partly offset by the impact of the lower underlying sales volume and the £11.7m adverse effect of the exchange rate on the cost of goods purchased from overseas suppliers.

As a result, the gross profit margin for the year was 56.2% (2008: 53.1%).

Selling and distribution costs and administrative expenses increased slightly to £352.6m (2008: £351.7m).

Within this, operating costs in Howden Joinery depots opened before 2008 fell as a result of changes to resource levels made in the middle of 2008. In addition, logistics (warehouse and transport) costs were reduced. However, these and other cost savings were partly offset by the impact of inflation on certain other costs (e.g. payroll, property and energy), the costs of newer depots and the reversal of one-off cost savings made in 2008.

It should be noted that within operating costs there were certain savings in 2009 totalling around £4m that were 'one-off' in nature.

There has been no material increase of bad debt write-offs at this stage. However, the provision for bad debt has increased, reflecting delays in our ability to recover debt through the judicial system and the consequent increase in the ageing of the debtor book.

Operating profit before exceptionals rose by £3.6m to £79.5m.

The net interest charge rose £9.2m to £10.8m, mainly due to the £8.0m finance expense in respect of pensions (2008: £3.3m income). The net result was profit before tax and exceptional items of £68.7m (2007: £74.3m).

There was a small exceptional charge before tax of £0.1m in respect of continuing operations and an exceptional charge before tax of £4.4m in respect of discontinued operations. The latter was reported in the first half of the year and related to the rent and other obligations payable on nine properties which had been occupied by Sofa Workshop prior to it going in to administration early in 2009.

The tax charge on profit before exceptional items from continuing operations was £18.5m, an effective rate of tax of 26.9%. This was a result of one-off adjustments, our underlying effective tax rate being around 32%.

Basic earnings per share excluding exceptional items from continuing operations were 8.3p (2008: 8.5p) and including exceptional items were 8.3p (2008 9.2p). Basic earnings per share including exceptional items from continuing and discontinued operations were 7.6p (2008: loss of 8.6p)

Net cash inflows from operating activities were £71.4m.

Within this, stock levels at the end of the year were £35.0m lower than at the end of 2008. The reduction was achieved by bringing stock levels into line with current trading in the early part of the year and realising the benefit of a more sophisticated replenishment of stock in depots. The net movement in creditors and debtors was £11.8m. As a result, 'underlying' working capital fell by £46.8m. However, payments relating to 'legacy' properties totalling £46.3m, including rent and rates and payments in respect of early termination of leases, meant that reported working capital was virtually unchanged.

Also included within net cash flows from operating activities was a cash contribution to the Group's pension schemes, in excess of the operating charge, of £20.9m (the 'pension deficit contribution') and tax paid totalling £5.0m.

Payments to acquire fixed and intangible assets totalled £8.1m (2008: £19.4m).

As a result of the above, there was a net cash inflow of £63.6m in 2009, resulting in Group net cash of £2.4m at 26 December 2009 (27 December 2008: £61.2m net borrowings). Excluding the payments relating to 'legacy' properties and the pension deficit contribution, there was a net cash inflow of £130.8m.

At 26 December 2009, the pension deficit shown on the balance sheet was £196.3m (29 December 2008: £122.2m). The increase in the deficit has been driven by the impact of changes in actuarial assumptions used to calculate liabilities, principally with respect to the discount rate and inflation. This has been partly offset by better than expected asset returns and the Company's contribution to clear the actuarial deficit. As announced in July 2009, the Company has agreed with the trustees of the Group's defined benefit pension scheme the deficit funding contributions for the three years ending April 2012.

DIVIDEND

The Board is not recommending a final dividend for 2009 (2008: nil).

OPERATIONAL REVIEW

The overriding strategic goal of Galiform was first set out in the original Howden Joinery business plan and remains unaltered. It is “To supply from local stock nationwide the small builder’s routine kitchen and joinery requirements, assuring no call back quality and best local price”.

Against the background of weak consumer confidence and general concerns about economic prospects, the Group continues to focus on opportunities to grow sales through improving its products and service, and increasing awareness of Howdens. We continue to work to increase profitability through greater efficiencies and to manage cash flow prudently. Operations throughout the Group are continually reviewed so as to ensure appropriate resourcing levels.

In pursuing these goals, numerous actions have been taken, the most significant of which are as follows.

Depot network

Following satisfactory trading in the key period 11, the decision was taken to recommence our UK depot opening programme and eight new depots were opened in the last four weeks of the year. During the course of the year, two depots were also extended. This meant that 462 depots were trading at the end of 2009.

Product review

Last November, we said that we were at the early stages of reviewing our range of kitchens. The review has been completed.

We have now begun the phased roll-out of the new kitchens we selected, which will enable us to offer customers improved choice and service. Our selection process included the engagement of depot managers and designers in a series of major events that have been held nationwide, incorporating displays of the new kitchens being introduced.

The changes we are making will not affect the number of kitchen options we offer.

IT systems

We have introduced a new version of the ‘Fusion’ kitchen CAD tool that we use in our depots. This is used to plan kitchens for our customers.

Raw materials and finished products, manufacturing and logistics

We continually look to minimise the cost of raw materials and finished products that we buy-in, without compromising the quality of our products, their acceptability to our customers and the need to purchase responsibly. We regularly benchmark the cost of existing suppliers against alternatives, and we also look for ways to improve the efficiency of our manufacturing and logistics operations. If necessary, we change product design and specifications, so that lowest cost can be accessed. In doing this, we look not just at the direct purchase costs of raw materials and products but also the indirect costs incurred. In 2009, we generated sourcing gains of over £18m and non-volume related logistics savings of £7m.

Banking arrangements

The Group has successfully renegotiated the terms of its banking facility, which is provided by Burdale Financial Limited (a member of the Bank of Ireland Group) and Lloyds TSB Commercial Finance Limited.

Under the new terms, the facility will run for an additional three years, until May 2014. The facility will enable the Group to borrow up to £160m.

As before, any loan under the facility carries interest at a rate of LIBOR plus a margin. The minimum margin has increased by 25 basis points to 200, while the maximum of 300 basis points is unchanged.

Apart from a slight amendment to the fixed charge covenant, the existing covenants will apply for the additional three years.

Legacy properties

The number of 'legacy properties' now stands at 54 (this incorporates all guaranteed and residual properties, HDC's and Sofa Workshop stores), compared with 76 at the end of 2008. Included within this are 23 properties that are fully or part occupied by tenants.

Since November 2009, a tenant was found for one vacant property prior to the year-end. The lease of one property, a Home Delivery Centre, was terminated after the year-end at a cost of £2.9m, mitigating future rent and rates that would have totalled over £12m at current rates.

The profile of legacy properties remaining and the net annual rent and rates (current values) for the associated leases, before any mitigating action is taken, is shown below. The leases on three properties will expire in 2010.

	31-Dec 2008	03-Mar 2010	As at 31 Dec 2011	31 Dec 2014	31 Dec 2019	31 Dec 2024
Number of properties[1]	76	54	49	27	15	3[3]
Net annual rent and rates, £m[2]	24.5	17.6	16.6	8.7	6.3	0.4

The future costs associated with these properties have been provided for in exceptional charges incurred in 2009 and previous years.

1. *Guaranteed, residual, HDC and ex-Sofa Workshop properties – vacant and tenanted.*
2. *Gross rent & rates less payments by tenants.*
3. *All leases expire during the course of 2025.*

Directorate change

Peter Wallis, who has made an invaluable contribution to the Board as a non-executive director since 2001, has decided to step down at the AGM on 19th May. We are well advanced in recruiting a successor.

CURRENT TRADING AND OUTLOOK FOR 2010

In what is the quietest time of year for the business, Howden Joinery UK depot total sales fell by 3.7%* in the first two periods of the year (to 20 February), with sales on a same depot basis down by 4.1%*. This result reflects the impact of the heavy snowfall and the prolonged period of cold weather seen in January and February.

For the rest of 2010, we expect market conditions to continue to be challenging and we are cautious about the outlook. As in recent years, we will continue to adapt our business model to the market and economic conditions we encounter.

The Group remains committed to its view that the number of depots in the UK can be increased to more than 600 in the longer term. During the course of 2010, we are planning to open between 20 and 30 depots, as part of our investment in the next stage of Howdens' growth and development.

Since its inception in 1995, Howden Joinery's share of the UK kitchen market is estimated to have grown to almost one-fifth in just 14 years and it now sells some 400,000 kitchens a year. Even in these challenging market conditions, we would expect our market share growth to continue, as the business continues to benefit from the growth of its depots that have yet to reach maturity and we open new depots.

**Note 1: Week 1 sales excluded because of distortion arising from New Year's Day falling on different days of the week (Thursday in 2009, Friday in 2010), which meant there was no trading in the first week of this year(2009: £0.8m).*

RISKS AND UNCERTAINTIES

MANAGEMENT OF COMMERCIAL RISK AND UNCERTAINTIES

Defined benefit pension scheme

Accounting for pensions and other post-retirement benefits involves judgement about uncertain events, including estimated retirement dates, salary levels, mortality rates, inflation rates, rates of return on scheme assets and determination of discount rates for measuring plan obligations. The assumptions used from year to year may vary, which will affect future results of operations. Any difference between these assumptions and the actual outcome also affects future results of operations. Pension assumptions are discussed and agreed with the independent actuaries in December each year. These assumptions are used to determine the projected benefit obligation at the year end and hence the liability or asset recorded on the Group's balance sheet.

At 26 December 2009, the Group's defined benefit pension scheme had a deficit of £196.3m (2008: £122.2m). Changes in this deficit are affected by the assumptions made in valuing the liabilities and the market performance of the assets. Most importantly, the discount rate used for measuring the defined benefit liabilities has decreased from 6.3% in 2008 to 5.6% in 2009.

As part of the secured lending facilities announced on 17 February 2006, the Company and the Trustees together with the Pensions Regulator reached agreement with regard to the funding of the remaining deficit. The Trustees have been granted security over the Group's shares in Howden Joinery Limited.

As part of the triennial valuation, which was completed in 2009, the Group and its pension trustees agreed a schedule of contributions until April 2012. The payment schedule is based on the Group's profit performance, which means that payments will be reduced should performance deteriorate significantly.

Legacy properties

At the end of 2009, the Group was responsible for a total of 55 properties with a net annual rent and rates liability of £18.2m. These properties included non-trading MFI properties excluded from the sale of MFI in October 2006, and properties guaranteed by the Group, the liabilities for which reverted to the Group following the administration of MFI and Sofa Workshops. We have already substantially reduced the total number of legacy properties for which we are liable and we continue to work to mitigate our current and future liabilities. As a result, total property provisions at the 2009 year end totalled £84.4m compared with £115.7m in 2008. These provisions are reviewed on a regular basis to ensure that the Group is adequately covered in respect of reasonably foreseeable events.

Since the year end we have agreed with a landlord to terminate a lease, reducing our annual rent and rates liability by a further £0.6m.

Market conditions

The Group's products are sold to professional fitters for installation in public and private housing, predominantly in the repair, maintenance and improvement market. The results are consequently dependent on levels of activity in these markets, which in turn are impacted by many factors including general economic conditions, consumer confidence, interest rates and credit availability, unemployment, demographic trends and, in the short term, weather. We monitor the market closely and can take swift management action to address any adverse change. During the earlier part of 2009, we suspended our depot opening programme and reduced our staff numbers with a view to conserving cash and ensuring our ability to work within our borrowing facilities and covenants. The Group will take action as necessary to ensure that the business is aligned to market conditions.

IT systems

The business involves high transaction volumes and complex logistics. We are therefore heavily dependent on the resilience of both the application software and the data-processing and network infrastructure in our depots, logistics operations and back-office functions. A serious failure could immediately and materially affect our business. The Group has a detailed disaster recovery plan in place. Our main data centre in Northampton has high levels of resilience built into it and we also have a physically separate third party disaster-recovery site in Harrogate.

Continuity of supply

Any disruption to the relationship with key suppliers could adversely affect the Group's ability to meet its sales and profit plans if suitable alternatives could not be found quickly. The Group strives to maintain dual supply wherever possible in the event that one supplier is unable to deliver goods or services. Good supplier relations are maintained by regular communication, an annual supplier conference and prompt settlement of invoices.

Failure to implement business strategy

The future success of Howden Joinery's business depends on the successful implementation of the Company's strategy and culture. In particular, if the Group fails to implement Howdens' business model in the locally enabled, decentralised manner envisaged, there may be an adverse affect on the Group's future financial condition and results of operations.

Product design leadership

If there was a misalignment between the products we offer and the requirements of our customers and the current trends in the market, there may be an adverse change on the Group's future financial condition and results of operations. Active engagement with suppliers, independent research and, critically, depot managers and their designers encourages and enables product development activity.

Loss of key personnel

The Group's success depends largely on the skills, experience and performance of some key members of its management team. The loss of any key members of the Group's management may adversely affect the Group's financial condition and results of operations. The Group utilises the Remuneration Committee to ensure that team members are appropriately compensated for their roles.

MANAGEMENT OF FINANCIAL RISK AND UNCERTAINTIES

The Group holds financial instruments for one principal purpose: to finance its operations. The Group does not currently use derivative financial instruments to reduce its exposure to interest or exchange rate movements. The Group finances its operations by a mixture of cash flows from operations and longer term loans from banks. Treasury operations are managed within policies and procedures approved by the Board.

The main risks arising from the Group's financial instruments are funding and liquidity risk, interest rate risk, counterparty risk and foreign currency risk discussed below.

No speculative use of derivatives, currency or other instruments is permitted. The Treasury function does not operate as a profit centre and transacts only in relation to the underlying business requirements.

Funding and liquidity

The Group's objective with respect to managing capital is to maintain a balance sheet structure that is both efficient in terms of providing long-term returns to shareholders and safeguards the Group's ability to continue as a going concern. As appropriate, the Group can choose to adjust its capital structure by varying the amount of dividends paid to shareholders, returns of capital to shareholders, issuing new shares or the level of capital expenditure.

During 2009, the Group had a £175m asset-backed bank facility which was due to expire in May 2011. Since the year end, the maturity of the facility has been extended until May 2014. As part of the extension, the facility has been reduced to £160m, alongside a revised interest rate structure and a slight amendment to the fixed charge covenant.

The Group's committed borrowing facility contains certain financial covenants which have been met throughout the 2009 year. The covenants are tested every four weeks and are based around: (i) fixed charges; (ii) tangible net worth; and (iii) earnings before interest, tax, depreciation and amortisation (EBITDA) for Howden Joinery.

In addition, our pension trustees, who carry a charge over the share capital of Howden Joinery Limited, have a separate covenant test around the EBITDA of Howden Joinery as a standalone business unit.

The current economic conditions create uncertainty around the Group's trading position, particularly over the level of demand for the Group's products and the exchange rate between sterling and both the Euro and the US dollar. The Group's latest forecasts and projections have been stress-tested for reasonably possible adverse variations in trading performance and show that the Group will operate within the terms of its borrowing facility and covenants for the foreseeable future. The covenant with the lowest headroom is the EBITDA for Howden Joinery, which is calculated each four-week period on a three or six-period rolling basis, such that short-term variability in trading performance would increase the risk of non-compliance. Nevertheless, whilst there can be no absolute certainty, after due consideration of the impact of a reasonably possible further decline on the recent trading performance experienced, it is not considered that this covenant will be breached in the foreseeable future.

The cash drawdown against the bank facility at the year end was £11.6m and, after taking into account other utilisation of the facilities for terminable indemnities, the Group was left with £110.5m of available funds.

Interest rate risk

The Group's exposure to interest rate fluctuations on its borrowings may be managed when necessary by borrowing on a fixed rate basis and entering into rate swaps, rate caps and forward rate agreements. The Group's policy objective has been to undertake transactions of this nature only when net debt exceeds £150m. Net debt has not exceeded £150m during the year.

Counterparty risk

Group Treasury policy on investment restricts counterparties to those with a minimum Standard and Poor's/Moody's long term credit rating of AA- and a short term credit rating of A-1/P-1. Investments mainly consist of bank deposits and certificates of deposit. The Group continuously reviews the credit quality of counterparties, the limits placed on individual credit exposures and categories of investments.

Foreign currency risk

The most significant currencies for the Group are the US dollar and the Euro. It is difficult to pass the prescribed tests under IAS 39 'Financial Instruments: Recognition and Measurement' to ensure the ability to hedge account for derivative currency transactions. As the resultant volatility cannot be avoided in the profit and loss account, it is the view of the Board that routine transactional conversions between currencies are completed at the relevant spot exchange rate. This policy is reviewed on a regular basis.

The net adverse impact of exchange rates on currency transactions in the year, compared to the previous year, was to increase cost of sales by £11.7m to £337.4m. The Group does not have many overseas assets/liabilities, so the impact of currency translation is not material.

Set out in the table below are the principal exchange rates affecting the Group's profits.

Principal exchange rates	2009 Average	2009 Year-end	2008 Average	2008 Year-end
United States dollar (US$)	1.57	1.60	1.86	1.49
Euro (€)	1.12	1.12	1.26	1.06

DIRECTORS' RESPONSIBILITY STATEMENT

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings including the consolidation taken as a whole; and

- the review of operations and finance along with other documents which are incorporated into the directors' report, together include a fair review of the development and performance of the business and the position of the Company and the undertakings including the consolidation taken as a whole together with a description of the principal risks and uncertainties they face.

By order of the Board

M Ingle
Chief Executive Officer
3 March 2010

M Robson
Chief Financial Officer
3 March 2010

Consolidated income statement

	Notes	52 weeks to 26 December 2009 Before exceptional items £m	Exceptional items (note 3) £m	Total £m	52 weeks to 27 December 2008 Before exceptional items £m	Exceptional items (note 3) £m	Total £m
Continuing operations:							
Revenue – sale of goods		**769.5**	**-**	**769.5**	805.7	-	805.7
Cost of sales		**(337.4)**	**-**	**(337.4)**	(378.2)	1.0	(377.2)
Gross profit		**432.1**	**-**	**432.1**	427.5	1.0	428.5
Selling & distribution costs		**(294.0)**	**-**	**(294.0)**	(298.3)	1.5	(296.8)
Administrative expenses		**(58.6)**	**-**	**(58.6)**	(53.4)	0.4	(53.0)
Other operating (expenses)/income		**-**	**(0.1)**	**(0.1)**	-	1.9	1.9
Share of joint venture profit		**-**	**-**	**-**	0.1	-	0.1
Operating profit		**79.5**	**(0.1)**	**79.4**	75.9	4.8	80.7
Finance income	4	**0.2**	**-**	**0.2**	1.4	-	1.4
Finance expense	5	**(3.0)**	**-**	**(3.0)**	(6.3)	-	(6.3)
Other finance (expense)/income - pensions	5	**(8.0)**	**-**	**(8.0)**	3.3	-	3.3
Profit before tax		**68.7**	**(0.1)**	**68.6**	74.3	4.8	79.1
Tax on profit	6	**(18.5)**	**-**	**(18.5)**	(23.3)	(0.8)	(24.1)
Profit after tax		**50.2**	**(0.1)**	**50.1**	51. 0	4.0	55.0
Discontinued operations:							
Loss before tax		**-**	**(4.4)**	**(4.4)**	-	(108.8)	(108.8)
Tax on loss	6	**-**	**-**	**-**	-	2.6	2.6
Loss after tax		**-**	**(4.4)**	**(4.4)**	-	(106.2)	(106.2)
Profit / (loss) for the period attributable to the equity holders of the parent		**50.2**	**(4.5)**	**45.7**	51. 0	(102.2)	(51.2)
Earnings per share:				**pence**			pence
From continuing operations							
Basic earnings per 10p share	7			**8.3**			9.2
Diluted earnings per 10p share	7			**8.3**			9.0
From continuing and discontinued operations							
Basic earnings/(loss) per 10p share	7			**7.6**			(8.6)
Diluted earnings/(loss) per 10p share	7			**7.5**			(8.4)

Consolidated balance sheet

	Notes	**26 December 2009 £m**	27 December 2008 £m
Non current assets			
Goodwill		**2.5**	2.5
Other intangible assets		**5.4**	6.2
Property, plant and equipment		**79.5**	89.4
Investments		**2.0**	4.0
Deferred tax asset		**73.6**	52.6
		163.0	154.7
Current assets			
Inventories		**86.3**	121.3
Trade and other receivables		**95.4**	99.2
Other assets		**0.7**	1.3
Cash at bank and in hand		**14.0**	21.2
		196.4	243.0
Total assets classified as held for sale		**-**	1.0
Total assets		**359.4**	398.7
Current liabilities			
Trade and other payables		**(119.4)**	(120.4)
Current tax liability		**(12.8)**	(4.9)
Current borrowings		**(2.3)**	(3.4)
		(134.5)	(128.7)
Non current liabilities			
Non current borrowings		**(10.0)**	(80.3)
Pension liability		**(196.3)**	(122.2)
Deferred tax liability		**(5.5)**	(5.5)
Provisions	9	**(86.8)**	(119.8)
		(298.6)	(327.8)
Total liabilities		**(433.1)**	(456.5)
Net liabilities		**(73.7)**	(57.8)
Equity			
Called up share capital	10	**63.4**	63.4
Share premium account	10	**85.1**	85.1
ESOP reserve	10	**(27.5)**	(27.1)
Other reserves	10	**28.1**	28.1
Retained loss	10	**(222.8)**	(207.3)
Total deficit		**(73.7)**	(57.8)

The financial statements were approved by the Board on 3 March 2010 and were signed on its behalf by Mark Robson – Chief Financial Officer.

Consolidated cash flow statement

	Notes	**52 weeks to 26 December 2009 £m**	52 weeks to 27 December 2008 £m
Net cash flows from operating activities	11	**71.4**	(37.8)
Cash flows used in investing activities			
Interest received		**0.2**	1.5
Cash flow from acquisition		**-**	3.2
Repayment of investment		**2.0**	4.0
Payments to acquire property, plant and equipment and intangible assets		**(8.1)**	(19.4)
Receipts from sale of property, plant and equipment and intangible assets		**1.2**	3.5
Net cash used in investing activities		**(4.7)**	(7.2)
Cash flows from financing activities			
Interest paid		**(3.1)**	(8.5)
Receipts from issue of share capital		**-**	0.1
(Decrease)/increase in loans		**(69.7)**	44.1
Repayment of capital element of obligations under finance leases		**(1.7)**	(1.2)
Decrease in other assets		**0.6**	1.1
Dividends paid to Group shareholders		**-**	(3.0)
Net cash (used in) / generated from financing activities		**(73.9)**	32.6
Net decrease in cash and cash equivalents		**(7.2)**	(12.4)
Cash and cash equivalents at beginning of period	11	**21.2**	33.6
Cash and cash equivalents at end of period	11	**14.0**	21.2

For the purpose of the cash flow statement, cash and cash equivalents are included net of overdrafts payable on demand. These overdrafts are excluded from the definition of cash and cash equivalents disclosed on the balance sheet.

Cash flows from discontinuing operating activities are shown in note 11. There are no cash flows from discontinued investing or financing activities.

Consolidated statement of recognised income and expense

	52 weeks to 26 December 2009 £m	52 weeks to 27 December 2008 £m
Actuarial losses on defined benefit pension schemes	**(87.0)**	**(66.3)**
Deferred tax on actuarial losses on defined benefit pension schemes	**24.4**	**18.6**
Deferred tax on share schemes	**2.1**	**-**
Currency translation differences	**(0.7)**	**1.4**
Net expense recognised directly in equity	**(61.2)**	**(46.3)**
Profit/(loss) for the financial period	**45.7**	**(51.2)**
Total recognised income and expense for the period attributable to equity holders of the parent	**(15.5)**	**(97.5)**

1 Basis of preparation

The Group's accounting period covers the 52 weeks to 26 December 2009. The comparative period covered the 52 weeks to 27 December 2008.

The preliminary results for the year ended 26 December 2009 have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") adopted for use in the European Union and International Financial Reporting Interpretations Committee interpretations, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies, presentation methods and methods of computation followed are the same as those detailed within the 2008 Annual Report and Accounts, which is available on the Group's website (www.galiform.com). Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS.

The financial information set out in this announcement does not constitute the statutory accounts for the Group within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the 52 weeks to 27 December 2008 have been filed with the Registrar of Companies. The statutory accounts for the 52 weeks ended 26 December 2009 will be filed in due course. The auditors' reports on these accounts was not qualified or modified and did not contain any statement under sections 498(2) or (3) of the Companies Act 2006 or any preceding legislation.

2 Segmental results

(a) Basis of segmentation

The Group operates and reports as one business segment, Howden Joinery. Thus, the segmental revenue and results can all be found in the condensed consolidated income statement. Other segmental information is as follows:

	52 weeks to 26 December 2009 £m	52 weeks to 27 December 2008 £m
Other information		
Capital additions	**8.8**	19.6
Depreciation and amortisation	**(18.1)**	(17.2)

3 Exceptional items

Exceptional items charged to the income statement in the 52 weeks to 26 December 2009 are analysed as follows:

	Notes	Other operating expenses £m	**Total £m**
Continuing operations:	a		
Loss on disposal of property, plant and equipment		0.1	**0.1**
Total charged to operating profit		0.1	**0.1**
Tax on exceptional items			**-**
Total exceptional items after tax			**0.1**
Discontinued operations:	b		
Costs and obligations relating to empty properties			**4.4**
Total exceptional items before tax			**4.4**
Tax on exceptional items			**-**
Total exceptional items after tax			**4.4**
Continuing and discontinued operations:			
Total exceptional items before tax			**4.5**
Tax on exceptional items			**-**
Total exceptional items after tax			**4.5**

(a) Continuing operations

The item "Loss on disposal of property, plant and equipment" comprises the net loss on disposals of property, plant and equipment during the current period.

(b) Discontinued operations

As was disclosed in the Contingent Liabilities note to the Group's Annual Report and Accounts for the 52 weeks ended 27 December 2008, the Group is guarantor for certain leases in relation to properties which were held by Sofa Workshop Limited and which were occupied by Sofa Workshop retail operations. During the course of the current period, these contingent liabilities have crystallised and the Group has begun to incur costs in connection with them.

The item "Costs and obligations relating to empty properties" covers the Group's best estimate of the rent, rates and other associated costs of these properties. It includes amounts paid under the property guarantees up to the end of the current period, as well as a provision for expected future amounts payable. The amounts are discounted to their present value where material. The provision element of the exceptional item is included as part of the total additions to the property provision in the current period shown in note 9.

Exceptional items charged to the income statement in the 52 weeks to 27 December 2008 are analysed as follows:

	Notes	Cost of sales £m	Administration expenses £m	Selling and distribution costs £m	Other operating expenses £m	Total £m
Continuing operations:	a					
Provision for future rent payable on vacated sites		-	-	(1.5)	-	(1.5)
Redundancies and other staff costs		-	(0.2)	-	-	(0.2)
Other administrative costs		-	(0.2)	-	-	(0.2)
Release of exceptional stock provision made in 2006		(1.0)	-	-	-	(1.0)
Profit on disposal of property, plant and equipment		-	-	-	(1.9)	(1.9)
Total credited to operating profit		(1.0)	(0.4)	(1.5)	(1.9)	(4.8)
Tax on exceptional items						0.8
Total exceptional items after tax						(4.0)
Discontinued operations:	b					
Costs and obligations relating to empty properties						99.7
Redundancies and other staff costs						3.0
Associated legal and professional costs						2.1
Product warranty liabilities						2.0
Bad debts written off						2.0
Total exceptional items before tax						108.8
Tax on exceptional items						(2.6)
Total exceptional items after tax						106.2
Continuing and discontinued operations:						
Total exceptional items before tax						104.0
Tax on exceptional items						(1.8)
Total exceptional items after tax						102.2

(a) Continuing operations

All of the items in continuing operations, with the exception of "Profit on disposal of property, plant and equipment", represent releases of provisions made in prior periods. The release of the exceptional stock provision is a release against a provision booked as an exceptional item in continuing operations in the 52 weeks to 30 December 2006. The other releases are releases against provisions booked as continuing exceptional items in the 52 weeks to 29 December 2007 for the purposes of Supply restructuring. The 2007 Supply restructuring provision is shown in the 2007 consolidated accounts. The 2006 exceptional stock provision is shown in the 2006 consolidated accounts.

The item "Profit on disposal of property, plant and equipment" comprises the net profit on disposals of property plant and equipment during the 2008 period.

(b) Discontinued operations

The items in discontinued operations are connected to the Group’s former MFI Retail operations which were sold and treated as discontinued in 2006 and which went into administration in the 2008 period.

As the Group disclosed at the time of the sale of the MFI business in 2006, and as the Group has disclosed in the Contingent Liabilities notes to its 2007 and 2008 Annual and Half-Yearly Reports, the Group is the guarantor on leases in relation to properties which were held by MFI Properties Ltd and which were occupied by the MFI UK Retail operations. During the course of the 2008 period, these contingent liabilities crystallised and the Group began to incur costs in connection with them. The developments which took place during the 2008 period were detailed in various of the Group's regulatory announcements made on 29 and 30 September, 13 and 26 November, and 23 December 2008.

The item "Costs and obligations relating to empty properties" covers the Group's best estimate of the rent, rates, and other associated costs of these properties. It includes amounts paid under the property guarantees up to the end of the 2008 period, as well as a provision for future amounts payable. It also includes the payments made to landlords of 6 of the Guaranteed Properties in order to release the Group from all obligations in respect of those properties, as detailed in the Group's regulatory announcement made on 23 December 2008. The amounts are discounted to their present value. The provision element of the exceptional item is included as part of the total additions to the property provision in the 2008 period as shown in note 9.

The Group is indemnified by MEP Mayflower Limited for payments made in respect of the guaranteed properties. Claims have or will be submitted under this indemnity for payments made to date. However, all amounts due have been fully provided against as at the 2008 year end as MEP Mayflower Limited itself went into administration in November 2008.

The other items are as described in the analysis of discontinued items, above, and they are all connected to the administration of the Group's former MFI Retail operations during the 2008 period.

4 Finance income

	52 weeks to 26 December 2009 £m	52 weeks to 27 December 2008 £m
Bank interest receivable	**0.2**	0.5
Other interest receivable	**-**	0.9
Total finance income	**0.2**	1.4

5 Finance expenses and other finance (expense) / income – pensions

	52 weeks to 26 December 2009 £m	52 weeks to 27 December 2008 £m
Finance expenses		
Interest payable on bank loans	**(2.6)**	(5.6)
Finance charge on remeasuring creditors to fair value	**(0.2)**	(0.2)
Interest charge on finance lease payments	**(0.2)**	(0.1)
Other interest	**-**	(0.4)
Total finance expenses	**(3.0)**	(6.3)

Further details of the finance charge on remeasuring creditors to fair value in the current period are given in note 9

	52 weeks to 26 December 2009 £m	52 weeks to 27 December 2008 £m
Other finance (expense) / income - pensions		
Pension finance (expense)/income	**(8.0)**	3.3

6 Tax

(a) Tax in the income statement

	Continuing operations		Discontinued operations		Total	
	52 weeks to 26 December 2009 £m	52 weeks to 27 December 2008 £m	**52 weeks to 26 December 2009 £m**	52 weeks to 27 December 2008 £m	**52 weeks to 26 December 2009 £m**	52 weeks to 27 December 2008 £m
Current tax						
Current year	**15.2**	12.0	**-**	(2.6)	**15.2**	9.4
Adjustments in respect of previous years	**(2.2)**	(2.1)	**-**	-	**(2.2)**	(2.1)
Total current tax	**13.0**	9.9	**-**	(2.6)	**13.0**	7.3
Deferred tax						
Current year	**4.3**	16.2	**-**	-	**4.3**	16.2
Adjustments in respect of previous years	**1.2**	(2.0)	**-**	-	**1.2**	(2.0)
Total deferred tax	**5.5**	14.2	**-**	-	**5.5**	14.2
Total tax charged / (credited) in the income statement	**18.5**	24.1	**-**	(2.6)	**18.5**	21.5

UK Corporation tax is calculated at 28% (2008: 28.5%) of the estimated assessable profit for the period.

(b) Tax relating to items credited to equity

	52 weeks to 26 December 2009 £m	52 weeks to 27 December 2008 £m
Deferred tax		
Actuarial loss on pension scheme	**(24.4)**	(18.6)
Credit to equity on share schemes	**(2.1)**	-
Total tax credited to statement of recognised income and expense	**(26.5)**	(18.6)

The tax relating to items credited to equity all relates to continuing operations.

(c) Reconciliation of the total tax charge

The total tax charge for the year can be reconciled to the result per the income statement as follows:

	52 weeks to 26 December 2009	52 weeks to 27 December 2008
Profit/(loss) before tax:	**£m**	£m
Continuing operations	**68.6**	79.1
Discontinued operations	**(4.4)**	(108.8)
	64.2	(29.7)

	Continuing operations			Discontinued operations				Total	
	52 weeks to 26 December 2009	52 weeks to 27 December 2008		**52 weeks to 26 December 2009**		52 weeks to 27 December 2008		**52 weeks to 26 December 2009**	52 weeks to 27 December 2008
	£m	£m		**£m**		£m		**£m**	£m
Tax at the UK Corporation tax rate of 28% (2008: 28.5%)	**19.2**	22.5		**(1.2)**		(31.0)		**18.0**	(8.5)
Non-qualifying depreciation	**1.1**	0.9		**-**		-		**1.1**	0.9
Expenses not deductible for tax purposes	**0.5**	0.7		**1.2**	***	27.8	***	**1.7**	28.5
Tax adjustment in respect of previous years	**(1.0)**	(4.1)		**-**		-		**(1.0)**	(4.1)
IFRS2 share scheme charge*	**(1.0)**	2.9		**-**		0.6		**(1.0)**	3.5
Abolition of industrial building allowances	**-**	1.5	**	**-**		-		**-**	1.5
Others	**(0.3)**	(0.3)		**-**		-		**(0.3)**	(0.3)
Total tax charged/(credited) in the income statement	**18.5**	24.1		**-**		(2.6)		**18.5**	21.5

* Permanent differences arise in relation to share schemes, resulting from a difference between the accounting and tax treatments. In accordance with IAS 12, the excess of current and deferred tax over and above the related cumulative remuneration expense under IFRS 2 has been recognised directly in equity.

** In July 2008, the House of Commons approved the Finance Bill which abolished Industrial Building Allowances (IBAs). This resulted in a deferred tax charge of £1.5m in the prior year.

*** The Group has assumed no tax relief for the payments and provisions made in association with the MFI and Sofa Workshop guarantees until the tax position is agreed with HMRC.

7 Earnings per share

	52 weeks to 26 December 2009			52 weeks to 27 December 2008		
	Earnings £m	**Weighted average number of shares m**	**Earnings per share p**	Earnings £m	Weighted average number of shares m	Earnings per share p
From continuing operations						
Basic earnings per share	**50.1**	**602.8**	**8.3**	55.0	598.0	9.2
Effect of dilutive share options	**-**	**3.2**	**-**	-	11.5	(0.2)
Diluted earnings per share	**50.1**	**606.0**	**8.3**	55.0	609.5	9.0
From discontinued operations						
Basic loss per share	**(4.4)**	**602.8**	**(0.7)**	(106.2)	598.0	(17.8)
Effect of dilutive share options	**-**	**3.2**	**-**	-	11.5	0.4
Diluted loss per share	**(4.4)**	**606.0**	**(0.7)**	(106.2)	609.5	(17.4)
From continuing and discontinued operations						
Basic earnings/(loss) per share	**45.7**	**602.8**	**7.6**	(51.2)	598.0	(8.6)
Effect of dilutive share options	**-**	**3.2**	**(0.1)**	-	11.5	0.2
Diluted earnings/(loss) per share	**45.7**	**606.0**	**7.5**	(51.2)	609.5	(8.4)
From continuing operations excluding exceptional items						
Basic earnings per share	**50.2**	**602.8**	**8.3**	51.0	598.0	8.5
Effect of dilutive share options	**-**	**3.2**	**-**	-	11.5	(0.1)
Diluted earnings per share	**50.2**	**606.0**	**8.3**	51.0	609.5	8.4
From continuing and discontinued operations excluding exceptional items						
Basic earnings per share	**50.2**	**602.8**	**8.3**	51.0	598.0	8.5
Effect of dilutive share options	**-**	**3.2**	**-**	-	11.5	(0.1)
Diluted earnings per share	**50.2**	**606.0**	**8.3**	51.0	609.5	8.4

8 Dividends

	52 weeks to 26 December 2009 £m	52 weeks to 27 December 2008 £m
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the 52 weeks to 27 December 2008 - nil (Final dividend for the 52 weeks to 29 December 2007: 0.5p)	**-**	3.0

9 Provisions

	Property provision £m	**Other provisions**	**Total £m**
At 29 December 2007	38.4	1.0	39.4
Additional provision in the period	90.5	4.4	94.9
Provision released in the period	(2.8)	-	(2.8)
Utilisation of provision in the period	(10.4)	(1.3)	(11.7)
At 27 December 2008	115.7	4.1	119.8
Additional provision in the period	12.4	2.1	14.5
Provision released in the period	(0.2)	(1.4)	(1.6)
Utilisation of provision in the period	(43.5)	(2.4)	(45.9)
At 26 December 2009	**84.4**	**2.4**	**86.8**

The property provision mainly covers onerous leases. For any such leases, the Group provides for any shortfall between rent payable and rent receivable on any non-trading leased properties. The provision is based on the period until the end of the lease, or until the Group can cover the shortfall by subletting, assigning or surrendering the lease. The property provision also includes amounts for any related shortfalls in business rates on these properties, dilapidations, agents' fees and other professional fees.

During the current period, the property provision has been increased by £0.2m arising from an unwinding of the discount rate over time. None of this amount relates to changes in the discount rate. This amount is shown as a finance charge in note 5. The amount of the expected future cash flows has been adjusted to reflect the expected range of possibilities and, as the outflows under this provision are expected to take place over a number of years, the provision has been discounted to its present value.

Other provisions relate to amounts due in respect of contractual terminations.

10 Reconciliation of movement in reserves

	Called up share capital £m	Share premium account £m	ESOP reserve £m	Other reserves £m	Retained earnings £m	Total £m
As at 29 December 2007	63.4	85.0	(32.6)	28.1	(106.8)	37.1
Net actuarial loss on defined benefit scheme	-	-	-	-	(47.7)	(47.7)
Foreign exchange	-	-	-	-	1.4	1.4
Accumulated loss for the period	-	-	-	-	(51.2)	(51.2)
Issue of new shares	-	0.1	-	-	-	0.1
Net movement in ESOP	-	-	5.5	-	-	5.5
Dividends declared and paid	-	-	-	-	(3.0)	(3.0)
As at 27 December 2008	63.4	85.1	(27.1)	28.1	(207.3)	(57.8)
Net actuarial loss on defined benefit scheme	-	-	-	-	(62.6)	(62.6)
Foreign exchange	-	-	-	-	(0.7)	(0.7)
Accumulated profit for the period	-	-	-	-	45.7	45.7
Net movement in ESOP	-	-	(0.4)	-	-	(0.4)
Deferred tax on share schemes	-	-	-	-	2.1	2.1
As at 26 December 2009	**63.4**	**85.1**	**(27.5)**	**28.1**	**(222.8)**	**(73.7)**

The ESOP Reserve includes shares in Galiform Plc with a market value on the balance sheet date of £22.5m (2008: £5.3m), which have been purchased in the open market and which are held by the Group's Employee Share Trusts in order to satisfy share options and awards made under the Group's various share-based payment schemes.

The Other Reserve was created in the year to 30 April 1994, following a Group reconstruction.

11 Notes to the cash flow statement

(a) Net cash flows from operating activities

	52 weeks to 26 December 2009 £m	52 weeks to 27 December 2008 £m
Group operating profit / (loss) before tax and interest		
Continuing operations	**79.4**	80.7
Discontinued operations	**(4.4)**	(108.8)
Group operating profit/(loss) before tax and interest	**75.0**	(28.1)
Adjustments for:		
Depreciation and amortisation included in operating profit	**18.1**	17.2
Share-based payments (credit)/charge	**(0.4)**	5.5
Share of joint venture profits	**-**	(0.1)
Loss/(profit) on disposal of property, plant and equipment and intangible assets	**0.1**	(1.9)
Other exceptional items (before tax)	**4.4**	105.9
Operating cash flows before movements in working capital	**97.2**	98.5
Movements in working capital and exceptional items		
Decrease/(increase) in stock	**35.0**	(19.3)
Decrease in trade and other receivables	**3.8**	22.4
Decrease in trade and other payables and provisions	**(38.3)**	(92.6)
Difference between pensions operating charge and cash paid	**(20.9)**	(24.3)
Net cash flow – exceptional items	**(0.4)**	(11.7)
	(20.8)	(125.5)
Cash generated from/(used in) operations	**76.4**	(27.0)
Tax paid	**(5.0)**	(10.8)
Net cash flow from / (used in) operating activities	**71.4**	(37.8)
Net cash flow from / (used in) operating activities comprises:		
Continuing operating activities	**71.8**	(26.1)
Discontinued operating activities	**(0.4)**	(11.7)
	71.4	(37.8)

(b) Reconciliation of net cash / (debt)

	52 weeks to 26 December 2009 £m	52 weeks to 27 December 2008 £m
Net debt at start of period	**(61.2)**	(3.3)
Net decrease in cash and cash equivalents	**(7.2)**	(12.4)
Net decrease in current asset investments	**(0.6)**	(1.1)
Decrease/(increase) in bank borrowings	**69.7**	(44.1)
Decrease/(increase) in finance leases	**1.7**	(0.3)
Net cash / (debt) at end of period	**2.4**	(61.2)

Represented by:

Cash and cash equivalents	**14.0**	**21.2**
Investments	**0.7**	**1.3**
Bank loans	**(10.5)**	**(80.2)**
Finance leases	**(1.8)**	**(3.5)**
	2.4	**(61.2)**

(c) Analysis of net cash / (debt)

	Cash and cash equivalents £m	Current asset investment £m	Bank loans £m	Finance leases £m	**Net cash / (debt) £m**
As at 27 December 2008	21.2	1.3	(80.2)	(3.5)	(61.2)
Cash flow	(7.2)	(0.6)	69.7	1.7	63.6
As at 26 December 2009	**14.0**	**0.7**	**(10.5)**	**(1.8)**	**2.4**

APPENDIX 1

FINANCIAL CALENDAR

2010

Interim Management Statement	29 April 2010
Half Yearly Report	21 July 2010
Interim Management Statement	11 November 2010
End of financial year	25 December 2010