26 March 2012

Michelmersh Brick Holdings PLC
(the "Group")

Final results for the year ended 31 December 2011

Michelmersh Brick Holdings PLC (AIM: MBH), the specialist brick, land development and landfill company, today announces its audited final results for the year ended 31 December 2011.

Financial Highlights

- Group turnover increased 4% to £24.3 million (2010: £23.3 million)
- Gross profit margins, before restructuring, improved to 30% (2010*: 26%)
- Operating profit of £1.3 million (2010*: loss of £0.5 million)
- Profit after taxation of £1.5 million (2010: loss of £5.3 million)
- Earnings per share of 2.60p (2010: loss of 9.82p)
- Net Asset Value per share of 60p (2010:64p)

** on a like-for-like basis excluding restructuring costs*

Operational Highlights

- Manufactured 70 million units and sold 70 million units
- Price improved to £345 per thousand (2010: £330 per thousand)
- Strong export sales – Middle East, Scandinavia and France
- Landfill turnover up to £686,000 (2011: £531,000) – rates improving
- Planning application for further 170 residential units at Telford

Commenting on the results, Eric Gadsden, Chairman, said: "There is a strong push to gain a recovery of costs and ultimately this will work its way through into the bottom line, but in the meantime our business is well invested, and has a high degree of complementary products demanded by an increasingly discerning market.

"We are aware of a number of potential opportunities to grow our business and we will consider all of these, and believe that we are uniquely able to progress and lead them. We are able to look forward with cautious optimism."

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Chairman's Statement

I am pleased to report the Group's results for the year ended 31 December 2011. This is the first full year incorporating the Freshfield Lane Brickworks (FLB) acquisition and reflects work done to strengthen our business in a number of areas.

Turnover increased by 4% to £24.3 million (2010: £23.3 million) and gross margins improved to 30%, despite significant cost pressures, as a result of improved management and focus under the new corporate identity and structure. On a like-for-like basis, operating profit increased from £504,000 to £1,335,000, which helped to generate earnings per share of 2.60 pence (2010: loss per share 9.82 pence).

The results for the year reflect the successful restructuring of the business in 2010. The Group has seen the benefits of the corporate reconstruction, integration of FLB into the Group, rationalised production at Telford, the geographical advantage in serving the more robust South Eastern market and the business is set to benefit from scarcer supply in the market of our product offering.

During the year, we agreed new bank facilities, progressed our development opportunities and therefore are able to benefit from, and potentially participate in, the further industry consolidation which we believe will take place over the next 18 months.

Financial Highlights

	2011	2010
Turnover	**£24.3 m**	£23.3 m
Operating profit before restructuring costs	**£1.335 m**	£0.5 m
Operating profit /(loss)	**£1.335 m**	(£6.916 m)
EPS	**2.60 pence**	(9.82 pence)
Net assets per share	**60 pence**	64 pence

Our term facilities with Barclays Bank were renewed in December 2011 with a five year term loan that restored the true nature of the business funding and demonstrates the continued and enthusiastic support of our principal bank. As a result, the balance sheet shows net current assets of £3.2 million compared to net current liabilities of £6.5 million in the comparative period, and net borrowings of £19.8 million (2010: £20.4 million).

As a part of the restructuring of the Group's funding, indebtedness to the principal shareholder and the FLB vendors was amended by mutual agreement, resulting in a longer debt profile that further reduces pressure on seasonal cash flows.

Cash generated by operating activities of £1.1 million (£0.4 million) contributed to the reduction in net debt over the year.

The Group's property and mineral assets were revalued, by independent external valuers, during 2011, which resulted in a £4.7 million reduction in asset value. The basis of valuation recognises the increase in the age of the properties and current rebuild costs, but the major areas of reduction related to assets with development potential, which reflect revised timing assumptions on the receipt of proceeds in the light of the current market and the potential use of the disused factory site at Telford for residential development.

Production capacity was reduced at Duntons, the Group's smallest plant, resulting in a number of redundancies at the end of the year. As a result of a reduced contribution from this plant going forward, the Group also suffered an impairment charge of £1.3 million. The overall impact of impairment along with revaluation has been to reduce the value of the Group's fixed assets by approximately £6 million.

Our net assets per share has therefore fallen, but at 60 pence, represents a prudent base and considerable premium over the recent share price.

Dividend

The Directors do not recommend the payment of a dividend for the year but it is our objective to return to dividend payments as soon as reasonably practicable, when market and economic circumstances permit.

Land and Reserve Assets

Despite having made disappointingly slow progress with our consented land at Telford, we believe that this is now nearing a conclusion under the expert determination process.

We are, however, bringing forward further surplus land at Telford, which is not optioned, and following extensive consultation with the local authority and the public, a planning application, for over 170 residential units will be made within the next few weeks.

Since the year end, we have received consent for a time extension and additional clay reserves at our Dunton site and are rationalising our consents at our Michelmersh works.

The Board

In May 2011 Peter Sharp, was appointed to the Board as Operations Director. Peter joined the Group in 2004 and has 28 years experience in the clay and ceramic manufacturing industry. We now have a strong, balanced team capable of meeting current and future challenges.

People

Our workforce is hardworking and dedicated and I extend my thanks to them in these continuing difficult times. We are fortunate in having a stable and loyal group of people without whom we could not have accomplished the progress we have made to date.

Outlook

Whilst there was a small uptick in national demand for bricks in 2011, the economy in the South East of England appears more resilient than the remainder of the country. We are now seeing house builders adjust to a smaller economy where new build will be constrained, not only by the complexities of the planning process, but by the availability of mortgage finance. The market is not only divided geographically, but also between 'stock' bricks required for appearance, (often driven by planning conditions), and 'wire-cut' bricks which are in good supply and serve the economically weaker areas of the country where volume house builders are more active. Our competitors have made further plant closures in 2011 and already in 2012. Our business will in due course benefit from the reduction in over capacity in the high end, quality brick market.

Energy continues to be a key issue and despite some abatement in late 2011, long term trends will be upwards, and with the introduction of Phase 3 of EU-ETS in 2013, the carbon regime will change significantly for the industry and drive further the focus on matching supply to demand. This, along with other factors, will constrain investment in the UK by internationally owned businesses.

There is a strong push to gain a recovery of costs and ultimately this will work its way through into the bottom line, but in the meantime our business is well invested, and has a high degree of complementary products demanded by an increasingly discerning market.

We are aware of a number of potential opportunities to grow our business and we will consider all of these, and believe that we are uniquely able to progress and lead them. We are able to look forward with cautious optimism.

Eric Gadsden
Chairman
26 March 2012

CHIEF EXECUTIVES REVIEW

Clay Products

We have continued to make good progress over the year. We manufactured 70 million units and sold 70 million units, and achieved an improved price of £345 per thousand (2010: £330 per thousand) while industry prices elsewhere are flat.

Our new centralised sales team is working well, with all of our businesses contributing to the overall result. Blockleys performed particularly well, which is the reward for the hard work put in to re-structure the business and focus it on its traditional strengths of clay paving and specification quality wire cut bricks. Blockleys performance benefited from stability under the new structure after a very difficult period of redundancy and closure in 2010. In 2011, it won high profile orders and opened new routes to market through our strengthened South Eastern focus, in particular with London based architects. FLB continues to operate at full capacity and with record production performances.

In 2011 the Group saw the successful launch of two new blended products, received 11 nominations and two category wins at the 2011 Brick Awards and introduced a new comprehensive specifiers guide and literature.

Our role in improving the UK's built environment has been emphasised with our involvement in key regeneration programmes such as the St. George (Berkeley Group) Battersea Reach project, providing an award winning prestige development of apartments and over 30,000 sq. ft. of commercial space. Our products are also being used in an important urban regeneration project in the St. James, Arton Wilson project in Roehampton.

Examples of our specification successes include Roger Stephenson Architects contemporary award winning design of the Holiday Inn, Oxford Road in Manchester. In addition, 2011 saw the completion of the Hopkins Architects designed extension to Henrietta Barnet School sympathetically complementing the original Lutyens building, in the heart of Hampstead Garden Suburb in North London. The Falmer Academy in Brighton was the first project to feature our new Mosaic range.

Repair Maintenance and Improvement distribution remained strong with robust demand for core products, improving and growing our relationships with key national and regional merchant distribution base. There was also a notable growth in high end, high value housing projects particularly in the South East.

The Group saw continued success in the export market through 2011, with over 1.4 million pavers shipped to the Pearl Project, Doha and a further 300,000 pavers supplied to Norway and Scandinavian markets. There were also new orders for over 100,000 bricks, pavers and special shapes for the south of France. Export enquiries remain robust. As we have noted in previous statements, brick demand has reduced dramatically in the past five years, but in 2011, demand increased marginally and national brick stocks reduced. These are tentatively encouraging signs, but we believe that 2012 will remain challenging for the industry as a whole.

The Construction Materials Price Index has increased by 40% since 2005 whereas the comparative brick figure is under 20%. Brickworks continue to close, and there are signs that the underinvestment of past years is being seen in plant breakdowns. All these factors will in due course lead to a rebalancing to the long term rates of return necessary to maintain this capital intensive industry where barriers to entry are so high.

Against this background we have continued to gain market share and presence with our well invested plants.

Management Systems

We continued to improve and integrate our operational management systems during the year, highlighted by our health and safety audit programme, with all five operating sites achieving improvement. We also extended and implemented our successful site operating manuals to Freshfield Lane. Since its launch in 2001, we have been active members of The Ceramic Industry Health and Safety Pledge and we are proud to have received three awards at the annual conference in 2011.

Our environmental management system at Charnwood was updated during the year and the site is now fully operating to ISO 14001 and we expect to achieve full independent accreditation in due course.

Staff Development

We are pleased to note that more than 50% of our Blockleys employees have achieved our targeted lean manufacturing qualification NVQ Business Improvement Techniques. Several other employees are currently studying the programme that, as detailed earlier, has helped to deliver real improvements in performance.

During the year we appointed a group health safety and environmental manager to focus our strategy going forward which is to further integrate our site and group systems and continue the development of our environmental and sustainability management.

Landfill

Our landfill facility at Telford produced a good performance during 2011 with turnover increasing to £686,000 (2011: £531,000) on a tonnage of 170,000 (2011: 171,000). We have other opportunities to progress landfill facilities at our Charnwood, Dunton and FLB sites which we are actively pursuing.

Land Assets

As noted in the Chairman's statement, progress remains slow with Persimmon on the fully consented 168 units at Telford, but is reaching a conclusion. At the same time, we are making excellent progress on obtaining outline consent on our surplus factory land at Telford which will produce a further 170 units. This is a significant step in finalising the shape of Blockley's future.

We have also received planning committee approval for a time extension and additional clay workings at our Dunton site and approval for a comprehensive long term scheme which will improve operational efficiency at Michelmersh.

Outlook

Whilst 2012 has started reasonably well, we believe that this year will enjoy a stronger second half. Sales and margin have been in line with our targets for the start of the year but there remains uncertainty in the economy. We are focused on recovering prices, alongside the rest of the industry, but the challenges to achieve this are outlined above.

The value of our brands continues to gain ground and there is a growing appreciation of the contribution of the brick businesses, not only to the built environment, but also to the communities in which they are based. We have hosted a number of visits from politicians in the last year and it is encouraging to note the increased interest in understanding the issues faced by the industry.

The Group is now stable, profitable and cash generating, with re-balanced funding in place. We firmly believe that there will be further opportunities in our chosen field and we have the team and resources in place to make the right strategic decisions and to build a leading position in our market.

Martin Warner
Chief Executive
26 March 2012

Consolidated Income Statement
for the year ended 31 December 2011

	2011 £'000	2010 £'000
Revenue	24,268	23,340
Cost of sales	(17,006)	(17,210)
Restructuring costs	-	(6,866)
Gross profit/(loss)	7,262	(736)
Administrative expenses	(6,356)	(6,032)
Restructuring costs	-	(554)
Other Income	429	406
Operating profit/(loss)	1,335	(6,916)
Finance Costs	(805)	(815)
Profit/(loss) before taxation	530	(7,731)
Taxation	982	2,458
Profit/(loss) for the financial year	1,512	(5,273)
Basic earnings/(loss) per share	2.60p	(9.82)p
Diluted earnings/(loss) per share	2.59p	(9.82)p

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2011

	2011 £'000	2010 £'000
Profit/(loss) for the financial year	1,512	(5,273)
Other comprehensive income:		
(Loss)/gain on revaluation of property, plant and equipment	(6,090)	9,259
Deferred tax on revaluation movement	2,167	(2,500)
	(3,923)	6,759
Total comprehensive (loss)/profit for the year	(2,411)	1,486

Consolidated Balance Sheet as at 31 December 2011	2011 £'000	2010 £'000
Assets		
Non-current assets		
Intangible assets	2,340	2,404
Property, plant and equipment	45,737	53,073
	48,077	55,477
Long term financial asset	195	-
Total non-current assets	48,272	55,477
Current assets		
Inventories	9,562	9,171
Trade and other receivables	5,201	5,147
Corporation tax recoverable	32	-
Investments	74	91
Cash and cash equivalents	47	1,566
Total current assets	14,916	15,975
Total assets	63,188	71,452
Liabilities		
Current liabilities		
Trade and other payables	2,943	3,558
Interest bearing borrowings	8,775	18,873
Total current liabilities	11,718	22,431
Non-current liabilities		
Deferred tax liabilities	5,704	8,836
Interest bearing borrowings	11,035	3,089
	16,739	11,925
Total liabilities	28,457	34,356
Net assets	34,731	37,096
Equity attributable to equity holders		
Share capital	11,645	11,620
Share premium account	6,440	6,422
Reserves	18,443	22,662
Retained earnings	(1,797)	(3,608)
Total equity	34,731	37,096

Consolidated Statement of Changes in Equity	Share capital	Share option reserve	Merger reserve	Share premium	Revaluation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2010	8,083	183	-	5,703	14,955	1,451	30,375
Loss for the year	-	-	-	-	-	(5,273)	(5,273)
Revaluation in the year	-	-	-	-	9,259	-	9,259
Deferred taxation on revaluation	-	-	-	-	(2,500)	-	(2,500)
Total comprehensive income /(expense)	-	-	-	-	6,759	(5,273)	1,486
Shares issued during the year	3,537	-	979	719	-	-	5,235
Transfer to retained earnings	-	-	-	-	(214)	214	-
As at 31 December 2010	**11,620**	**183**	**979**	**6,422**	**21,500**	**(3,608)**	**37,096**
Loss for the year	-	-	-	-	-	(1,512)	(1,512)
Revaluation in the year	-	-	-	-	(6,090)	-	(6,090)
Deferred taxation on revaluation	-	-	-	-	2,167	-	2,167
Total comprehensive income/(expense)	-	-	-	-	((3,923))	1,512	(2,411)
Share based payment	-	3	-	-	-	-	3
Shares issued during the year	25	-	-	18	-	-	43
Transfer to retained earnings	-	-	-	-	(299)	299	-
As at 31 December 2011	**11,645**	**186**	**979**	**6,440**	**17,287**	**(1,797)**	**34,731**

Consolidated Cash Flow Statement for the year ended 31 December 2011	2011 £'000	2010 £'000
Cash flows from operating activities		
Profit/(loss) before taxation	530	(7,731)
Write off plant and machinery	-	5,785
Write off value of investments	-	6
Finance costs	805	815
Depreciation	1,530	1,640
Amortisation	3	2
Usage of carbon emissions quota	877	662
Grant of carbon emissions quota	(816)	(723)
Share base payment charge	3	-
Cash flows from operations before changes in working capital	2,932	456
(Increase)/decrease in inventories	(371)	2,297
Increase in receivables	(69)	(402)
Decrease in payables	(550)	(1,160)
Net cash generated by operations	1,942	1,191
Taxation paid	(37)	-
Interest paid	(821)	(815)
Net cash generated by operating activities	1,084	376
Cash flows from investing activities		
Acquisition of subsidiary undertaking	-	(5,000)
Overdraft balance assumed on acquisition of subsidiary undertaking	-	(357)
Proceeeds of sale of investments	49	-
Purchase of property, plant and equipment	(323)	(201)
Proceeds of disposal of property, plant and equipment	56	2,812
Net cash used in investing activities	(218)	(2,746)
Cash flows from financing activities		
Net proceeds from issue of share capital	-	2,699
Repayment of interest bearing borrowings	(15,002)	-
Proceeds/(repayment) of interest bearing borrowings	13,067	2,210
Repayment of hire purchase and finance lease obligations	(72)	(53)
Net cash (used in)/generated by financing activities	(2,007)	4,856
Net (decrease) /increase in cash and cash equivalents	(1,141)	2,486
Cash and cash equivalents at the beginning of the year	(1,756)	(4,242)
Cash and cash equivalents at the end of the year	(2,897)	(1,756)
Cash and cash equivalents comprise:		
Cash at bank and in hand	47	1,566
Bank overdraft	(2,944)	(3,322)
	(2,897)	(1,756)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and IFRS Interpretations Committee interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under accounting standards as adopted for use in the EU. There have been no changes to the accounting policies adopted since the last consolidated financial statements were published other than the adoption of IFRS 3 (revised) “Business Combinations”. The consolidated financial statements for the financial years ended 31 December 2010 and 31 December 2009 have been prepared under the historical cost convention, as modified by the revaluation of certain items, as stated in the accounting policies.

2. FINANCIAL INFORMATION

The financial information set out in this Preliminary Announcement does not constitute the Group's statutory financial statements for the years ended 31 December 2011 or 2010. The financial information has been extracted from the Group's statutory financial statements. The auditors have reported on the Group's statutory financial statements; their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2010 have been delivered to the Registrar of Companies, whereas those for the year ended 31 December 2011 will be delivered to the Registrar of Companies following the Company’s Annual General Meeting.

The financial information is presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

3. EARNINGS PER SHARE

Basic

The calculation of earnings per share is based upon the profit for the year of £1,512,000 (2010: loss of £5,273,000) and 58,194,000 (2010: 53,679,077) weighted average number of ordinary shares.

Diluted

The diluted figures for 2011 include options issued during the year. At 31 December 2011 there were 233,000 existing options which are under water and are not included in the diluted figures for 2010.

4. REPORT & ACCOUNTS

Copies of the Annual Report will be available on the Group's website www.mbhplc.co.uk and from the Company's registered office at Freshfield Lane, Danehill, Haywards Heath, West Sussex RH17 7HH.