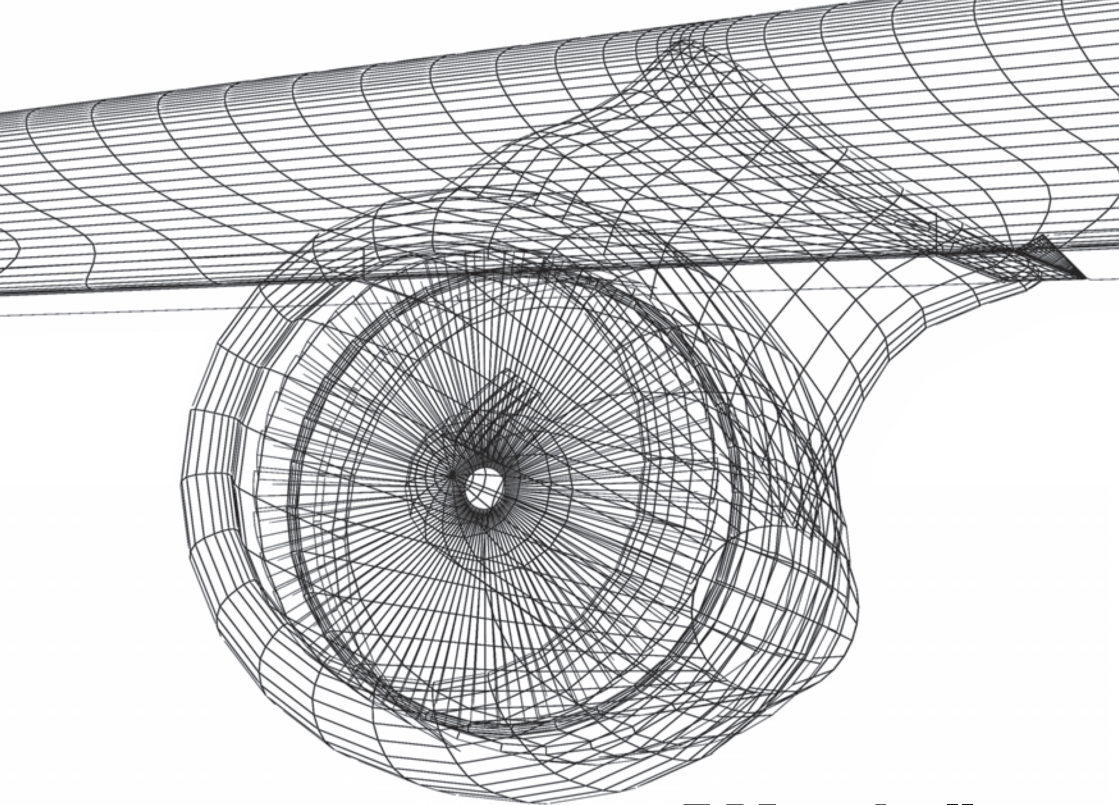
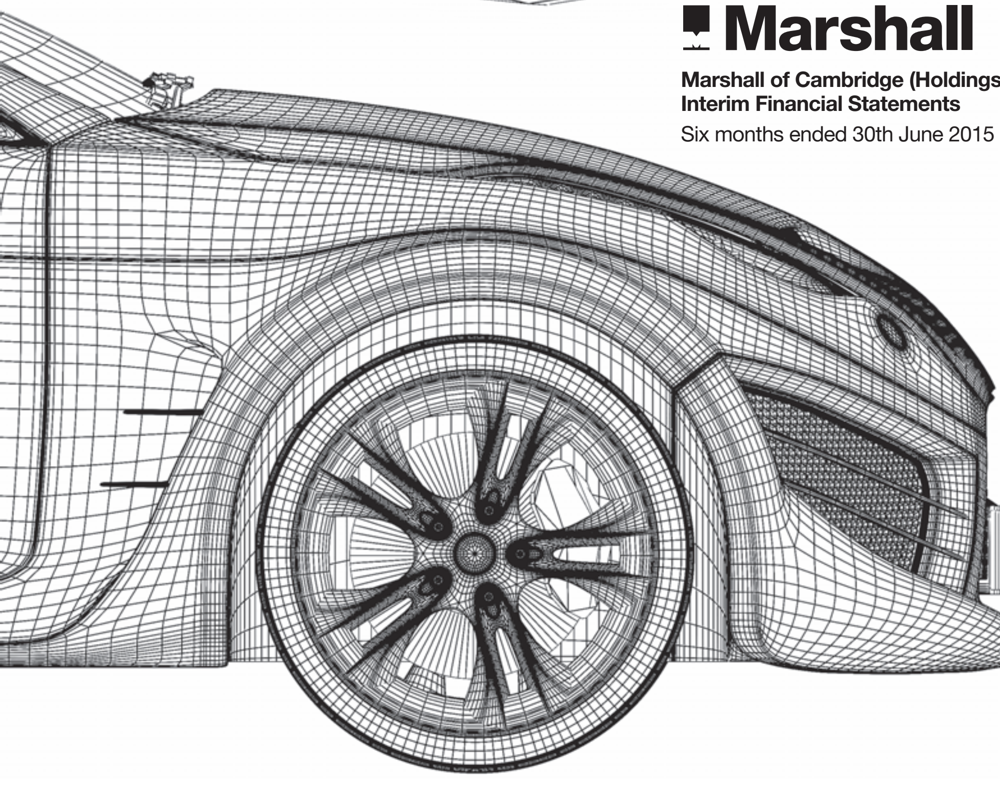


Marshall

Marshall of Cambridge (Holdings) Ltd
Interim Financial Statements

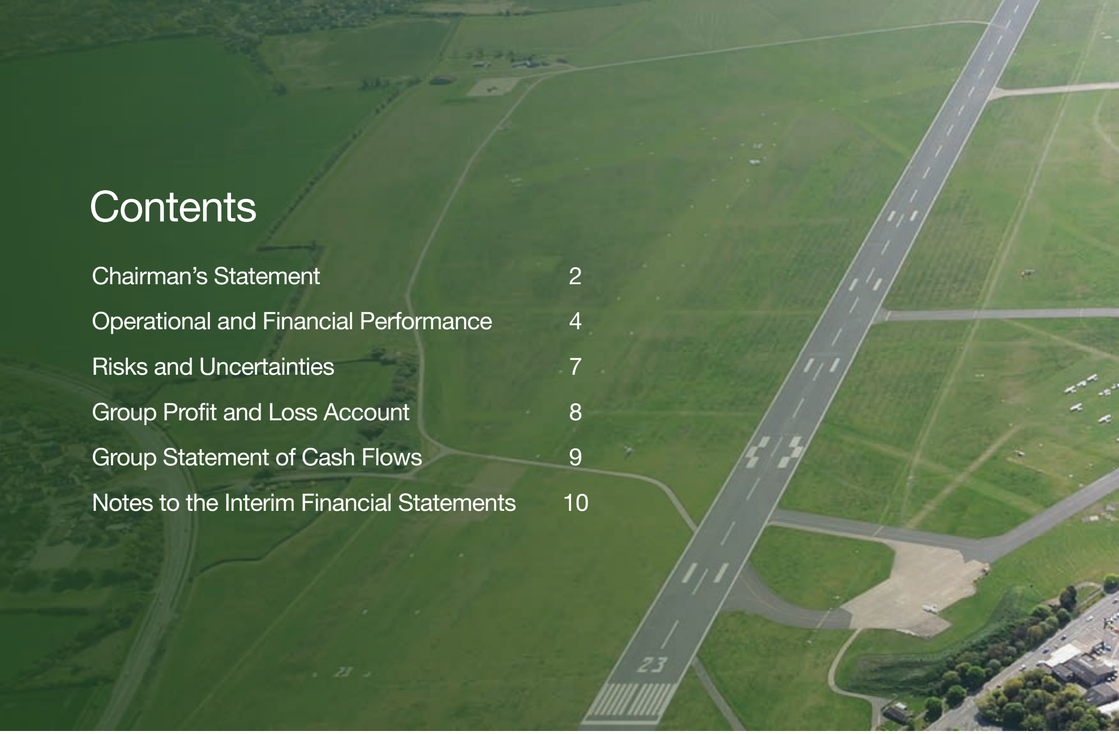
Six months ended 30th June 2015



Key items

for six months ended 30th June 2015

- Turnover up 12.5%
- Operating profits down 17.1%
- Profit before tax down 14.5% to £6.3m from £7.4m
- Consolidated cash balances of £73.1m (including MMH plc)
- Maintained interim dividend of 1.00p per ordinary share and 3.00p per NVPO share
- Special dividend of 5.00p per share
- Marshall Motor Holdings raises £36.9m net as its shares are listed on AIM at 149p
- Runway rehabilitation project proceeding well
- Group transition to new UK GAAP – FRS102
- Increasing NVPO and plc share prices
- Good order capture progress in MADG



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Chairman's Statement

We have had a mixed start to 2015, with a reduced profit for the six months ended 30th June. However, I am pleased that most of our businesses have shown improvement and in those areas where there have been shortfalls, good progress is being made.

A very important event in the first half of the year was the admission on 2nd April 2015 of Marshall Motor Holdings to the AIM Market, as a result of which we now hold 65% of the shares in our former wholly owned subsidiary.

Our HIOS business has continued to progress well with increased work being attracted from both the UK MoD and from international customers. We are pleased also that our overall diversification has been strengthened by major contract awards in Engineering Solutions and Land Systems and by the rapid growth of our Composite activities. This has resulted from the ground-breaking work at our Advanced Composites facility (formerly Slingsby) in Yorkshire, which we originally purchased in 2010 and which is now working in very close teamwork with our hi-tech engineers in Cambridge. Marshall Aviation Services has had a challenging first half.

We are still actively progressing the Wing and Mallets Park planning applications to the North and South of Cambridge Airport with the local authorities, with further meetings of the relevant planning committees taking place regularly.

Motor Holdings has done well in a buoyant market, but growth in the UK new car market is expected to return to more normal levels in the second half of the year.

Overall, we have done well in the Great Place to Work survey with some encouraging improvement in the results and we look forward to the future with much optimism.

The implementation of FRS102, the new Financial Reporting Standard in the UK, means that we are required to report our 2015 results in compliance with the new accounting rules now applicable for us as a private Group. This has necessitated us having to present our prior results on the new basis and provide details of the adjustments which have been made as a result of the transition. The financial statements, prepared under the new standard, will not be audited until 2016. We have decided, therefore, to exclude an estimated balance sheet from these interim statements, but, I am sure shareholders will be pleased to note the increase in cash balances at close of period as shown on page 9.

Although we have had a difficult first six months which has impacted on our half year results, the Board, nevertheless, encouraged by the prospects in the second half of the year, is proposing that we pay the priority dividend of 2.00p on the NVPO shares and maintain the interim dividend at 1.00p per share on both Ordinary and NVPO shares at last year's level.

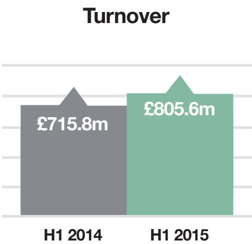
In addition, in recognition of the success of the flotation on AIM of Marshall Motor Holdings plc, I am delighted that the Board has approved a special dividend of 5.00p per share on both Ordinary and NVPO shares. This will be paid, along with the interim dividend, on 18th December 2015, to all shareholders on the register at 27th November 2015.

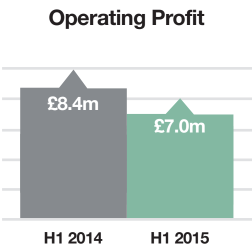
Sir Michael Marshall
28th October 2015

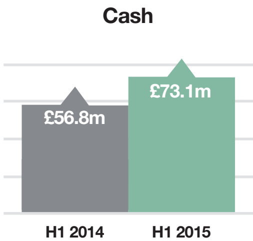
Operational and Financial Performance

The Group saw a 12.5% increase in sales to £805.6m achieved through organic growth and with the benefit of acquisitions from the second half of 2014. Operating profit was £7.0m for the first six months of 2015 compared with £8.4m in the equivalent period in 2014. Net profit was above the budget expectation for the first half due to improved contributions from motor retail and the sale of surplus land in Kirkbymoorside. Marshall Aviation Services had a poor first half, which impacted the improvements elsewhere in the MADG sub-group. The Group continues to monitor its efficiency and make adjustments to its cost base as appropriate. The Group finished the first half with gross consolidated cash balances of £73.1m.

Financial Highlights







Aerospace and defence

Sales turnover has remained steady with strong performance from our core UK C130 business where we continue to support the provision of market leading levels of availability for the RAF's C130 fleet. Our Land Systems division has also performed admirably during the first six months, successfully delivering a major prime contract for a key customer alongside maintaining strong operational performance and delivery on all other programmes. However, we continue to experience difficult market conditions affecting our business jet support facilities in Broughton and Cambridge and this has had a significant impact on results in the first half of the year. Restructuring activities continue in these locations in order to stabilise and recover operational performance.

The order book remains strong following a number of contract wins in the first half of the year, especially within our Advanced Composites business, whilst we expect to secure agreement with the UK MoD on the next fixed pricing period of the highly successful Hercules Integrated Operational Support (HIOS) programme before the end of the year. The result for 2015 is therefore still dependent on a number of sensitivities but progress continues in line with our expectations and is encouraging.

Property

The Wing project to develop the land north of Newmarket Road in Cambridge continues to progress, following submission of a planning application in December 2013. Further hearings before the various local authority planning committees are expected before the year end.

The Peugeot operation in Cambridge has now relocated to the main crescent enabling work to commence on phase one of the Wing Project, being the redevelopment of the forecourt and retail facilities at Teversham Corner.

We are working with potential development partners on the 20 acres of land south of the Airport in Cambridge (known as Mallets Park), with a view to submitting a planning application in the next few months.

Fleet Solutions

Turnover is up 20.0% to £20.3m for the first six months of the year. Unit sales have risen sharply, particularly in the light truck division, where vehicles are operated by customers for home delivery services.

The order book remains robust for the second half of the year, with the associated unit installation work also providing additional revenue for the after sales teams.

Motor retail

The issue of new shares in Marshall Motor Holdings plc on admission to AIM in April, raised net proceeds for it of £36.9m. The Group retains a 65% interest in the new listed entity and in accordance with the accounting rules the Group consolidates 100% of its turnover and results, with the 35% minority being deducted below the profit after tax result.

Motor Holdings delivered a strong trading performance during the period, which built on the positive full year performance reported in 2014. Both the retail and leasing segments reported significant growth in profit before tax, which was partly offset, as anticipated, by additional central costs, including first-time occurrence costs relating to its new public company status.

Following three consecutive years of strong growth in the UK new car market, the rate of underlying growth has returned to more normalised levels. During the period, our new car unit sales increased by 10.4% (like-for-like 5.9%) and used car unit sales increased by 11.8% (like-for-like 2.7%). Growth has been achieved within aftersales across both revenue and margin as the business benefits from a growing UK vehicle parc and a number of management initiatives to drive productivity, efficiency and customer retention. The leasing business has also made good progress. At 30th June 2015 the leasing fleet was 5,897 vehicles, up 1.7% versus the same date last year.

Outlook
The forthcoming Strategic Defence and Security Review provides an opportunity for the MADG businesses to build on their established and proven record of successfully supporting key UK military assets with government expenditure in this area expected to increase in real terms for the current parliament. Nevertheless, MADG remains focused on increasing its presence in the civil aerospace market, to provide more resilience in its order book, whilst also continuing to build on recent progress made in special mission modification projects and composite manufacturing.

Motor Holdings remains well positioned to execute its acquisition strategy, supported by an adjusted net cash position at 30th June 2015 of £39.9m (excluding leasing loans) and a committed, undrawn revolving credit facility of £75m, although no acquisition was undertaken in the first half.

The Board remains committed to increasing shareholder value, through operational improvements and selective acquisitions which are in line with the Group’s strategic growth aspirations.

Risks and Uncertainties

The Group's performance over the remaining six months of the financial year may be impacted materially by a number of potential risks and uncertainties which could have an effect on the actual results. The Board has evaluated these and does not believe any are either certain or imminent. Nevertheless, they remain to be managed and mitigated as appropriate. The main areas of risk and uncertainty that could have an impact on profitability are a decline in the general economic environment, including the retail market particularly on residual values for used cars, and also consumer demand as well as budgetary pressures on UK and overseas military customers which might lead to a reduction in orders. The Directors do not consider that the underlying principal risks and uncertainties have materially changed since the publication of the annual report for the year ended 31 December 2014.

Group Profit and Loss Account

for the six months ended 30th June 2015

	Six months ended 30th June 2015 (unaudited) £000	Six months ended 30th June 2014 (restated) (unaudited) £000	Year ended 31st Dec 2014 (restated) £000
GROUP TURNOVER: continuing operations	**805,583**	**715,841**	**1,425,853**
Cost of sales	(669,652)	(593,161)	(1,172,963)
GROSS PROFIT	**135,931**	**122,680**	**252,890**
Administrative expenses and other operating income	(128,953)	(114,267)	(232,001)
GROUP OPERATING PROFIT: continuing operations	**6,978**	**8,413**	**20,889**
Profit on disposal of tangible fixed assets, investments and subsidiaries	728	39	56
Fair value adjustments on investment properties	-	-	646
Amounts provided against investments	(92)	-	(89)
Income from investments	7	7	23
Interest receivable	322	272	444
Interest payable and similar charges	(1,414)	(1,180)	(2,362)
Other finance expense	(225)	(181)	(362)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**6,304**	**7,370**	**19,245**
Tax on profit on ordinary activities	(1,603)	(2,003)	(6,001)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	**4,701**	**5,367**	**13,244**
Equity minority interests	(343)	-	3
PROFIT FOR THE FINANCIAL YEAR	**4,358**	**5,367**	**13,247**
BASIC AND DILUTED EARNINGS PER ORDINARY SHARE	**6.8p**	**8.5p**	**21.3p**
ORDINARY DIVIDENDS PER SHARE FOR THE YEAR	**n/a**	**n/a**	**3.25p**
NVPO DIVIDENDS PER SHARE FOR THE YEAR	n/a	n/a	5.25p

Group Statement of Cash Flows

for the six months ended 30th June 2015

	Six months ended 30th June 2015 (unaudited) £000	Six months ended 30th June 2014 (unaudited) £000	Year ended 31st Dec 2014 £000
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	**(696)**	**28,454**	**71,277**
INVESTING ACTIVITIES			
Income from investments	7	7	23
Payments to acquire tangible fixed assets and investments	(31,552)	(20,787)	(51,214)
Receipts from sales of tangible fixed assets and investments	5,771	3,277	9,096
Acquisition of businesses	-	(698)	(16,277)
Net cash outflow from investing activities	(25,774)	(18,201)	(58,372)
FINANCING ACTIVITIES			
Equity dividends paid	(1,978)	(1,692)	(3,523)
Proceeds from borrowings	13,172	6,797	25,264
Repayment of borrowings	(13,942)	(13,233)	(23,851)
Issue of share capital net of costs	36,853	-	-
Net cash inflow/(outflow) from financing activities	34,105	(8,128)	(2,110)
INCREASE IN CASH AT BANK AND IN HAND	**7,635**	**2,125**	**10,795**
CASH BALANCE AT START OF PERIOD	65,471	54,676	54,676
Increase in cash at bank and in hand	7,635	2,125	10,795
CASH BALANCE AT CLOSE OF PERIOD	**73,106**	**56,801**	**65,471**

Notes to the Interim Financial Statements

1. Basis of preparation

In August 2014 the Financial Reporting Council issued a new Financial Reporting Standard (FRS102). These unaudited statements have been prepared in compliance with FRS102. Nevertheless, in general, these unaudited condensed consolidated interim financial statements have been prepared using the accounting policies set out in the annual report for the year ended 31 December 2014 which remain in place and have been applied consistently to all periods represented in these financial statements.

2. Effect of transition to FRS102

As noted above, the Group transitioned from previously extant UK GAAP to FRS102 as at 1st January 2014. The impact of the transition to FRS102 is as follows:

Reconciliation of profit before taxation

	Six months ended 30th June 2014 (unaudited) £000	Year ended 31st Dec 2014 (unaudited) £000
Profit on ordinary activities before taxation stated under previous UK GAAP	**7,551**	**19,539**
Fair value adjustments on investment properties	-	646
Defined benefit pension accounting	(181)	(735)
Other adjustments	-	(205)
Profit on ordinary activities before taxation under FRS102	**7,370**	**19,245**

Investment properties

Under FRS102, changes in the fair value of investment properties are recorded in the profit and loss account. Under previous UK GAAP these changes were recorded in the Statement of Total Recognised Gains and Losses.

Defined benefit pension

Under previous UK GAAP, the interest on the expected return on plan assets was calculated using an expected asset rate. FRS102 requires that the net interest on the net defined benefit liability is calculated using the liability discount rate for the scheme. As such, there was a decrease in profit arising from this adjustment which was offset by a corresponding decrease in other comprehensive income.

Notes to the Interim Financial Statements

3. Group turnover

	Six months ended 30th June 2015 (unaudited) £000	Six months ended 30th June 2014 (unaudited) £000	Year ended 31st December 2014 (audited) £000
Motor retail and leasing	632,477	543,824	1,085,883
Aerospace and defence	152,027	153,991	306,635
Other	21,079	18,026	33,335
Total	**805,583**	**715,841**	**1,425,853**

4. Interim dividend

The Board has approved the payment of a maintained interim dividend of 1.00p per share on both Ordinary and NVPO shares to be paid on 18th December 2015, together with priority dividends of 2.00p on the NVPO shares. In addition, the Board has approved a special dividend of 5.00p per share on both Ordinary and NVPO shares which will be paid at the same time. These dividends will be payable to all shareholders who are on the register of shareholders at 27th November, 2015.

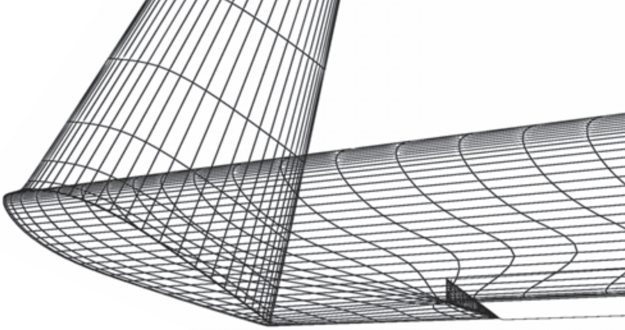
5. Share prices

The market prices of the Group's shares at close of business on Friday, 29th June 2015 were:

Marshall of Cambridge (Holdings) Limited
Non-voting priority ordinary dividend shares of 12.5p each – 260p

Marshall Motor Holdings plc
Ordinary shares of 64p each – 183p


A BRIGHT FUTURE



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