

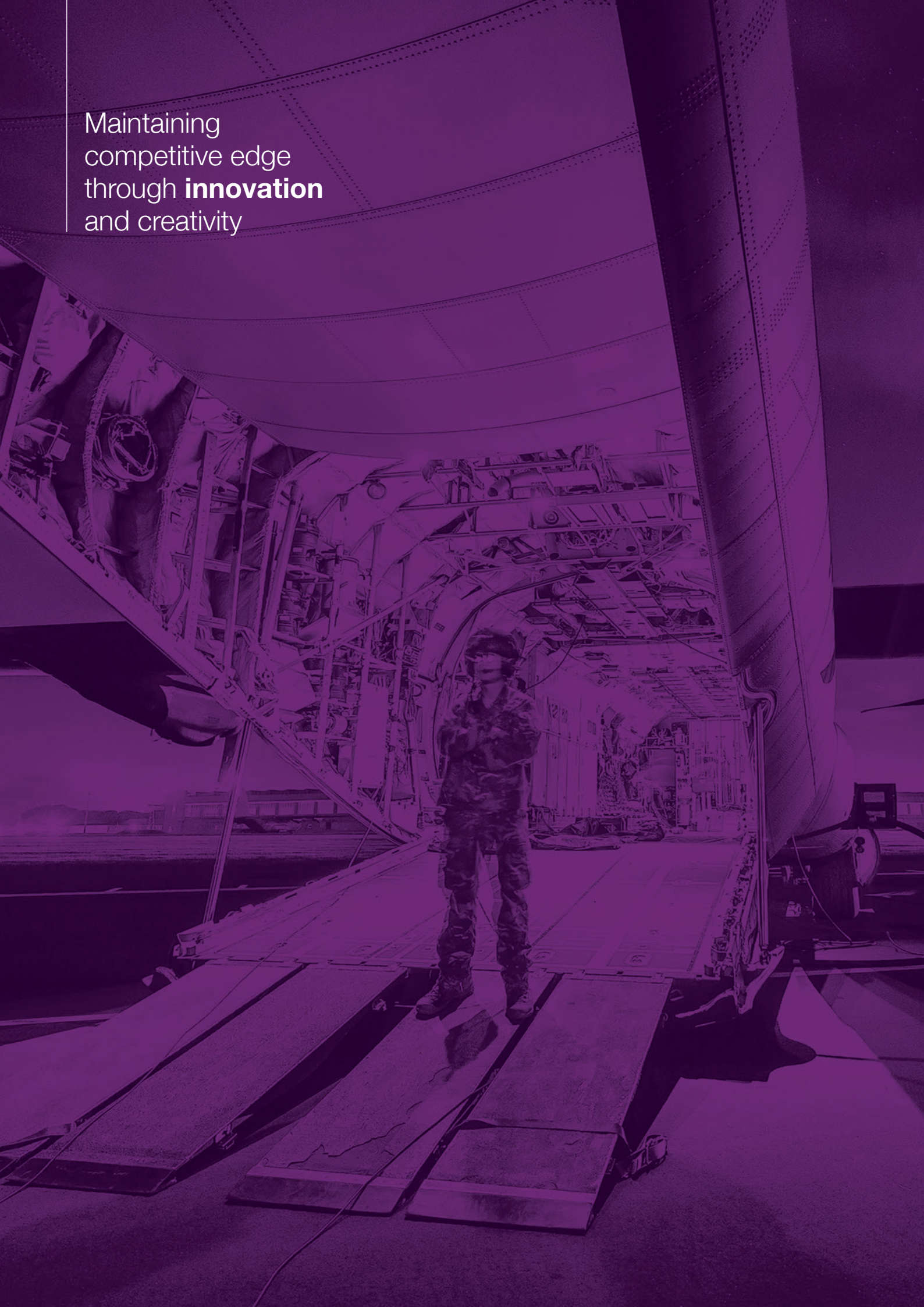
 **Marshall**

Interim Financial Statements **2018**

Six months ended 30th June
Marshall of Cambridge (Holdings) Ltd



Maintaining
competitive edge
through **innovation**
and creativity



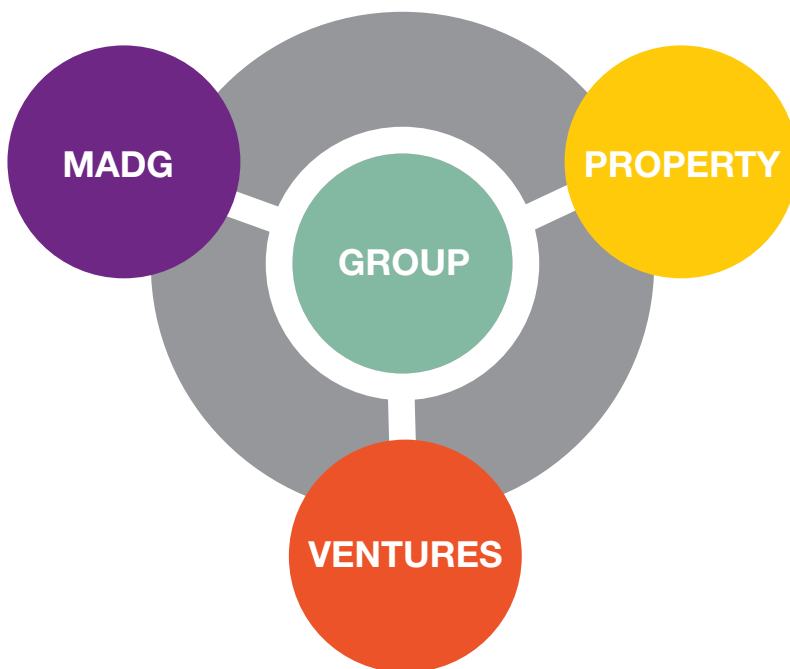


Headlines

For six months ended 30th June, 2018

- Revenue of £1.31bn (2017 - £1.36bn)
- Statutory profit before tax of £44.9m (2017 - loss £16.1m)
- Underlying profit before tax of £19.3m (2017 - £21.9m)
- Maintained interim dividend at 1.0p for Ordinary shares and 3.0p for NVPO shares
- Complex engineering project proceeding in line with the Board's expectations
- Marshall Aerospace and Defence Group (MADG) signed a C130 total support contract with the Bangladesh Air Force
- Land to be utilised for the first stages of the WING development has been transferred into the joint venture entities
- Planning permission submitted, jointly with our partners, for the development of Land North of Cherry Hinton
- Despite a challenging UK new vehicle market, Marshall Motor Holdings plc reports underlying, continuing profit before tax marginally ahead of the record performance reported last year

Vision for the Future



A One Company Vision - sharing the same values and ethos




Working together for the same purpose



Long term value creation

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Chairman's Statement

Following the challenges encountered during 2017, I am pleased to report steady progress during the first half of 2018.

Since the year end we have continued to perform well against plan on the project that has necessitated provisions in the last two years. Costs have been contained within the estimates accounted for in our 2017 financial statements and we continue to advance steadily towards key technical milestones, including the completion of flight testing activities and delivery of the first aircraft to our customer in the next few weeks. We then enter a phase of in-country deployment, with continuing flight trials and testing the integration of the various sub-systems of the aircraft. Meanwhile, the second aircraft will return to the hangar to undergo the same modification programme, with anticipated hand over to the customer in the middle of 2019.

Also within Marshall Aerospace and Defence Group, our relationship with Boeing goes from strength-to-strength through the receipt of new orders, the signing of a Memorandum of Agreement for modification work and the news that we will be receiving a 2017 Boeing Silver Performance Excellence Award, which provides a just reward for the focus and determination of the team.

Similarly, through our close relationship with the UK Ministry of Defence and in line with our strategy to expand our C130 support activities internationally, we were delighted to facilitate the disposal of two ex-RAF C130s to the Bangladesh Air Force, as well as winning a multi-year contract to deliver a total support solution covering aircraft maintenance, logistics support and engineering services.

In March, Marshall Group Properties (MGP) and our collaboration partners, Endurance Estates jointly submitted an application for outline planning permission for the development of 1,200 homes and community facilities on Land North of Cherry Hinton with an expected positive outcome early next year. MGP continues to work closely with the local councils, partners and advisors to bring both this and the Wing project closer to fruition. The construction of a new Engine Ground Running Enclosure, an enabling project for all of our residential housing development, commenced work in April, with an anticipated commissioning in the third quarter of next year.



Marshall Motor Holdings plc (MMH) has delivered a positive performance in the period against an ongoing background of a challenging UK new car market. Sales of new retail units are in line with the new car retail market, although there remains ongoing margin pressure. Used unit sales have been consistent with the corresponding period last year, but with improved profitability. Aftersales revenues achieved further growth in the period.

The Group continues to play an active part in the community. We have been proud to support the RAF 100 celebrations, whilst Cambridge LaunchPad, which we founded, has engaged with over 5,000 young students already this year, as the programme develops with more business and school partners.

At the AGM I indicated that we were looking for a non-executive director with significant experience in the aerospace and defence sector. I am pleased to confirm that an excellent candidate has been selected and, following completion of formalities with his current employer, will be appointed in due course. I expect to make a formal announcement soon.

Although market conditions remain mixed, the Board is pleased with the Group's steady progress and has decided to maintain the interim dividend at 1.0p per share for both Ordinary and NVPO shares, and pay the priority dividend of 2.0p on the NVPO shares. These will be paid on 14th December, 2018 to all shareholders on the register at 23rd November, 2018.

A handwritten signature in black ink, appearing to read 'Alex Dorrian', written in a cursive style.

Alex Dorrian CBE
August, 2018



Operational and Financial Report

Group revenue reduced to £1.31bn, mainly due to the impact of the discontinued operations in MADG and MMH. Profit before tax for the period was £44.9m. After adjusting for separately disclosed items and discontinued operations, as highlighted in note 3, underlying profit was £19.3m for the first six months of 2018, compared with £21.9m for the same period in 2017. The Group ended the half year with a consolidated adjusted net debt of £6.2m (December 2017 closing net cash was £5.9m).

Aerospace and Defence (MADG)

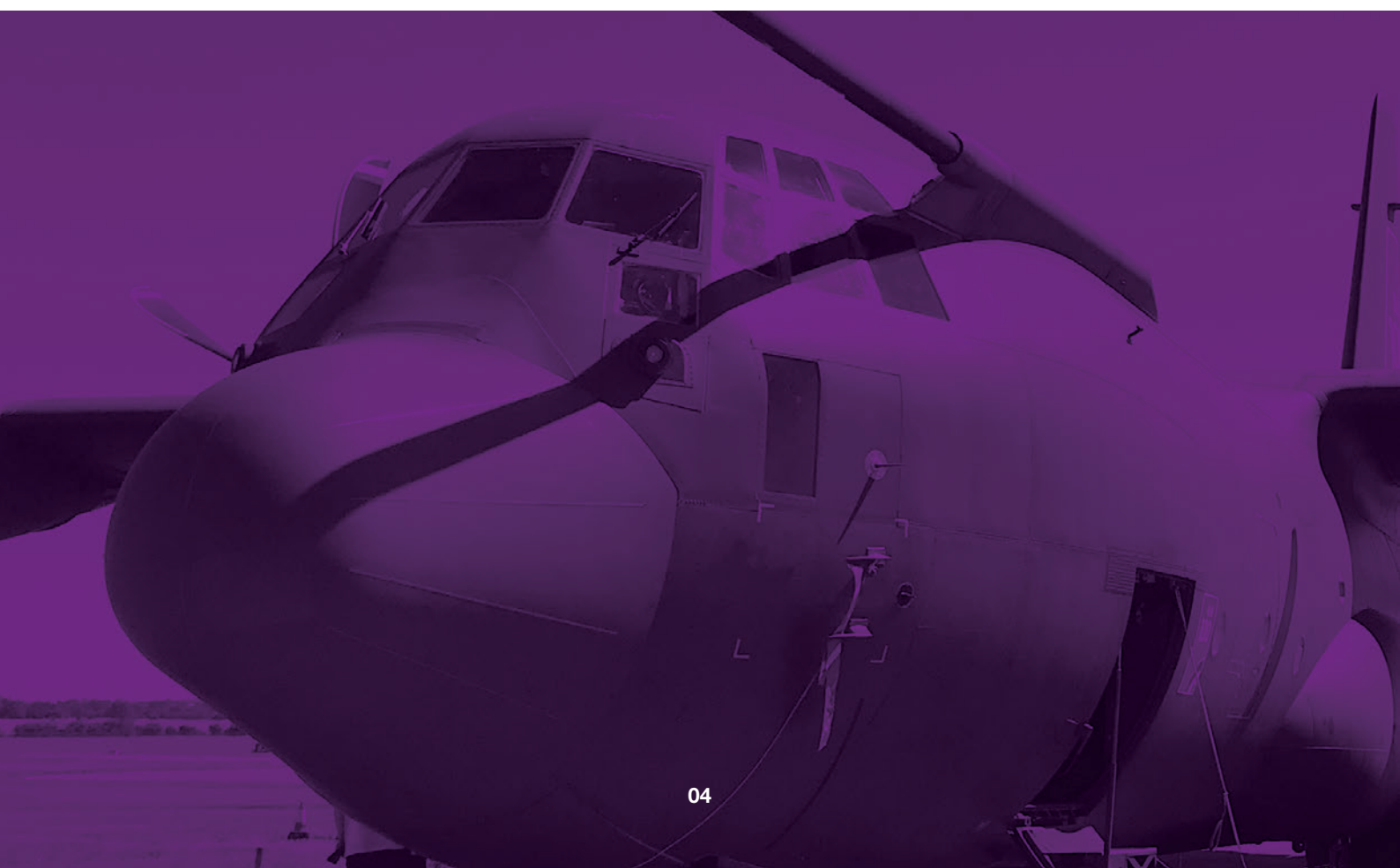
Underlying profitability in MADG is slightly down compared with the previous period. This is expected, as volumes in Military Aerospace will be lower in 2018 as maintenance inputs have been deferred to 2019 and beyond to coincide with the major Centre Wing modification programme which will be completed on the entire UK fleet of C130 aircraft. Business development activity is good, with opportunities currently being explored with the Swedish and Dutch Air Forces.

The Aerostructures business enjoyed a particularly strong performance, during the first half of 2018, and celebrated the delivery of the 600th fuel tank to Boeing and received new orders for the product.

Land Systems and Advanced Composites are progressing well in terms of programme delivery, order pipeline and business development, with news awaited on three major tenders.

Following the closure of the Civil MRO operation in 2017, Aeropeople has refocused on line maintenance and project opportunities. This focus was rewarded in January as the business secured new contracts with KLM and Virgin, but this is not yet at the level necessary to replace the reduction in engineers being used for internal work.

Order intake for the year, across the business, is in line with the Board's expectations, whilst significant longer term opportunities continue to be developed.

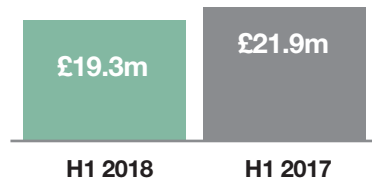




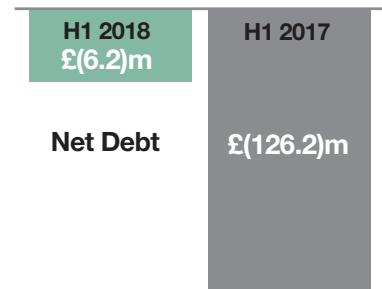
Group KPIs



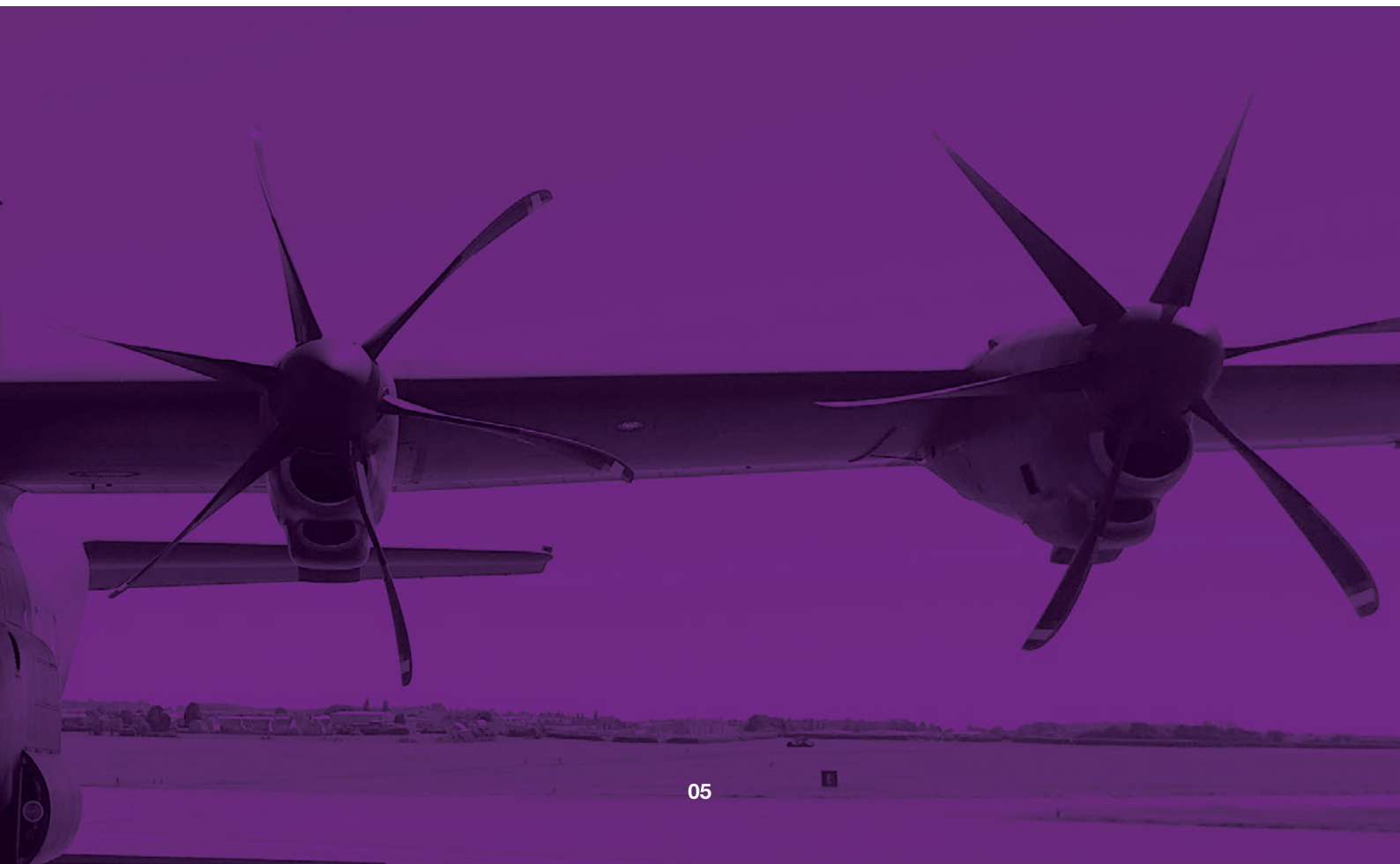
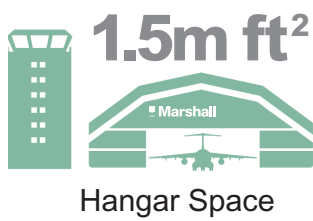
Revenue From Continuing Operations



Underlying Profit Before Tax



Net Debt





Property

The freehold land relating to the initial phase of the Wing development was transferred to the joint venture entities in March, crystallising an exceptional profit on 50% of the land value. Cash relating to this transfer together with the remaining 50% land profit and cash will be recognised/received as the residential units are sold.

Working with our joint venture partner, Hill Residential, the development of the first phase of Wing continues to gather pace. Detailed planning applications have been submitted, with infrastructure work on the site expected to start in October.

Operating results are lower than the previous year due to the impact of the sale and leaseback of the Quorum property investment in November 2017 and higher overheads arising as development activity increases.

Marshall Ventures

Marshall Motor Holdings plc (MMH) issued a trading statement on 3rd July, 2018 stating that despite a challenging UK new vehicle market during the first half of 2018, the business has delivered a positive performance. Underlying profit before tax from continuing operations is expected to be marginally ahead of the record performance reported in the corresponding period last year. This has been driven by robust trading disciplines, tight control of discretionary costs and the positive impact of the previously announced closure of six loss making sites.

Marshall Fleet Solutions (MFS) has had a difficult start to 2018, which is expected to continue into the second half, whilst the Martlet early stage finance portfolio realised a small positive return from the sale of an investment and made three new investments in the first half of 2018.

Outlook

There remains considerable uncertainty around the details of the UK Government's strategy on how to leave the European Union, making its impact difficult to assess. The Board, therefore, continues to monitor the position closely.

MADG continues to put significant focus into the delivery of the critical phases of the complex engineering project. Excluding the long term contract for the UK C130 fleet, the order book stood at £306m, an increase of 21% from the year end position and is further supported by a number of pipeline opportunities across the business. We continue to follow a strategy to expand MADG's customer base internationally, so as to mitigate exposure to its traditional UK based market.

MMH has delivered a positive performance in the year to date. In the light of continued economic uncertainty, ongoing consumer confusion around diesel product and possible new vehicle supply constraints in the lead up to the implementation of the Worldwide Harmonised Light Vehicle Testing Procedures (WLTP) on 1 September 2018, its Board believes it is right to remain cautious regarding the balance of the year.

The Board remains committed to increasing shareholder value through operational improvements and selected growth opportunities, which are in line with the Group's strategic 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. These include: a decline in the general economic environment, budgetary pressures on UK and overseas military customers which might lead to a reduction in orders, the as yet unknown impact of Brexit and any significant delay and/or cost escalation in our most complex engineering project.

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 31st December, 2017.

Putting our
customers
above all else

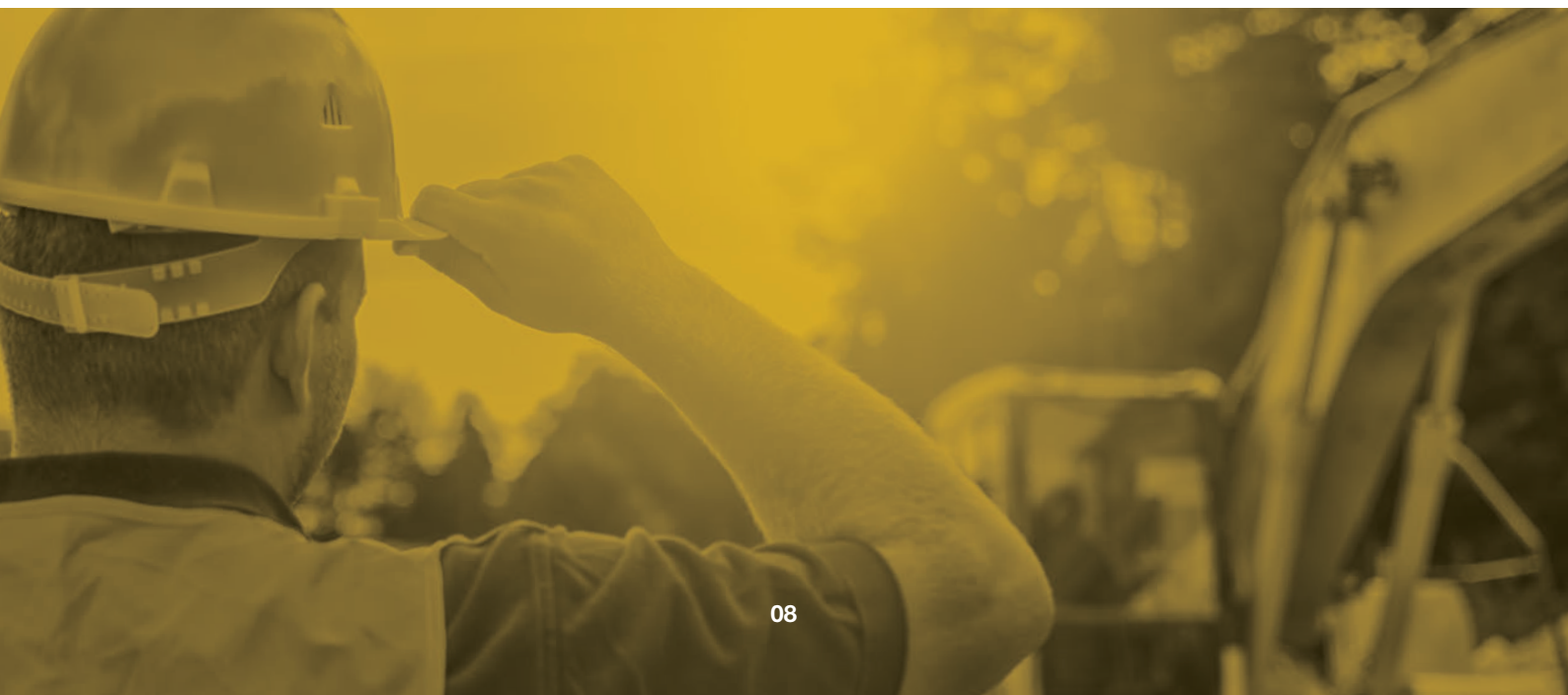




Consolidated Income Statement

for the six months ended 30th June, 2018

		Six months ended 30th June, 2018 (unaudited) £'000	Six months ended 30th June, 2017 (unaudited) £'000	Six months ended 30th June, 2017 (unaudited) £'000	Six months ended 30th June, 2017 (unaudited) £'000	Year ended 31st December, 2017 (audited) £'000
	Note	Total	Continuing operations	Discontinuing operations	Total	Total
GROUP REVENUE	2	1,311,297	1,330,383	29,021	1,359,404	2,603,602
Cost of sales		(1,118,459)	(1,160,542)	(24,425)	(1,184,967)	(2,245,405)
GROSS PROFIT		192,838	169,841	4,596	174,437	358,197
Net operating expenses		(172,285)	(177,410)	(9,300)	(186,710)	(358,540)
Other income		27,850	-	343	343	39,378
GROUP OPERATING PROFIT/(LOSS)		48,403	(7,569)	(4,361)	(11,930)	39,035
Net finance charges		(3,529)	(3,914)	(248)	(4,162)	(8,858)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	44,874	(11,483)	(4,609)	(16,092)	30,177
Analysed as:						
Underlying profit/(loss) before tax		19,331	21,946	(4,609)	17,337	28,143
Separately disclosed exceptional items	3	25,543	(33,429)	-	(33,429)	2,034
Tax (charge)/credit on profit/(loss) on ordinary activities		(10,051)	2,475	939	3,414	94
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		34,823	(9,008)	(3,670)	(12,678)	30,271
Attributable to:						
Owners of the parent		31,103	(13,044)	(4,353)	(17,397)	13,227
Non-controlling interests		3,720	4,036	683	4,719	17,044
		34,823	(9,008)	(3,670)	(12,678)	30,271
PROFIT/(LOSS) PER ORDINARY SHARE		52.0p	(22.7)p	(7.4)p	(30.1)p	21.1p
UNDERLYING EARNINGS/(LOSS) PER ORDINARY SHARE		16.6p	22.4p	(7.4)p	15.0p	31.4p



Balance Sheet

as at 30th June, 2018

	30th June, 2018 (unaudited) £'000	30th June, 2017 (unaudited) £'000	31st December, 2017 (audited) £'000
FIXED ASSETS			
Intangible assets	109,503	114,939	112,295
Tangible assets	223,345	294,862	218,182
Investments	5,180	4,194	4,810
TOTAL FIXED ASSETS	338,028	413,995	335,287
CURRENT ASSETS			
Stocks	377,887	407,658	428,668
Debtors	252,456	179,003	154,733
Cash at bank and in hand	9,802	11,451	19,662
Assets classified as held for resale	-	-	750
	640,145	598,112	603,813
CREDITORS: amounts falling due within one year			
Bank loans and overdrafts	(9,828)	(66,532)	(7,279)
Asset backed financing - Leasing	-	(30,680)	-
Other creditors	(643,050)	(600,920)	(599,141)
	(652,878)	(698,132)	(606,420)
NET CURRENT LIABILITIES	(12,733)	(100,020)	(2,607)
TOTAL ASSETS LESS CURRENT LIABILITIES	325,295	313,975	332,680
CREDITORS: amounts falling due after more than one year			
Bank loans and overdrafts	(6,145)	(6,595)	(6,466)
Asset backed financing - Leasing	-	(33,833)	-
Other creditors	(6,015)	(8,782)	(6,047)
	(12,160)	(49,210)	(12,513)
PROVISION FOR LIABILITIES	(32,738)	(61,070)	(72,253)
NET ASSETS BEFORE PENSION LIABILITY	280,397	203,695	247,914
PENSION LIABILITY	(11,533)	(17,460)	(12,333)
NET ASSETS	268,864	186,235	235,581
CAPITAL AND RESERVES			
Called up share capital	15,785	15,785	15,785
Share premium account	611	611	611
Capital redemption reserve	130	130	130
Cashflow hedge reserve	-	115	-
Profit and loss account	181,589	115,881	150,859
SHAREHOLDERS' FUNDS	198,115	132,522	167,385
Non-controlling interests	70,749	53,713	68,196
TOTAL CAPITAL EMPLOYED	268,864	186,235	235,581



Net Debt Reconciliation

as at 30th June, 2018

	30th June, 2018	30th June, 2017	Year ended 31st December, 2017
	(unaudited)	(unaudited)	(audited)
	£'000	£'000	£'000
Cash at bank and in hand	9,802	11,451	19,662
Bank loans and overdrafts due in less than one year	(9,828)	(97,212)	(7,279)
Bank loans and overdrafts due in more than one year	(6,145)	(40,428)	(6,466)
Net (debt)/cash at end of period	(6,171)	(126,189)	5,917



Upholding the
highest standards
of **integrity**
and fairness

Consolidated Statement of Cash Flows

for the six months ended 30th June, 2018

	Six months ended 30th June, 2018 (unaudited) £'000	Six months ended 30th June, 2017 (unaudited) £'000	Year ended 31st December, 2017 (audited) £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	5,293	25,238	61,541
INVESTING ACTIVITIES			
Income from investments	-	4	4
Interest received	44	54	165
Payments to acquire fixed assets and investments	(14,686)	(33,454)	(68,631)
Receipts from sales of fixed assets and investments	2,529	11,559	37,333
Receipts from sales of businesses/subsidiaries	589	-	44,382
Acquisition of non-controlling interest in subsidiaries	(50)	-	-
Acquisition of businesses	-	(77)	(77)
Net cash (outflow)/inflow from investing activities	(11,574)	(21,914)	13,176
FINANCING ACTIVITIES			
Bank and stock finance interest paid	(3,300)	(4,216)	(8,600)
Equity dividends paid	(372)	(2,144)	(4,010)
Dividends paid to non-controlling interests	(1,167)	(999)	(1,579)
Proceeds from borrowings	19,000	29,473	47,849
Repayment of borrowings	(16,772)	(32,493)	(106,579)
Settlement of exercised share awards	(968)	-	-
Net cash outflow from financing activities	(3,579)	(10,379)	(72,919)
(DECREASE)/ INCREASE IN CASH AT BANK AND IN HAND	(9,860)	(7,055)	1,798
CASH BALANCE AT START OF PERIOD	19,662	18,506	18,506
Effect of exchange rates on cash and cash resources	-	-	(642)
(Decrease)/increase in cash and cash equivalent	(9,860)	(7,055)	1,798
CASH BALANCE AT CLOSE OF PERIOD	9,802	11,451	19,662



Notes to the Interim Financial Statements

1. Basis of preparation

These unaudited statements have been prepared in compliance with applicable UK accounting standards.

2. Segmental Analysis

Revenue	Six months ended 30th June, 2018 (unaudited) £'000	Six months ended 30th June, 2017 (unaudited) £'000	Year ended 31st December, 2017 (audited) £'000
Aerospace and defence	126,713	137,299	295,411
Property	3,929	3,791	8,040
Ventures			
Motor retail	1,162,904	1,167,937	2,231,979
Fleet solutions	20,822	25,002	42,761
Ventures total	1,183,726	1,192,939	2,274,740
Consolidation adjustments	(3,071)	(3,646)	(24,205)
Continuing operations	1,311,297	1,330,383	2,553,986
Aerospace and defence	-	9,513	12,647
Leasing	-	19,508	36,969
Discontinued operations	-	29,021	49,616
Total	1,311,297	1,359,404	2,603,602

Profit/(loss) before taxation	Six months ended 30th June, 2018 (unaudited) £'000	Six months ended 30th June, 2017 (unaudited) £'000	Year ended 31st December, 2017 (audited) £'000
Aerospace and defence	6,071	(22,125)	(23,146)
Property	28,885	1,605	17,523
Ventures			
Motor retail	14,248	14,298	14,798
Fleet solutions	(621)	(829)	(2,811)
Ventures total	13,627	13,469	11,987
Unallocated central costs	(3,709)	(4,432)	(7,935)
Continuing operations	44,874	(11,483)	(1,571)
Aerospace and defence	-	(6,969)	(10,309)
Leasing	-	2,360	42,057
Discontinued operations	-	(4,609)	31,748
Total	44,874	(16,092)	30,177

Notes to the Interim Financial Statements

3. Separately disclosed exceptional items

	Six months ended 30th June, 2018 (unaudited) £'000	Six months ended 30th June, 2017 (unaudited) £'000	Year ended 31st December, 2017 (audited) £'000
Amortisation of intangible fixed assets	(2,568)	(2,486)	(4,765)
Impairment of tangible fixed assets	-	-	(1,601)
Provision for losses on complex programme*	-	(30,943)	(30,943)
Restructuring costs	-	-	(13,120)
Profit on disposal of tangible fixed asset - property	28,111	-	14,112
From continuing operations	25,543	(33,429)	(36,317)
From discontinuing operations - Leasing	-	-	38,351
Separately disclosed exceptional items	25,543	(33,429)	2,034

* included within cost of sales in the Income Statement. All other items are included within net operating expenses.

The Group has incurred a number of exceptional material items, whose significance is sufficient to warrant separate disclosure.

The key elements included within separately disclosed items are:

- Charges for amortisation of acquired intangible assets and impairment of tangible fixed assets;
- Provision for losses anticipated on the completion of a major complex project within MADG;
- Other costs relating to organisational restructuring; and
- Exceptional profit on transfer of land.

Recognising
that **people**
are at the heart
of our success



www.marshallgroup.co.uk



Notes to the Interim Financial Statements

4. Interim dividend

The Board has approved the payment of a maintained dividend of 1.0p per share on both Ordinary and NVPO shares, together with priority dividends of 2.0p per share on the NVPO shares. These dividends will be paid on 14th December, 2018 to all shareholders who are on the register of shareholders as at 23rd November, 2018.

5. Share prices

The market prices of the Group's shares at 30th June, 2018 were:

Marshall of Cambridge (Holdings) Ltd

Non-voting priority ordinary shares of 12.5p each – 242.0p (31st December, 2017 – 205.0p)

Marshall Motor Holdings plc

Ordinary shares of 64.0p each – 168.0p (31st December, 2017 – 167.5p)







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