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Marshall of Cambridge (Holdings) Limited
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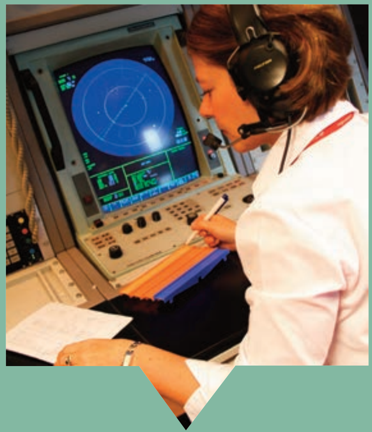
Interim Financial Statements



Marshall of Cambridge (Holdings) Limited

Six months ended 30th June 2012

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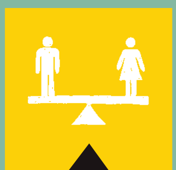


Upholding the highest standards of integrity and fairness.

Putting our customers above all else.

Recognising that people are at the heart of our success.

Maintaining competitive edge through innovation and creativity.

Chairman’s Statement

I am pleased to present this inaugural issue of our interim Financial Statements which are designed to report our half year results and to update you with our performance so far this year, together with other key changes and developments since our Annual General Meeting in May.

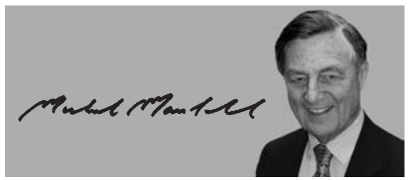
Trading has inevitably been difficult, particularly in motor retail and in land systems, but there has been a sound first half performance within aerospace giving a good platform on which to build for the rest of the year. Our HIOS and TRIOS contracts are progressing well, and we have commenced avionic testing on the fourth RNLAF aircraft which is still on track to meet its targeted completion date.

To create further efficiencies and address the defence market in a more co-ordinated manner, we are merging our Marshall Aerospace and Marshall Land Systems businesses into an enlarged Marshall Aerospace and Defence Group.

The first half-year saw the acquisition of the business of F Cross & Son which brought Volkswagen to the Group for the first time with outlets in Scunthorpe and Grimsby together with Kia in Scunthorpe. In April, Jaguar in Lincoln was also acquired and I am pleased with the progress in growing all our motor group businesses including Leasing which continues to perform well.

In his new role as Chief Executive of the Group, Robert is working hard on his plan for a new and exciting era in Marshall’s history with a number of promising initiatives.

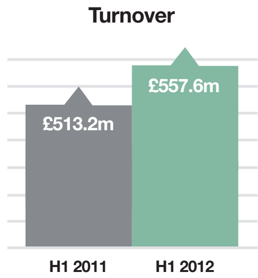
The Board has agreed that, in line with the previous year and considering likely prospects for the rest of the year, the 2p priority dividend should be paid on the NVPO shares together with an interim payment of 0.5p on both Ordinary and NVPO shares. These payments will be made to all shareholders on the register at 30th November 2012 on Friday 21st December 2012.

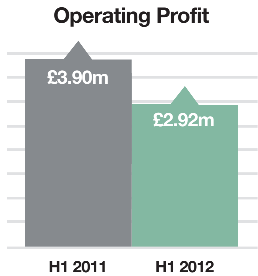


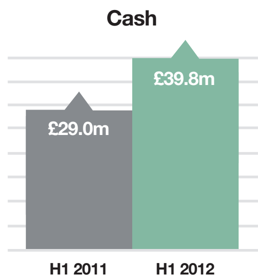
Sir Michael Marshall
30th October 2012

Operational & Financial Performance

The Group recorded a reduced profit before tax of £1.87m for the first six months of 2012 compared with £3.1m in the equivalent period in 2011, although, encouragingly, this was above the budget prediction for the first half. Action has been taken to remove loss-making businesses and to restructure the Group and its cost base in the first half of the year. This programme will continue in the second half, so as to position the Group better for the future. We have recently announced the proposed restructuring of our two defence businesses into a new Marshall Aerospace and Defence Group which will operate from the beginning of 2013. The first half also experienced strong cash inflows and we ended the first half with gross cash balances of £39.8m.







Motor retail

The new car market has seen a 2.7% increase in vehicle registrations in the first half of 2012 whilst Marshall Motor Group has produced an increase in like-for-like retail sales of 3% and 11% overall. We have also seen strong growth in used car sales which are 11% up in total and 4.8% up on a like for like basis. Service absorption rates continue to drop in line with the industry trend and unit margins are lower than those achieved last year reflecting subdued consumer spending. Overall performance is in line with the Board's expectations.

Our Leasing business continues to perform strongly, adding new vehicles to its growing fleet and is in line to produce another good year's results.

Aerospace and Defence

Marshall Aerospace has made good operational progress in the first half of the year, with sales up 2% like for like, and robust contract performances, particularly in HIOS and TRIOS. Underlying margins have also improved and the order book remains strong, with HIOS now secured until 2015. Significant investment in business development and composite infrastructure is expected to help secure the order pipeline going forward and a number of customer decisions are imminent. This business continues to perform in line with the Board's expectations. Continued delays by customers in placing or confirming orders with Marshall Land Systems have had a significant impact on its profitability and the timing of order wins remains a key factor whilst any failure to win contracts will directly impact on current and future prospects.

"Changing the Gear" while holding the Values

We launched our leadership development programme in May and our second full Great Place to Work™ survey was completed in June and July with the initial results showing improvement in a number of our business areas. Our focus on performance and strong cash flows has continued in the first half-year and we are looking to build on this in the second half whilst we work on developing our business plans so as to exploit our property assets.

Outlook

Both the new and used car markets remain challenging, and industry service absorption levels are now at an all time low, with a further decline predicted. However, we remain confident that while current market conditions make the process of turning around underperforming businesses more challenging, the necessary progress, boosted by recent acquisitions, is being made to deliver the strategic objectives. We anticipate reasonable growth in underlying revenue and profit within our aerospace business, but the budgetary pressures which our land systems customers are experiencing makes the timing of conversion into firm orders especially difficult to predict.

The Board's priority remains to increase shareholder value through operational improvements and strategic growth, including by acquisition, although there are no imminent acquisition prospects for the second half.

Risks & Uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and which could cause actual results to differ materially from expected and historical results. For the remainder of the year the Board considers that the main areas of risk and uncertainty which could impact profitability are the general economy, used car prices, consumer demand and budgetary pressures on UK and overseas military customers. The directors do not consider that the underlying principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2011.

GROUP PROFIT AND LOSS ACCOUNT

for the six months ended 30th June 2012

	Six months ended 30th June 2012 (unaudited) £'000	Six months ended 30th June 2011 (unaudited) £'000	Year ended 31st Dec 2011 (audited) £'000
GROUP TURNOVER: continuing operations	**557,647**	**513,204**	**1,002,747**
Cost of sales	(460,982)	(418,955)	(819,128)
GROSS PROFIT	**96,665**	**94,249**	**183,619**
Distribution and selling costs, administrative expenses and other operating income	(93,748)	(90,349)	(174,253)
GROUP OPERATING PROFIT: continuing operations	**2,917**	**3,900**	**9,366**
Profit on disposal of tangible fixed assets	-	-	622
PROFIT ON ORDINARY ACTIVITIES BEFORE INVESTMENT INCOME, INTEREST AND TAXATION	**2,917**	**3,900**	**9,988**
Income from investments and interest receivable	159	79	244
Interest payable and similar charges	(1,206)	(860)	(1,706)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**1,870**	**3,119**	**8,526**
Tax on profit on ordinary activities	(561)	(967)	(1,843)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	**1,309**	**2,152**	**6,683**
Minority interests	-	-	12
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF THE PARENT COMPANY	**1,309**	**2,152**	**6,695**
BASIC AND DILUTED EARNINGS PER ORDINARY SHARE	**1.6p**	**3.0p**	**10.1p**
ORDINARY DIVIDENDS PER SHARE FOR THE YEAR	**N/A**	**N/A**	**1.75p**
NVPO DIVIDENDS PER SHARE FOR THE YEAR	N/A	N/A	3.75p

Basis of preparation

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 2011 and have been applied consistently to all periods represented in these financial statements.

GROUP STATEMENT OF CASH FLOWS

for the six months ended 30th June 2012

	Six months ended 30th June 2012 (unaudited) £'000	Six months ended 30th June 2011 (unaudited) £'000	Year ended 31st Dec 2011 (audited) £'000
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	34,385	(920)	13,443
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from investments and interest receivable	159	79	244
Interest paid	(1,206)	(860)	(1,884)
	(1,047)	(781)	(1,640)
CORPORATION TAX PAID	-	(1,389)	(3,528)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire intangible fixed assets and investments	-	-	(103)
Payments to acquire tangible fixed assets and investments	(13,762)	(12,213)	(35,235)
Receipts from sales of tangible fixed assets	2,899	2,856	7,120
	(10,863)	(9,357)	(28,218)
ACQUISITIONS AND DISPOSALS			
Acquisition of businesses	(3,390)	(1,131)	(1,254)
Payment of deferred consideration on acquisition	-	-	(1,316)
	(3,390)	(1,131)	(2,570)
EQUITY DIVIDENDS PAID	(1,105)	(372)	(2,494)
NET CASH INFLOW / (OUTFLOW) BEFORE FINANCING	17,980	(13,950)	(25,007)
FINANCING			
New loans	6,770	9,332	26,570
Repayment of loans	(9,844)	(15,118)	(25,331)
Repayment of capital element of finance leases	-	-	(57)
	(3,074)	(5,786)	1,182
INCREASE / (DECREASE) IN CASH AT BANK AND IN HAND	**14,906**	**(19,736)**	**(23,825)**
CASH BALANCE AT START OF PERIOD	24,905	48,730	48,730
INCREASE / (DECREASE) IN CASH AT BANK AND IN HAND	14,906	(19,736)	(23,825)
CASH BALANCE AT CLOSE OF PERIOD	**39,811**	**28,994**	**24,905**