# Aston Martin Holdings (UK) Limited

## Interim financial report

**for the period ended 30 September 2014**

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**for the period ended 30 September 2014**

***Business review and outlook***

The Aston Martin brand is one of the most widely recognised sports car brands with a one hundred and one year history of technical automotive performance and a high standard of styling and design. Our portfolio of cars is one of the most diversified offerings in the high luxury sport ("HLS") segment. We currently have six models in our product range: V8 Vantage (including the V8 Vantage S), V12 Vantage S, DB9, Vanquish, Rapide S and Zagato. Some of these models are available in different model types, including engine sizes, as well as in coupe and convertible models. All of our models are sports cars. For the twelve months ended 30 September 2014, we sold 3,757 cars.

Our primary production facility is located in Gaydon, UK. The Gaydon facility was opened in 2003, developed for the specific needs of Aston Martin and is one of Europe's most modern automotive manufacturing facilities and one of the most advanced manufacturing facilities in the HLS segment. We manufacture all of our models in Gaydon.

Our total sales (excluding Cygnet) in the third quarter of 2014 were 882 vehicles (1020 in the third quarter of 2013).

**Average prices**

| | For the three months ended 30 September 2014 | For the year ended 31 December 2013 | For the three months ended 30 September 2013 |
|---|---|---|---|
| Average car sale price in £ thousands | 111 (1) | 126 (1) | 127 (1) |

(1) Excludes Cygnet, One-77 & Zagato models

**Sales volumes**

| | For the three months ended 30 September 2014 | For the year ended 31 December 2013 | For the three months ended 30 September 2013 |
|---|---|---|---|
| V8 | 278 | 996 | 317 |
| V12 | 604 | 2,808 | 703 |
| Cygnet | - | 100 | 26 |
| Total | 882 | 3,904 | 1,046 |

***Recent developments and factors affecting comparability***

On 30 April 2014 the group acquired an additional 10% of the share capital Aston Martin Works Limited for a consideration of £100, increasing its interest in the ordinary share capital of the company from 40% to 50%. Previously, Aston Martin Works Limited was accounted for as an associated company using the equity method of accounting, but following the increase in the shareholding to 50% it became a subsidiary and has been fully consolidated from 1 May 2014. In accordance with IFRS, for accounting purposes this transaction has been treated as a disposal of a 40% interest and the acquisition of a new 50% interest giving rise to a gain on the disposal of the associated company of £1,706,000 which has been treated as a non-recurring item. From 1 May 2014 the condensed consolidated statement of comprehensive income includes all revenues and costs of Aston Martin Works Limited whilst the condensed consolidated statement of financial position shows all assets and liabilities.

On 31 July 2014 Aston Martin Lagonda Limited, a wholly owned indirect subsidiary of Aston Martin Holdings (UK) Limited, signed an electric/electronic (E/E) component supply agreement with Daimler AG. This important agreement is the third stage in the technical partnership with Daimler AG and follows the umbrella agreement and engine supply agreement. This resulted in further shares being issued to Daimler AG in September 2014 giving them non-voting shares of approximately 5% of the equity of the company.

On 1 October 2014, Andrew Palmer joined the group as Chief Executive Officer, to lead Aston Martin in its next phase of technology and product creation and has assumed operational responsibility for all aspects of the business. Dr. Palmer joined Aston Martin from Nissan Motor Corporation where he served as Chief Planning Officer, Executive Vice President and member of the Executive Committee.

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**Financial review - income statement**

***Revenue***

Revenue was £111.0m for the three months ended 30 September 2014, as compared to £141.2m for the three months ended 30 September 2013, a decrease of £30.2m or 21.4%, giving revenue of £320.5m for the nine months as compared to £352.7m in 2013, a decrease of £32.2m or 9.1%. This decrease in revenue arose from vehicle volumes decreasing by 164 units or 15.7% to 882 units in the 2014 quarter as compared to 1,046 in the third quarter of 2013, resulting in vehicle sales being 147 units lower in the year to date at 2,547 units as compared to 2,694 in 2013, a decrease of 5.5%. Revenue did benefit from an improved model mix with V12 sales comprising 68.5% of volumes in the quarter and 70.6% in the nine months as compared to 67.2% and 69.3% in the 2013 quarter and nine months respectively. However, market mix suffered with China sales down in both the quarter and year to date due to the warranty recall issue and revenue also reduced due to adverse exchange impact, leading to the average wholesale price per vehicle (excluding Cygnet, One-77 and Zagato) in the quarter decreasing to £111,000 in 2014 from £127,000 in 2013 and to £113,000 from £124,000 in the year to date.

***Cost of sales***

Cost of sales were £76.2m for the three months ended 30 September 2014, as compared to £94.1m for the three months ended 30 September 2013, a decrease of £17.9m or 19.0%. In the nine months the equivalent decrease was £23.6m or 10.0%, as cost of sales decreased to £213.1m in 2014 as compared to £236.7m in 2013.

Material costs for the three months ended 30 September 2014 decreased to £51.8m or 46.7% of revenue as compared to £57.7m or 40.9% of revenue for the same period in 2013. Similarly, material costs for the nine months in 2014 decreased by £7.2m to £148.0m or 46.2% of revenue as compared to £155.2m or 44.0% of revenue in 2013. The percentage increases in 2014 over 2013 are reflective of changes in model mix and market mix highlighted above.

Direct labour for the three months ended 30 September 2014 was £4.7m or 4.2% of revenue compared to £4.9m or 3.5% of revenue in the three months to 30 September 2013. The corresponding figures for the nine months were £13.8m or 4.3% of revenue in 2014 and £15.0m or 4.3% of revenue in 2013. The decrease in absolute terms in the quarter and nine months has arisen from the lower volumes. Whilst the higher percentage in the quarter has resulted from temporary inefficiencies from factory changes and expansion in advance of future new model launches.

Other cost of sales for the three months ended 30 September 2014 were £19.7m or 17.7% of revenue, compared to £31.5m or 22.3% of revenue for the three months ended 30 September 2013. In the nine months in 2014 there was a decrease of £15.2m to £51.3m or 16.0% of revenue from £66.5m or 18.9% of revenue in 2013. The absolute and percentage decreases in the quarter and year to date have arisen from exchange gains due to favourable exchange movements as compared to exchange losses in 2013, and lower duty and distribution costs due to decreased sales to deep sea markets and to China in particular as referred to above.

***Gross profit***

The gross profit was £34.8m or 31.3% of revenue for the three months ended 30 September 2014, as compared to £47.2m or 33.4% for the three months ended 30 September 2013. In the nine months gross profit was £107.4m or 33.5% of revenue in 2014 as compared to £116.0m or 32.9% of revenue in 2013. The most significant factor in the absolute reductions in gross profit in both the quarter and year to date is the lower volumes. The gross profit percentage was lower in the quarter primarily as a result of reduced sales in China whilst in the year to date the gross profit percentage is slightly higher due to duty and distribution cost savings.

***Selling and distribution expenses***

Selling and distribution expenses were £7.7m for the three months to 30 September 2014, as compared to £9.2m for the three months to 30 September 2013, a decrease of £1.5m, and £24.2m for the nine months as compared to £25.6m in 2013, a decrease of £1.4m. The savings in 2014 have arisen as in 2013 there were the launches of the new Rapide S, V12 Vantage S and Vanquish Volante models, as well as events associated with the centenary of the group, and the Frankfurt Motor Show, a biennial event. In contrast, 2014 has seen a lower level of activity with the launch of the N430 and a special edition V8 Vantage. In addition costs have been incurred at the Goodwood Festival of Speed and promoting the brand in China.

***Administrative and other expenses***

Administrative and other expenses were £36.6m for the three months to 30 September 2014, as compared to £28.9m for the three months to 30 September 2013, an increase of £7.7m, whilst the nine months saw an increase of £11.5m from £92.8m to £104.3m. Included in the nine month figures were non recurring items relating to a gain on the disposal of the associated company of £1.7m in 2014 and costs of £6.7m in 2013 in relation to the capital increase. Adjusting for these items recurring costs in the nine months increased by £19.9m from £86.1m in 2013 to £106.0m in 2014. Depreciation and amortisation increased by £2.5m in the quarter and £9.4m in the nine months as a result of the full year effect of the launch of new models in 2013 and the part year effect of new launches in 2014, resulting in the commencement of a charge for both the tooling and research and development costs. The engineering costs charged to revenue increased by £5.1m in the quarter and £9.5m in the year to date arising from early stage costs for future new models which do not meet the capitalisation criteria.

***Operating (loss) / profit***

The operating loss was £(9.5)m in the three months ended 30 September 2014, as compared to a profit of £9.0m in the three months to 30 September 2013, a deterioration of £(18.5)m. The nine months saw an operating loss of £(21.0)m in 2014 as compared to £(2.3)m in 2013, a deterioration of £(18.7)m. However, in particular, the nine month figures are distorted by non-recurring items. Adjusting for these items the underlying loss was £(22.7)m in 2014 as compared to a profit of £4.4m in 2013, a deterioration of £(27.1)m. These reductions primarily arose from reduced levels of gross profit due to lower volumes and increased fixed costs arising from higher depreciation and amortisation charges and engineering costs arising from the group's high level of investment in new products.

***Finance (expense) / income***

The net finance expense was £(22.0)m in the three months to 30 September 2014, as compared to a net finance income of £0.6m in the corresponding quarter of 2013, an increase of £(22.6)m. In the nine months the net finance expense was £(35.4)m as compared to £(21.4)m in 2013, an increase of £(14.0)m. The increase in the net expense in the quarter was primarily due to a net loss on fair value adjustments on foreign exchange hedges of £(6.0)m in 2014 as compared to a net gain of £8.6m in 2013, arising from a strengthening of the US$ in 2014 as compared to a weakening in 2013, coupled with a net loss of £(5.6)m on the translation of the $165m of Senior Subordinated PIK Notes. Other net finance expense increased to £(10.4)m in the 2014 quarter as compared to £(8.0)m in 2013 due to the interest cost associated with the PIK Notes. The nine months of 2014 saw a net loss on the fair value adjustments of £(3.8)m as compared to a net gain of £2.8m in 2013 for the same reason as in the quarter, whilst the loss on the translation of the PIK Notes was £(2.4)m. The overall effect of other movements in net interest expense was to increase costs from £(24.3)m in 2013 to £(29.3)m in 2014 also due to the interest cost of the PIK Notes.

***Income tax credit***

There income tax credit was £1.6m in the three months to 30 September 2014 as compared to £1.7m in the three months to 30 September 2013 representing rates of 5.1% and 17.9% respectively of the result before tax. In the nine months the tax credit was £6.3m in 2014 as compared to £9.2m in 2013 being 11.1% and 39.0% of the loss before tax respectively. The credit in 2014 is based on an estimate of the full year effective rate and is below the applicable UK corporation tax rate for the year of 21.5% as a result of credit not being taken for losses, the utilisation of which is not certain. In 2013 the tax credit benefitted from a reduction in the historic provision for deferred tax liabilities from 23% to 20% following the enactment of the Finance Bill in July 2013. Please refer to note 5 for more information on income tax.

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**Financial review - cash flow statement**

The three months to 30 September 2014 saw a net cash outflow of £(40.4)m, compared to an outflow of £(20.9)m in the three months to 30 September 2013. The equivalent nine month periods saw an outflow of £(0.2)m in 2014 as compared to an inflow of £13.3m in 2013. The cash balance at 30 September 2014 was £74.4m, as compared to £63.7m as at 30 September 2013.

***Cash flow from operating activities***

Cash generated from operating activities was £7.8m in the three months to 30 September 2014 as compared to £22.1m in the equivalent three month period to 30 September 2013. In the nine months to 30 September 2014 we generated £18.3m of cash as compared to using £(6.6)m in 2013. The 2013 figures for the nine months are distorted by the £25.0m advance deposit for the capital increase received in December 2012 and recorded in other payables, being transferred to equity in the second quarter of 2013. After adjusting for this item the cash generation was £18.4m in the nine months of 2013, almost identical to 2014. The year on year deterioration in the quarter is primarily due to the adverse profit performance of £(41.2)m, although a significant proportion of this is offset by non cash items within the result for the period, in particular interest costs in relation to fair value and exchange adjustments and increases in depreciation and amortisation charges, reducing the cash effect to £(15.0)m. The increases in working capital were broadly the same being £(1.4)m in the 2014 quarter as compared to £(2.3)m in 2013. In the year to date, the adjusted cash generation is almost identical with the adverse trading performance in 2014 being offset by a smaller increase in working capital.

***Cash flow from investing activities***

Net cash used in investing activities increased to £38.2m in the three months to 30 September 2014, as compared to £25.1m in the three months to 30 September 2013, and increased to £92.2m from £63.0m in the nine month period. The majority of the increase arose from expenditure on intangible assets which increased to £30.3m and £78.4m respectively in the quarter and year to date in 2014 from £21.3m and £54.0m in the respective 2013 periods. This is a continuation of the group implementing its biggest investment strategy in its history to bring a complete range of new vehicles to market. The quarter and year to date also saw £4.4m in intangible assets for the acquisition of technology from Daimler. As we move nearer to the launch of these vehicles the emphasis will move from expenditure on intangible to tangible assets. The year to date also includes an inflow of £1.3m which was the cash in the Works Service business upon the acquisition of a further 10% of its equity on 30 April 2014. This resulted in the company becoming a subsidiary as opposed to an associate and therefore being fully consolidated.

***Cash flow from financing activities***

Net cash used in financing activities was £(11.8)m in the three months to 30 September 2014, as compared to £(16.5)m in the three months to 30 September 2013. The nine months to 30 September 2014 saw net cash generated of £74.0m as compared to £83.2m in 2013. The major reason for the lower cash usage of £4.8m in the quarter was the proceeds from the Daimler AG share issue of £4.4m. In the nine months in 2014 the major items were the group raising £97.3m ($165m) from the issue of Senior Subordinated PIK Notes due for repayment in July 2018 as well as £8.2m from the issue of new shares. In comparison the nine month period in 2013 had seen £150.0m raised from the issue of new shares to Investindustrial via Prestige Motor Holdings S.A.

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**Responsibility statement of the directors in respect of the interim financial report**

The undersigned certifies on behalf of Aston Martin Holdings (UK) Limited (the "Company") that to the best of our knowledge the condensed set of consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and fairly represent the financial condition and operations of the Aston Martin Holdings (UK) Limited group as at 30 September 2014.

Pursuant to clause 21.3 (b) of the Company's Revolving Credit Facility Agreement with Deutsche Bank AG, London Branch acting as Agent.

Hanno Kirner
Chief Financial Officer

20 November 2014

**Condensed consolidated statement of comprehensive income**
**for the period ended 30 September 2014**

| | Notes | 9 months ended 30 September 2014 | 3 months ended 30 September 2014 | 9 months ended 30 September 2013 | 3 months ended 30 September 2013 |
|---|---|---|---|---|---|
| | | **£'000** | **£'000** | £'000 | £'000 |
| **Revenue** | 2 | **320,524** | **111,033** | 352,710 | 141,229 |
| Cost of sales | | **(213,099)** | **(76,249)** | (236,701) | (94,058) |
| **Gross profit** | | **107,425** | **34,784** | 116,009 | 47,171 |
| Selling and distribution expenses | | **(24,167)** | **(7,716)** | (25,625) | (9,239) |
| Administrative and other expenses | | **(104,314)** | **(36,556)** | (92,793) | (28,886) |
| Share of result in associate | | **32** | **-** | 117 | - |
| **Operating (loss) / profit** | | **(21,024)** | **(9,488)** | (2,292) | 9,046 |
| **Analysed as :** | | | | | |
| Gain on the disposal of an associated company | 7,12 | **(1,706)** | **-** | - | - |
| Professional fees relating to capital increase | 7 | **-** | **-** | 6,663 | (76) |
| Underlying operating (loss) / profit* | 7 | **(22,730)** | **(9,488)** | 4,371 | 8,970 |
| **Operating (loss) / profit** | | **(21,024)** | **(9,488)** | (2,292) | 9,046 |
| Finance income | 3 | **1,900** | **606** | 4,657 | 9,009 |
| Finance expense | 4 | **(37,346)** | **(22,559)** | (26,084) | (8,392) |
| **Net financing (expense) / income** | | **(35,446)** | **(21,953)** | (21,427) | 617 |
| **(Loss) / profit before tax** | | **(56,470)** | **(31,441)** | (23,719) | 9,663 |
| **Income tax credit** | 5 | **6,252** | **1,597** | 9,241 | 1,731 |
| **(Loss) / profit for the period** | | **(50,218)** | **(29,844)** | (14,478) | 11,394 |
| **Other comprehensive income / (expense)** | | | | | |
| **Items that will never be reclassified to profit or loss** | | | | | |
| Remeasurement of defined benefit asset | | **(10,106)** | **(14,622)** | 3,364 | (1,335) |
| Related income tax | | **2,021** | **2,924** | (673) | 408 |
| | | **(8,085)** | **(11,698)** | 2,691 | (927) |
| **Items that are or maybe reclassified to profit or loss** | | | | | |
| Foreign exchange translation differences | | **(528)** | **189** | (84) | (318) |
| **Other comprehensive (expense) / income for the period, net of income tax** | | **(8,613)** | **(11,509)** | 2,607 | (1,245) |
| **Total comprehensive (expense) / income for the period** | | **(58,831)** | **(41,353)** | (11,871) | 10,149 |
| **(Loss) / profit attributable to:** | | | | | |
| Owners of the group | | **(50,214)** | **(29,891)** | (14,478) | 11,394 |
| Non-controlling interests | | **(4)** | **47** | - | - |
| | | **(50,218)** | **(29,844)** | (14,478) | 11,394 |
| **Total comprehensive (expense) / income attributable to:** | | | | | |
| Owners of the group | | **(58,827)** | **(41,400)** | (11,871) | 10,149 |
| Non-controlling interests | | **(4)** | **47** | - | - |
| | | **(58,831)** | **(41,353)** | (11,871) | 10,149 |

* underlying operating (loss) / profit represents operating (loss) / profit excluding non-recurring items.

Notes on pages 11 to 13 form an integral part of the financial statements.

**Condensed consolidated statement of changes in equity**

| *Group* | Share capital £'000 | Share premium £'000 | Capital reserve £'000 | Translation reserve £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|
| **At 1 July 2013** | **3** | **341,511** | **92,964** | **578** | **(43,943)** | **391,113** |
| **Total comprehensive income for the period** | | | | | | |
| **Profit** | - | - | - | - | **11,394** | **11,394** |
| **Other comprehensive income** | | | | | | |
| Foreign currency translation differences | - | - | - | (318) | - | (318) |
| Remeasurement of defined benefit (liability) / asset (note 11) | - | - | - | - | (1,335) | (1,335) |
| Income tax on other comprehensive income | | | | | 408 | 408 |
| **Total other comprehensive income / (expense)** | - | - | - | **(318)** | **(927)** | **(1,245)** |
| **Total comprehensive income / (expense) for the period** | - | - | - | **(318)** | **10,467** | **10,149** |
| **At 30 September 2013** | 3 | 341,511 | **92,964** | **260** | **(33,476)** | **401,262** |

| *Group* | Share capital £'000 | Share premium £'000 | Capital reserve £'000 | Translation reserve £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|
| **At 1 January 2013** | **2** | **191,512** | **92,964** | **344** | **(21,689)** | **263,133** |
| **Total comprehensive income for the period** | | | | | | |
| **Loss** | - | - | - | - | **(14,478)** | **(14,478)** |
| **Other comprehensive income** | | | | | | |
| Foreign currency translation differences | - | - | - | (84) | - | (84) |
| Remeasurement of defined benefit (liability) / asset (note 11) | - | - | - | - | 3,364 | 3,364 |
| Income tax on other comprehensive income | | | | | (673) | (673) |
| **Total other comprehensive income / (expense)** | - | - | - | **(84)** | **2,691** | **2,607** |
| **Total comprehensive income / (expense) for the period** | - | - | - | **(84)** | **(11,787)** | **(11,871)** |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| Capital increase | 1 | 149,999 | - | - | - | 150,000 |
| **Total transactions with owners** | **1** | **149,999** | - | - | - | **150,000** |
| **At 30 September 2013** | 3 | **341,511** | **92,964** | **260** | **(33,476)** | 401,262 |

**On 30 April 2013 the company issued 1,142,696 shares with a par value of £0.001p per share for a consideration of £150,000,000 to Prestige Motor Holdings S.A.**

## Condensed consolidated statement of changes in equity (continued)

| *Group* | Share capital | Share premium | Capital reserve and Non-controlling interests | Translation reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **At 1 July 2014** | **3** | **362,046** | **98,419** | **(553)** | **(52,165)** | **407,750** |
| **Total comprehensive income for the period** | | | | | | |
| **Loss** | - | - | - | - | **(29,891)** | **(29,891)** |
| **Other comprehensive income** | | | | | | |
| Foreign currency translation differences | - | - | - | 189 | - | 189 |
| Remeasurement of defined benefit (liability) / asset (note 11) | - | - | - | - | (14,622) | (14,622) |
| Income tax on other comprehensive income | - | - | - | - | 2,924 | 2,924 |
| **Total other comprehensive expense** | - | - | - | **189** | **(11,698)** | **(11,509)** |
| **Total comprehensive income / (expense) for the period** | - | - | - | **189** | **(41,589)** | **(41,400)** |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| Capital increase | - | 4,417 | - | - | - | 4,417 |
| **Total transactions with owners** | - | **4,417** | - | - | - | **4,417** |
| **Acquisition of subsidiary with non-controlling interests (note 12)** | - | | - | | **47** | **47** |
| **At 30 September 2014** | **3** | **366,463** | **98,419** | **(364)** | **(93,707)** | **370,814** |

In September 2014 a further 33,650 shares with a par value of £0.001p per share were issued to Daimler AG for a consideration of £4,417,000.

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,355,000 of Non-controlling interest relating to the acquisition of an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited. See note 12 for further details.

| *Group* | Share capital | Share premium | Capital reserve and Non-controlling interests | Translation reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **At 1 January 2014** | **3** | **358,296** | **92,964** | **164** | **(35,404)** | **416,023** |
| **Total comprehensive income for the period** | | | | | | |
| **Loss** | | | | | **(50,214)** | **(50,214)** |
| **Other comprehensive income** | | | | | | |
| Foreign currency translation differences | | | | (528) | | (528) |
| Remeasurement of defined benefit (liability) / asset (note 11) | | | | | (10,106) | (10,106) |
| Income tax on other comprehensive income | | | | | 2,021 | 2,021 |
| **Total other comprehensive income / (expense)** | | | | **(528)** | **(8,085)** | **(8,613)** |
| **Total comprehensive expense for the period** | | | | **(528)** | **(58,299)** | **(58,827)** |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| Capital increase | - | 8,167 | - | - | - | 8,167 |
| **Total transactions with owners** | - | **8,167** | - | - | - | **8,167** |
| **Acquisition of subsidiary with non-controlling interests (note 12)** | - | - | **5,455** | - | **(4)** | **5,451** |
| **At 30 September 2014** | **3** | **366,463** | **98,419** | **(364)** | **(93,707)** | **370,814** |

In April 2014 a further 76,180 ordinary shares were issued to Prestige Motor Holdings S.A, which is controlled by Investindustrial V L.P., for a consideration of £3,750,000.

In September 2014 a further 33,650 shares with a par value of £0.001p per share were issued to Daimler AG for a consideration of £4,417,000.

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,355,000 of Non-controlling interest relating to the acquisition of an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited. See note 12 for further details.

**Condensed consolidated statement of financial position**
**at 30 September 2014**

| | | As at 30.09.14 £'000 | As at 30.09.13 £'000 | As at 31.12.13 £'000 |
|---|---|---|---|---|
| ***Non-current assets*** | | | | |
| Intangible assets | | **612,620** | 546,024 | 570,942 |
| Property, plant and equipment | | **177,206** | 186,561 | 180,809 |
| Investments in associates | | **-** | 1,800 | 1,962 |
| Other financial assets | | **306** | 1,306 | 1,542 |
| Deferred tax asset | | **23,016** | 16,492 | 23,016 |
| Employee benefits | 11 | **-** | 788 | 1,886 |
| | | **813,148** | 752,971 | 780,157 |
| ***Current assets*** | | | | |
| Inventories | | **101,432** | 84,973 | 69,965 |
| Trade and other receivables | | **53,226** | 34,025 | 40,350 |
| Other financial assets | | **1,570** | 1,561 | 3,108 |
| Cash and cash equivalents | 8 | **74,436** | 63,665 | 74,653 |
| | | **230,664** | 184,224 | 188,076 |
| ***Total assets*** | | **1,043,812** | 937,195 | 968,233 |
| **Current liabilities** | | | | |
| Borrowings | 8 | **11,652** | 5,930 | 13,854 |
| Trade and other payables | | **146,224** | 131,032 | 130,566 |
| Income tax payable | | **159** | 154 | 936 |
| Other financial liabilities | | **2,089** | 800 | 253 |
| Provisions | 10 | **6,615** | 6,606 | 7,678 |
| | | **166,739** | 144,522 | 153,287 |
| **Non-current liabilities** | | | | |
| Borrowings | 8 | **405,053** | 296,355 | 296,765 |
| Other financial liabilities | | **1,262** | 179 | 45 |
| Employee benefits | 11 | **7,738** | - | - |
| Provisions | 10 | **8,041** | 7,698 | 9,297 |
| Deferred tax liabilities | | **84,165** | 87,179 | 92,816 |
| | | **506,259** | 391,411 | 398,923 |
| ***Total liabilities*** | | **672,998** | 535,933 | 552,210 |
| ***Net assets*** | | **370,814** | 401,262 | 416,023 |
| **Equity** | | | | |
| Share capital | | **3** | 3 | 3 |
| Share premium | | **366,463** | 341,511 | 358,296 |
| Capital reserves | | **94,064** | 92,964 | 92,964 |
| Translation reserve | | **(364)** | 260 | 164 |
| Retained earnings | | **(93,703)** | (33,476) | (35,404) |
| **Equity attributable to owners of the group** | | **366,463** | 401,262 | 416,023 |
| Non-controlling interests | | **4,351** | - | - |
| **Total equity** | | **370,814** | 401,262 | 416,023 |

Notes on pages 11 to 13 form an integral part of the financial statements.

**Condensed consolidated statement of cash flows for the period ended 30 September 2014**

| | Notes | 9 months ended 30 September 2014 £'000 | 3 months ended 30 September 2014 £'000 | 9 months ended 30 September 2013 £'000 | 3 months ended 30 September 2013 £'000 |
|---|---|---|---|---|---|
| ***Operating activities*** | | | | | |
| (Loss) / profit for the period | | **(50,218)** | **(29,844)** | (14,478) | 11,394 |
| *Adjustments to reconcile (loss) / profit for the period to net cash inflow from operating activities* | | | | | |
| Tax on continuing operations | 5 | **(6,252)** | **(1,597)** | (9,241) | (1,731) |
| Share of result in associates | | **(32)** | **-** | (117) | - |
| Net finance costs | | **37,643** | **21,729** | 19,960 | (1,238) |
| Other non cash movements | | **(528)** | **189** | (84) | (318) |
| Gain on the disposal of an associated company | 12 | **(1,706)** | **-** | - | - |
| Depreciation and impairment of property, plant and equipment | | **21,457** | **6,873** | 19,332 | 6,523 |
| Amortisation and impairment of intangible assets | | **37,876** | **12,986** | 30,557 | 10,850 |
| Difference between pension contributions paid and amounts recognised in income statement | | **(482)** | **(119)** | (407) | (257) |
| (Increase) / decrease in inventories | | **(24,847)** | **(1,595)** | (11,584) | 5,809 |
| (Increase) / decrease in trade and other receivables | | **(10,269)** | **(8,634)** | (95) | 6,295 |
| Increase / (decrease) in trade and other payables | | **19,356** | **8,824** | (38,142) | (14,358) |
| Movement in provisions | | **(2,395)** | **(731)** | (1,917) | (658) |
| Cash generated from / (used in) operations | | **19,603** | **8,081** | (6,216) | 22,311 |
| Income taxes paid | | **(1,350)** | **(254)** | (393) | (196) |
| ***Net cash inflow / (outflow) from operating activities*** | | **18,253** | **7,827** | (6,609) | 22,115 |
| ***Cash flows from investing activities*** | | | | | |
| Interest received | 3 | **1,406** | **445** | 1,645 | 370 |
| Payments to acquire property, plant and equipment | | **(16,536)** | **(8,341)** | (10,670) | (4,189) |
| Payments to acquire intangible assets | | **(78,358)** | **(30,305)** | (54,000) | (21,297) |
| Purchase of Works Service business | | **1,300** | **-** | - | - |
| ***Net cash used in investing activities*** | | **(92,188)** | **(38,201)** | (63,025) | (25,116) |
| ***Cash flows from financing activities*** | | | | | |
| Interest paid | | **(30,874)** | **(13,985)** | (31,358) | (14,924) |
| Proceeds from capital increase | | **8,167** | **4,417** | 150,000 | - |
| Net borrowings | | **97,260** | **(2,463)** | (35,491) | (1,623) |
| Transaction fees on new borrowings | | **(585)** | **240** | - | - |
| ***Net cash inflow / (outflow) from financing activities*** | | **73,968** | **(11,791)** | 83,151 | (16,547) |
| **Net increase / (decrease) in cash and cash equivalents** | | **33** | **(42,165)** | 13,517 | (19,548) |
| Cash and cash equivalents at the beginning of the period | | **74,653** | **114,862** | 50,413 | 84,595 |
| Effect of exchange rates on cash and cash equivalents | | **(250)** | **1,739** | (265) | (1,382) |
| ***Cash and cash equivalents at the end of the period*** | 8 | **74,436** | **74,436** | 63,665 | 63,665 |

**Notes to the financial statements for the period ended 30 September 2014**

**1 Basis of preparation and principal accounting policies**

Aston Martin Holdings (UK) Limited (the "company") is a company incorporated and domiciled in the UK. The condensed consolidated interim financial statements of the company as at the end of the period ended 30 September 2014 comprise the company and its subsidiaries (together referred to as the 'group').

The group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of Senior Secured Notes, Senior Subordinated PIK notes, a revolving credit facility, facilities to finance inventory and a wholesale vehicle financing facility. The Senior Secured Notes, which expire in July 2018, amount to £304,000,000 and include certain covenant tests. The Senior Subordinated PIK notes and related accrued interest amount to £107,569,000 (174,390,000 US Dollars) at 30 September 2014 and are also due for repayment in July 2018. The £30,000,000 revolving credit facility is available until 2016. The revolving credit facility was undrawn at 30 September 2014, 31 December 2013 and 30 September 2013.

The directors have prepared trading and cash flow forecasts for the period to 2020. These forecasts showed that the group has sufficient financial resources to meet its obligations as they fall due and meet all covenant tests.

The forecasts make assumptions in respect of future trading conditions and in particular, the launch of future models. The nature of the group's business is such that there can be variation in the timing of cash flows around the development and launch of new models and the availability of funds provided through the vehicle wholesale finance facility as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account the aforementioned factors to an extent which the directors consider to be reasonably prudent, based on the information that is available to them at the time of approval of these financial statements.

Accordingly, after considering the forecasts, appropriate sensitivities, current trading and available facilities, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and therefore the directors continue to adopt the going concern basis in preparing the financial statements.

**Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as endorsed by the European Union. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended 31 December 2013.

**Significant accounting policies**

The condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the group's published consolidated financial statements for the year ended 31 December 2013.

**Estimates and judgements**

The preparation of a condensed set of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In the process of applying the group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

- the point of capitalisation and amortisation of development costs
- the useful lives of tangible and intangible assets

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next year are as follows:

- the measurement and impairment of indefinite life intangible assets (including goodwill);
- the measurement of warranty liabilities; and
- the measurement of defined benefit pension assets and obligations.

The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The group determines whether indefinite life intangible assets are impaired on an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated.

The measurement of warranty liabilities has been estimated on past experience of the actual level of warranty claims received. Management establishes these estimates based on historical information on the nature, frequency and average cost of the warranty claims.

Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and suitable discount rates.

**Notes to the financial statements for the period ended 30 September 2014 (continued)**

### 2 Revenue

| | 9 months ended 30.09.14 £'000 | 3 months ended 30.09.14 £'000 | 9 months ended 30.09.13 £'000 | 3 months ended 30.09.13 £'000 |
|---|---|---|---|---|
| Sale of vehicles | **285,094** | **98,191** | 329,043 | 130,406 |
| Sale of parts | **31,798** | **10,685** | 23,194 | 10,689 |
| Servicing of vehicles | **3,632** | **2,157** | 473 | 134 |
| Total revenue | **320,524** | **111,033** | 352,710 | 141,229 |

### 3 Finance income

| | 9 months ended 30.09.14 £'000 | 3 months ended 30.09.14 £'000 | 9 months ended 30.09.13 £'000 | 3 months ended 30.09.13 £'000 |
|---|---|---|---|---|
| Bank deposit and other interest income | **1,406** | **445** | 1,645 | 370 |
| Net interest income on the net defined benefit (liability) / asset | **176** | **83** | - | - |
| Net gain on financial instruments recognised at fair value through profit or loss | **318** | **78** | 3,012 | 8,639 |
| Total finance income | **1,900** | **606** | 4,657 | 9,009 |

### 4 Finance expense

5,963

| | 9 months ended 30.09.14 £'000 | 3 months ended 30.09.14 £'000 | 9 months ended 30.09.13 £'000 | 3 months ended 30.09.13 £'000 |
|---|---|---|---|---|
| Bank loans and overdrafts | **30,843** | **10,938** | 25,704 | 8,307 |
| Net interest expense on the net defined benefit (liability) / asset | **-** | **-** | 195 | 85 |
| Net loss on financial instruments recognised at fair value through profit or loss | **4,124** | **6,041** | 185 | - |
| Net foreign exchange loss | **2,379** | **5,580** | - | - |
| Total finance expense | **37,346** | **22,559** | 26,084 | 8,392 |

### 5 Income tax credit

The effective tax rate for the nine months ended 30 September 2014 has been estimated at 11.1% (nine months ended 30 September 2013 : 39.0%). This compares to a UK statutory rate of tax 21.5% applicable to the group for the period to 30 September 2014.

A reduction in the UK corporation rate from 23% to 21% (effective from 1 April 2014) and a further reduction to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the group's future current tax charge accordingly.

The deferred tax liability at 30 September 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

In addition to the change in tax rates, permanently disallowable expenditure and restrictions on the use of tax losses give rise to further adjustments to the total tax arising in the periods.

### 6 Dividends

No dividends have been declared or paid in the nine month period to 30 September 2014 or the nine month period to 30 September 2013.

**Notes to the financial statements for the period ended 30 September 2014 (continued)**

**7 Underlying operating (loss) / profit**

| | 9 months ended 30.09.14 £'000 | 3 months ended 30.09.14 £'000 | 9 months ended 30.09.13 £'000 | 3 months ended 30.09.13 £'000 |
|---|---|---|---|---|
| **Operating (loss) / profit** | **(21,024)** | **(9,488)** | (2,292) | 9,046 |
| Gain on the disposal of an associated company | **(1,706)** | **-** | | |
| Professional fees relating to capital increase | **-** | **-** | 6,663 | (76) |
| **Underlying operating (loss) / profit*** | **(22,730)** | **(9,488)** | 4,371 | 8,970 |

* underlying operating (loss) / profit represents operating (loss) / profit excluding non-recurring items.

**8 Net borrowings**

| | As at 30.09.14 £'000 | As at 30.09.13 £'000 | As at 31.12.13 £'000 |
|---|---|---|---|
| Cash and cash equivalents | **74,436** | 63,665 | 74,653 |
| Bank loans and overdrafts (a) | **(11,652)** | (5,930) | (13,854) |
| Senior Secured Loan Notes (b) | **(297,993)** | (296,355) | (296,765) |
| Senior Subordinated PIK notes (c) | **(107,060)** | - | - |
| | **(342,269)** | (238,620) | (235,966) |

(a) The group has facilities to fund the in transit inventory between the UK company, Aston Martin Lagonda Limited, and its US and Chinese subsidiaries. At 30 September 2014 the utilisation of these facilities was £11,652,000. At 30 September 2014, 31 December 2013 and 30 September 2013 the revolving credit facility was undrawn. The group has a wholesale vehicle financing facility of £100,000,000 with Standard Chartered Bank plc. Following a renegotiation of the terms of the facility and the transfer of substantially all of the risk to Standard Chartered Bank plc the facility is off-balance sheet.

(b) The group raised £304,000,000 through the issue of 9.25% Senior Secured Loan Notes in July 2011 which are due for repayment in July 2018.

(c) In March 2014, the group issued 10.25% Senior Subordinated PIK notes with a value of 165m US Dollars. At the 30 September 2014 closing exchange rate the liability relating to the Senior Subordinated PIK notes, including accrued interest, was £107,060,000.

**9 Foreign exchange rates**

| | Average rate 9 months ended 30.09.14 | Average rate 3 months ended 30.09.14 | Average rate 9 months ended 30.09.13 | Average rate 3 months ended 30.09.13 |
|---|---|---|---|---|
| US dollar | **1.6778** | **1.7099** | **1.5536** | **1.5167** |
| Chinese renminbi | **10.3320** | **10.6097** | **9.6242** | **9.3089** |
| Euro | **1.2202** | **1.2489** | **1.1941** | **1.1668** |

**10 Provisions**

| | As at 30.09.14 £'000 | As at 30.09.13 £'000 | As at 31.12.13 £'000 |
|---|---|---|---|
| Warranty | **14,656** | 14,304 | 16,975 |
| Non-current | **8,041** | 7,698 | 9,297 |
| Current | **6,615** | 6,606 | 7,678 |
| | **14,656** | 14,304 | 16,975 |

**11 Pension scheme**

The net asset for defined benefit obligations of £6,765,000 at 30 June 2014 has changed to a net liability of £(7,738,000) at 30 September 2014. The movement of £(14,503,000) comprises contributions of £2,219,000 less a net actuarial loss of £(14,622,000) and a charge to the income statement of £(2,100,000). The net actuarial loss has arisen in part due to a change in the discount rate assumptions used in the valuation of the scheme's assets and liabilities compared to those used at 30 June 2014. The discount rate decreased to 4.0% at 30 September 2014 compared to 4.35% at 30 June 2014.

**12 Acquisition**

On 30 April 2014 the group exercised an option to acquire an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited, for a consideration of £100, increasing its interest in the ordinary share capital of the company from 40% to 50%. Aston Martin Works Limited's principal activities are the servicing, restoration and sale of luxury high-performance motor cars under the brand name of Aston Martin. Previously, Aston Martin Works Limited was accounted for as an associated company using the equity method of accounting, but following the increase in the shareholding to 50% it became a subsidiary and has been fully consolidated from 1 May 2014. In accordance with IFRS 3, for accounting purposes this transaction has been treated as a disposal of a 40% interest and the acquisition of a new 50% interest giving rise to a gain on the disposal of the associated company of £1,706,000, which has been treated as a non-recurring item and recorded in administrative and other expenses in the condensed consolidated statement of comprehensive income. From 1 May 2014 the condensed consolidated statement of comprehensive income includes all revenues and costs of Aston Martin Works Limited whilst the condensed consolidated statement of financial position shows all assets and liabilities.

A summary of the effect of the acquisition is detailed below:

| | Fair value of assets acquired £'000 |
|---|---|
| Intangible assets | **751** |
| Tangible assets | **1,318** |
| Inventory | **6,620** |
| Trade and other receivables | **2,947** |
| Trade and other payables | **(4,065)** |
| Cash | **1,300** |
| Tax and deferred tax | **(161)** |
| | **8,710** |
| Due to non-controlling interests (50%) | **(4,355)** |
| | **4,355** |
| Goodwill | **445** |
| Consideration | **4,800** |
| | |
| Satisfied by: | |
| Fair value of the disposal of the 40% interest | **3,700** |
| Contribution by the acquiree's shareholders | **1,100** |
| | **4,800** |

There were no fair value adjustments to the book value of the net assets at acquisition.

**Notes to the financial statements for the period ended 30 September 2014 (continued)**

**12 Acquisition (continued)**

The fair values of the 40% and 50% interests in Aston Martin Works Limited were subject to an independent third party valuation performed in compliance with IFRS 13.

The acquisition contributed £5,471,000 to the group's revenue and reduced the loss before tax by £94,000 in the quarter. In the nine months to 30th September 2014 the acquisition contributed £8,822,000 to the group's revenue and increased the loss by £(9,000).

If the acquisition had occurred on 1 January 2014 the group would have reported an estimated revenue of £326,882,000 and an estimated loss before tax of £(50,170,000) for the nine months ended 30 September 2014.

**13 Related party transactions**

There have been no new related party transactions that have taken place in the first nine months of the current financial year that have materially affected the financial position or performance of the group during that period and there have been no changes in the related party transactions described in the last annual report that could do so.