Aston Martin Holdings (UK) Limited

Interim financial report

for the period ended 31 December 2014

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Business review and outlook

The Aston Martin brand is one of the most widely recognised sports car brands with a one hundred and two 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 V12 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 31 December 2014, we sold 3,685 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. Other than the engines and certain other components, we manufacture all of our models in Gaydon. The Cygnet cars were also converted at our Gaydon facility.

Our total sales (excluding Cygnet) in the fourth quarter of 2014 were 1,138 vehicles (1,185 in the fourth quarter of 2013).

Average prices

	For the three months ended 31 December 2014	For the year ended 31 December 2014	For the three months ended 31 December 2013
Average car sale price in £ thousands	117(1)	114(1)	130

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

Sales volumes

	For the three months ended 31 December 2014	For the year ended 31 December 2014	For the three months ended 31 December 2013
V8	346	1,072	244
V12	792	2,590	941
Cygnet	-	23	25
Total	1,138	3,685	1,210

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 an umbrella agreement and engines 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 be served as Chief Planning Officer, Executive Vice President and member of the Executive Committee.

On 31 January 2015, Hanno Kirner, Chief Financial Officer, left the group to take up a position with a British plc outside of the automotive industry. He has been replaced on an interim basis, by Vikram Bhatia, who trained with Deloitte and has over 30 years experience spanning blue chip and private equity organisations, including 10 years in senior interim positions.

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Financial review - income statement

Revenue

Revenue was £147.8m for the three months ended 31 December 2014, compared to £166.5m for the three months ended 31 December 2013, a decrease of £18.7m or 11.2%, giving revenue of £468.4m for the year, a decrease of £50.8m or 9.8% over the corresponding period in 2013. Vehicle sales in total in the fourth quarter decreased by 6.0% to 1,138 vehicles in 2014 from 1,210 vehicles in 2013. The V12 mix fell to 69.6% of sales in the 2014 quarter from 77.8% in 2013, whilst the V8 mix increased to 30.4% as compared to 20.2% in 2013. In combination with lower Chinese sales in the final quarter, the result was that the revenue decrease was proportionately higher than the volume decrease. In the year vehicle sales decreased by 5.6% from 3,904 in 2013 to 3,685 in 2014, with V12 volumes representing 70.3% of sales, as compared to 71.9% in 2013 and V8 volumes representing 29.1% as compared to 25.5% in the prior year. This resulted in the average wholesale price for core models i.e. excluding Cygnet, One-77 and Zagato, reducing to £114,000 in 2014 from £126,000 in 2013.

Cost of sales

Cost of sales were £100.4m for the three months ended 31 December 2014, compared to £115.3m for the three months ended 31 December 2013, a decrease of £14.9m or 13.0%, whilst for the year they decreased to £313.5m from £352.0m, a decrease of £38.5m or 11.0%.

Material costs for the three months ended 31 December 2014 decreased to £63.9m or 43.2% of revenue compared to £71.4m or 42.9% of revenue for the same period in 2013. Material costs in the year decreased to £211.9m or 45.2% of revenue from £226.7m or 43.7% of revenue. The increase as a percentage of revenue in the quarter and in the year arises from the higher mix of V8 product as compared to V12 product, giving an adverse product mix and lower sales in China which gave an adverse market mix.

Direct labour for the three months ended 31 December 2014 was £5.2m or 3.5% of revenue compared to £4.6m or 2.8% of revenue in the three months to 31 December 2013, an increase in absolute direct labour costs of £0.6m or 13.0%. In the year there was decrease of £0.6m or 3.1% from £19.6m to £19.0m The increase in the quarter is due to temporary inefficiencies from factory changes and expansion in advance of future model launches. This reason also explains why in the year the percentage decrease was lower than the 5.6% volume decrease.

Other cost of sales for the three months ended 31 December 2014 were £31.3m or 21.2% of revenue, compared to £39.3m or 23.6% of revenue for the three months ended 31 December 2013. In the year these costs decreased to £82.6m from £105.7m, 17.6% and 20.4% of revenue respectively. In the fourth quarter Chinese sales were lower than in 2013, leading to a large decrease in duty costs. More generally, overseas sales were lower, leading to lower distribution costs. The full year decrease is reflective of the same reasons.

Gross profit

The gross profit was £47.5m or 32.1% of revenue for the three months ended 31 December 2014, compared to £51.1m or 30.7% for the quarter ended 31 December 2013. The gross profit for the year was £154.9m or 33.1% whilst the 2013 comparatives were £167.1m and 32.2%. The lower absolute gross profit in the quarter and the year is due to lower volumes and the adverse model mix, whilst the percentage has improved due to the significant savings in duty and distribution costs.

Selling and distribution expenses

Selling and distribution expenses increased by £0.8m to £9.3m for the three months to 31 December 2014, as compared to £8.5m for the three months to 31 December 2013. In the year they reduced by £0.7m to £33.4m from £34.1m in 2013. Costs increased in the final quarter of 2014 due to investment in the dealer network and new sales routes to market. However, in the year there were savings, as 2013 saw the launch 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. Activity in 2014 has been lower with the launches of the N430 and a special edition V8 Vantage coupled with costs associated with the Goodwood Festival of Speed.

Administrative and other expenses

Administrative and other expenses were £35.5m for the three months to 31 December 2014, compared to £39.1m for the three months to 31 December 2013, a decrease of £3.6m, and £139.8m for the year in 2014 as compared to £131.9m in 2013. Following discussions with our auditors during the year end audit, we have reclassified as non-recurring costs, £5.1m incurred on a concept vehicle in quarter 3 of 2014 and included £0.8m in the fourth quarter of 2014. In the 2013 quarter non-recurring costs of £8.7m were incurred on the impairment of concept vehicle development costs (£5.2m) and the impairment of computer hardware and software assets (£3.5m). Adjusting for these items, the costs were £34.7m in 2014 and £30.5m in 2013. The higher underlying costs in 2014 of £4.2m were mainly due to depreciation and amortisation costs with the full year effect of the model launches in 2013 and a part year effect of new model launches in 2014 but also additional system costs for the new ERP system and costs for the Works Service business that was an associate in 2013 but is now a subsidiary in 2014. In the full year, adjusting for non recurring costs, the expense has increased by £19.0m to £135.6m from £116.6m. Depreciation and amortisation costs, before non-recurring costs, increased by £12.4m whilst there were additional systems costs for a new ERP system, increased charges for design and engineering costs relating to the development of new vehicles and costs relating to the Works Service business.

Operating (loss) / profit

The operating profit was £2.7m in the three months ended 31 December 2014, compared to a profit of £3.8m in the three months to 31 December 2013, a reduction of £1.1m. However, after adjusting for non-recurring costs, the underlying operating profit fell by £9.0m from £12.5m in 2013 to £3.5m in 2014 The gross profit fell by £3.7m in the quarter primarily due to lower volumes but fixed costs, adjusted for non-recurring items increased by £5.0m, mainly due to depreciation and amortisation charges. The annual result for 2014 saw a reduction of £19.9m in operating profit with a loss of £(18.4)m in 2014 as compared to a profit of £1.5m in 2013. But, again adjusting for non-recurring items the underlying operating profit decrease was £30.9m to a loss of £(14.1)m in 2014 as compared to a profit of £16.8m in 2013. Lower volumes resulted in a reduced gross profit of £12.3m, whilst fixed costs adjusted for non-recurring items increased by £18.3m, of which £12.4m related to depreciation and amortisation.

Finance income / (expense)

The net finance expense was £18.0m in the three months to 31 December 2014, compared to £5.4m in the corresponding quarter of 2013. For the full year the net finance expense was £53.5m in 2014 as compared to £26.9m in 2013. The increase in the quarter arose from a net loss on fair value adjustments on foreign exchange hedges of £(3.1)m in 2014 as compared to a net gain of £2.4m in 2013, an exchange loss of £(4.4)m on the translation of the US dollar denominated Senior Subordinated PIK Notes and increased interest costs of £(2.7)m primarily arising from the interest on the PIK Notes. This adverse fair value position was reflective of a strengthening of the US Dollar in the final quarter of 2014 as compared to the same currency weakening in 2013. In the year the net loss on fair value adjustments on foreign exchanges hedges was £(6.5)m as compared to a net gain of £5.2m in 2013 for the same reason as highlighted in the quarter. The exchange loss on the translation of the PIK Notes amounted to £(6.8)m in the year whilst the PIK Note interest primarily accounted for the increase of £(7.7)m in other net finance expense. A detailed analysis of finance income and expense is set out in notes 3 and 4.

Income tax credit / (charge)

The income tax credit was £0.8m in the three months to 31 December 2014, as compared to a charge £(0.5)m in the three months to 31 December 2013. In the year to 31 December 2014 there was a credit of £7.1m representing a rate of 9.9%, which compared to a credit of £8.7m in 2013, a rate of 34.4%. The credit in 2014 is lower than the corporation tax rate applicable to the group of 21.5% as no credit has been taken for certain losses the utilisation of which is uncertain. The rate in 2013 was higher than the applicable corporation tax rate of 23.25% as the group benefitted from the progressive reduction in UK corporation tax rates and the consequent release of provisions made in previous periods. Please refer to note 5 for more information on income tax.

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Financial review - cash flow statement

The three months to 31 December 2014 saw a net cash inflow of £14.8m, compared to an inflow of £11.0m in the three months to 31 December 2013. The cash balance at 31 December 2014 was £89.3m. The equivalent inflows for the full years were £14.6m in 2014 as compared to £24.2m in 2013.

Cash flow from operating activities

We generated £39.6m of net cash from our operating activities in the three months to 31 December 2014, and £57.9m in the year to 31 December 2014, as compared to £27.9m and £21.3m in the equivalent three month and twelve month periods to 31 December 2013. In the 2014 quarter the group generated £12.5m from an improvement in working capital as compared to £1.4m in 2013, which largely accounted for the improved cash generation of £11.7m in the quarter. In both quarters there were inventory reductions, but 2014 saw an increase in payables as compared to a decrease in 2013. In the year the main reason for the increased cash generation of £36.6m was again working capital where the outflow reduced by £45.1m. This was primarily the result of a significant reduction in payables in 2013 as compared to a significant increase in 2014 due to the timing of payments in relation to new model developments. This improvement was partly offset by an increase in inventory in 2014 due to the group advance building vehicles for the North American market due to uncertainty over obtaining derogation from new safety legislation. This derogation has now been received so inventory should return to previous levels in the future.

Cash flow from investing activities

Net cash used in investing activities deceased to £30.9m in the three months to 31 December 2014, compared to £40.3m in the three months to 31 December 2013. However, the full year saw an increase to £123.1m in 2014 from £103.3m in 2013. The figure in the final quarter of 2013 includes £16.8m for the acquisition of technology from Daimler AG in exchange for an equity stake in the group. Adjusting for this item, underlying spend in the quarter increased to £30.9m from £23.5m. In the full year the adjusted spend would be £118.7m and £86.5m for 2014 and 2013 respectively. The spend in both the quarter and the year is predominantly on intangible assets representing research and development expenditure on the new range of vehicles, the first of which is due to be launched in 2016. As we move nearer to launch the emphasis will move more to investment in the tangible assets of facilities and tooling. The full year 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

There was a net cash inflow from financing activities of £6.6m in the three months to 31 December 2014, as compared to an inflow of £24.0m in the three months to 31 December 2013. The inflow in 2013 primarily arose from the issue of new equity to Daimler AG of £16.8m. The year to 31 December 2014 saw an inflow of £80.6m as compared to an inflow of £107.2m in 2013. In 2014 the group raised £8.2m from the issue of new equity to Investindustrial and Daimler AG, £99.6m of new borrowings from the issue of $165.0m of Senior Subordinated PIK Notes due for repayment in July 2018 and increased borrowings from existing facilities by £5.3m. In comparison, 2013 saw new equity of £166.8m from Investindustrial and Daimler AG which the group used to pay down existing borrowings of £27.4m, principally £30.0m from the Revolving Credit Facility. Interest payments reduced slightly in the year to £31.9m from £32.3m, mainly due to the non-utilisation of the Revolving Credit Facility, however, £0.6m was incurred on transaction fees in relation to the $165.0m Senior Subordinated PIK Notes.

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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 31 December 2014.

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

Dr Andrew Palmer
Chief Executive Officer

27 February 2015

Condensed consolidated statement of comprehensive income
for the period ended 31 December 2014

	Notes	Year ended 31 December 2014 £'000	3 months ended 31 December 2014 £'000	Year ended 31 December 2013 £'000	3 months ended 31 December 2013 £'000
Revenue	2	**468,355**	**147,831**	519,189	166,479
Cost of sales		**(313,476)**	**(100,377)**	(352,040)	(115,339)
Gross profit		**154,879**	**47,454**	167,149	51,140
Selling and distribution expenses		**(33,439)**	**(9,272)**	(34,087)	(8,462)
Administrative and other expenses		**(139,833)**	**(35,519)**	(131,939)	(39,146)
Share of result in associates		**32**	**-**	362	245
Operating (loss) / profit		**(18,361)**	**2,663**	1,485	3,777
Analysed as :					
Gain on the disposal of an associated company		**1,706**	**-**	-	-
Impairment of concept vehicle development costs		**(5,977)**	**(829)**	(5,200)	(5,200)
Impairment of computer hardware and software assets		**-**	**-**	(3,481)	(3,481)
Professional fees relating to capital increase		**-**	**-**	(6,663)	-
Underlying operating (loss) / profit*	7	**(14,090)**	**3,492**	16,829	12,458
Operating (loss) / profit		**(18,361)**	**2,663**	1,485	3,777
Finance income	3	**2,548**	**775**	7,230	2,953
Finance expense	4	**(56,018)**	**(18,799)**	(34,097)	(8,393)
Net financing expense		**(53,470)**	**(18,024)**	(26,867)	(5,440)
Loss before tax		**(71,831)**	**(15,361)**	(25,382)	(1,663)
Income tax credit / (charge)	5	**7,079**	**827**	8,727	(514)
Loss for the period		**(64,752)**	**(14,534)**	(16,655)	(2,177)
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurement of defined benefit asset / (liability)		**(15,011)**	**(4,905)**	3,831	467
Related income tax		**3,255**	**1,234**	(891)	(218)
		(11,756)	**(3,671)**	2,940	249
Items that are or may be reclassified to profit or loss					
Foreign exchange translation differences		**(336)**	**191**	(180)	(96)
Other comprehensive income for the period, net of income tax		**(12,092)**	**(3,480)**	2,760	153
Total comprehensive income for the period		**(76,844)**	**(18,014)**	(13,895)	(2,024)
(Loss) / profit attributable to:					
Owners of the group		**(64,916)**	**(14,702)**	(16,665)	(2,177)
Non-controlling interests		**164**	**168**	-	-
		(64,752)	**(14,534)**	(16,655)	(2,177)
Total comprehensive (expense) / income attributable to:					
Owners of the group		**(77,008)**	**(18,182)**	(13,895)	(2,024)
Non-controlling interests		**164**	**168**	-	-
		(76,844)	**(18,014)**	(13,895)	(2,024)

* underlying operating profit represents operating profit excluding non-recurring items.

Notes on pages 10 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 October 2013	**3**	**341,511**	**92,964**	**260**	**(33,476)**	**401,262**
Total comprehensive income / (expense) for the period						
Loss	-	-	-	-	**(2,177)**	**(2,177)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	(96)	-	(96)
Remeasurement of defined benefit asset / (liability)	-	-	-	-	467	467
Income tax on other comprehensive income	-	-	-	-	(218)	(218)
Total other comprehensive (expense) / income	-	-	-	**(96)**	**249**	**153**
Total comprehensive expense for the period	-	-	-	**(96)**	**(1,928)**	**(2,024)**
Transactions with owners, recorded directly in equity						
Capital increase		16,785			-	16,785
Total transactions with owners	-	**16,785**	-	-	-	**16,705**
At 31 December 2013	**3**	**358,296**	**92,964**	**164**	**(35,404)**	**416,023**

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 / (expense) for the period						
Loss	-	-	-	-	**(16,655)**	**(16,655)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	(180)		(180)
Remeasurement of defined benefit asset / (liability)	-	-	-	-	3,831	3,831
Income tax on other comprehensive expense	-	-	-	-	(891)	(891)
Total other comprehensive (expense) / income	-	-	-	**(180)**	**2,940**	**2,760**
Total comprehensive expense for the period	-	-	-	**(180)**	**(13,715)**	**(13,895)**
Transactions with owners, recorded directly in equity						
Capital increase	1	166,784	-	-	-	166,785
Total transactions with owners	**1**	**166,784**	-	-	-	**166,785**
At 31 December 2013	**3**	**358,296**	**92,964**	**164**	**(35,404)**	**416,023**

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.

On 18 December 2013 the company issued 127,871 shares with a par value of £0.001p per share for a consideration of £16,785,000 to Daimler AG.

Condensed consolidated statement of changes in equity (continued)

Group	Share capital £'000	Share premium £'000	Capital reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2014	**3**	**366,463**	**98,419**	**(364)**	**(93,707)**	**370,814**
Total comprehensive income / (expense) for the period						
Loss	-	-	-	-	**(14,702)**	**(14,702)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	192	-	192
Remeasurement of defined benefit asset / (liability)	-	-	-	-	(4,905)	(4,905)
Income tax on other comprehensive income	-	-	-	-	1,234	1,234
Total other comprehensive (expense) / income	-	-	-	**192**	**(3,671)**	**(3,479)**
Total comprehensive expense for the period	-	-	-	**192**	**(18,373)**	**(18,181)**
Transactions with owners, recorded directly in equity						
Capital increase	-	-			-	-
Total transactions with owners	-	-	-	-	-	-
Acquisition of subsidiary with non-controlling interests (note 12)	-	-	**164**	-	**4**	**168**
At 31 December 2014	3	366,463	98,583	(172)	(112,076)	352,801

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 £'000	Share premium £'000	Capital reserve and Non-controlling interests £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2014	**3**	**358,296**	**92,964**	**164**	**(35,404)**	**416,023**
Total comprehensive income / (expense) for the period						
Loss	-	-	-	-	**(64,916)**	**(64,916)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	(336)	-	(336)
Remeasurement of defined benefit asset / (liability)	-	-	-	-	(15,011)	(15,011)
Income tax on other comprehensive expense	-	-	-	-	3,255	3,255
Total other comprehensive (expense) / income	-	-	-	**(336)**	**(11,756)**	**(12,092)**
Total comprehensive expense for the period	-	-	-	**(336)**	**(76,672)**	**(77,008)**
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)	-	-	**5,619**	-	-	**5,619**
At 31 December 2014	**3**	366,463	98,583	(172)	(112,076)	352,801

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 31 December 2014

	Note	31.12.14 £'000	31.12.13 £'000
Non-current assets			
Intangible assets		**625,805**	570,942
Property, plant and equipment		**174,379**	180,809
Investments in associates		-	1,962
Other financial assets		-	1,542
Deferred tax asset		**44,024**	23,016
Employee benefits		-	1,886
		844,208	780,157
Current assets			
Inventories		**98,427**	69,965
Trade and other receivables		**51,538**	40,350
Other financial assets		**527**	3,108
Cash and cash equivalents	8	**89,250**	74,653
		239,742	188,076
Total assets		**1,083,950**	968,233
Current liabilities			
Borrowings	8	**19,808**	13,854
Trade and other payables		**160,048**	130,566
Income tax payable		**1,208**	936
Other financial liabilities		**3,088**	253
Provisions	10	**9,171**	7,678
		193,323	153,287
Non-current liabilities			
Borrowings	8	**412,598**	296,765
Other financial liabilities		**2,819**	45
Employee benefits	11	**12,404**	-
Provisions	10	**8,111**	9,297
Deferred tax liabilities		**101,894**	92,816
		537,826	398,923
Total liabilities		**731,149**	552,210
Net assets		**352,801**	416,023
Capital and reserves			
Share capital		**3**	3
Share premium		**366,463**	358,296
Capital reserves		**94,064**	92,964
Translation reserve		**(172)**	164
Retained earnings		**(112,076)**	(35,404)
Equity attributable to owners of the group		**348,282**	416,023
Non-controlling interests		**4,519**	-
Total shareholders' equity		352,801	416,023

Condensed consolidated statement of cash flows
for the period ended 31 December 2014

	Notes	Year ended 31 December 2014 £'000	3 months ended 31 December 2014 £'000	Year ended 31 December 2013 £'000	3 months ended 31 December 2013 £'000
Operating activities					
Loss for the period		**(64,752)**	**(14,534)**	(16,655)	(2,177)
Adjustments to reconcile loss for the period to net cash inflow from operating activities					
Tax on continuing operations	5	**(7,079)**	**(827)**	(8,727)	514
Share of result of associate		**(32)**	**-**	(362)	(245)
Net finance costs		**56,612**	**18,969**	25,586	5,626
Other non cash movements		**(137)**	**391**	(273)	(189)
Losses on sale of property, plant and equipment		**67**	**67**	69	69
Gain on sale of associated company		**(1,706)**	**-**	-	-
Depreciation and impairment of property, plant and equipment		**28,316**	**6,859**	27,547	8,215
Amortisation and impairment of intangible assets		**51,964**	**14,088**	43,796	13,239
Difference between pension contributions paid and amounts recognised in income statement		**(721)**	**(239)**	(1,038)	(631)
Decrease / (increase) in inventories		**(21,842)**	**3,005**	3,424	15,008
(Increase) / decrease in trade and other receivables		**(8,146)**	**2,123**	(6,799)	(6,704)
(Decrease) / increase in trade and other payables		**26,709**	**7,353**	(45,026)	(6,884)
Movement in provisions		**89**	**2,484**	832	2,749
Cash generated from operations		**59,342**	**39,739**	22,374	28,590
Income taxes paid		**(1,472)**	**(122)**	(1,106)	(713)
Net cash inflow from operating activities		**57,870**	**39,617**	21,268	27,877
Cash flows from investing activities					
Interest received	3	**2,037**	**631**	1,950	305
Proceeds on the disposal of property, plant and equipment		**18**	**18**	14	14
Payments to acquire property, plant and equipment		**(20,852)**	**(4,316)**	(13,123)	(2,453)
Payments to acquire intangible assets		**(105,631)**	**(27,273)**	(92,157)	(38,157)
Purchase of Works Service business		**1,300**	**-**	-	-
Net cash used in investing activities		**(123,128)**	**(30,940)**	(103,316)	(40,291)
Cash flows from financing activities					
Interest paid		**(31,938)**	**(1,064)**	(32,258)	(900)
Proceeds from equity share issue		**8,167**	**-**	166,785	16,785
New borrowings		**99,620**	**-**	-	-
Movement in existing borrowings		**5,348**	**7,708**	(27,366)	8,125
Transaction fees on new borrowings		**(585)**	**-**	-	-
Net cash inflow from financing activities		**80,612**	**6,644**	107,161	24,010
Net increase in cash and cash equivalents		**15,354**	**15,321**	25,113	11,596
Cash and cash equivalents at the beginning of the period		**74,653**	**74,436**	50,413	63,665
Effect of exchange rates on cash and cash equivalents		**(757)**	**(507)**	(873)	(608)
Cash and cash equivalents at the end of the period	8	**89,250**	**89,250**	74,653	74,653

Notes to the financial statements for the period ended 31 December 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 31 December 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, 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 £30,000,000 revolving credit facility is available until 2016. The revolving credit facility was undrawn at both 31 December 2014 and 31 December 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 31 December 2014 (continued)

2 Revenue

	Year ended 31.12.14 £'000	**3 months ended 31.12.14 £'000**	Year ended 31.12.13 £'000	3 months ended 31.12.13 £'000
Sale of vehicles	**418,182**	**133,087**	485,178	156,135
Sale of parts	**42,072**	**10,274**	33,366	10,172
Servicing of vehicles	**8,102**	**4,470**	645	172
Total revenue	**468,356**	**147,831**	519,189	166,479

3 Finance income

	Year ended 31.12.14 £'000	**3 months ended 31.12.14 £'000**	Year ended 31.12.13 £'000	3 months ended 31.12.13 £'000
Bank deposit and other interest income	**2,037**	**631**	1,950	305
Net interest income on the net defined benefit asset / (liability)	**287**	**111**	60	255
Net gain on financial instruments recognised at fair value through profit or loss	**224**	**33**	5,220	2,393
Total finance income	**2,548**	**775**	7,230	2,953

4 Finance expense

	Year ended 31.12.14 £'000	**3 months ended 31.12.14 £'000**	Year ended 31.12.13 £'000	3 months ended 31.12.13 £'000
Bank loans and overdrafts	**42,159**	**11,316**	34,097	8,393
Net interest expense on the net defined benefit asset / (liability)	**-**	**-**	-	-
Net loss on financial instruments recognised at fair value through profit or loss	**7,101**	**3,105**	-	-
Net foreign exchange loss	**6,758**	**4,378**	-	-
Total finance expense	**56,018**	**18,799**	34,097	8,393

5 Income tax credit / (charge)

The effective tax rate for the year ended 31 December 2014 has been estimated at 9.9% (year ended 31 December 2013 : 34.4%). This compares to a UK statutory rate of tax 21.5% applicable to the group for the year to 31 December 2014 (23.25% for the year ended 31 December 2013) following the substantive enactment of the 2013 Budget (see below).

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 has reduced the group's current tax charge in the year ended 31 December 2014 and will reduce the group's current tax charge in the year ended 31 December 2015.

This will reduce the group's future current tax charge and reduce the group's deferred tax liability accordingly. The deferred tax liability at 31 December 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

The directors have not declared or paid a dividend in either 2014 or 2013.

Notes to the financial statements for the period ended 31 December 2014 (continued)

7 Underlying operating (loss) / profit

	Year ended 31.12.14 £'000	3 months ended 31.12.14 £'000	Year ended 31.12.13 £'000	3 months ended 31.12.13 £'000
Operating (loss) / profit	**(18,361)**	**2,663**	1,485	3,777
Gain on the disposal of an associated company	**(1,706)**	-		
Concept vehicle development costs	**5,977**	**829**	5,200	5,200
Impairment of computer hardware and software assets	-	-	3,481	3,481
Professional fees relating to capital increase	-	-	6,663	-
Underlying operating (loss) / profit *	**(14,090)**	**3,492**	16,829	12,458

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

8 Net borrowings

	As at 31.12.14 £'000	As at 31.12.13 £'000
Cash and cash equivalents	**89,250**	74,653
Bank loans and overdrafts (a)	**(19,808)**	(13,854)
Senior Secured Loan Notes (b)	**(298,403)**	(296,765)
Senior Subordinated PIK notes (c)	**(114,195)**	-
	(343,156)	(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 31 December 2013 the utilisation of these facilities was £19,808,000 (31 December 2013 : £13,854,000). The £30,000,000 revolving credit facility was undrawn at both 31 December 2014 and 31 December 2013. The group has a wholesale vehicle financing facility of £100,000,000 with Standard Chartered Bank plc. Until May 2011 this facility was treated as on-balance sheet. Following a renegotiation of the terms of the facility in June 2011 and the transfer of substantially all of the risk to Standard Chartered Bank plc the facility is now off-balance sheet.

(b) The loans are £304,000,000 of 9.25% senior secured notes 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 31 December 2014 closing exchange rate the liability relating to the Senior Subordinated PIK notes, including accrued interest, was £114,195,000.

9 Foreign exchange rates

	Average rate year ended 31.12.14	Average rate 3 months ended 31.12.14	Average rate year ended 31.12.13	Average rate 3 months ended 31.12.13
Euro	**1.2360**	**1.2834**	1.1947	1.1903
Chinese renminbi	**10.2373**	**9.9531**	9.6945	9.9054
US dollar	**1.6637**	**1.6212**	1.5700	1.6194

10 Provisions

	As at 31.12.14 £'000	As at 31.12.13 £'000
Warranty	**17,282**	16,975
Non-current	**8,111**	9,297
Current	**9,171**	7,678
	17,282	16,975

11 Pension scheme

The net liability for defined benefit pension asset has increased from £(7,738,000) at 30 September 2014 to £(12,404,000) at 31 December 2014. The movement of £(4,666,000) comprises contributions of £2,311,000 less a net actuarial loss of £(4,905,000) and a charge to the income statement of £(2,072,000). 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 September 2014. The discount rate decreased to 3.70% at 31 December 2014 compared to 4.00% at 30 September 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.

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 £7,733000 to the group's revenue and reduced the loss before tax by £337,000 in the quarter. In the year to 31st December 2014 the acquisition contributed £16,655,000 to the group's revenue and reduced the loss by £328,000.

If the acquisition had occurred on 1 January 2014 the group would have reported an estimated revenue of £475,330,000 and an estimated loss before tax of £(71,783,000) for the year ended 31 December 2014.

13 Related party transactions

The group has entered into transactions, in the ordinary course of business, with entities with significant influence over the group, associates and other related parties of the group. Transactions entered into, and trading balances outstanding at the year end with entities with significant influence over the group, associates and other related parties of the group are as follows:

		Sales to related party £'000	Purchases from related party £'000	Amounts owed by related party £'000	Amounts owed to related party £'000
Entities with significant influence over the group	**31 December 2014**	-	**3,730**	-	**269**
Associates	**31 December 2014**	**2,726**	**28**	-	-
Other related parties - companies under common directorship and associated companies	**31 December 2014**	**159**	**1,199**	-	-
Entities with significant influence over the group	31 December 2013	3,370	15,041	81	1,835
Associates	31 December 2013	12,355	349	593	117
Other related parties - companies under common directorship and associated companies	31 December 2013	888	699	266	1

During the year ended 31 December 2013 the Group provided against a balance of £5,200,000 due from an entity with significant influence over the Group.