Aston Martin Holdings (UK) Limited

Interim financial report

for the period ended 30 June 2016

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Business review and outlook

The Aston Martin brand is one of the most widely recognised luxury sports car brands with a one hundred and three year history of technical automotive performance and a high standard of styling and design. Our portfolio of sports cars is one of the most diversified offerings in the high luxury sport ("HLS") segment. We currently have five models in our product range: V8 Vantage (including the V8 Vantage S), V12 Vantage S, DB9, Vanquish and Rapide S. Some of these models are available in different model types, including engine sizes, as well as in coupe and convertible models. For the twelve months ended 30 June 2016, we sold 3,487 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.

Our total sales (excluding Vulcan and Taraf) in the second quarter of 2016 were 768 vehicles (834 in the second quarter of 2015).

Average prices

	For the three months ended 30 June 2016	For the year ended 31 December 2015	For the three months ended 30 June 2015
Average car sale price in £ thousands	127 (1)	116 (1)	120 (1)

(1) Excludes Vulcan, GT12 and Taraf models

Sales volumes

	For the three months ended 30 June 2016	For the year ended 31 December 2015	For the three months ended 30 June 2015
V8	268	1,029	286
V12	509	2,586	553
Total	777	3,685	839

Recent developments and factors affecting comparability

On 23 April 2015, the company accepted binding subscriptions for £200 million of preference shares. The first tranche of £100 million was received on 27 April 2015 and the second tranche of £100 million was received in April 2016. These subscriptions also include warrants for a pro rata allocation of P shares (non-voting ordinary shares) corresponding to 4% of the fully diluted share capital of the company.

In February 2016, the group announced the expansion of manufacturing to a new site at St. Athan in south Wales, with the creation of 1,000 new jobs at St. Athan and Gaydon, for the production of the new DBX model which is planned to be launched in 2019.

Also in February 2016, we announced the creation of the first all electric Aston Martin, the RapidE, which is targeted for launch in 2018.

In March 2016, the DB11, the first of the next generation of sports cars was launched to public acclaim at the Geneva Motor show. Interest in this model has exceeded expectations with a strong order bank in place. 1,000 cars are planned to be delivered in 2016 with the first deliveries in the fourth quarter of 2016.

In March 2016, we also announced that we would be joining forces with Adrian Newey and Red Bull Advanced Technologies to create a vehicle codenamed AM-RB-001 which will be faster than a current F1 car around the Silverstone Grand Prix circuit. We will produce 175 of these vehicles. In recognition of this partnership, the Aston Martin wings are gracing the Red Bull Racing RB12 racing cars for the 2016 season.

Interim financial report
for the period ended 30 June 2016

Financial review - income statement

Revenue

Revenue was £119.2m for the three months ended 30 June 2016, compared to £111.4m for the three months ended 30 June 2015, an increase of £7.8m or 7.0%, giving revenue of £211.8m for the year to date, an increase of £0.4m or 0.2% over the revenue in the corresponding period in 2015 of £211.4m. Vehicle sales decreased by 62 units or 7.4% to 777 vehicles in the 2016 quarter as compared to 839 vehicles in the second quarter of 2015. There was also a minor deterioration in the model mix with V12 sales falling to 65.5% of sales from 65.9%, whilst V8 sales have increased to 34.5% from 34.1%. In the half year sales volumes decreased by 128 units or 8.0% to 1,463 vehicles from 1,591 in 2015 with again a minor deterioration in the model mix with V12 sales decreasing to 65.7% from 66.4% and V8 sales increasing to 34.3% from 33.6%. Despite the reduced volumes and adverse model mix, turnover was higher in both the quarter and half year due to there being 2 Vulcan sales in the quarter and 4 in the half year, as compared to none in 2015, and favourable exchange movements with in particular the US Dollar 3.2% stronger in the quarter and 4.4% stronger in the half year. The overall effect was that the average wholesale price for core models i.e. excluding Vulcan, GT12 and Taraf, improved from £120,000 to £127,000 in the quarter and from £117,000 to £119,000 in the half year.

Cost of sales

Cost of sales were £78.7m for the three months ended 30 June 2016, compared to £79.9m for the three months ended 30 June 2015, a decrease of £1.2m or 1.5%, whilst for the half year they decreased to £140.7m from £145.4m, a decrease of £4.7m or 3.2%.

Material costs for the three months ended 30 June 2016 increased to £57.0m or 47.8% of revenue compared to £50.7m or 45.5% of revenue for the same period in 2015. Material costs in the half year increased to £102.6m or 48.4% of revenue from £97.3m or 46.0% of revenue. The increase in both absolute and percentage terms in both the quarter and the half year is due to the adverse model mix referred to above with the higher percentage of V8 sales as compared to V12, as well as the adverse exchange movements with the Euro 8.7% stronger in the quarter and 2% stronger in the half year.

Direct labour for the three months ended 30 June 2016 was £4.6m or 3.9% of revenue, whilst in 2015 it was £4.8m or 4.3% of revenue. The corresponding figures for the half year are £8.5m or 4.0% of revenue in 2016 and £9.0m or 4.3% of revenue in 2015. The reduction arises from improved efficiency in manufacturing following temporary inefficiencies arising from the amalgamation of the production lines in the second half of 2014 and first half of 2015.

Other cost of sales for the three months ended 30 June 2016 were £17.1m or 14.3% of revenue, compared to £24.4m or 21.9% of revenue for the three months ended 30 June 2015. In the half year these costs decreased to £29.6m from £39.1m, 14.0% and 18.5% of revenue respectively. These decreases principally arose from duty savings, in particular in China, and exchange translation gains from favourable exchange rates.

Gross profit

The gross profit was £40.5m or 34.0% of revenue for the three months ended 30 June 2016, compared to £31.5m or 28.3% for the quarter ended 30 June 2015. The gross profit for the half year was £71.2m or 33.6% whilst the 2015 comparatives were £66.0m and 31.2%. Despite the lower volumes and slightly adverse model mix, the group benefitted from a significantly favourable US Dollar exchange rate, Vulcan sales as well as improved labour efficiency and duty savings.

Selling and distribution expenses

Selling and distribution expenses increased by £0.9m to £9.5m for the three months to 30 June 2016, as compared to £8.6m for the three months to 30 June 2015. In the half year they increased by £3.1m to £20.0m from £16.9m in 2015.The increase In both the quarter and the half year arose from additional fixed marketing costs for the launch of the DB11, in particular its unveiling at the Geneva Motor show as well as the DB11 Confidential event held at Gaydon. Additionally, the second quarter saw the launches of the Vanquish Zagato and GT8 special editions.

Administrative and other expenses

Administrative and other expenses were £35.6m for the three months to 30 June 2016, compared to £36.9m for the three months to 30 June 2015, a decrease of £1.3m, and £69.0m for the half year in 2016 as compared to £72.2m in 2015, a decrease of £3.2m. Included in both the quarter and the half year in 2015 is £2.6m being a payment to a former director relating to the settlement for shares,. Adjusting for this one-off item, costs increased by £1.3m in the quarter and decreased by £0.6m in the half year. Depreciation and amortisation decreased by £2.8m in the quarter and £4.4m in the half year, as a result of the impairment provision taken in 2015. Consequently, the core costs before depreciation and amortisation and non-recurring items increased by £4.1m in the quarter and £3.8m in the half year. This arose primarily from consultancy costs incurred as part of profit improvement actions as well as an increases in the engineering expense charged to the income statement and manufacturing expense in the build up to the launch of DB11.

Operating loss

The operating loss was £(4.7)m in the three months ended 30 June 2016, compared to a loss of £(14.0)m in the three months to 30 June 2015, an improvement of £9.3m. The half year also saw an improvement of £5.3m with a loss of £(17.8)m in 2016 as compared to a loss of £(23.1)m in 2015. However, as mentioned above, 2015 included £2.6m of non-recurring costs in both the quarter and half year. Adjusting for this item the underlying loss improved by £6.7m in the quarter from £(11.4)m to £(4.7)m and £2.6m in the half year from £(20.4)m to £(17.8)m. In the quarter and half year, gross profit increased by £9.0m and £5.2m respectively, principally due to favourable exchange rates, Vulcan sales and savings in other cost of sales. In the quarter and half year, fixed costs, excluding non-recurring items, increased by £(2.3)m and £(2.6)m respectively, due largely to increased fixed marketing spend for the launch of DB11 and consultancy costs as part of profit improvement initiatives, offset by reduced depreciation and amortisation charges following the impairment in 2015..

Finance income / (expense)

The net finance expense was £(47.9)m in the three months to 30 June 2016, compared to £(0.2)m in the corresponding quarter of 2015. For the half year the net finance expense was £(64.5)m in 2016 as compared to £(29.9)m in 2015. In the quarter there was a net loss on fair value adjustments on foreign exchange hedges of £(17.5)m in 2016 as compared to a gain of £6.7m in 2015. In 2016 the loss mainly arose through the weakening of Sterling and the Euro against the US Dollar, whilst in 2015 the gain arose almost entirely from the weakening of the US Dollar against the Euro. This strengthening of the US Dollar in 2016 also led to a foreign exchange loss on the translation of the US Dollar denominated PIK Notes of £(10.9)m in 2016 as compared to a gain of £7.1m in 2015 when the US Dollar weakened. Preference share interest increased to £(7.8)m in the 2016 quarter from £(2.7)m in 2015 as a result of the additional £100m drawdown in April 2016 and the interest being for a full quarter, whilst in 2015 it was only for two months. Other net interest costs in the quarter increased to £(11.8)m in 2016 from £(11.2)m in 2015 due to the interest on the £35m Revolving Credit Facility that was repaid in April 2016 following the receipt of the second tranche of the preference shares. In the 2016 half year the net loss on the fair value of foreign exchange hedges was £(14.9)m, as compared to a net loss of £(6.1)m in 2015. The loss in the 2016 half year was primarily due to a strengthening of the US Dollar against Sterling, whilst in the equivalent period for 2015 the loss resulted mainly from a strengthening of the US Dollar against the Euro. Similarly, due to the US Dollar strengthening against Sterling in 2016 there was an exchange loss on the translation of the PIK Notes of £(14.4)m in 2016 as compared to a gain of £1.2m in 2015 when the US Dollar weakened. Preference share interest increased to £(11.8)m in 2016 as compared to £(2.7)m in 2015 and other net finance costs increased to £(23.4)m in 2016 from £(22.3)m in 2015 for the same reasons as highlighted for the quarter. Further analysis of finance income and expense is set out in notes 3 and 4.

Income tax credit

The income tax credit was £5.6m in the three months to 30 June 2016, as compared to a credit £1.9m in the three months to 30 June 2015, representing rates of 10.7% and 13.5% of the loss before tax respectively. In the half year to 30 June 2016 there was a credit of £8.6m representing a rate of 10.4%, which compared to a credit of £5.3m in 2015, a rate of 10.0%. The percentage is lower than the applicable UK corporation tax rates for the years of 20.0% in 2016 and 20.25% in 2015 as a result of credit not being taken for certain losses, the utilisation of which is not certain, and permanently disallowable expenditure. Please refer to note 5 for more information on income tax.

Interim financial report
for the period ended 30 June 2016

Financial review - cash flow statement

The three months to 30 June 2016 saw a net cash inflow of £41.6m, compared to an inflow of £61.3m in the three months to 30 June 2015. The equivalent flows for the half year were an inflow of £12.9m in 2016 as compared to an inflow of £8.6m in 2015. The cash balance at 30 June 2016 is £78.5m.

Cash flow from operating activities

We generated £59.6m of net cash from our operating activities in the three months to 30 June 2016, and £53.6m in the half year to 30 June 2016, as compared to generating £4.1m and £3.1m in the equivalent three month and six month periods to 30 June 2015. This improvement was largely due to working capital improving by £51.2m in the quarter with increases in inventory and receivables being more than offset by a significant increase in payables, due to liabilities in respect of the impending launch of the new DB11 model. In the 2015 quarter there had been a small increase in working capital of £(1.3)m. Similarly, in the six months working capital improved by £43.0m in 2016 as compared to a deterioration of £(12.3)m in 2015. As in the quarter, this was largely due to the significant increase in payables for the same reason.

Cash flow from investing activities

Net cash used in investing activities increased to £72.3m in the three months to 30 June 2016, compared to £37.6m in the three months to 30 June 2015. The half year also saw an increase to £115.3m in 2016 from £72.2m in 2015. The increase arose both from expenditure on intangible and tangible assets, in particular the latter as we move nearer to the DB11 launch. Intangible asset expenditure increased to £31.0m and £66.5m respectively in the quarter and half year in 2016 from £28.8m and £58.1m respectively in the equivalent 2015 periods, whilst tangible assets increased more significantly to £41.9m and £49.9m in 2016 from £9.5m and £15.3m in 2015.

Cash flow from financing activities

Net cash generated from financing activities was £61.7m in the three months to 30 June 2016, as compared to £91.0m in the three months to 30 June 2015. The half year to June 2016 saw net cash generated of £80.5m as compared to £75.8m in 2015. The major reasons for the net inflow in the 2016 quarter were the issue of the second tranche of £100m of preference shares offset by interest payments of £(1.2)m and the repayment of short term borrowings of £(37.1)m including £(35.0)m for the revolving credit facility. Similarly, the 2015 quarter also saw £100m raised from the issue of the first tranche of preference shares plus £2.4m from the issue of equity shares, offset by transaction fees of £(3.5)m and £(7.8)m from interest and borrowing repayments. In the respective half years, the preference share and equity issues and the transactions fees were the same as the quarter. Interest paid was fractionally higher in 2016 at £(16.5)m as compared to £(16.3)m in 2015 whilst the repayment of borrowings on short term inventory funding amounted to £(3.1)m in 2016 as compared to £(6.7)m in 2015.

Interim financial report
for the period ended 30 June 2016

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

Pursuant to clause 22.3 (b) of the Revolving Credit Facility agreement between Aston Martin Holdings (UK) Limited (the "Company") and Deutsche Bank AG, London Branch (acting as Agent), the undersigned certifies on behalf of the Company that to the best of his 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 Company's group as at 30 June 2016.

Mark Wilson
EVP & Chief Financial Officer

25th August 2016

Condensed consolidated statement of comprehensive income
for the period ended 30 June 2016

	Notes	**6 months ended 30 June 2016**	**3 months ended 30 June 2016**	6 months ended 30 June 2015	3 months ended 30 June 2015
		£'000	**£'000**	£'000	£'000
Revenue	2	**211,832**	**119,185**	211,405	111,433
Cost of sales		**(140,672)**	**(78,684)**	(145,400)	(79,909)
Gross profit		**71,160**	**40,501**	66,005	31,524
Selling and distribution expenses		**(20,001)**	**(9,544)**	(16,904)	(8,620)
Administrative and other expenses		**(68,996)**	**(35,643)**	(72,169)	(36,947)
Operating loss		**(17,837)**	**(4,686)**	(23,068)	(14,043)
Analysed as :					
Payment to a former director relating to the settlement for shares		**-**	**-**	(2,636)	(2,636)
Underlying operating loss*	7	**(17,837)**	**(4,686)**	(20,432)	(11,407)
Operating loss		**(17,837)**	**(4,686)**	(23,068)	(14,043)
Finance income	3	**1,768**	**571**	2,810	14,550
Finance expense	4	**(66,262)**	**(48,482)**	(32,742)	(14,703)
Net financing expense		**(64,494)**	**(47,911)**	(29,932)	(153)
Loss before tax		**(82,331)**	**(52,597)**	(53,000)	(14,196)
Income tax credit	5	**8,551**	**5,622**	5,321	1,915
Loss for the period		**(73,780)**	**(46,975)**	(47,679)	(12,281)
Other comprehensive income / (expense)					
Items that will never be reclassified to profit or loss					
Measurement of defined benefit asset		**(20,206)**	**(13,981)**	5,481	12,686
Related income tax		**3,637**	**2,517**	(1,096)	(2,537)
		(16,569)	**(11,464)**	4,385	10,149
Items that are or maybe reclassified to profit or loss					
Foreign exchange translation differences		**387**	**145**	200	412
Other comprehensive (expense) / income for the period, net of income tax		**(16,182)**	**(11,319)**	4,585	10,561
Total comprehensive expense for the period		**(89,962)**	**(58,294)**	(43,094)	(1,720)
(Loss) / profit attributable to:					
Owners of the group		**(74,023)**	**(47,107)**	(47,797)	(12,356)
Non-controlling interests		**243**	**132**	118	75
		(73,780)	**(46,975)**	(47,679)	(12,281)
Total comprehensive expense attributable to:					
Owners of the group		**(90,205)**	**(58,426)**	(43,212)	(1,795)
Non-controlling interests		**243**	**132**	118	75
		(89,962)	**(58,294)**	(43,094)	(1,720)

* underlying operating loss represents operating loss 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	Share premium and share warrants	Capital reserve and Non-controlling interests	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2015	**3**	**366,463**	**98,626**	**40**	**(153,281)**	**311,851**
Total comprehensive income / (expense) for the period						
Profit / (loss)	**-**	**-**	**75**	**-**	**(12,356)**	**(12,281)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	(412)	-	(412)
Remeasurement of defined benefit liability (note 11)	-	-	-	-	12,686	12,686
Income tax on other comprehensive income	-	-	-	-	(2,537)	(2,537)
			-			-
Total other comprehensive income / (expense)	**-**	**-**	**-**	**(412)**	**10,149**	**9,737**
Total comprehensive income / (expense) for the period	**-**	**-**	**75**	**(412)**	**(2,207)**	**(2,544)**
Transactions with owners, recorded directly in equity						
Capital Increase	-	11,398	-	-	-	11,398
Total transactions with owners	**-**	**11,398**	**-**	**-**	**-**	**11,398**
At 30 June 2015	**3**	**377,861**	**98,701**	**(372)**	**(155,488)**	**320,705**

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,637,000 of Non-controlling interest relating to the 50% interest in the share capital of AMWS Limited, the parent company of Aston Martin Works Limited.

The capital increase during the 3 months ended 30 June 2015 represents the share premium paid for previously partly paid shares of £2,355,000 and the fair value of the share warrants granted in connection with the issue of the preference shares amounting to £9,043,000.

Group	Share capital	Share premium and share warrants	Capital reserve and Non-controlling interests	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015	**3**	**366,463**	**98,583**	**(172)**	**(112,076)**	**352,801**
Total comprehensive income / (expense) for the period						
Profit / (loss)	**-**	**-**	**118**	**-**	**(47,797)**	**(47,679)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	(200)	-	(200)
Remeasurement of defined benefit asset (note 11)	-	-	-	-	5,481	5,481
Income tax on other comprehensive income	-	-	-	-	(1,096)	(1,096)
Total other comprehensive income / (expense)	**-**	**-**	**-**	**(200)**	**4,385**	**4,185**
Total comprehensive income / (expense) for the period	**-**	**-**	**118**	**(200)**	**(43,412)**	**(43,494)**
Transactions with owners, recorded directly in equity						
Capital increase	-	11,398	-	-	-	11,398
Total transactions with owners	**-**	**11,398**	**-**	**-**	**-**	**11,398**
At 30 June 2015	**3**	**377,861**	**98,701**	**(372)**	**(155,488)**	**320,705**

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,637,000 of Non-controlling interest relating to the 50% interest in the share capital of AMWS Limited, the parent company of Aston Martin Works Limited.

The capital increase during the 6 months ended 30 June 2015 represents the share premium paid for previously partly paid shares of £2,355,000 and the fair value of the share warrants granted in connection with the issue of the preference shares amounting to £9,043,000.

Condensed consolidated statement of changes in equity (continued)

Group	Share capital	Share premium and Share warrants	Capital reserve and Non-controlling interests	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	**3**	**377,861**	**98,845**	**1,085**	**(245,382)**	**232,412**
Total comprehensive income / (expense) for the period						
Profit / (loss)	**-**	**-**	**132**	**-**	**(47,107)**	**(46,975)**
Other comprehensive income / (expense) for the period						
Foreign currency translation differences	-	-	-	145	-	145
Measurement of defined benefit asset (note 11)	-	-	-	-	(13,981)	(13,981)
Income tax on other comprehensive income					2,517	2,517
Total other comprehensive income / (expense)	**-**	**-**	**-**	**145**	**(11,464)**	**(11,319)**
Total comprehensive income / (expense) for the period	**-**	**-**	**132**	**145**	**(58,571)**	**(58,294)**
Transactions with owners, recorded directly in equity						
Capital Increase	**-**	**9,419**	**-**	**-**	**-**	**9,419**
Total transactions with owners	**-**	**9,419**	**-**	**-**	**-**	**9,419**
At 30 June 2016	**3**	**387,280**	**98,977**	**1,230**	**(303,953)**	**183,537**

The capital increase during the 3 months ended 30 June 2016 represents the fair value of the share warrants granted in connection with the issue of preference shares.

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,913,000 of Non-controlling interest relating to the 50% interest in the share capital of AMWS Limited, the parent company of Aston Martin Works Limited.

Condensed consolidated statement of changes in equity (continued)

Group	Share capital	Share premium and Share warrants	Capital reserve and Non-controlling interests	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016	**3**	**377,861**	**98,734**	**843**	**(213,361)**	**264,080**
Total comprehensive income / (expense) for the period						
Profit / (loss)	**-**	**-**	**243**	**-**	**(74,023)**	**(73,780)**
Other comprehensive income / (expense) for the period						
Foreign currency translation differences	-	-	-	387	-	387
Remeasurement of defined benefit liability (note 11)	-	-	-	-	(20,206)	(20,206)
Income tax on other comprehensive income					3,637	3,637
Total other comprehensive income / (expense)	**-**	**-**	**-**	**387**	**(16,569)**	**(16,182)**
Total comprehensive income / (expense) for the period	**-**	**-**	**243**	**387**	**(90,592)**	**(89,962)**
Transactions with owners, recorded directly in equity						
Capital Increase	**-**	**9,419**	**-**	**-**	**-**	**9,419**
Total transactions with owners	**-**	**9,419**	**-**	**-**	**-**	**9,419**
At 30 June 2016	**3**	**387,280**	**98,977**	**1,230**	**(303,953)**	**183,537**

The capital increase during the 6 months ended 30 June 2016 represents the fair value of the share warrants granted in connection with the issue of preference shares.

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,913,000 of Non-controlling interest relating to the 50% interest in the share capital of AMWS Limited, the parent company of Aston Martin Works Limited.

Condensed consolidated statement of financial position
at 30 June 2016

	Notes	As at 30.06.16 £'000	As at 30.06.15 £'000	As at 31.12.15 £'000
Non-current assets				
Intangible assets		**719,367**	656,812	677,297
Property, plant and equipment		**203,422**	175,083	166,314
Other receivables		**2,169**		2,169
Other financial assets		**99**	603	63
Deferred tax asset		**48,303**	44,024	48,303
		973,360	876,522	894,146
Current assets				
Inventories		**95,252**	93,963	80,363
Trade and other receivables		**65,465**	64,350	69,113
Other financial assets		**343**	191	52
Cash and cash equivalents	8	**78,476**	97,838	65,562
		239,536	256,342	215,090
Total assets		**1,212,896**	1,132,864	1,109,236
Current liabilities				
Borrowings	8	**14,898**	12,909	16,597
Trade and other payables		**227,136**	158,879	180,293
Income tax payable		**43**	461	894
Other financial liabilities		**10,912**	8,204	8,200
Provisions	10	**3,539**	6,997	6,361
		256,528	187,450	212,345
Non-current liabilities				
Borrowings	8	**656,669**	508,466	532,103
Other financial liabilities		**9,435**	2,895	1,584
Employee benefits	11	**24,537**	7,583	4,947
Provisions	10	**8,419**	8,096	8,218
Deferred tax liabilities		**73,771**	97,669	85,959
		772,831	624,709	632,811
Total liabilities		**1,029,359**	812,159	845,156
Net assets		**183,537**	320,705	264,080
Equity				
Share capital		**3**	3	3
Share premium		**368,818**	368,818	368,818
Share warrants		**18,462**	9,043	9,043
Capital reserves		**94,064**	94,064	94,064
Translation reserve		**1,230**	(372)	843
Retained earnings		**(303,953)**	(155,488)	(213,361)
Equity attributable to owners of the group		**178,624**	316,068	259,410
Non-controlling interests		**4,913**	4,637	4,670
Total equity		**183,537**	320,705	264,080

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 June 2016

	Notes	6 months ended 30 June 2016 £'000	3 months ended 30 June 2016 £'000	6 months ended 30 June 2015 £'000	3 months ended 30 June 2015 £'000
Operating activities					
Loss for the period		**(73,780)**	**(46,975)**	(47,679)	(12,281)
Adjustments to reconcile loss for the period to net cash inflow from operating activities					
Tax on continuing operations	5	**(8,551)**	**(5,622)**	(5,321)	(1,915)
Net finance costs		**59,811**	**45,343**	29,253	212
Other non cash movements		**387**	**145**	(200)	(412)
Depreciation and impairment of property, plant and equipment		**12,759**	**6,649**	14,552	7,292
Amortisation and impairment of intangible assets		**24,456**	**11,411**	27,051	13,602
Difference between pension contributions paid and amounts recognised in income statement		**(616)**	**(266)**	660	314
(Increase) / decrease in inventories		**(14,889)**	**(2,637)**	4,464	7,254
Decrease / (increase) in trade and other receivables		**6,754**	**(11,947)**	(14,197)	(5,653)
Increase / (decrease) in trade and other payables		**51,105**	**65,776**	(2,549)	(2,889)
Movement in provisions		**(2,840)**	**(1,718)**	(2,163)	(651)
Cash generated from operations		**54,596**	**60,159**	3,871	4,873
Income taxes paid		**(974)**	**(581)**	(779)	(789)
Net cash inflow from operating activities		**53,622**	**59,578**	3,092	4,084
Cash flows from investing activities					
Interest received	3	**1,075**	**571**	1,128	593
Payments to acquire property, plant and equipment		**(49,867)**	**(41,891)**	(15,256)	(9,459)
Payments to acquire intangible assets		**(66,526)**	**(31,027)**	(58,058)	(28,767)
Net cash used in investing activities		**(115,318)**	**(72,347)**	(72,186)	(37,633)
Cash flows from financing activities					
Interest paid		**(16,475)**	**(1,200)**	(16,255)	(1,083)
Proceeds from equity share issue		**-**	**-**	2,355	2,355
New borrowings		**100,000**	**100,000**	100,000	100,000
Movement in borrowings		**(3,061)**	**(37,074)**	(6,735)	(6,698)
Transaction fees on new borrowings		**-**	**-**	(3,536)	(3,536)
Net cash inflow from financing activities		**80,464**	**61,726**	75,829	91,038
Net increase in cash and cash equivalents		**18,768**	**48,957**	6,735	57,489
Cash and cash equivalents at the beginning of the period		**65,562**	**36,863**	89,250	36,536
Effect of exchange rates on cash and cash equivalents		**(5,854)**	**(7,344)**	1,853	3,813
Cash and cash equivalents at the end of the period	8	**78,476**	**78,476**	97,838	97,838

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

Notes to the financial statements for the period ended 30 June 2016

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 June 2016 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, Preference shares, 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 £155,117,000 (207,360,000 US Dollars) at 30 June 2016 and are also due for repayment in July 2018. The Preference shares and related accrued interest amounted to £200,692,000 at 30 June 2016. The second tranche of £100,000,000 of Preference shares was drawn in April 2016. The increased and extended £40,000,000 revolving credit facility is available until July 2018. The revolving credit facility was undrawn at 30 June 2016, 31 December 2015 and 30 June 2015.

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 2015.

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 2015.

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 assets and 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 June 2016 (continued)

2 Revenue

	6 months ended 30.06.16 £'000	**3 months ended 30.06.16 £'000**	6 months ended 30.06.15 £'000	3 months ended 30.06.15 £'000
Sale of vehicles	**182,668**	**102,112**	186,048	98,392
Sale of parts	**23,450**	**12,324**	22,388	11,504
Servicing of vehicles	**5,714**	**4,749**	2,969	1,537
Total revenue	**211,832**	**119,185**	211,405	111,433

3 Finance income

	6 months ended 30.06.16 £'000	**3 months ended 30.06.16 £'000**	6 months ended 30.06.15 £'000	3 months ended 30.06.15 £'000
Bank deposit and other interest income	**1,075**	**571**	1,128	593
Net gain on financial instruments recognised at fair value through profit or loss	**693**	**-**	505	6,856
Net foreign exchange gain	**-**	**-**	1,177	7,101
Total finance income	**1,768**	**571**	2,810	14,550

4 Finance expense

	6 months ended 30.06.16 £'000	**3 months ended 30.06.16 £'000**	6 months ended 30.06.15 £'000	3 months ended 30.06.15 £'000
Bank loans and overdrafts	**24,439**	**12,334**	23,258	11,748
Net interest expense on the net defined benefit liability	**48**	**13**	188	84
Interest on preference shares classified as financial liabilities	**11,847**	**7,783**	2,710	2,710
Net loss on financial instruments recognised at fair value through profit or loss	**15,563**	**17,487**	6,586	161
Net foreign exchange loss	**14,365**	**10,865**	-	-
Total finance expense	**66,262**	**48,482**	32,742	14,703

5 Income tax credit

The effective tax rate for the 6 months ended 30 June 2016 has been estimated at 10.4% (six months ended 30 June 2015 : 10.0%). This compares to a UK statutory rate of tax 20% applicable to the group for the period to 30 June 2016.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.
An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Group's future current tax charge accordingly.

The deferred tax liability at 30 June 2016 has been calculated based on the rate of 18% 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 six month period to 30 June 2016 or the six month period to 30 June 2015.

7 Underlying operating loss

	6 months ended 30.06.16 £'000	**3 months ended 30.06.16 £'000**	6 months ended 30.06.15 £'000	3 months ended 30.06.15 £'000
Operating loss	**(17,837)**	**(4,686)**	(23,068)	(14,043)
Payment to a former director relating to the settlement for shares	**-**	**-**	2,636	2,636
Underlying operating loss *	**(17,837)**	**(4,686)**	(20,432)	(11,407)

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

Notes to the financial statements for the period ended 30 June 2016 (continued)

8 Net borrowings

	As at 30.06.16 £'000	As at 30.06.15 £'000	As at 31.12.15 £'000
Cash and cash equivalents	**78,476**	97,838	65,562
Bank loans and overdrafts (a)	**(14,898)**	(12,909)	(16,597)
Senior Secured Loan Notes (b)	**(300,860)**	(299,222)	(300,041)
Senior Subordinated PIK notes (c)	**(155,117)**	(119,108)	(133,797)
Preference shares (d)	**(200,692)**	(90,136)	(98,265)
	(593,091)	(423,537)	(483,138)

(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. The group also has a facility to fund certain inventory at Aston Martin Works Limited. At 30 June 2016 the utilisation of these facilities was £14,898,000. At 30 June 2016, 31 December 2015 and 30 June 2015 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 June 2016 closing exchange rate the liability relating to the Senior Subordinated PIK notes, including accrued interest, was £155,117,000.

(d) In April 2015 the company accepted binding subscriptions for £200,000,000 of preference shares with an interest rate of 15% payable on a PIK basis. The first tranche of £100,000,000 was received on 27 April 2015 and the second tranche of £100,000,000 was received in April 2016. These subscriptions also include warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the fully diluted share capital of the company. At 30 June 2016 the liability relating to the preference shares, including accrued interest, was £200,692,000.

9 Foreign exchange rates

	Average rate 6 months ended 30.06.16	Average rate 3 months ended 30.06.16	Average rate 6 months ended 30.06.15	Average rate 3 months ended 30.06.15
US dollar	**1.4556**	**1.4373**	1.5219	1.4845
Chinese renminbi	**9.4820**	**9.2819**	9.4385	9.2033
Euro	**1.3091**	**1.2613**	1.3354	1.3822

10 Provisions

	As at 30.06.16 £'000	As at 30.06.15 £'000	As at 31.12.15 £'000
Warranty	**11,958**	15,093	14,579
Non-current	**8,419**	8,096	8,218
Current	**3,539**	6,997	6,361
	11,958	15,093	14,579

11 Pension scheme

The net liability for defined benefit obligations of £(10,822,000) at 31 March 2016 has increased to a net liability of £(24,537,000) at 30 June 2016. The movement of £(13,715,000) comprises a net actuarial loss of £(13,981,000) plus a charge to the income statement of £(2,275,000) less contributions of £2,541,000. The net actuarial loss has arisen mainly due a change in the discount rate assumptions used in the valuation of the scheme's assets and liabilities compared to those used at 31 March 2016. The discount rate decreased to 3.2% at 30 June 2016 compared to 3.7% at 31 March 2016.

12 Related party transactions

There have been no new related party transactions that have taken place in the first six 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.