Aston Martin Holdings (UK) Limited

Interim financial report

for the period ended 31 March 2015

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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 two 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 31 March 2015, we sold 3,614 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 Cygnet and Taraf) in the first quarter of 2015 were 747 vehicles (813 in the first quarter of 2014).

Average prices

	For the three months ended 31 March 2015	For the year ended 31 December 2014	For the three months ended 31 March 2014
Average car sale price in £ thousands	116 (1)	114 (1)	111 (1)

(1) Excludes Cygnet, Taraf & Zagato models

Sales volumes

	For the three months ended 31 March 2015	For the year ended 31 December 2014	For the three months ended 31 March 2014
V8	498	2,590	602
V12	249	1,072	211
Cygnet	-	23	10
Taraf	5	-	-
Total	752	3,685	823

Recent developments and factors affecting comparability

In April 2015 David Richards agreed to transfer 32.571 ordinary shares in Aston Martin Holdings (UK) Limited to the following shareholders: 19,671 ordinary shares to Prestige Motor Holdings S.A., 9,700 ordinary shares to Tejara Capital Limited and 3,200 ordinary shares to Adeem Automotive Manufacturing Company Limited.

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 may be drawn at any time in the following 12 months. 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.

On 14 May 2015 Aston Martin announced Mark Wilson as the new CFO and he will be joining the company on 8 June. Mark will report directly to the CEO Dr Andrew Palmer and take a place on the Executive Board at Aston Martin. Mark has senior automotive experience with McLaren Automotive and Lotus Cars Ltd. He will join the team from renewable energy insurer G-Cube Underwriting where he held the post of Chief Financial and Operating Officer.

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Financial review - income statement

Revenue

Revenue was £100.0m for the three months ended 31 March 2015, as compared to £100.7m for the three months ended 31 March 2014, a decrease of £0.7m or 0.7%. Vehicle sales decreased by 71 units or 8.6% to 752 units in the 2015 quarter as compared to 823 in the first quarter of 2014. The decrease in revenue arose from the absolute reduction in volumes, but also there was an adverse mix effect with V12 sales falling to 66.2% of volumes as compared to 73.1% in 2014, and V8 sales increasing to 33.1% in 2014 as compared to 25.6% in 2014. The average wholesale price per vehicle for core models did, however, increase to £116,000 in Q1 2015 from £111,000 in Q1 2014.

Cost of sales

Cost of sales were £65.5m for the three months ended 31 March 2015, as compared to £63.2m for the three months ended 31 March 2014, an increase of £2.3m or 3.6%.

Material costs for the three months ended 31 March 2015 decreased to £46.6m or 46.6% of revenue as compared to £47.3m or 47.0% of revenue for the same period in 2014. This minor decrease as a percentage of revenue in the quarter is due to changes in model and market mix.

Direct labour for the three months ended 31 March 2015 was £4.1m or 4.1% of revenue compared to £4.4m or 4.4% of revenue in the three months to 31 March 2014. This reduction arises from slightly improved efficiency in manufacturing following the amalgamation of the production lines in the second half of 2014 and the volume mix change.

Other cost of sales for the three months ended 31 March 2015 were £14.8m or 14.8% of revenue, compared to £11.5m or 11.4% of revenue for the three months ended 31 March 2014. The increase arose from higher costs for Chinese duty, due to higher sales, and outbound distribution costs.

Gross profit

The gross profit was £34.5m or 34.5% of revenue for the three months ended 31 March 2015, as compared to £37.6m or 37.3% for the three months ended 31 March 2014. The decrease in both absolute and percentage terms arises from the lower volume of sales, and a deterioration in model mix from V12 sales to V8 sales as described above.

Selling and distribution expenses

Selling and distribution expenses were £8.3m for the three months to 31 March 2015, as compared to £7.4m for the three months to 31 March 2014, an increase of £0.9m. This arose from additional selling expenses in connection with the expansion of our activities in overseas sales markets, including accessing new markets and legal costs in protecting the group's intellectual property and trademarks.

Administrative and other expenses

Administrative and other expenses were largely unchanged at £35.2m for the three months to 31 March 2015, as compared to £35.5m for the three months to 31 March 2014. Depreciation and amortisation increased by £0.5m to £20.7m in 2015 from £20.2m in 2014, whilst savings of £0.8m were made in underlying costs.

Operating loss

The operating loss was £(9.0)m in the three months ended 31 March 2015, as compared to a loss of £(5.3)m in the three months to 31 March 2014, an increased loss of £(3.7)m. Gross profit reduced by £3.1m due to the lower volumes and the deterioration in model mix in the first quarter of 2015 as compared to 2014. Fixed costs in total increased by £0.6m of which £0.5m related to depreciation and amortisation with increased selling and distribution costs being largely offset by savings in administrative and other expenses.

Finance income / (expense)

The net finance expense was £(29.8)m in the three months to 31 March 2015, as compared to £(7.1)m in the corresponding quarter of 2014, an increase of £(22.7)m. This increase arose primarily from a net loss on fair value adjustments on foreign exchange hedges of £(12.8)m in 2015 as compared to a net gain of £0.7m in 2014 and an exchange loss on the translation of the US Dollar denominated PIK Notes of £(5.9)m as compared to a gain of £0.7m in 2014. The fair value loss was principally reflective of a strengthening of the US Dollar in the first quarter of 2015, whereas the first quarter of 2014 had seen a slight weakening of the same currency. There was also an increase in interest on bank loans and overdrafts of £(2.6)m from £(8.9)m in 2014 to £(11.5)m in 2015 due to a full quarter's charge for interest on the PIK Notes as compared to only half a month in 2014. An analysis of the finance income / (expense) is given in notes 3 and 4 of the accounts.

Income tax credit

The income tax credit was £3.4m in the three months to 31 March 2015, 8.8% of the loss before tax, as compared to a £1.8m in the three months to 31 March 2014 or 14.2% of the loss before tax. The percentage is lower than the applicable UK corporation rates for the years of 20.25% in 2015 and 21.5% in 2014 as a result of credit not being taken for some losses, the utilisation of which is not certain. 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 March 2015 saw a net cash outflow of £(52.7)m, compared to an inflow of £54.6m in the three months to 31 March 2014. The cash balance at 31 March 2015 was £36.5m as compared to £129.3m as at 31 March 2014, a decrease of £(92.8)m.

Cash flow from operating activities

We utilised £(1.0)m of net cash in our operating activities in the three months to 31 March 2015 as compared to £(0.3)m in the equivalent three month period to 31 March 2014. The quarter saw an increase in working capital of £(11.0)m in 2015, as compared to £(15.0)m in 2014. The quarter saw an increase in inventory of £(2.8)m, down from £(16.2)m in 2014 due to the seasonality of production as compared to sales whilst the higher receivables of £(8.5)m, as compared to £(5.2)m in 2014, were a due to the timing of deliveries to our dealers and were settled in early April 2015. The cash generated from other operating activities amounted to £10.0m as compared £14.7m in 2014, mainly due to the higher loss in the quarter.

Cash flow from investing activities

Net cash used in investing activities increased to £34.6m in the three months to 31 March 2015, as compared to £27.1m in the three months to 31 March 2014. Expenditure on property, plant and equipment increased to £5.8m from £3.6m, whilst expenditure on intangible assets increased to £29.3m in 2015 as compared to £23.8m in 2014 as the group continued its investment in the new range of vehicles due to be launched progressively between 2016 and 2019.

Cash flow from financing activities

Net cash utilised on financing activities was £(15.2)m in the three months to 31 March 2015, as compared to a generation of funds of £82.8m in the three months to 31 March 2014. In 2015 there was only interest paid of £(15.2)m. However, in 2014 whilst there was interest paid of £(16.2)m the group raised of £99.1m, net of transaction fees, through the issue of $165m of Senior Subordinated PIK Notes due for repayment in July 2018.

Interim financial report
for the period ended 31 March 2015

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 March 2015.

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

28 May 2015

Condensed consolidated statement of comprehensive income
for the period ended 31 March 2015

	Notes	3 months ended 31 March 2015	3 months ended 31 March 2014
		£'000	£'000
Revenue	2	**99,972**	100,731
Cost of sales		**(65,491)**	(63,162)
Gross profit		**34,481**	37,569
Selling and distribution expenses		**(8,284)**	(7,435)
Administrative and other expenses		**(35,222)**	(35,508)
Share of result in associates		**-**	62
Operating loss		**(9,025)**	(5,312)
Finance income	3	**636**	2,003
Finance expense	4	**(30,415)**	(9,090)
Net financing expense		**(29,779)**	(7,087)
Loss before tax		**(38,804)**	(12,399)
Income tax credit	5	**3,406**	1,763
Loss for the period		**(35,398)**	(10,636)
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit (liability) / asset		**(7,205)**	1,515
Related income tax		**1,441**	(303)
		(5,764)	1,212
Items that are or may be reclassified to profit or loss			
Foreign exchange translation differences		**(212)**	(401)
Other comprehensive income for the period, net of income tax		**(5,976)**	811
Total comprehensive income for the period		**(41,374)**	(9,825)
Loss attributable to:			
Owners of the group		**(35,441)**	(10,636)
Non-controlling interests		**43**	-
		(35,398)	(10,636)
Total comprehensive (expense) / income attributable to:			
Owners of the group		**(41,417)**	(9,825)
Non-controlling interests		**43**	-
		(41,374)	(9,825)

Notes on pages 10 to 12 form an integral part of the financial statements.

Condensed consolidated statement of changes in equity

Group	Share capital £'000	Share premium £'000	Capital reserve and non-controlling interest £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2015	**3**	**366,463**	**98,583**	**(172)**	**(112,076)**	**352,801**
Total comprehensive income for the period						
Profit / (loss)	**-**	**-**	**43**	**-**	**(35,441)**	**(35,398)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	212	-	212
Remeasurement of defined benefit (liability) / asset	-	-	-	-	(7,205)	(7,205)
Income tax on other comprehensive income					1,441	1,441
Total other comprehensive income / (expense)	**-**	**-**	**-**	**212**	**(5,764)**	**(5,552)**
Total comprehensive income / (expense) for the period	**-**	**-**	**43**	**212**	**(41,205)**	**(40,950)**
At 31 March 2015	**3**	**366,463**	**98,583**	**40**	**(153,281)**	**311,808**

Group	Share capital £'000	Share premium £'000	Capital reserve and non-controlling interest £'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 for the period						
Loss	**-**	**-**	**-**	**-**	**(64,916)**	**(64,916)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	(336)	-	(336)
Remeasurement of defined benefit (liability) / asset	-	-	-	-	(15,011)	(15,011)
Income tax on other comprehensive income					3,255	3,255
Total other comprehensive income	**-**	**-**	**-**	**(336)**	**(11,756)**	**(12,092)**
Total comprehensive income 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	**-**	**-**	**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, as part of the share subscription agreement dated 5 December 2012.

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.

Group	Share capital £'000	Share premium £'000	Capital reserve £'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 for the period						
Loss	**-**	**-**	**-**	**-**	**(10,636)**	**(10,636)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	(401)	-	(401)
Remeasurement of defined benefit (liability) / asset	-	-	-	-	1,515	1,515
Income tax on other comprehensive income	-	-	-	-	(303)	(303)
Total other comprehensive income / (expense)	**-**	**-**	**-**	**(401)**	**1,212**	**811**
Total comprehensive expense for the period	**-**	**-**	**-**	**(401)**	**(9,424)**	**(9,825)**
At 31 March 2014	**3**	**358,296**	**92,964**	**(237)**	**(44,828)**	**406,198**

Condensed consolidated statement of financial position
at 31 March 2015

	Note	As at 31.03.15 £'000	As at 31.03.14 £'000	As at 31.12.14 £'000
Non-current assets				
Intangible assets		**641,647**	582,515	625,805
Property, plant and equipment		**172,916**	176,529	174,379
Investments in associates		**-**	2,024	-
Other financial assets		**-**	1,339	-
Deferred tax asset		**44,024**	23,016	44,024
Employee benefits	10	**-**	3,532	-
		858,587	788,955	844,208
Current assets				
Inventories		**101,217**	86,178	98,427
Trade and other receivables		**60,535**	45,246	51,538
Other financial assets		**253**	3,762	527
Cash and cash equivalents	7	**36,536**	129,289	89,250
		198,541	264,475	239,742
Total assets		**1,057,128**	1,053,430	1,083,950
Current liabilities				
Borrowings	7	**20,776**	13,791	19,808
Trade and other payables		**150,709**	129,169	160,048
Income tax payable		**1,230**	585	1,208
Other financial liabilities		**11,438**	229	3,088
Provisions	9	**7,717**	7,713	9,171
		191,870	151,487	193,323
Non-current liabilities				
Borrowings	7	**421,843**	395,747	412,598
Other financial liabilities		**6,360**	65	2,819
Employee benefits	10	**19,955**	-	12,404
Provisions	9	**8,204**	8,577	8,111
Deferred tax liabilities		**97,045**	91,356	101,894
		553,407	495,745	537,826
Total liabilities		**745,277**	647,232	731,149
Net assets		**311,851**	406,198	352,801
Capital and reserves				
Share capital		**3**	3	3
Share premium		**366,463**	358,296	366,463
Capital reserves		**94,064**	92,964	94,064
Translation reserve		**40**	(237)	(172)
Retained earnings		**(153,281)**	(44,828)	(112,076)
Equity attributable to owners of the group		**307,289**	406,198	348,282
Non-controlling interests		**4,562**	-	4,519
Total shareholders' equity		**311,851**	406,198	352,801

Condensed consolidated statement of cash flows
for the period ended 31 March 2015

	Notes	**3 months ended 31 March 2015 £'000**	3 months ended 31 March 2014 £'000	Year ended 31 December 2014 £'000
Operating activities				
Loss for the period		**(35,398)**	(10,636)	(64,752)
Adjustments to reconcile loss for the period to net cash inflow from operating activities				
Tax on continuing operations	5	**(3,406)**	(1,763)	(7,079)
Share of result in associates		**-**	(62)	(32)
Net finance costs		**29,041**	8,563	56,612
Other non cash movements		**212**	(401)	(137)
Losses on sale of property, plant and equipment		**-**	-	67
Gain on the sale of an associated company		**-**	-	(1,706)
Depreciation and impairment of property, plant and equipment		**7,260**	7,913	28,316
Amortisation and impairment of intangible assets		**13,449**	12,265	51,964
Difference between pension contributions paid and amounts recognised in income statement		**346**	(131)	(721)
Increase in inventories		**(2,790)**	(16,213)	(21,842)
Increase in trade and other receivables		**(8,544)**	(5,150)	(8,146)
Increase in trade and other payables		**340**	6,379	26,709
Movement in provisions		**(1,512)**	(662)	89
Cash (used in) / generated from operations		**(1,002)**	102	59,342
Income taxes received / (paid)		**10**	(352)	(1,472)
Net cash (outflow) / inflow from operating activities		**(992)**	(250)	57,870
Cash flows from investing activities				
Interest received	3	**535**	414	2,037
Proceeds on the disposal of property, plant and equipment		**-**	-	18
Payments to acquire property, plant and equipment		**(5,797)**	(3,633)	(20,852)
Payments to acquire intangible assets		**(29,291)**	(23,838)	(105,631)
Acquisition of AMWS Limited		**-**	-	1,300
Net cash used in investing activities		**(34,553)**	(27,057)	(123,128)
Cash flows from financing activities				
Interest paid		**(15,172)**	(16,227)	(31,938)
Proceeds from equity share issue		**-**	-	8,167
Movement in borrowings		**(37)**	99,902	5,348
New borrowings		**-**	-	99,620
Transaction fees on new borrowings		**-**	(835)	(585)
Net cash (outflow) / inflow from financing activities		**(15,209)**	82,840	80,612
Net (decrease) / increase in cash and cash equivalents		**(50,754)**	55,533	15,354
Cash and cash equivalents at the beginning of the period		**89,250**	74,653	74,653
Effect of exchange rates on cash and cash equivalents		**(1,960)**	(897)	(757)
Cash and cash equivalents at the end of the period	7	**36,536**	129,289	89,250

Notes to the financial statements for the period ended 31 March 2015

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 March 2015 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 amount to US Dollars 165,000,000 and are also due for repayment in July 2018. The £30,000,000 revolving credit facility is available until 2016. At both 31 March 2015 and 31 March 2014 the revolving credit facility was undrawn.

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 2014.

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 2014.

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 March 2015 (continued)

2 Revenue

	3 months ended 31.03.15 £'000	3 months ended 31.03.14 £'000
Sale of vehicles	**87,656**	90,398
Sale of parts	**10,884**	10,161
Servicing of vehicles	**1,432**	172
Total revenue	**99,972**	100,731

3 Finance income

	3 months ended 31.03.15 £'000	3 months ended 31.03.14 £'000
Bank deposit and other interest income	**535**	414
Net interest income on the net defined benefit (liability) / asset	**-**	34
Net gain on financial instruments recognised at fair value through profit or loss	**101**	901
Net foreign exchange gain	**-**	654
Total finance income	**636**	2,003

4 Finance expense

	3 months ended 31.03.15 £'000	3 months ended 31.03.14 £'000
Bank loans and overdrafts	**11,510**	8,931
Net interest expense on the net defined benefit (liability) / asset	**104**	-
Net loss on financial instruments recognised at fair value through profit or loss	**12,877**	159 -
Net foreign exchange loss	**5,924**	-
Total finance expense	**30,415**	9,090

5 Income tax credit

The effective tax rate for the period ended 31 March 2015 has been estimated at 8.8% (year ended 31 December 2014 : 9.9%). This compares to a UK statutory rate of tax 21% applicable to the group for the period to 31 March 2015.

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 31 March 2015 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 three month period to 31 March 2015 or the three month period to 31 March 2014.

Notes to the financial statements for the period ended 31 March 2015 (continued)

7 Net borrowings

	As at 31.03.15 £'000	As at 31.03.14 £'000	As at 31.12.14 £'000
Cash and cash equivalents	**36,536**	129,289	89,250
Bank loans and overdrafts (a)	**(20,776)**	(13,791)	(19,808)
Senior Secured Notes (b)	**(298,812)**	(297,174)	(298,403)
Senior Subordinated PIK notes (c)	**(123,031)**	(98,573)	(114,195)
	(406,083)	(280,249)	(343,156)

(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 March 2015 the utilisation of these facilities was £20,776,000 (31 March 2014 : £13,791,000). The revolving credit facility was undrawn at both 31 March 2015 and 31 March 2014. The group also has a wholesale vehicle financing facility of £100,000,000 with Standard Chartered Bank plc, supported by a credit insurance policy with Atradius, which is off balance sheet.

(b) In June 2011 the group issued £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 March 2015 closing exchange rate the liability relating to the Senior Subordinated PIK notes, including accrued interest, was £123,031,000.

8 Foreign exchange rates

	Average rate 3 months ended 31.03.15	Average rate 3 months ended 31.03.14	Average rate year ended 31.12.14
US dollar	**1.5593**	1.6563	1.6637
Chinese renminbi	**9.6736**	10.0268	10.2373
Euro	**1.2886**	1.2020	1.2360

9 Provisions

	As at 31.03.15 £'000	As at 31.03.14 £'000	As at 31.12.14 £'000
Warranty	**15,921**	16,290	17,282
Non-current	**8,204**	8,577	8,111
Current	**7,717**	7,713	9,171
	15,921	16,290	17,282

10 Pension scheme

The net liability for defined benefit obligations has increased from £(12,404,000) at 31 December 2014 to £(19,955,000) at 31 March 2015. The movement of £7,551,000 comprises contributions of £2,258,000 less an actuarial loss of £(7,205,000) and a charge to the income statement of £(2,604,000). 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 31 December 2014. The discount rate decreased to 3.45% at 31 March 2015 compared to 3.70% at 31 December 2014.

11 Related party transactions

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

12 Post balance sheet events

In April 2015 David Richards agreed to transfer 32.571 ordinary shares in Aston Martin Holdings (UK) Limited to the following shareholders: 19,671 ordinary shares to Prestige Motor Holdings S.A., 9,700 ordinary shares to Tejara Capital Limited and 3,200 ordinary shares to Adeem Automotive Manufacturing Company Limited.

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 may be drawn at any time in the following 12 months. 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.