

Aston Martin Holdings (UK) Limited

Interim financial report

for the period ended 31 December 2015

**Interim financial report for the period ended
31 December 2015**

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**Interim financial report
for the period ended 31 December 2015**

Business review and outlook

The Aston Martin brand is one of the most widely recognised 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 31 December 2015, we sold 3,615 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 in the fourth quarter of 2015 were 1,128 vehicles (1,138 in the fourth quarter of 2014).

Average prices

	For the three months ended 31 December 2015	For the year ended 31 December 2015	For the three months ended 31 December 2014
Average car sale price in £ thousands	118 ⁽¹⁾	116 ⁽¹⁾	117 ⁽¹⁾
		<small>(1) Excludes Vulcan, GT12 and Taraf models</small>	

Sales volumes

	For the three months ended 31 December 2015	For the year ended 31 December 2015	For the three months ended 31 December 2014
V8	186	1,029	346
V12	942	2,586	792
Total	1,128	3,615	1,138

Recent developments and factors affecting comparability

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 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

Between 30 April 2015 and 12 June 2015, David Richards transferred 32,571 ordinary shares in Aston Martin Holdings (UK) Limited to the following shareholders: 19,671 ordinary shares to Prestige Motor Holdings S.A. and 12,900 ordinary shares to Tejera Capital 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 8 June 2015 Mark Wilson joined the group as the new CFO. Mark reports directly to the CEO Dr Andrew Palmer and takes a place on the Executive Board at Aston Martin. Mark has senior automotive experience with McLaren Automotive and Lotus Cars Limited. He joined the team from renewable energy insurer G-Cube Underwriting where he held the post of Chief Financial and Operating Officer.

In June 2015, the company increased the Revolving Credit Facility from £30 million to £40 million and extended the expiry date from July 2016 to July 2018.

In October 2015 the group announced a Business Rebalancing Programme to deliver significant efficiency and stability to the business mostly affecting administrative and managerial positions as opposed to manufacturing operations. In the quarter this has led to charge to the profit and loss account of £7,547,000 including related consultancy costs, which has been shown as a non-recurring item.

In December 2015, in view of the launch of new models from 2016 onwards, the group performed a review of the carrying value of its intangible and tangible assets which has resulted in an impairment charge in these accounts of £30,169,000 which has been shown as a non-recurring item.

Financial review - income statement**Revenue**

Revenue was £184.7m for the three months ended 31 December 2015, compared to £147.8m for the three months ended 31 December 2014, an increase of £36.9m or 25.0%, giving revenue of £510.2m for the year, an increase of £41.8m or 8.9% over the corresponding period in 2014 when revenue totalled £468.4m. Vehicle sales in the fourth quarter decreased by 0.9% to 1,128 vehicles (including 21 Taraf and Vulcan vehicles) in 2015 from 1,138 vehicles in 2014. Excluding Taraf and Vulcan, the V12 mix, including GT12, rose to 83.2% of sales in the 2015 quarter from 69.6% in 2014, whilst the V8 mix decreased to 16.8% as compared to 30.4% in 2014. Similarly, in the full year, vehicle sales reduced to 3,615 vehicles (including 38 Taraf and Vulcan vehicles) in 2015 from 3,685 vehicles, a reduction of 1.9%. The proportion of V12 sales (excluding Taraf / Vulcan / Cygnel) also increased to 71.2% in 2015 from 70.8% in 2014 with a corresponding reduction in V8 sales to 28.8% from 29.2%. This combination of a higher proportion of V12 sales relative to V8, and the increase in Taraf / Vulcan sales led to the revenue increase in both the quarter and the year despite absolute volumes being lower. The average wholesale price for core models i.e. excluding Taraf, GT12 and Vulcan, also increased to £118,000 from £117,000 in the quarter and to £116,000 from £114,000 in the full year.

Cost of sales

Cost of sales were £121.3m for the three months ended 31 December 2015, compared to £100.4m for the three months ended 31 December 2014, an increase of £20.9m or 20.8%, whilst for the year they increased to £345.3m from £313.5m, an increase of £31.8m or 10.1%.

Material costs for the three months ended 31 December 2015 increased to £84.2m or 45.6% of revenue compared to £63.9m or 43.2% of revenue for the same period in 2014. Material costs in the year increased to £234.2m or 45.9% of revenue from £211.9m or 45.2% of revenue. The increase as a percentage of revenue in the quarter and in the year arises from the increase in the sales of Taraf, GT12 and Vulcan despite the improved model mix in favour of V12.

Direct labour for the three months ended 31 December 2015 was £4.9m or 2.7% of revenue compared to £5.2m or 3.5% of revenue in the three months to 31 December 2014, a decrease in absolute direct labour costs of £0.3m or 5.8%. In the year there was decrease of £0.6m or 3.2% from £19.0m to £18.4m. The decreases in both the quarter and the year are due a combination of the model mix changes referred to above, and the temporary inefficiencies in 2014 that arose from factory changes and expansion in advance of future model launches.

Other cost of sales for the three months ended 31 December 2015 were £32.2m or 17.4% of revenue, compared to £31.3m or 21.2% of revenue for the three months ended 31 December 2014. In the year these costs increased to £92.7m from £82.6m, 18.2% and 17.6% of revenue respectively. The absolute increases in the quarter and the year have arisen from exchange losses due to unfavourable exchange movements as compared to exchange gains in 2014 and labour and overhead costs that have previously been absorbed into the cost of inventory being charged to the income statement now that finished vehicle levels are falling. This has been partly offset by lower warranty costs.

Gross profit

The gross profit was £63.4m or 34.3% of revenue for the three months ended 31 December 2015, compared to £47.5m or 32.1% for the quarter ended 31 December 2014. The gross profit for the year was £164.9m or 32.3%, whilst the 2014 comparatives were £154.9m and 33.1%. The improvement in the quarter in both absolute and percentage terms resulted from the significantly improved model mix and the Vulcan sales. In the full year the mix was largely unchanged, so although the absolute figure benefitted from the Vulcan sales, the effects of exchange and labour and overhead absorption referred to above, led to a slightly lower percentage.

Selling and distribution expenses

Selling and distribution expenses reduced by £1.3m to £8.0m for the three months to 31 December 2015, as compared to £9.3m for the three months to 31 December 2014. In the year they also reduced by £1.3m to £32.1m from £33.4m in 2014. In 2014 costs were incurred in the final quarter of due to investment in the dealer network and new sales routes to market, particularly in the light of difficulties encountered in China following the warranty issue, which has not been repeated in 2015. In addition, in 2015 there has been greater emphasis on sharing costs with our brand partners and production suppliers so reducing the cost of marketing activities to the group.

Administrative and other expenses

Administrative and other expenses were £82.0m for the three months to 31 December 2015, compared to £35.5m for the three months to 31 December 2014, an increase of £46.5m, and £191.1m for the year in 2015 as compared to £139.8m in 2014, an increase of £51.3m. Non-recurring costs of £37.7m were incurred in the final quarter of 2015 relating to the impairment of intangible and tangible assets and reorganisation costs compared to £0.8m in the 2014 quarter for concept vehicle development costs. In the full year the non-recurring costs were £40.4m with the additional cost being a payment to a former director relating to the settlement for shares incurred earlier in the year, whilst in 2014 total non-recurring costs were £4.3m, with concept vehicle development costs of £6.0m being partly offset by a £1.7m gain on the disposal of an associated company. Adjusting for these items, the costs were £44.3m in the 2015 quarter as compared to £34.7m in 2014, and £150.7m in the year as compared to £135.6m in 2014. The higher underlying costs in both the 2015 quarter and full year of £9.6m and £15.2m respectively were mainly due to depreciation and amortisation costs arising from the increased level of capital investment in new and existing products and performance related rewards.

Operating (loss) / profit

The operating loss was £(26.5)m in the three months ended 31 December 2015, compared to a profit of £2.7m in the three months to 31 December 2014, a reduction of £(29.2)m. However, after adjusting for non-recurring costs, the underlying operating profit increased by £7.7m from £3.5m in 2014 to £11.2m in 2015. The gross profit increased by £16.0m in the quarter primarily due to the improved V12 mix and the Vulcan sales but fixed costs, adjusted for non-recurring items, increased by £8.2m, mainly due to depreciation and amortisation charges and performance related rewards. The annual result for 2015 saw an increase of £(39.9)m in the operating loss with a loss of £(58.3)m in 2015 as compared to a loss of £(18.4)m in 2014. But, again, adjusting for non-recurring items the underlying result, only decreased by £(3.8)m to £(17.9)m in 2015 as compared to £(14.1)m in 2014. The slightly improved mix and the Vulcan sales increased gross profit by £10.0m, whilst fixed costs adjusted for non-recurring items increased by £(13.8)m, for the same reasons as highlighted in the quarter.

Finance income / (expense)

The net finance expense was £20.5m in the three months to 31 December 2015, compared to £18.0m in the corresponding quarter of 2014, an increase of £2.5m. For the full year the net finance expense was £69.7m in 2015 as compared to £53.5m in 2014, an increase of £16.2m. The increase in the quarter arose primarily from the interest on the preference shares issued in April 2015 of £4.1m and an increase of £0.5m in interest on bank loans and overdrafts relating to the compounding effect of the interest on the PIK Notes, which was partly offset by reductions in the net loss on fair value adjustments on foreign exchange hedges of £1.6m, and on the loss on the translation of the US Dollar denominated PIK Notes of £0.8m. In the full year the preference share interest amounted to £10.8m, whilst the increase in bank loans and overdrafts interest of £4.5m was again due the compounding effect of the interest on the PIK Notes. There was no equivalent offset for fair value or exchange losses in the full year. A detailed analysis of finance income and expense is set out in notes 3 and 4.

Income tax credit

The income tax credit was £12.8m in the three months to 31 December 2015, as compared to £0.8m in the three months to 31 December 2014. In the year to 31 December 2015 there was a credit of £21.0m representing a rate of 16.4%, which compared to a credit of £7.1m in 2014, a rate of 9.9%. The credit in 2015 benefitted from the future reduction in the rate of corporation tax from 20% to 18% as enacted following the 2015 Budget. However, in both years the tax credit is lower than the corporation tax rate applicable to the group of 20.25% in 2015 and 21.5% in 2014 as no credit has been taken for certain losses the utilisation of which is uncertain. 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 2015 saw a net cash inflow of £7.9m, compared to an inflow of £14.8m in the three months to 31 December 2014. The cash balance at 31 December 2015 was £65.6m. The equivalent flows for the full years were an outflow of £(23.7)m in 2015 as compared to an inflow of £14.6m in 2014.

Cash flow from operating activities

We generated £53.0m of net cash from our operating activities in the three months to 31 December 2015, and £75.2m in the year to 31 December 2015, as compared to £39.6m and £57.9m in the equivalent three month and twelve month periods to 31 December 2014. In the 2015 quarter the group generated £24.2m from an improvement in working capital as compared to £12.5m in 2014, which largely accounted for the improved cash generation of £13.4m in the quarter. The main factor behind this improvement in working capital was a reduction in inventory levels of £17.5m in the 2015 quarter as compared to £3.0m in 2014 arising from high sales volumes of core models and the commencement of Vulcan deliveries. In the year the main reason for the increased cash generation of £17.3m was again working capital where the inflow in 2015 was £19.8m as compared to an outflow in 2014 of £(3.3)m. This improvement was largely the result of a decrease in US inventory, as in 2014 the group had advanced built vehicles for the North American market due to uncertainty over obtaining derogation from new safety legislation which was subsequently obtained.

Cash flow from investing activities

Net cash used in investing activities increased to £48.6m in the three months to 31 December 2015, compared to £30.9m in the three months to 31 December 2014. The full year also saw an increase to £161.0m in 2015 from £123.1m in 2014. Although the majority of the spend is still on intangible assets arising from capitalised research and development costs, as we move nearer to the launch of the first of the new models, the increase in both the quarter and the year, which previously was predominantly in intangible assets is now split between both tangible and intangible assets as the group's investment in manufacturing facilities and tooling increases. The full year in 2014 also included 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 £4.1m in the three months to 31 December 2015, as compared to £6.6m in the three months to 31 December 2014. This represented increases in inventory funding in the US and China offset by interest payments. The year to 31 December 2015 saw an inflow of £62.8m as compared to £80.6m in 2014. In 2015 the group raised £96.5m, net of transaction fees, from the issue of preference shares and £2.4m from the receipt of funds from previously partly paid shares, whilst paying back £(3.8)m of short term inventory funding and paying £(32.3)m of interest. In 2014 the group raised £99.0m, net of transaction fees, from the issue of \$165.0m of Senior Subordinated PIK Notes due for repayment in July 2018 and £8.2m from the issue of new equity to Investindustrial and Daimler AG. It also increased borrowings from existing inventory funding facilities by £5.3m, whilst paying £(31.9)m of interest.

**Interim financial report
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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 31 December 2015.

A handwritten signature in black ink, appearing to be 'Mark Wilson', written over a faint circular stamp or watermark.

Mark Wilson
Chief Financial Officer

21 April 2016

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

	Notes	Year ended 31 December 2015 £'000	3 months ended 31 December 2015 £'000	Year ended 31 December 2014 £'000	3 months ended 31 December 2014 £'000
Revenue	2	510,172	184,713	468,355	147,831
Cost of sales		(345,294)	(121,298)	(313,476)	(100,377)
Gross profit		164,878	63,415	154,879	47,454
Selling and distribution expenses		(32,084)	(7,961)	(33,439)	(9,272)
Administrative and other expenses		(191,076)	(81,983)	(139,833)	(35,519)
Share of result in associates		-	-	32	-
Operating (loss) / profit		(58,282)	(26,529)	(18,361)	2,663
Analysed as :					
Impairment of intangible and tangible assets		(30,169)	(30,169)	-	-
Restructuring costs including related consultancy costs		(7,547)	(7,547)	-	-
Payment to a former director relating to the settlement of shares		(2,636)	-	-	-
Gain on the disposal of an associated company		-	-	1,706	-
Concept vehicle development costs		-	-	(5,977)	(829)
Underlying operating (loss) / profit*	7	(17,930)	11,187	(14,090)	3,492
Operating (loss)/profit		(58,282)	(26,529)	(18,361)	2,663
Finance income	3	2,090	521	2,548	775
Finance expense	4	(71,764)	(21,035)	(56,018)	(18,799)
Net financing expense		(69,674)	(20,514)	(53,470)	(18,024)
Loss before tax		(127,956)	(47,043)	(71,831)	(15,361)
Income tax credit	5	20,999	12,784	7,079	827
Loss for the period		(106,957)	(34,259)	(64,752)	(14,534)
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurement of defined benefit liability		7,101	(2,678)	(15,011)	(4,905)
Related income tax		(1,278)	678	3,255	1,234
		5,823	(2,000)	(11,756)	(3,671)
Items that are or may be reclassified to profit or loss					
Foreign exchange translation differences		1,015	1,068	(336)	191
Other comprehensive income / (expense) for the period, net of income tax		6,838	(932)	(12,092)	(3,480)
Total comprehensive expense for the period		(100,119)	(35,191)	(76,844)	(18,014)
Loss attributable to:					
Owners of the group		(107,108)	(34,237)	(64,916)	(14,702)
Non-controlling interests		151	(22)	164	168
		(106,957)	(34,259)	(64,752)	(14,534)
Total comprehensive expense attributable to:					
Owners of the group		(100,270)	(35,169)	(77,008)	(18,182)
Non-controlling interests		151	(22)	164	168
		(100,119)	(35,191)	(76,844)	(18,014)

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

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

Condensed consolidated statement of changes in equity (continued)

Group	Share capital £'000	Share premium and Share warrants £'000	Capital reserve and non-controlling interest £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2015	3	377,861	98,756	(225)	(177,124)	299,271
Total comprehensive income / (expense) for the period						
Loss	-	-	(22)	-	(34,237)	(34,259)
Other comprehensive income / (expense)						
Foreign currency translation differences	-	-	-	1,068	-	1,068
Remeasurement of defined benefit liability	-	-	-	-	(2,678)	(2,678)
Income tax on other comprehensive income	-	-	-	-	678	678
Total other comprehensive income / (expense)	-	-	-	1,068	(2,000)	(932)
Total comprehensive expense for the period	-	-	(22)	1,068	(36,237)	(35,191)
At 31 December 2015	3	377,861	98,734	843	(213,361)	264,080
Group	Share capital £'000	Share premium and Share warrants £'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 / (expense) for the period						
Profit / (loss)	-	-	151	-	(107,108)	(106,957)
Other comprehensive income / (expense)						
Foreign currency translation differences	-	-	-	1,015	-	1,015
Remeasurement of defined benefit liability	-	-	-	-	7,101	7,101
Income tax on other comprehensive expense	-	-	-	-	(1,278)	(1,278)
Total other comprehensive income	-	-	-	1,015	5,823	6,838
Total comprehensive income / (expense) for the period	-	-	151	1,015	(101,285)	(100,119)
Transactions with owners, recorded directly in equity						
Capital increase	-	11,398	-	-	-	11,398
Total transactions with owners	-	11,398	-	-	-	11,398
At 31 December 2015	3	377,861	98,734	843	(213,361)	264,080

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,670,000 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 year ended 31 December 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	Capital reserve	Translation reserve	Retained earnings	Total equity
	£'000	£'000	Non-controlling interests £'000	£'000	£'000	£'000
At 1 October 2014	3	366,463	98,419	(364)	(93,707)	370,814
Total comprehensive income / (expense) for the period						
Loss	-	-	-	-	(34,237)	(34,237)
Other comprehensive income						
Foreign currency translation differences	-	-	-	192	-	192
Remeasurement of defined benefit (liability) / asset	-	-	-	-	(4,905)	(4,905)
Income tax on other comprehensive income	-	-	-	-	1,234	1,234
Total other comprehensive income / (expense)	-	-	-	192	(3,671)	(3,479)
Total comprehensive income / (expense) for the period	-	-	-	192	(37,908)	(37,716)
Acquisition of subsidiary with non-controlling interests (note 12)	-	-	164	-	4	168
At 31 December 2014	3	366,463	98,583	(172)	(131,611)	333,266

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

Group	Share capital	Share premium	Capital reserve and	Translation reserve	Retained earnings	Total equity
	£'000	£'000	Non-controlling interests £'000	£'000	£'000	£'000
At 1 January 2014	3	358,296	92,964	164	(35,404)	416,023
Total comprehensive (expense) / income for the period						
Loss	-	-	164	-	(64,916)	(64,752)
Other comprehensive income						
Foreign currency translation differences	-	-	-	(336)	-	(336)
Remeasurement of defined benefit (liability) / asset	-	-	-	-	(15,011)	(15,011)
Income tax on other comprehensive expense	-	-	-	-	3,255	3,255
Total other comprehensive expense	-	-	-	(336)	(11,756)	(12,092)
Total comprehensive expense for the period	-	-	164	(336)	(76,672)	(76,844)
Transactions with owners, recorded directly in equity						
Capital increase	-	8,167	-	-	-	8,167
Total transactions with owners	-	8,167	-	-	-	8,167
Acquisition of subsidiary with non-controlling interests (note 12)	-	-	5,455	-	-	5,455
At 31 December 2014	3	366,463	98,419	(172)	(112,076)	352,637

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.

Condensed consolidated statement of financial position
at 31 December 2015

		31.12.15 £'000	31.12.14 £'000
Non-current assets			
Intangible assets		677,297	625,805
Property, plant and equipment		166,314	174,379
Investments in associates		-	-
Other receivables		2,169	-
Other financial assets		63	-
Deferred tax asset		48,303	44,024
		<u>894,146</u>	<u>844,208</u>
Current assets			
Inventories		80,363	98,427
Trade and other receivables		69,113	51,538
Other financial assets		52	527
Cash and cash equivalents	8	65,562	89,250
		<u>215,090</u>	<u>239,742</u>
Total assets		<u>1,109,236</u>	<u>1,083,950</u>
Current liabilities			
Borrowings	8	16,597	19,808
Trade and other payables		180,293	160,048
Income tax payable		894	1,208
Other financial liabilities		8,200	3,088
Provisions	10	6,361	9,171
		<u>212,345</u>	<u>193,323</u>
Non-current liabilities			
Borrowings	8	532,103	412,598
Other financial liabilities		1,584	2,819
Employee benefits	11	4,947	12,404
Provisions	10	8,218	8,111
Deferred tax liabilities		85,959	101,894
		<u>632,811</u>	<u>537,826</u>
Total liabilities		<u>845,156</u>	<u>731,149</u>
Net assets		<u>264,080</u>	<u>352,801</u>
Capital and reserves			
Share capital		3	3
Share premium		368,818	366,463
Share warrants		9,043	-
Capital reserves		94,064	94,064
Translation reserve		843	(172)
Retained earnings		<u>(213,361)</u>	<u>(112,076)</u>
Equity attributable to owners of the group		<u>259,410</u>	<u>348,321</u>
Non-controlling interests		4,670	4,519
Total shareholders' equity		<u>264,080</u>	<u>352,801</u>

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

		Year ended 31 December 2015 £'000	3 months ended 31 December 2015 £'000	Year ended 31 December 2014 £'000	3 months ended 31 December 2014 £'000
Operating activities					
Loss for the period		(106,957)	(34,259)	(64,752)	(14,534)
<i>Adjustments to reconcile loss for the period to net cash inflow from operating activities</i>					
Tax on continuing operations	5	(20,999)	(12,784)	(7,079)	(827)
Share of result of associate		-	-	(32)	-
Net finance costs		66,838	19,940	56,612	18,969
Other non cash movements		1,129	1,182	(137)	391
Losses on sale of property, plant and equipment		54	54	67	67
Gain on sale of associated company		-	-	(1,706)	-
Depreciation and impairment of property, plant and equipment		46,320	23,704	28,316	6,859
Amortisation and impairment of intangible assets		73,157	31,466	51,964	14,088
Difference between pension contributions paid and amounts recognised in income statement		(356)	(810)	(721)	(239)
Decrease / (increase) in inventories		18,064	17,483	(21,842)	3,005
(Increase) / decrease in trade and other receivables		(19,816)	(5,209)	(8,146)	2,123
Increase in trade and other payables		21,574	11,907	26,709	7,353
Movement in provisions		(2,876)	338	89	2,484
Cash generated from operations		76,132	53,012	59,342	39,739
Income taxes paid		(905)	(22)	(1,472)	(122)
Net cash inflow from operating activities		75,227	52,990	57,870	39,617
Cash flows from investing activities					
Interest received	3	2,090	503	2,037	631
Proceeds on the disposal of property, plant and equipment		94	94	18	18
Payments to acquire property, plant and equipment		(38,517)	(13,170)	(20,852)	(4,316)
Payments to acquire intangible assets		(124,649)	(35,990)	(105,631)	(27,273)
Purchase of Works Service business		-	-	1,300	-
Net cash used in investing activities		(160,982)	(48,563)	(123,128)	(30,940)
Cash flows from financing activities					
Interest paid		(32,252)	(1,004)	(31,938)	(1,064)
Proceeds from equity share issue		2,355	-	8,167	-
New borrowings		100,000	-	99,620	-
Movement in existing borrowings		(3,751)	5,149	5,348	7,708
Transaction fees on new borrowings		(3,536)	-	(585)	-
Net cash inflow from financing activities		62,816	4,145	80,612	6,644
Net increase in cash and cash equivalents		(22,939)	8,572	15,354	15,321
Cash and cash equivalents at the beginning of the period		89,250	57,638	74,653	74,436
Effect of exchange rates on cash and cash equivalents		(749)	(648)	(757)	(507)
Cash and cash equivalents at the end of the period	8	65,562	65,562	89,250	89,250

**Notes to the financial statements for the period ended
31 December 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 December 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, 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 £133,797,000 (197,203,000 US Dollars) at 31 December 2015 and are also due for repayment in July 2018. The Preference shares and related accrued interest amounted to £98,265,000 at 31 December 2015. A second tranche of £100,000,000 of Preference shares may be drawn at any time until April 2016. The increased and extended £40,000,000 revolving credit facility is available until July 2018. The revolving credit facility was undrawn at 31 December 2015 and 31 December 2014.

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 December 2015 (continued)

2 Revenue

	Year ended 31.12.15 £'000	3 months ended 31.12.15 £'000	Year ended 31.12.14 £'000	3 months ended 31.12.14 £'000
Sale of vehicles	457,404	171,184	418,182	133,088
Sale of parts	44,700	10,762	42,071	10,273
Servicing of vehicles	8,068	2,767	8,102	4,470
Total revenue	<u>510,172</u>	<u>184,713</u>	<u>468,355</u>	<u>147,831</u>

3 Finance income

	Year ended 31.12.15 £'000	3 months ended 31.12.15 £'000	Year ended 31.12.14 £'000	3 months ended 31.12.14 £'000
Bank deposit and other interest income	2,090	521	2,037	631
Net interest income on the net defined benefit liability	-	-	287	111
Net gain on financial instruments recognised at fair value through profit or loss	-	-	224	33
Total finance income	<u>2,090</u>	<u>521</u>	<u>2,548</u>	<u>775</u>

4 Finance expense

	Year ended 31.12.15 £'000	3 months ended 31.12.15 £'000	Year ended 31.12.14 £'000	3 months ended 31.12.14 £'000
Bank loans and overdrafts	46,670	11,855	42,159	11,316
Net interest income on the net defined benefit liability	277	30	-	-
Interest on preference shares classified as financial liabilities	10,838	4,064	-	-
Net loss on financial instruments recognised at fair value through profit or loss	6,850	1,464	7,101	3,105
Net foreign exchange loss	7,129	3,622	6,758	4,378
Total finance expense	<u>71,764</u>	<u>21,035</u>	<u>56,018</u>	<u>18,799</u>

5 Income tax credit

The effective tax rate for the year ended 31 December 2015 has been estimated at 16.4% (year ended 31 December 2014 : 9.9%). This compares to a UK statutory rate of tax 20.25% applicable to the group for the year to 31 December 2015 (21.5% for the year ended 31 December 2014).

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020 that were substantively enacted on 26 October 2015. This will reduce the group's future current tax charge accordingly. The deferred tax liability at 31 December 2015 has been calculated based on the rate of 18% substantively enacted at the balance sheet date.

The deferred tax liability at 31 December 2015 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

The directors have not declared or paid a dividend in either 2015 or 2014.

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

7 Underlying operating (loss) / profit

	Year ended 31.12.15 £'000	3 months ended 31.12.15 £'000	Year ended 31.12.14 £'000	3 months ended 31.12.14 £'000
Operating (loss) / profit	(58,282)	(26,529)	(18,361)	2,663
Impairment of intangible and tangible assets	30,169	30,169	-	-
Restructuring costs including related consultancy costs	7,547	7,547	-	-
Payment to a former director relating to the settlement of shares	2,636	-	-	-
Gain on the disposal of an associated company	-	-	(1,706)	-
Concept vehicle development costs	-	-	5,977	829
Underlying operating (loss) / profit *	(17,930)	11,187	(14,090)	3,492

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

8 Net borrowings

	As at 31.12.15 £'000	As at 31.12.14 £'000
Cash and cash equivalents	65,562	89,250
Bank loans and overdrafts (a)	(16,597)	(19,808)
Senior Secured Loan Notes (b)	(300,041)	(298,403)
Senior Subordinated PIK notes (c)	(133,797)	(114,195)
Redeemable cumulative preference shares (d)	(98,265)	-
	(483,138)	(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 and certain other elements of group inventory. At 31 December 2015 the utilisation of these facilities was £16,597,000 (31 December 2014 : £19,808,000). The £40,000,000 revolving credit facility was undrawn at both 31 December 2015 and 31 December 2014. 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 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 31 December 2015 closing exchange rate the liability relating to the Senior Subordinated PIK notes, including accrued interest, was £133,796,000.

(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 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. At 31 December 2015 the liability relating to the preference shares, including accrued interest, was £98,265,000.

9 Foreign exchange rates

	Average rate year ended 31.12.15	Average rate 3 months ended 31.12.15	Average rate year ended 31.12.14	Average rate 3 months ended 31.12.14
Euro	1.3598	1.3570	1.2360	1.2834
Chinese renminbi	9.5647	9.6295	10.2373	9.9531
US dollar	1.5328	1.5148	1.6637	1.6212

10 Provisions

	As at 31.12.15 £'000	As at 31.12.14 £'000
Warranty	14,579	17,282
Non-current	8,218	8,111
Current	6,361	9,171
	14,579	17,282

11 Pension scheme

The net liability for defined benefit pension asset has increased from £(3,079,000) at 30 September 2015 to £(4,947,000) at 31 December 2015. The movement of £(1,868,000) comprises contributions of £3,055,000 less a net actuarial loss of £(2,678,000) and a charge to the income statement of £(2,245,000). The net actuarial loss has arisen primarily due an increase in the inflation assumptions leading to increased pension liabilities as the discount rate assumption used in the valuation of the scheme's assets and liabilities at both 30 September 2015 and 31 December 2015 has remained unchanged at 3.95%.

12 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 2015	-	1,725	-	483
Associates	31 December 2015	-	-	-	-
Other related parties - companies under common directorship and associated companies	31 December 2015	-	-	-	-
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	-	-