Aston Martin Holdings (UK) Limited

Interim financial report

for the period ended 30 September 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 30 September 2015, we sold 3,625 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) in the third quarter of 2015 were 896 vehicles (882 in the third quarter of 2014).

Average prices

	For the three months ended 30 September 2015	For the year ended 31 December 2014	For the three months ended 30 September 2014
Average car sale price in £ thousands	111 (1)	117 (1)	111 (1)

(1) Excludes Cygnet, Taraf & Zagato models

Sales volumes

	For the three months ended 30 September 2015	For the year ended 31 December 2014	For the three months ended 30 September 2014
V8	308	1,072	278
V12	588	2,590	604
Cygnet	-	23	-
Total	896	3,685	882

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 comprehensive income includes all revenues and costs of Aston Martin Works Limited whilst the condensed consolidated statement of financial position shows all assets and liabilities.

Between 30 April 2015 and 12 June 2015, David Richards transferred 32,571 ordinary shares in Aston Marin Holdings (UK) Limited to the following shareholders: 19,671 ordinary shares to Prestige Motor Holdings S.A. and 12,900 ordinary shares to Tejara 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. This will lead to 295 roles being impacted resulting in early retirement, voluntary redundancy or vacancies not being filled.

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Financial review - income statement

Revenue

Revenue was £114.1m for the three months ended 30 September 2015, as compared to £111.0m for the three months ended 30 September 2014, an increase of £3.1m or 2.8%, giving revenue of £325.5m for the nine months as compared to £320.5m in 2014, an increase of £5.0m or 1.6%. This increase in revenue in the quarter arose from vehicle volumes increasing by 14 units or 1.6% to 896 units in the 2015 quarter as compared to 882 in the third quarter of 2014, resulting in vehicle sales being 60 units lower in the year to date at 2,487 units as compared to 2,547 in 2014, a decrease of 2.4%. There was a slight deterioration in model mix with V12 sales comprising 65.6% of volumes in the quarter and 66.1% in the nine months as compared to 68.5% and 70.6% in the 2014 quarter and nine months respectively. Market mix also suffered with China sales down in both the quarter and year to date due to the market conditions which have affected all motor manufacturers. However, despite the adverse model and market mix, a favourable exchange rate, principally the US Dollar, helped the turnover to be higher in both the quarter and the year to date, with the US Dollar 8.0% stronger in the quarter and 8.3% stronger in the year to date, leading to the average wholesale price per vehicle (excluding Cygnet) in the quarter of £111,000 in 2015, the same as Q3 2014, whilst in the year to date it increased to £115,000 from £113,000 in 2014.

Cost of sales

Cost of sales were £78.6m for the three months ended 30 September 2015, as compared to £76.2m for the three months ended 30 September 2014, an increase of £2.4m or 3.1%. In the nine months the equivalent increase was £10.9m or 5.1%, as cost of sales increased to £224.0m in 2015 as compared to £213.1m in 2014.

Material costs for the three months ended 30 September 2015 increased to £52.7m or 46.2% of revenue as compared to £51.8m or 46.7% of revenue for the same period in 2014. Similarly, material costs for the nine months in 2015 increased by £2.0m to £150.0m or 46.1% of revenue as compared to £148.0m or 46.2% of revenue in 2014. The percentages in both the quarter and the year to date in 2015 are very similar to those of 2014 and are reflective of the compensating changes in model mix, market mix and exchange highlighted above.

Direct labour for the three months ended 30 September 2015 was £4.9m or 4.3% of revenue compared to £4.7m or 4.2% of revenue in the three months to 30 September 2014. Similarly, the corresponding figures for the nine months were £13.9m or 4.3% of revenue in 2015 and were consistent with 2014 which were £13.8m or 4.3% of revenue.

Other cost of sales for the three months ended 30 September 2015 were £21.0m or 18.4% of revenue, compared to £19.7m or 17.7% of revenue for the three months ended 30 September 2014. In the nine months in 2015 there was an increase of £8.8m to £60.1m or 18.4% of revenue from £51.3m or 16.0% of revenue in 2014. The absolute and percentage decreases in the quarter and year to date 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 profit now that finished vehicle inventory levels are falling.

Gross profit

The gross profit was £35.5m or 31.1% of revenue for the three months ended 30 September 2015, as compared to £34.8m or 31.4% for the three months ended 30 September 2014. In the nine months gross profit was £101.5m or 31.2% of revenue in 2015 as compared to £107.4m or 33.5% of revenue in 2014. In the quarter the slightly higher gross profit arose from higher sales volumes and favourable exchange movements whilst the percentage was marginally lower due to the unfavourable model and market mix, the latter primarily as a result of reduced sales in China. In the year to date, the combination of lower volumes and unfavourable model and market mix led to a reduction in both the absolute level of gross profit as well as the gross profit percentage.

Selling and distribution expenses

Selling and distribution expenses were £7.2m for the three months to 30 September 2015, as compared to £7.7m for the three months to 30 September 2014, a decrease of £0.5m, and £24.1m for the nine months as compared to £24.2m in 2014, a decrease of £0.1m. The savings in the quarter in 2015 have arisen from reductions in marketing spend with, in particular, 2014 seeing the expenditure on the launches of the Rapide S and Vantage V12S Roadster, with no equivalent costs in 2015.

Administrative and other expenses

Administrative and other expenses were £36.9m for the three months to 30 September 2015, as compared to £36.6m for the three months to 30 September 2014, an increase of £0.3m, whilst the nine months saw an increase of £4.8m from £104.3m to £109.1m. Included in the nine month figures were non recurring items for a payment to a former director relating to the settlement for shares of £2.6m in 2015 and a gain on the disposal of an associated company of £1.7m in 2014. Adjusting for these items, recurring costs in the nine months increased by £0.5m from £106.0m in 2014 to £106.5m in 2015. Depreciation and amortisation increased by £2.8m in the quarter and £5.0m in the nine months in line with the group's increased capital expenditure profile. Consequently, the core costs before depreciation and amortisation and non recurring items reduced by £2.5m in the quarter and by £4.5m in the year. The reduction primarily arose from a lower charge for engineering costs charged to revenue relating to early stage costs for future new models that do not meet the capitalisation criteria.

Operating loss

The operating loss was £(8.7)m in the three months ended 30 September 2015, as compared to £(9.5)m in the three months to 30 September 2014, an improvement of £0.8m. The nine months saw an operating loss of £(31.8)m in 2015 as compared to £(21.0)m in 2014, a deterioration of £(10.8)m. However the nine month figures are distorted by non-recurring items as detailed in administrative and other expenses above. Adjusting for these items the underlying loss was £(29.1)m in 2015 as compared to £(22.7)m in 2014, a deterioration of £(6.4)m. In the quarter the reduced operating loss arose from an improved gross profit of £0.7m, arising from higher volumes and an exchange benefit, and a reduction in fixed costs of £0.1m. In the nine months the increased underlying operating loss arose from a reduced gross profit of £(6.0)m, due to lower volumes, an adverse model and market mix, and an increase in fixed costs of £(0.4)m.

Finance (expense) / income

The net finance expense was £(19.2)m in the three months to 30 September 2015, as compared to £(22.0)m in the corresponding quarter of 2014, a decrease of £2.8m. In the nine months the net finance expense was £(49.2)m as compared to £(35.4)m in 2014, an increase of £(13.8)m. The decrease in the net expense in the quarter was primarily due to a net gain on fair value adjustments on foreign exchange hedges of £0.7m in 2015 as compared to a net loss of £(6.0)m in 2014, arising from a favourable movements of the US Dollar and Euro exchange rates, coupled with a reduction of £0.9m in the net loss on the translation of the US Dollar denominated Senior Subordinated PIK Notes. This was offset by an increase in other net interest costs of £(4.8)m, primarily due to interest on the preference shares issued in April 2015. The increased expense in nine months 2015 as compared to 2014, arose from a higher net losses on the fair value adjustments of £(1.6)m and translation of the US Dollar denominated Senior Subordinated PIK Notes of £(1.1)m, and an increase in other net interest costs of £(11.0)m due mainly to the interest on the preference shares and the compounding effect of the interest on the PIK Notes. Please refer to notes 3 and 4 for more information on interest income and expense.

Income tax credit

There income tax credit was £2.9m in the three months to 30 September 2015 as compared to £1.6m in the three months to 30 September 2014 representing rates of 10.4% and 5.1% respectively of the loss before tax. In the nine months the tax credit was £8.2m in 2015 as compared to £6.3m in 2014 being 10.2% and 11.1% of the loss before tax respectively. The credit in all periods is based on an estimate of the full year effective rate and is below the applicable UK corporation tax rate for 2015 of 20.25% and 21.5% in 2014 as a result of credit not being taken for 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 30 September 2015 saw a net cash outflow of £(40.2)m, compared to an outflow of £(40.4)m in the three months to 30 September 2014. The equivalent nine month periods saw an outflow of £(31.6)m in 2015 as compared to £(0.2)m in 2014. The cash balance at 30 September 2015 was £57.6m, as compared to £74.4m as at 30 September 2014.

Cash flow from operating activities

Cash generated from operating activities was £19.1m in the three months to 30 September 2015 as compared to £7.8m in the equivalent three month period to 30 September 2014. In the nine months to 30 September 2015 we generated £22.2m of cash as compared to £18.3m in 2014. The year on year improvement of £11.3m in the quarter is primarily due to a £9.3m benefit from working capital with an inflow of £7.9m in 2015 as compared to an outflow of £(1.4)m in 2014. In the year to date, working capital again contributed to the improved cash generation only showing an outflow of £(4.4)m in the 2015 year to date as compared to £(15.8) m in 2014. The improvement largely arose due to a small reduction in inventories of £0.6m as compared to an increase of £(24.8)m in 2014 when the group was building up US stock inventories in the event that derogation was not obtained from US safety legislation. Derogation was subsequently obtained. This benefit of £11.4m was partly offset by the adverse profit performance resulting in net improved cash flow of £3.9m.

Cash flow from investing activities

Net cash used in investing activities increased to £40.2m in the three months to 30 September 2015, as compared to £38.2m in the three months to 30 September 2014, and increased to £112.4m from £92.2m in the nine month period. These increases arose from expenditure on both intangible assets and tangible assets whereas in previous periods the increases had been more geared towards the intangible assets. This is because as the group moves nearer to the launch date for the new products there is increased expenditure on facilities and tooling as well as on development costs. The intangible assets in the 2014 quarter and year to date also included £4.4m for the acquisition of technology from Daimler in exchange for Daimler being issued with equity in the group. The year to date in 2014 also saw an inflow of £1.3m which was the cash in the Works Service business upon the acquisition of a further 10% of its equity on 30 April 2014. This resulted in the company becoming a subsidiary as opposed to an associate and therefore being fully consolidated.

Cash flow from financing activities

Net cash used in financing activities was £(17.2)m in the three months to 30 September 2015, as compared to £(11.8)m in the three months to 30 September 2014. The nine months to 30 September 2015 saw net cash generated of £58.7m as compared to £74.0m in 2014. The major reason for the higher cash usage of £(5.4)m in the quarter was that 2014 saw the proceeds from the Daimler AG share issue of £4.4m. In the nine months 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 for previously partly paid shares, whilst paying back £(8.6)m for short term inventory funding. This compared to 2014 when £99.0m net of transaction fess was raised from the issue of the Senior Subordinated PIK Notes, £8.2m from the issue of new shares and £(2.2)m of short term inventory funding was repaid.

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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 30 September 2015.

Mark Wilson
Chief Financial Officer

18 November 2015

Condensed consolidated statement of comprehensive income
for the period ended 30 September 2015

	Notes	9 months ended 30 September 2015	3 months ended 30 September 2015	9 months ended 30 September 2014	3 months ended 30 September 2014
		£'000	£'000	£'000	£'000
Revenue	2	**325,459**	**114,054**	320,524	111,033
Cost of sales		**(223,996)**	**(78,596)**	(213,099)	(76,249)
Gross profit		**101,463**	**35,458**	107,425	34,784
Selling and distribution expenses		**(24,123)**	**(7,219)**	(24,167)	(7,716)
Administrative and other expenses		**(109,093)**	**(36,924)**	(104,314)	(36,556)
Share of result in associate		**-**	**-**	32	-
Operating loss		**(31,753)**	**(8,685)**	(21,024)	(9,488)
Analysed as :					
Payment to a former director relating to the settlement for shares	7	**(2,636)**	**-**	-	-
Gain on the disposal of an associated company	7	**-**	**-**	1,706	-
Underlying operating loss*	7	**(29,117)**	**(8,685)**	(22,730)	(9,488)
Operating loss		**(31,753)**	**(8,685)**	(21,024)	(9,488)
Finance income	3	**1,624**	**1,710**	1,900	606
Finance expense	4	**(50,784)**	**(20,939)**	(37,346)	(22,559)
Net financing expense		**(49,160)**	**(19,229)**	(35,446)	(21,953)
Loss before tax		**(80,913)**	**(27,914)**	(56,470)	(31,441)
Income tax credit		**8,215**	**2,894**	6,252	1,597
Loss for the period		**(72,698)**	**(25,020)**	(50,218)	(29,844)
Other comprehensive income / (expense)					
Items that will never be reclassified to profit or loss					
Remeasurement of defined benefit asset		**9,779**	**4,298**	(10,106)	(14,622)
Related income tax		**(1,956)**	**(860)**	2,021	2,924
		7,823	**3,438**	(8,085)	(11,698)
Items that are or maybe reclassified to profit or loss					
Foreign exchange translation differences		**(53)**	**147**	(528)	189
Other comprehensive income / (expense) for the period, net of income tax		**7,770**	**3,585**	(8,613)	(11,509)
Total comprehensive (expense) / income for the period		**(64,928)**	**(21,435)**	(58,831)	(41,353)
(Loss) / profit attributable to:					
Owners of the group		**(72,871)**	**(25,075)**	(50,214)	(29,891)
Non-controlling interests		**173**	**55**	(4)	47
		(72,698)	**(25,020)**	(50,218)	(29,844)
Total comprehensive (expense) / income attributable to:					
Owners of the group		**(65,101)**	**(21,490)**	(58,827)	(41,400)
Non-controlling interests		**173**	**55**	(4)	47
		(64,928)	**(21,435)**	(58,831)	(41,353)

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

Notes on pages 11 to 12 form an integral part of the financial statements.

Condensed consolidated statement of changes in equity (continued)

Group	Share capital £'000	Share premium £'000	Capital reserve and Non-controlling interests £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 July 2014	**3**	**362,046**	**98,368**	**(553)**	**(52,114)**	**407,750**
Total comprehensive income for the period						
Profit / (loss)	**-**	**-**	**47**	**-**	**(29,891)**	**(29,844)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	189	-	189
Remeasurement of defined benefit liability (note 11)	-	-	-	-	(14,622)	(14,622)
Income tax on other comprehensive income	-	-	-	-	2,924	2,924
			-			-
Total other comprehensive income / (expense)	**-**	**-**	**-**	**189**	**(11,698)**	**(11,509)**
Total comprehensive income / (expense) for the period	**-**	**-**	**47**	**189**	**(41,589)**	**(41,353)**
Transactions with owners, recorded directly in equity						
Capital Increase	-	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with owners, recorded directly in equity						
Capital increase	-	4,417	-	-	-	4,417
Total transactions with owners	**-**	**4,417**	**-**	**-**	**-**	**4,417**
Acquisition of subsidiary with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**
At 30 September 2014	**3**	**366,463**	**98,415**	**(364)**	**(93,703)**	**370,814**

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

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,351,000 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 and Non-controlling interests £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2014	**3**	**358,296**	**92,964**	**164**	**(35,404)**	**416,023**
Total comprehensive income for the period						
Loss			**(4)**		**(50,214)**	**(50,218)**
Other comprehensive income						
Foreign currency translation differences				(528)		(528)
Remeasurement of defined benefit liability (note 11)					(10,106)	(10,106)
Income tax on other comprehensive income					2,021	2,021
Total other comprehensive income / (expense)				**(528)**	**(8,085)**	**(8,613)**
Total comprehensive expense for the period			**(4)**	**(528)**	**(58,299)**	**(58,831)**
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	**-**	**-**	**5,455**	**-**	**-**	**5,455**
At 30 September 2014	**3**	**366,463**	**98,415**	**(364)**	**(93,703)**	**370,814**

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

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

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,351,000 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 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 July 2015	**3**	**377,861**	**98,701**	**(372)**	**(155,488)**	**320,705**
Total comprehensive income for the period						
Profit / (loss)	**-**	**-**	**55**	**-**	**(25,074)**	**(25,019)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	147	-	147
Remeasurement of defined benefit liability (note 11)	-	-	-	-	4,298	4,298
Income tax on other comprehensive income					(860)	(860)
Total other comprehensive income / (expense)	**-**	**-**	**-**	**147**	**3,438**	**3,585**
Total comprehensive income / (expense) for the period	**-**	**-**	**55**	**147**	**(21,636)**	**(21,434)**
At 30 September 2015	**3**	**377,861**	**98,756**	**(225)**	**(177,124)**	**299,271**

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,692,000 of Non-controlling interest relating to the 50% interest in the share capital of AMWS Limited, the parent company of Aston Martin Works Limited.

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 for the period						
Profit / (loss)	**-**	**-**	**173**	**-**	**(72,871)**	**(72,698)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	(53)	-	(53)
Remeasurement of defined benefit liability (note 11)	-	-	-	-	9,779	9,779
Income tax on other comprehensive income					(1,956)	(1,956)
Total other comprehensive income / (expense)	**-**	**-**	**-**	**(53)**	**7,823**	**7,770**
Total comprehensive income / (expense) for the period	**-**	**-**	**173**	**(53)**	**(65,048)**	**(64,928)**
Transactions with owners, recorded directly in equity						
Capital increase	-	11,398	-	-	-	11,398
Total transactions with owners	**-**	**11,398**	**-**	**-**	**-**	**11,398**
At 30 September 2015	**3**	**377,861**	**98,756**	**(225)**	**(177,124)**	**299,271**

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 9 months ended 30 September 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 financial position
at 30 September 2015

	Note	As at 30.09.15 £'000	As at 30.09.14 £'000	As at 31.12.14 £'000
Non-current assets				
Intangible assets		**672,773**	612,620	625,805
Property, plant and equipment		**177,110**	177,206	174,379
Other financial assets		**334**	306	-
Deferred tax asset		**44,024**	23,016	44,024
		894,241	813,148	844,208
Current assets				
Inventories		**97,846**	101,432	98,427
Trade and other receivables		**66,046**	53,226	51,538
Other financial assets		**176**	1,570	527
Cash and cash equivalents	8	**57,638**	74,436	89,250
		221,706	230,664	239,742
Total assets		**1,115,947**	1,043,812	1,083,950
Current liabilities				
Borrowings	8	**11,233**	11,652	19,808
Trade and other payables		**162,126**	146,224	160,048
Income tax payable		**458**	159	1,208
Other financial liabilities		**7,994**	2,089	3,088
Provisions	10	**5,990**	6,615	9,171
		187,801	166,739	193,323
Non-current liabilities				
Borrowings	8	**520,710**	405,053	412,598
Other financial liabilities		**1,285**	1,262	2,819
Employee benefits	11	**3,079**	7,738	12,404
Provisions	10	**8,166**	8,041	8,111
Deferred tax liabilities		**95,635**	84,165	101,894
		628,875	506,259	537,826
Total liabilities		**816,676**	672,998	731,149
Net assets		**299,271**	370,814	352,801
Equity				
Share capital		**3**	3	3
Share premium		**368,818**	366,463	366,463
Share warrants		**9,043**	-	-
Capital reserves		**94,064**	94,064	94,064
Translation reserve		**(225)**	(364)	(172)
Retained earnings		**(177,124)**	(93,703)	(112,037)
Equity attributable to owners of the group		**294,579**	366,463	348,321
Non-controlling interests		**4,692**	4,351	4,480
Total equity		**299,271**	370,814	352,801

Notes on pages 11 to 12 form an integral part of the financial statements.

Condensed consolidated statement of cash flows
for the period ended 30 September 2015

	Notes	9 months ended 30 September 2015 £'000	3 months ended 30 September 2015 £'000	9 months ended 30 September 2014 £'000	3 months ended 30 September 2014 £'000
Operating activities					
Loss for the period		**(72,698)**	**(25,019)**	(50,218)	(29,844)
Adjustments to reconcile loss for the period					
to net cash inflow from operating activities					
Tax on continuing operations	5	**(8,215)**	**(2,894)**	(6,252)	(1,597)
Share of result in associates		**-**	**-**	(32)	-
Net finance costs		**46,898**	**17,645**	37,643	21,729
Other non cash movements		**(53)**	**147**	(528)	189
Gain on the disposal of an associated company		**-**	**-**	(1,706)	-
Depreciation and impairment of property, plant and equipment		**22,616**	**8,064**	21,457	6,873
Amortisation and impairment of intangible assets		**41,691**	**14,640**	37,876	12,986
Difference between pension contributions paid and amounts recognised in income statement		**454**	**(206)**	(482)	(119)
Decrease / (increase) in inventories		**581**	**(3,883)**	(24,847)	(1,595)
Increase in trade and other receivables		**(14,607)**	**(410)**	(10,269)	(8,634)
Increase in trade and other payables		**9,667**	**12,216**	19,356	8,824
Movement in provisions		**(3,214)**	**(1,051)**	(2,395)	(731)
Cash generated from operations		**23,120**	**19,249**	19,603	8,081
Income taxes paid		**(883)**	**(104)**	(1,350)	(254)
Net cash inflow from operating activities		**22,237**	**19,145**	18,253	7,827
Cash flows from investing activities					
Interest received	3	**1,587**	**459**	1,406	445
Payments to acquire property, plant and equipment		**(25,347)**	**(10,091)**	(16,536)	(8,341)
Payments to acquire intangible assets		**(88,659)**	**(30,601)**	(78,358)	(30,305)
Purchase of Works Service business		**-**	**-**	1,300	-
Net cash used in investing activities		**(112,419)**	**(40,233)**	(92,188)	(38,201)
Cash flows from financing activities					
Interest paid		**(31,248)**	**(14,993)**	(30,874)	(13,985)
Proceeds from capital increase		**2,355**	**-**	8,167	4,417
Net borrowings		**91,100**	**(2,165)**	97,260	(2,463)
Transaction fees on new borrowings		**(3,536)**	**-**	(585)	240
Net cash inflow / (outflow) from financing activities		**58,671**	**(17,158)**	73,968	(11,791)
Net (decrease) / increase in cash and cash equivalents		**(31,511)**	**(38,246)**	33	(42,165)
Cash and cash equivalents at the beginning of the period		**89,250**	**97,838**	74,653	114,862
Effect of exchange rates on cash and cash equivalents		**(101)**	**(1,954)**	(250)	1,739
Cash and cash equivalents at the end of the period	8	**57,638**	**57,638**	74,436	74,436

Notes to the financial statements for the period ended 30 September 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 30 September 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 £126,878,000 (192,195,000 US Dollars) at 30 September 2015 and are also due for repayment in July 2018. The Preference shares and related accrued interest amounted to £94,201,000 at 30 September 2015. A second tranche of £100,000,000 of Preference shares may be drawn at any time until April 2016. The £40,000,000 revolving credit facility is available until July 2018. The revolving credit facility was undrawn at 30 September 2015, 31 December 2014 and 30 September 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 30 September 2015 (continued)

2 Revenue

	9 months ended 30.09.15 £'000	**3 months ended 30.09.15 £'000**	9 months ended 30.09.14 £'000	3 months ended 30.09.14 £'000
Sale of vehicles	**286,220**	**100,173**	285,094	98,191
Sale of parts	**33,938**	**11,549**	31,798	10,685
Servicing of vehicles	**5,301**	**2,332**	3,632	2,157
Total revenue	**325,459**	**114,054**	320,524	111,033

3 Finance income

	9 months ended 30.09.15 £'000	**3 months ended 30.09.15 £'000**	9 months ended 30.09.14 £'000	3 months ended 30.09.14 £'000
Bank deposit and other interest income	**1,587**	**459**	1,406	445
Net interest income on the net defined benefit liability	**-**	**-**	176	83
Net gain on financial instruments recognised at fair value through profit or loss	**37**	**1,251**	318	78
Total finance income	**1,624**	**1,710**	1,900	606

4 Finance expense

	9 months ended 30.09.15 £'000	**3 months ended 30.09.15 £'000**	9 months ended 30.09.14 £'000	3 months ended 30.09.14 £'000
Bank loans and overdrafts	**41,607**	**15,641**	30,843	10,938
Net interest expense on the net defined benefit liability	**247**	**59**	-	-
Net loss on financial instruments recognised at fair value through profit or loss	**5,423**	**555**	4,124	6,041
Net foreign exchange loss	**3,507**	**4,684**	2,379	5,580
Total finance expense	**50,784**	**20,939**	37,346	22,559

5 Income tax credit

The effective tax rate for the nine months ended 30 September 2014 has been estimated at 10.2% (nine months ended 30 September 2014 : 11.1%). This compares to a UK statutory rate of tax 20.25% applicable to the group for the period to 30 September 2015.

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the Group's future current tax charge accordingly.

The deferred tax liability at 30 September 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 nine month period to 30 September 2015 or the nine month period to 30 September 2014.

Notes to the financial statements for the period ended 30 September 2015 (continued)

7 Underlying operating loss

	9 months ended 30.09.15 £'000	**3 months ended 30.09.15 £'000**	9 months ended 30.09.14 £'000	3 months ended 30.09.14 £'000
Operating loss	**(31,753)**	**(8,685)**	(21,024)	(9,488)
Payment to a former director relating to the settlement for shares	**2,636**	**-**	-	-
Gain on the disposal of an associated company	**-**	**-**	(1,706)	-
Underlying operating loss*	**(29,117)**	**(8,685)**	(22,730)	(9,488)

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

8 Net borrowings

	As at 30.09.15 £'000	As at 30.09.14 £'000	As at 31.12.14 £'000
Cash and cash equivalents	**57,638**	74,436	89,250
Bank loans and overdrafts (a)	**(11,233)**	(11,652)	(19,808)
Senior Secured Loan Notes (b)	**(299,631)**	(297,993)	(298,403)
Senior Subordinated PIK notes (c)	**(126,878)**	(107,060)	(114,195)
Preference shares (d)	**(94,201)**	-	-
	(474,305)	**(342,269)**	**(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. It also has an inventory funding facility for its subsidiary Aston Martin Works Limited. At 30 September 2015 the utilisation of these facilities was £11,233,000. At 30 September 2015, 31 December 2014 and 30 September 2014 the revolving credit facility was undrawn. The group has a wholesale vehicle financing facility of £100,000,000 with Standard Chartered Bank plc. Following a renegotiation of the terms of the facility and the transfer of substantially all of the risk to Standard Chartered Bank plc the facility is off-balance sheet.

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

(c) In March 2014, the group issued 10.25% Senior Subordinated PIK notes with a value of 165m US Dollars. At the 30 September 2015 closing exchange rate the liability relating to the Senior Subordinated PIK notes, including accrued interest, was £126,878,000.

(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 30 September 2015 the liability relating to the preference shares, including accrued interest, was £94,201,000.

9 Foreign exchange rates

	Average rate 9 months ended 30.09.15	**Average rate 3 months ended 30.09.15**	Average rate 9 months ended 30.09.14	Average rate 3 months ended 30.09.14
US dollar	**1.5388**	**1.5727**	1.6778	1.7099
Chinese renminbi	**9.5431**	**9.7523**	10.3320	10.6097
Euro	**1.3608**	**1.4115**	1.2202	1.2489

10 Provisions

	As at 30.09.15 £'000	As at 30.09.14 £'000	As at 31.12.14 £'000
Warranty	**14,156**	14,656	17,280
Non-current	**8,166**	8,041	8,111
Current	**5,990**	6,615	9,171
	14,156	14,656	17,282

11 Pension scheme

The net liability for defined benefit obligations of £(7,583,000) at 30 June 2015 has decreased to £(3,079,000) at 30 September 2015. The movement of £4,504,000 comprises contributions of £2,766,000 plus a net actuarial gain of £4,298,000 less a charge to the income statement of £(2,560,000). The net actuarial gain has arisen in part due to a change in the discount rate assumptions used in the valuation of the scheme's assets and liabilities compared to those used at 30 June 2015. The discount rate increased to 3.95% at 30 September 2015 compared to 3.85% at 30 June 2015.

12 Related party transactions

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