Aston Martin Holdings (UK) Limited

Interim financial report

for the period ended 30 September 2016

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Business review and outlook

The Aston Martin brand is one of the most widely recognised luxury sports car brands with a one hundred and three year history of technical automotive performance and a high standard of styling and design. Our portfolio of sports cars is one of the most diversified offerings in the high luxury sport ("HLS") segment. We currently have five models in our product range: V8 Vantage (including the V8 Vantage S), V12 Vantage S, DB9, Vanquish and Rapide S. Some of these models are available in different model types, including engine sizes, as well as in coupe and convertible models. For the twelve months ended 30 September 2016, 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 in the third quarter of 2016 were 556 vehicles (896 in the third quarter of 2015).

Average prices

	For the three months ended 30 September 2016	For the year ended 31 December 2015	For the three months ended 30 September 2015
Average car sale price in £ thousands	137 (1)	116 (1)	111 (1)

(1) Excludes Vulcan, GT12 and Taraf models

Sales volumes

	For the three months ended 30 September 2016	For the year ended 31 December 2015	For the three months ended 30 September 2015
V8	166	1,029	308
V12	390	2,586	588
Total	556	3,615	896

Recent developments and factors affecting comparability

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

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

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

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

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

In September 2016 the group renewed the existing wholesale vehicle financing facility with Standard Chartered Bank plc for a further two years and increased its size to £125m. The facility is backed by an Atradius credit insurance policy.

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Financial review - income statement

Revenue

Revenue was £96.6m for the three months ended 30 September 2016, as compared to £114.1m for the three months ended 30 September 2015, a decrease of £17.5m or 15.3%, giving revenue of £308.5m for the nine months as compared to £325.5m in 2015, a decrease of £17.0m or 5.2%. This decrease in revenue in the quarter arose from vehicle volumes decreasing by 340 units or 37.9% to 556 units in the 2016 quarter as compared to 896 in the third quarter of 2015, resulting in vehicle sales being 468 units lower in the year to date at 2,019 units as compared to 2,487 in 2015, a decrease of 18.8%. There was an improvement in model mix with V12 sales comprising 70.1% of volumes in the quarter and 66.9% in the nine months as compared to 65.6% and 66.1% in the 2015 quarter and nine months respectively. The V12 model mix also included 2 Vulcan sales in the quarter and 6 in the year to date as compared to none in 2015. In addition to the favourable model mix and Vulcan sales, favourable exchange rates also contributed to the revenue decrease being proportionately lower than that of the volumes, with in particular, the US Dollar 15.0% stronger in the quarter and 8.0% stronger in the year to date, leading to the average wholesale price per vehicle increasing in the quarter to £137,000 in 2016 as compared to £111,000 in 2015, whilst in the year to date it increased to £124,000 from £115,000 in 2015.

Cost of sales

Cost of sales were £59.5m for the three months ended 30 September 2016, as compared to £78.6m for the three months ended 30 September 2015, a decrease of £19.1m or 24.3%. In the nine months the equivalent decrease was £23.8m or 10.6%, as cost of sales decreased to £200.2m in 2016 as compared to £224.0m in 2015.

Material costs for the three months ended 30 September 2016 decreased to £38.7m or 40.1% of revenue as compared to £52.7m or 46.2% of revenue for the same period in 2015. Similarly, material costs for the nine months in 2016 decreased by £8.6m to £141.4m or 45.8% of revenue as compared to £150.0m or 46.1% of revenue in 2015. The percentage fall in quarter and the year to date are a combination of the mix improvement and Vulcan sales highlighted above.

Direct labour for the three months ended 30 September 2016 was £6.2m or 6.4% of revenue compared to £4.9m or 4.3% of revenue in the three months to 30 September 2015. This increase arose from labour being recruited in advance of the launch of DB11 in quarter 4. The corresponding figures for the nine months were £13.9m or 4.3% of revenue in 2015 and £14.7m or 4.8% of revenue in 2016, with the increased costs in the year being for the same reason.

Other cost of sales for the three months ended 30 September 2016 were £14.6m or 15.1% of revenue, compared to £21.0m or 18.4% of revenue for the three months ended 30 September 2015. In the nine months in 2016 there was a decrease of £16.0m to £44.1m or 14.3% of revenue from £60.1m or 18.5% of revenue in 2015. The absolute and percentage decreases in the quarter and year to date have arisen primarily from labour and overhead costs being absorbed into the cost of inventory in the light of the higher inventory levels and reduced Chinese duty costs.

Gross profit

The gross profit was £37.1m or 38.4% of revenue for the three months ended 30 September 2016, as compared to £35.5m or 31.1% for the three months ended 30 September 2015. In the nine months gross profit was £108.3m or 35.1% of revenue in 2016 as compared to £101.5m or 31.2% of revenue in 2015. In both the quarter and the year to date the higher gross profit in absolute and percentage terms arose from improved mix, Vulcan sales and favourable exchange movements. The absolute increase was in spite of lower sales volumes and revenue.

Selling and distribution expenses

Selling and distribution expenses were £10.1m for the three months to 30 September 2016, as compared to £7.2m for the three months to 30 September 2015, an increase of £2.9m, and £30.1m for the nine months as compared to £24.1m in 2015, an increase of £6.0m. The increases in both the quarter and year to date have mainly arisen from the DB11 launch events with the press launch in Tuscany in the third quarter and its unveiling at the Geneva Motor Show and DB11 Confidential event at Gaydon earlier in the year. 2016 has also seen the launches of the Vanquish Zagato and GT8 special editions.

Administrative and other expenses

Administrative and other expenses were £35.8m for the three months to 30 September 2016, as compared to £36.9m for the three months to 30 September 2015, a decrease of £1.1m, whilst the nine months saw a decrease of £4.3m from £109.1m to £104.8m. Included in the nine month figures for 2015 was a non-recurring item for a payment to a former director relating to the settlement for shares of £2.6m. Adjusting for this item, recurring costs in the nine months decreased by £1.7m from £106.5m in 2015 to £104.8m in 2016. This decrease was mainly due to depreciation and amortisation reducing by £1.4m in the quarter and £5.8m in the nine months as a result of the impairment charge in 2015. Consequently, the core costs before depreciation and amortisation and non-recurring items increased by £0.3m in the quarter and by £4.1m in the year. These increases primarily arose from a higher charge for engineering costs charged to revenue relating to early stage costs for future new models that do not meet the capitalisation criteria and consultancy costs incurred as part of profit improvement actions.

Operating loss

The operating loss was £(8.7)m in both the three months ended 30 September 2016 and in the three months to 30 September 2015. The nine months saw an operating loss of £(26.5)m in 2016 as compared to £(31.8)m in 2015, an improvement of £5.3m. However the nine month figures in 2015 are distorted by a non-recurring item as detailed in administrative and other expenses above. Adjusting for this item the underlying loss was £(29.1)m in 2015 as compared to £(26.5)m in 2016, an improvement of £2.6m. In the quarter the improved gross profit of £1.7m, arising from higher volumes, Vulcan sales and an exchange benefit, was offset by an equal increase in fixed costs arising from higher fixed marketing, engineering and consultancy costs, partially offset by depreciation and amortisation savings. In the nine months the reduced underlying operating loss arose from a increased gross profit of £6.8m, less an increase in fixed costs of £(4.2)m for similar reasons as in the quarter.

Finance (expense) / income

The net finance expense was £(33.3)m in the three months to 30 September 2016, as compared to £(19.2)m in the corresponding quarter of 2015, an increase of £(14.1)m. In the nine months the net finance expense was £(97.8)m as compared to £(49.2)m in 2015, an increase of £(48.6)m. The increase in the net expense in the quarter was primarily due to the net loss on fair value adjustments on foreign exchange hedges of £(8.2)m in 2016 as compared to a net gain of £0.7m in 2015, arising from adverse movements of the US Dollar and Japanese Yen exchange rates, coupled with an increase of £(4.6)m in the interest on the preference shares resulting from the further issue of £100m in April 2016. The increased expense in the nine months of 2016 as compared to 2015, arose from a higher net losses on the fair value adjustments of £(17.7)m and translation of the US Dollar denominated Senior Subordinated PIK Notes of £(15.5)m, mainly as a result of the strengthening US Dollar, and an increase in preference share interest costs of £(13.7)m due to both the issue in April 2016 and a full period effect in 2016 as compared to 5 months charge in 2015. Please refer to notes 3 and 4 for more information on interest income and expense.

Income tax credit

There income tax credit was £4.0m in the three months to 30 September 2016 as compared to £2.9m in the three months to 30 September 2015 representing rates of 9.6% and 10.4% respectively of the loss before tax. In the nine months the tax credit was £12.6m in 2016 as compared to £8.2m in 2015 being 10.1% and 10.2% 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 2016 of 20.00% and 20.25% in 2015 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 2016 saw a net cash outflow of £(23 0)m, compared to an outflow of £(40.2)m in the three months to 30 September 2015. The equivalent nine month periods saw an outflow of £(10.1)m in 2016 as compared to £(31.6)m in 2015. The cash balance at 30 September 2015 was £55.5m, as compared to £57.6m as at 30 September 2015.

Cash flow from operating activities

Cash generated from operating activities was £36.1m in the three months to 30 September 2016 as compared to £19.1m in the equivalent three month period to 30 September 2015. In the nine months to 30 September 2016 we generated £89 8m of cash as compared to £22.2m in 2015. The year on year improvement of £13.9m in the quarter is primarily due to an £11 8m benefit from working capital with an inflow of £27.2m in 2016 as compared to an inflow of £7 9m in 2015. In the year to date, the improvement of £67 5m was again largely due to working capital which showed an inflow of £70.1m in the 2016 year to date as compared to an outflow of £(4.4)m in 2015. The improvements in working capital in both the quarter and year to date largely arose from increased payables arising from deposits received for the AM-RB-001 model and liabilities arising in respect of the impending launch of the DB11 model, which were partly offset by higher inventories connected with the DB11 launch.

Cash flow from investing activities

Net cash used in investing activities increased to £(36.0)m in the three months to 30 September 2016, as compared to £(40 2)m in the three months to 30 September 2015, and increased to £(151 3)m from £(112 4)m in the nine month period. In the quarter there were decreases in spend on both intangible and tangible assets as the spend on DB11 decreased, the majority of which had been incurred earlier in the year. In contrast the year to date showed a significant increase, in particular on tangible assets as the group acquired tooling and facilities with production of the DB11 commencing in advance of the first sales in quarter 4 of 2016.

Cash flow from financing activities

Net cash used in financing activities was £(21.3)m in the three months to 30 September 2016, as compared to £(17.2)m in the three months to 30 September 2015. The nine months to 30 September 2016 saw net cash generated of £59.2m as compared to £58.7m in 2015. The major reason for the higher cash usage of £(4.1)m in the quarter was the level of short term borrowings to fund in transit vehicles to our US and Chinese subsidiaries. In the nine months in 2016 the group raised £100.0m from the issue of preference shares and paid back £(9.3)m of borrowings on in transit funding, whilst in 2015 it raised a net of £98.9m from preference and ordinary shares, net of transaction fees, whilst paying back £(8.9)m for short term inventory funding. Interest paid was very similar in both the quarter and year to date.

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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 2016

Mark Wilson
Chief Financial Officer

21 November 2016

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

	Notes	9 months ended 30 September 2016	3 months ended 30 September 2016	9 months ended 30 September 2015	3 months ended 30 September 2015
		£'000	**£'000**	£'000	£'000
Revenue	2	**308,454**	**96,622**	325,459	114,054
Cost of sales		**(200,162)**	**(59,490)**	(223,996)	(78,596)
Gross profit		**108,292**	**37,132**	101,463	35,458
Selling and distribution expenses		**(30,084)**	**(10,083)**	(24,123)	(7,219)
Administrative and other expenses		**(104,752)**	**(35,756)**	(109,093)	(36,924)
Operating loss		**(26,544)**	**(8,707)**	(31,753)	(8,685)
Analysed as :					
Payment to a former director relating to the settlement for shares	7	-	-	(2,636)	-
Underlying operating loss*	7	**(26,544)**	**(8,707)**	(29,117)	(8,685)
Operating loss		**(26,544)**	**(8,707)**	(31,753)	(8,685)
Finance income	3	**2,421**	**743**	1,624	1,710
Finance expense	4	**(100,250)**	**(34,078)**	(50,784)	(20,939)
Net financing expense		**(97,829)**	**(33,335)**	(49,160)	(19,229)
Loss before tax		**(124,373)**	**(42,042)**	(80,913)	(27,914)
Income tax credit		**12,578**	**4,027**	8,215	2,894
Loss for the period		**(111,795)**	**(38,015)**	(72,698)	(25,020)
Other comprehensive income / (expense)					
Items that will never be reclassified to profit or loss					
Remeasurement of defined benefit asset		**(89,997)**	**(69,791)**	9,779	4,298
Related income tax		**16,199**	**12,562**	(1,956)	(860)
		(73,798)	**(57,229)**	7,823	3,438
Items that are or maybe reclassified to profit or loss					
Foreign exchange translation differences		**1,360**	**973**	(53)	147
Other comprehensive income / (expense) for the period, net of income tax		**(72,438)**	**(56,256)**	7,770	3,585
Total comprehensive expense for the period		**(184,233)**	**(94,271)**	(64,928)	(21,435)
(Loss) / profit attributable to:					
Owners of the group		**(112,145)**	**(38,132)**	(72,871)	(25,075)
Non-controlling interests		**350**	**117**	173	55
		(111,795)	**(38,015)**	(72,698)	(25,020)
Total comprehensive (expense) / income attributable to:					
Owners of the group		**(184,583)**	**(21,490)**	(65,101)	(21,490)
Non-controlling interests		**350**	**117**	173	55
		(184,233)	**(94,271)**	(64,928)	(21,435)

* 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

Group	Share capital	Share premium	Capital reserve and Non-controlling interests	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2016	**3**	**387,280**	**98,977**	**1,230**	**(303,953)**	**183,537**
Total comprehensive income for the period						
Profit / (loss)	-	-	**117**	-	**(38,132)**	**(38,015)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	973	-	973
Remeasurement of defined benefit liability (note 11)	-	-	-	-	(69,791)	(69,791)
Income tax on other comprehensive income	-	-	-	-	12,562	12,562
Total other comprehensive income / (expense)	-	-	-	**973**	**(57,229)**	**(56,256)**
Total comprehensive income / (expense) for the period	-	-	**117**	**973**	**(95,361)**	**(94,271)**
At 30 September 2016	**3**	**387,280**	**99,094**	**2,203**	**(399,314)**	**89,266**

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £5,020,000 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	Share premium and share warrants	Capital reserve and Non-controlling interests	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016	**3**	**377,861**	**98,734**	**843**	**(213,361)**	**264,080**
Total comprehensive income for the period						
Profit / (loss)			**350**		**(112,145)**	**(111,795)**
Other comprehensive income						
Foreign currency translation differences				1,360		1,360
Remeasurement of defined benefit liability (note 11)					(89,997)	(89,997)
Income tax on other comprehensive income					16,199	16,199
Total other comprehensive income / (expense)				**1,360**	**(73,798)**	**(72,438)**
Total comprehensive income / (expense) for the period			**350**	**1,360**	**(185,943)**	**(184,233)**
Transactions with owners, recorded directly in equity						
Capital increase	-	9,419	-	-	-	9,419
Total transactions with owners	-	**9,419**	-	-	-	
At 30 September 2016	**3**	**387,280**	**99,084**	**2,203**	**(399,304)**	**89,266**

The capital increase during the 9 months ended 30 September 2016 represents the fair value of the share warrants granted in connection with the issue of preference shares.

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £5,020,000 of Non-controlling interest relating to the 50% interest in the share capital of AMWS Limited, the parent company of Aston Martin Works Limited.

Condensed consolidated statement of changes in equity (continued)

Group	Share capital	Share premium and share warrants	Capital reserve and Non-controlling Interests	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 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 2016

	Note	As at 30.09.16 £'000	As at 30 09 15 £'000	As at 31 12 15 £'000
Non-current assets				
Intangible assets		**733,360**	672,773	677,297
Property, plant and equipment		**204,652**	177,110	166,314
Other receivables		**2,169**		2,169
Other financial assets		**151**	334	63
Deferred tax asset		**48,303**	44,024	48,303
		988,635	894,241	894,146
Current assets				
Inventories		**118,970**	97,846	80,363
Trade and other receivables		**63,593**	66,046	69,113
Other financial assets		**276**	176	52
Cash and cash equivalents	8	**55,453**	57,638	65,562
		238,292	221,706	215,090
Total assets		**1,226,927**	1,115,947	1,109,236
Current liabilities				
Borrowings	8	**9,093**	11,233	16,597
Trade and other payables		**266,787**	162,126	180,293
Income tax payable		**27**	458	894
Other financial liabilities		**15,202**	7,994	8,200
Provisions	10	**4,036**	5,990	6,361
		295,145	187,801	212,345
Non-current liabilities				
Borrowings	8	**674,265**	520,710	532,103
Other financial liabilities		**11,231**	1,285	1,584
Employee benefits	11	**94,068**	3,079	4,947
Provisions	10	**5,674**	8,166	8,218
Deferred tax liabilities		**57,278**	95,635	85,959
		842,516	628,875	632,811
Total liabilities		**1,137,661**	816,676	845,156
Net assets		**89,266**	299,271	264,080
Equity				
Share capital		**3**	3	3
Share premium		**368,818**	368,818	368,818
Share warrants		**18,462**	9,043	9,043
Capital reserves		**94,064**	94,064	94,064
Translation reserve		**2,203**	(225)	843
Retained earnings		**(399,304)**	(177,124)	(213,361)
Equity attributable to owners of the group		**84,246**	294,579	259,410
Non-controlling interests		**5,020**	4,692	4,670
Total equity		**89,266**	299,271	264,080

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 2016

	Notes	9 months ended 30 September 2016 £'000	3 months ended 30 September 2016 £'000	9 months ended 30 September 2015 £'000	3 months ended 30 September 2015 £'000
Operating activities					
Loss for the period		**(111,795)**	**(38,015)**	(72,698)	(25,020)
Adjustments to reconcile loss for the period to net cash inflow from operating activities					
Tax on continuing operations	5	**(12,578)**	**(4,027)**	(8,215)	(2,894)
Net finance costs		**91,021**	**31,210**	46,898	17,645
Other non cash movements		**1,360**	**973**	(53)	147
Depreciation and impairment of property, plant and equipment		**20,168**	**7,409**	22,616	8,064
Amortisation and impairment of intangible assets		**38,345**	**13,889**	41,691	14,640
Difference between pension contributions paid and amounts recognised in income statement		**(876)**	**(260)**	454	(206)
(Increase) / decrease in inventories		**(38,607)**	**(23,718)**	581	(3,883)
(Decrease) / increase in trade and other receivables		**9,422**	**2,668**	(14,607)	(410)
Increase in trade and other payables		**99,314**	**48,209**	9,667	12,217
Movement in provisions		**(5,156)**	**(2,316)**	(3,214)	(1,051)
Cash generated from operations		**90,618**	**36,022**	23,120	19,249
Income taxes paid		**(857)**	**117**	(883)	(104)
Net cash inflow from operating activities		**89,761**	**36,139**	22,237	19,145
Cash flows from investing activities					
Interest received	3	**1,620**	**545**	1,587	459
Payments to acquire property, plant and equipment		**(58,506)**	**(8,639)**	(25,347)	(10,091)
Payments to acquire intangible assets		**(94,408)**	**(27,882)**	(88,659)	(30,601)
Net cash used in investing activities		**(151,294)**	**(35,976)**	(112,419)	(40,233)
Cash flows from financing activities					
Interest paid		**(31,513)**	**(15,038)**	(31,248)	(14,993)
Proceeds from capital increase		**-**	**-**	2,355	-
Net borrowings		**90,716**	**(6,223)**	91,100	(2,165)
Transaction fees on new borrowings		**-**	**-**	(3,536)	-
Net cash inflow / (outflow) from financing activities		**59,203**	**(21,261)**	58,671	(17,158)
Net decrease in cash and cash equivalents		**(2,330)**	**(21,098)**	(31,511)	(38,246)
Cash and cash equivalents at the beginning of the period		**65,562**	**78,476**	89,250	97,838
Effect of exchange rates on cash and cash equivalents		**(7,779)**	**(1,925)**	(101)	(1,954)
Cash and cash equivalents at the end of the period	8	**55,453**	**55,453**	57,638	57,638

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

1 Basis of preparation and principal accounting policies

Aston Martin Holdings (UK) Limited (the "company") is a company incorporated and domiciled in the UK. The condensed consolidated interim financial statements of the company as at the end of the period ended 30 September 2016 comprise the company and its subsidiaries (together referred to as the 'group').

The group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of Senior Secured Notes, Senior Subordinated PIK notes, Preference shares, a revolving credit facility, facilities to finance inventory and a wholesale vehicle financing facility. The Senior Secured Notes, which expire in July 2018, amount to £304,000,000 and include certain covenant tests. The Senior Subordinated PIK notes and related accrued interest amount to £163,664,000 (212,600,000 US Dollars) at 30 September 2016 and are also due for repayment in July 2018. The Preference shares and related accrued interest amounted to £209,331,000 at 30 September 2016. The £40,000,000 revolving credit facility is available until July 2018. The revolving credit facility was undrawn at 30 September 2016, 31 December 2015 and 30 September 2015.

The directors have prepared trading and cash flow forecasts for the period to 2020. These forecasts showed that the group has sufficient financial resources to meet its obligations as they fall due and meet all covenant tests.

The forecasts make assumptions in respect of future trading conditions and in particular, the launch of future models. The nature of the group's business is such that there can be variation in the timing of cash flows around the development and launch of new models and the availability of funds provided through the vehicle wholesale finance facility as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account the aforementioned factors to an extent which the directors consider to be reasonably prudent, based on the information that is available to them at the time of approval of these financial statements.

Accordingly, after considering the forecasts, appropriate sensitivities, current trading and available facilities, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and therefore the directors continue to adopt the going concern basis in preparing the financial statements

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as endorsed by the European Union. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended 31 December 2015.

Significant accounting policies

The condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the group's published consolidated financial statements for the year ended 31 December 2015.

Estimates and judgements

The preparation of a condensed set of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In the process of applying the group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

- the point of capitalisation and amortisation of development costs
- the useful lives of tangible and intangible assets

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next year are as follows:

- the measurement and impairment of indefinite life intangible assets (including goodwill);
- the measurement of warranty liabilities; and
- the measurement of defined benefit pension assets and obligations.

The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The group determines whether indefinite life intangible assets are impaired on an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated.

The measurement of warranty liabilities has been estimated on past experience of the actual level of warranty claims received. Management establishes these estimates based on historical information on the nature, frequency and average cost of the warranty claims.

Measurement of defined benefit pension 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 2016 (continued)

2 Revenue

	9 months ended 30.09.16 £'000	3 months ended 30.09.16 £'000	9 months ended 30 09 15 £'000	3 months ended 30 09 15 £'000
Sale of vehicles	262,548	79,881	286,220	100,173
Sale of parts	37,058	13,608	33,938	11,549
Servicing of vehicles	8,847	3,133	5,301	2,332
Total revenue	308,454	96,622	325,459	114,054

3 Finance income

	9 months ended 30.09.16 £'000	3 months ended 30.09.16 £'000	9 months ended 30 09 15 £'000	3 months ended 30 09 15 £'000
Bank deposit and other interest income	1,620	545	1,587	459
Net interest income on the net defined benefit liability	-	11	-	-
Net gain on financial instruments recognised at fair value through profit or loss	801	187	37	1,251
Total finance income	2,421	743	1,624	1,710

4 Finance expense

	9 months ended 30.09.16 £'000	3 months ended 30.09.16 £'000	9 months ended 30 09 15 £'000	3 months ended 30 09 15 £'000
Bank loans and overdrafts	36,818	12,379	34,833	11,577
Net interest expense on the net defined benefit liability	37	-	247	59
Interest on preference shares classified as financial liabilities	20,485	8,638	6,774	4,064
Net loss on financial instruments recognised at fair value through profit or loss	23,910	8,426	5,423	555
Net foreign exchange loss	19,000	4,635	3,507	4,684
Total finance expense	100,250	34,078	50,784	20,939

5 Income tax credit

The effective tax rate for the nine months ended 30 September 2016 has been estimated at 10.1% (nine months ended 30 September 2015 : 10.2%). This compares to a UK statutory rate of tax 20% applicable to the group for the period to 30 September 2016.

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

The deferred tax liability at 30 September 2016 has been calculated based on the rate of 18% substantively enacted at the balance sheet date.

In addition to the change in tax rates, permanently disallowable expenditure and restrictions on the use of tax losses give rise to further adjustments to the total tax arising in the periods.

6 Dividends

No dividends have been declared or paid in the nine month period to 30 September 2016 or the nine month period to 30 September 2015.

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

7 Underlying operating loss

	9 months ended 30.09.16 £'000	3 months ended 30.09.16 £'000	9 months ended 30.09.15 £'000	3 months ended 30.09.15 £'000
Operating loss	**(26,544)**	**(8,707)**	(31,753)	(8,685)
Payment to a former director relating to the settlement for shares	-	-	2,636	-
Underlying operating loss*	**(26,544)**	**(8,707)**	(29,117)	(8,685)

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

8 Net borrowings

	As at 30.09.16 £'000	As at 30.09.15 £'000	As at 31.12.15 £'000
Cash and cash equivalents	**55,453**	57,638	65,562
Bank loans and overdrafts (a)	**(9,093)**	(11,233)	(16,597)
Senior Secured Loan Notes (b)	**(301,270)**	(299,631)	(300,041)
Senior Subordinated PIK notes (c)	**(163,664)**	(126,878)	(133,797)
Preference shares (d)	**(209,331)**	(94,201)	(98,265)
	(627,905)	**(474,305)**	**(483,138)**

(a) The group has facilities to fund the in transit inventory between the UK company, Aston Martin Lagonda Limited, and its US and Chinese subsidiaries. The group also has a facility to fund certain inventory at Aston Martin Works Limited. At 30 September 2016 the utilisation of these facilities was £9,093,000. At 30 September 2016, 31 December 2015 and 30 September 2015 the revolving credit facility was undrawn. The group has a wholesale vehicle financing facility of £100,000,000 with Standard Chartered Bank plc. Following a renegotiation of the terms of the facility and the transfer of substantially all of the risk to Standard Chartered Bank plc the facility is off-balance sheet.

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

(c) In March 2014, the group issued 10.25% Senior Subordinated PIK notes with a value of 165m US Dollars. At the 30 September 2016 closing exchange rate the liability relating to the Senior Subordinated PIK notes, including accrued interest, was £163,664,000.

(d) In April 2015 the company accepted binding subscriptions for £200,000,000 of preference shares with an interest rate of 15% payable on a PIK basis. The first tranche of £100,000,000 was received on 27 April 2015 and the second tranche of £100,000,000 was received in April 2016. These subscriptions also include warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the fully diluted share capital of the company. At 30 September 2016 the liability relating to the preference shares, including accrued interest, was £209,331,000.

9 Foreign exchange rates

	Average rate 9 months ended 30.09.16	Average rate 3 months ended 30.09.16	Average rate 9 months ended 30.09.15	Average rate 3 months ended 30.09.15
US dollar	**1.4160**	**1.3368**	1.5388	1.5727
Chinese renminbi	**9.2817**	**8.8811**	9.5431	9.7523
Euro	**1.2738**	**1.2033**	1.3608	1.4115

10 Provisions

	As at 30.09.16 £'000	As at 30.09.15 £'000	As at 31.12.15 £'000
Warranty	**9,710**	14,156	14,579
Non-current	**5,674**	8,166	8,218
Current	**4,036**	5,990	6,361
	9,710	14,156	14,579

11 Pension scheme

The net liability for defined benefit obligations of £(24,537,000) at 30 June 2016 has increased to £(94,068,000) at 30 September 2016. The movement of £(69,531,000) comprises contributions of £2,507,000 less a net actuarial loss of £(69,791,000) less a charge to the income statement of £(2,247,000). The net actuarial loss has arisen in part due to a change in the discount rate assumptions used in the valuation of the scheme's assets and liabilities compared to those used at 30 June 2016. The discount rate decreased to 2.3% at 30 September 2016 compared to 3.2% at 30 June 2016.

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.