Aston Martin Holdings (UK) Limited

Interim financial report

for the period ended 31 March 2017

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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 four 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, DB11, Vanquish S and Rapide S. Some of these models are available in different model types, including engine sizes, as well as in coupe and convertible models. For the twelve months ended 31 March 2017, we sold 4,204 cars.

Our primary production facility is located in Gaydon, UK. The Gaydon facility was opened in 2003, developed for the specific needs of Aston Martin and is one of Europe's most modern automotive manufacturing facilities and one of the most advanced manufacturing facilities in the HLS segment. Other than the engines and certain other components, we manufacture all of our models in Gaydon.

Our total sales (excluding Vulcan and Taraf) in the first quarter of 2017 were 1,203 vehicles (680 in the first quarter of 2016).

Average prices

	For the three months ended 31 March 2017	For the year ended 31 December 2016	For the three months ended 31 March 2016
Average car sale price in £ thousands	144 (1)	137 (1)	111 (1)

(1) Excludes Vulcan, GT8, GT12 and Lagonda models

Sales volumes (including Vulcan and Lagonda)

	For the three months ended 31 March 2017	For the year ended 31 December 2016	For the three months ended 31 March 2016
V8	178	805	234
V12	1,025	2,882	452
Total	1,203	3,687	686

Recent developments and factors affecting comparability

On 18 April 2017, the group issued $400,000,000 6.5% Senior Secured Notes and £230,000,000 5.75% Senior Secured Notes both of which mature in April 2022. The proceeds of this issue were used to settle the existing Senior Secured Notes and Senior Subordinated PIK Notes, both of which were due to mature in July 2018. The new financing also has a Revolving Credit Facility of £80,000,000.

In May 2017, in view of the anticipated growth in sales volumes, the group increased the size of its wholesale financing facility with Standard chartered Bank plc from £125,000,000 to £150,000,000.

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Financial review - income statement

Revenue

Revenue was £188.3m for the three months ended 31 March 2017, as compared to £92.6m for the three months ended 31 March 2016, an increase of £95.7m or 103.3%. Vehicle sales increased by 517 units or 75.4% to 1,203 units in the 2017 quarter as compared to 686 in the first quarter of 2016. The increase in revenue arose from the increase in volumes, and also the significant improvement in the mix of sales with V12 sales increasing to 85.2% of volumes as compared to 65.9% in 2016, as a result of the launch of DB11 in Q4/16, and V8 sales decreasing to 14.8% in 2017 as compared to 34.1% in 2016. Revenue also benefitted from the significant weakening of Sterling following the vote to leave the European Union in June 2016. Details of the main average exchange rates are in note 8. Consequently, the average wholesale price per vehicle for core models increased to £144,000 in Q1 2017 from £111,000 in Q1 2016.

Cost of sales

Cost of sales were £114.8m for the three months ended 31 March 2017, as compared to £62.0m for the three months ended 31 March 2016, an increase of £52.8m or 85.2%.

Material costs for the three months ended 31 March 2017 increased to £83.4m or 44.3% of revenue as compared to £45.6m or 49.2% of revenue for the same period in 2016. This decrease as a percentage of revenue in the quarter is due to changes in the model mix with a higher proportion of V12 sales, in particular the DB11.

Direct labour for the three months ended 31 March 2017 was £7.1m or 3.8% of revenue compared to £3.5m or 3.8% of revenue in the three months to 31 March 2016. The increase in absolute terms arose from the higher volumes whilst the percentage of revenue has remained at the same level.

Other cost of sales for the three months ended 31 March 2017 were £24.3m or 12.9% of revenue, compared to £12.9m or 13.9% of revenue for the three months ended 31 March 2016. The increase arose from higher volumes, and unfavourable exchange movements mainly due to a stronger Euro, although the lower percentage is reflective of the increased average wholesale price.

Gross profit

The gross profit was £73.5m or 39.0% of revenue for the three months ended 31 March 2017, as compared to £30.7m or 33.1% for the three months ended 31 March 2016. The increase in both absolute and percentage terms arises from the higher volume of sales, an improvement in model mix to V12 sales from V8 sales and the favourable exchange rate movement as described above.

Selling and distribution expenses

Selling and distribution expenses were £13.1m for the three months to 31 March 2017, as compared to £10.5m for the three months to 31 March 2016, an increase of £2.6m. This arose mainly from additional fixed marketing costs in connection with the DB11, the relationship with Red Bull Racing and the appointment of Tom Brady, Serena Williams, Max Verstappen and Daniel Ricciardo as brand ambassadors.

Administrative and other expenses

Administrative and other expenses increased by £3.0m to £36.4m for the three months to 31 March 2017, as compared to £33.4m for the three months to 31 March 2016. This has arisen from increased fixed manufacturing costs following the launch of the DB11 and preparation of the new St Athan site, Easter shut down being in April in 2017 as compared to March in 2016, increased systems costs and a higher charge for non-capitalised engineering costs.

Operating profit / (loss)

The operating profit was £24.0m in the three months ended 31 March 2017, as compared to a loss of £(13.2)m in the three months to 31 March 2016, an improvement of £37.2m. Gross profit increased by £42.8m due to the higher volumes and an improved model mix following the launch of DB11. Fixed costs in total increased by £(5.6)m with increases of £(2.6)m in selling and distribution expenses and £(3.0)m in administrative and other expenses as described above.

Finance income / (expense)

The net finance expense was £(18.1)m in the three months to 31 March 2017, as compared to £(16.6)m in the corresponding quarter of 2016, an increase of £(1.5)m. This increase arose primarily from additional interest on the preference shares which increased by £(4.5)m from £(4.1)m in 2016 to £(8.6)m in 2017 following the issue of a further £100m of preference shares in April 2016. In addition the net gain on fair value adjustments on foreign exchange hedges reduced to £1.3m in 2017 from £2.6m in 2016. Offsetting these items, there was a net foreign exchange gain of £2.1m in 2017 as compared to a loss of £(3.5)m in 2016 on the translation of the US Dollar denominated PIK Notes. Other interest costs increased to £(12.9)m in 2017 from £(11.6)m in 2016 due primarily to the compounding effect of the interest on the 10.25% PIK Notes. An analysis of the finance income / (expense) is given in notes 3 and 4 of the accounts.

Income tax (charge) / credit

The income tax charge was £(1.2)m in the three months to 31 March 2017, 19.6% of the profit before tax, as compared to a credit £2.9m in the three months to 31 March 2016 or 9.9% of the loss before tax. The percentage is in line than the applicable UK corporation rate for 2017 of 19.25%, but was lower than the applicable rate of 20.0% in 2016 as a result of credit not being taken for some losses, the utilisation of which is not certain. Please refer to note 5 for more information on income tax.

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Financial review - cash flow statement

The three months to 31 March 2017 saw a net cash outflow of £(5.7)m, compared to an outflow of £(28.7)m in the three months to 31 March 2016. The cash balance at 31 March 2017 was £96.0m as compared to £36.9m as at 31 March 2016, an increase of £59.1m.

Cash flow from operating activities

We generated £55.7m of net cash from our operating activities in the three months to 31 March 2017 as compared to utilising £(6.0)m in the equivalent three month period to 31 March 2016. The quarter saw a decrease in working capital of £15.5m in 2017, as compared to an increase of £(8.2)m in 2016. This reduction in 2017 resulted from a decrease in receivables of £33.1m, due to the timing of cash receipts over the year end less an increase in inventory of £(17.1)m, due to the seasonality of production compared to sales and a reduction in payables of £(0.5)m. In 2016 whilst receivables reduced by £18.7m and inventory increased by £(12.2)m for similar reasons, payables reduced by £(14.7)m due to the settlement of liabilities for the DB11. The cash generated from other operating activities amounted to £40.2m as compared to £2.2m in 2016, an increase of £38.0m, primarily reflective of the improved operating performance, with earnings before interest, tax, depreciation and amortisation (EBITDA) of £42.6m in 2017 as compared to £6.0m in 2016.

Cash flow from investing activities

Net cash used in investing activities increased to £50.9m in the three months to 31 March 2017, as compared to £43.0m in the three months to 31 March 2016. Expenditure on property, plant and equipment increased to £16.5m from £8.0m, whilst expenditure on intangible assets decreased to £35.1m in 2017 as compared to £35.5m in 2016 as the group continued its investment in the new range of vehicles due to be launched progressively.

Cash flow from financing activities

Net cash utilised from financing activities was £(10.5)m in the three months to 31 March 2017, as compared to a generation of £18.7m in the three months to 31 March 2016. In 2016 the group drew down £35.0 of its Revolving Credit Facility, in advance of the second tranche of the preference share monies being received in April 2016. Other borrowings, relating to inventory funding, increased by £4.7m in 2017 as compared to a reduction of £(1.0)m in the three months to 31 March 2016. Interest paid was largely unchanged at £(15.1)m in 2017 as compared to £(15.3)m in 2016, of which £(14.1)m in both years was the interest payment on the £304 Senior Secured Notes.

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for the period ended 31 March 2017

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

The undersigned certifies on behalf of Aston Martin Holdings (UK) Limited (the "Company") that to the best of our knowledge the condensed set of consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and fairly represent the financial condition and operations of the Aston Martin Holdings (UK) Limited group as at 31 March 2017.

Pursuant to clause 25.1 and Schedule 14 of the Company's Revolving Credit Facility Agreement with Elavon Financial Services DAC, UK Branch acting as Agent

Mark Wilson
Chief Financial Officer

24 May 2017

Condensed consolidated statement of comprehensive income for the period ended 31 March 2017

	Notes	3 months ended 31 March 2017 £'000	3 months ended 31 March 2016 £'000
Revenue	2	188,321	92,647
Cost of sales		(114,791)	(61,988)
Gross profit		73,530	30,659
Selling and distribution expenses		(13,111)	(10,457)
Administrative and other expenses		(36,385)	(33,353)
Operating profit / (loss)		24,034	(13,151)
Finance income	3	4,826	4,125
Finance expense	4	(22,920)	(20,708)
Net financing expense		(18,094)	(16,583)
Profit / (loss) before tax		5,940	(29,734)
Income tax (charge) / credit	5	(1,162)	2,929
Profit / (loss) for the period		4,778	(26,805)
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liability		4,164	(6,225)
Related income tax		(708)	1,120
		3,456	(5,105)
Items that are or may be reclassified to profit or loss			
Foreign exchange translation differences		(770)	242
Other comprehensive income for the period, net of income tax		2,686	(4,863)
Total comprehensive income for the period		7,464	(31,668)
Profit / (loss) attributable to:			
Owners of the group		4,519	(26,916)
Non-controlling interests		259	111
		4,778	(26,805)
Total comprehensive income / (expense) attributable to:			
Owners of the group		7,205	(31,779)
Non-controlling interests		259	111
		7,464	(31,668)

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

Condensed consolidated statement of changes in equity

Group	Share capital £'000	Share premium and Share warrants £'000	Capital reserve and non controlling interest £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2016	3	377,861	98,734	843	(213,361)	264,080
Total comprehensive income for the period						
Profit / (loss)	-	-	111	-	(26,916)	(26,805)
Other comprehensive income						
Foreign currency translation differences	-	-	-	242	-	242
Remeasurement of defined benefit liability	-	-	-	-	(6,225)	(6,225)
Income tax on other comprehensive income	-	-	-	-	1,120	1,120
Total other comprehensive income / (expense)	-	-	-	242	(5,105)	(4,863)
Total comprehensive income / (expense) for the period	-	-	111	242	(32,021)	(31,668)
At 31 March 2016	3	377,861	98,845	1,085	(245,382)	232,412

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 2016	3	377,861	98,734	843	(213,361)	264,080
Total comprehensive income for the period						
Profit / (loss)	-	-	329	-	(147,902)	(147,573)
Other comprehensive income						
Foreign currency translation differences	-	-	-	1,493	-	1,493
Remeasurement of defined benefit liability	-	-	-	-	(65,975)	(65,975)
Income tax on other comprehensive income					11,216	11,216
Total other comprehensive income	-	-	-	1,493	(54,759)	(53,266)
Total comprehensive income / (expense) for the period	-	-	329	1,493	(202,661)	(200,839)
Transactions with owners, recorded directly in equity						
Capital increase	-	9,419	-	-	-	9,419
Total transactions with owners	-	9,419	-	-	-	9,419
At 31 December 2016	3	387,280	99,063	2,336	(416,022)	72,660

The capital increase during the year ended 31 December 2016 represents the fair value of the share warrants granted in connection with the issue of the preference shares amounting to £9,419,000 as £100,000,000 of preference shares were issued in both April 2015 and April 2016.

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,999,000 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 £'000	Share premium £'000	Capital reserve and non controlling interest £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2017	3	387,280	99,063	2,336	(416,022)	72,660
Total comprehensive income for the period						
Profit	-	-	259	-	4,519	4,778
Other comprehensive income						
Foreign currency translation differences	-	-	-	(770)	-	(770)
Remeasurement of defined benefit liability	-	-	-	-	4,164	4,164
Income tax on other comprehensive income					(708)	(708)
Total other comprehensive	-	-	-	(770)	3,456	2,686
Total comprehensive income / (expense) for the period	-	-	259	(770)	7,975	7,464
At 31 March 2017	3	387,280	99,322	1,566	(408,047)	80,124

Condensed consolidated statement of financial position
at 31 March 2017

	Note	As at 31.03.17 £'000	As at 31.03.16 £'000	As at 31.12.16 £'000
Non-current assets				
Intangible assets		**729,863**	699,751	706,947
Property, plant and equipment		**206,375**	168,180	196,321
Other receivables		**2,317**	2,169	2,309
Other financial assets		**142**	573	88
Deferred tax asset		**32,124**	48,303	32,124
		970,821	918,976	937,789
Current assets				
Inventories		**134,353**	92,615	117,245
Trade and other receivables		**79,353**	51,627	112,757
Other financial assets		**2**	1,131	272
Cash and cash equivalents	7	**95,987**	36,863	101,718
		309,695	182,236	331,992
Total assets		**1,280,516**	1,101,212	1,269,781
Current liabilities				
Borrowings	7	**9,744**	51,055	5,153
Trade and other payables		**333,098**	160,850	340,893
Income tax payable		**758**	541	680
Other financial liabilities		**17,965**	5,415	18,646
Provisions	9	**7,536**	5,243	7,631
		369,101	223,104	373,003
Non-current liabilities				
Borrowings	7	**707,511**	543,423	696,065
Other financial liabilities		**5,180**	1,272	9,611
Employee benefits	10	**66,702**	10,822	69,769
Provisions	9	**7,432**	8,268	6,070
Deferred tax liabilities		**44,466**	81,911	42,603
		831,291	645,696	824,118
Total liabilities		**1,200,392**	868,800	1,197,121
Net assets		**80,124**	232,412	72,660
Capital and reserves				
Share capital		**3**	3	3
Share premium		**368,818**	368,818	368,818
Share warrants		**18,462**	9,043	18,462
Capital reserves		**94,064**	94,064	94,064
Translation reserve		**1,566**	1,085	2,336
Retained earnings		**(408,047)**	(245,382)	(416,022)
Equity attributable to owners of the group		**74,866**	227,631	67,661
Non-controlling interests		**5,258**	4,781	4,999
Total shareholders' equity		**80,124**	232,412	72,660

Condensed consolidated statement of cash flows
for the period ended 31 March 2017

	Notes	3 months ended 31 March 2017 £'000	3 months ended 31 March 2016 £'000	Year ended 31 December 2016 £'000
Operating activities				
Profit / (loss) for the period		4,778	(26,806)	(147,573)
Adjustments to reconcile profit / (loss) for the period to net cash inflow from operating activities				
Tax on continuing operations	5	1,162	(2,929)	(15,204)
Net finance costs		13,978	14,468	122,306
Other non cash movements		(770)	242	1,035
Losses on sale of property, plant and equipment		-	-	22
Depreciation and impairment of property, plant and equipment		6,414	6,110	38,314
Amortisation and impairment of intangible assets		12,185	13,045	94,858
Difference between pension contributions paid and amounts recognised in income statement		1,097	(350)	(1,153)
Increase in inventories		(17,108)	(12,252)	(36,882)
Decrease / (increase) in trade and other receivables		33,069	18,701	(39,126)
(Decrease) / increase in trade and other payables		(488)	(14,670)	150,333
Movement in provisions		1,291	(1,122)	(1,289)
Cash generated from / (used in) operations		55,608	(5,563)	165,641
Income taxes received / (paid)		69	(393)	(1,082)
Net cash inflow / (outflow) from operating activities		55,677	(5,956)	164,559
Cash flows from investing activities				
Interest received	3	695	504	2,224
Proceeds on the disposal of property, plant and equipment		-	-	395
Payments to acquire property, plant and equipment		(16,468)	(7,976)	(68,280)
Payments to acquire intangible assets		(35,101)	(35,499)	(124,508)
Net cash used in investing activities		(50,874)	(42,971)	(190,169)
Cash flows from financing activities				
Interest paid		(15,129)	(15,275)	(32,612)
New borrowings		-	35,000	100,000
Movement in existing borrowings		4,667	(987)	(13,787)
Net cash (outflow) / inflow from financing activities		(10,462)	18,738	53,601
Net (decrease) / increase in cash and cash equivalents		(5,659)	(30,189)	27,991
Cash and cash equivalents at the beginning of the period		101,718	65,562	65,562
Effect of exchange rates on cash and cash equivalents		(72)	1,490	8,165
Cash and cash equivalents at the end of the period	7	95,987	36,863	101,718

Notes to the financial statements for the period ended 31 March 2017

1 Basis of preparation and principal accounting policies

Aston Martin Holdings (UK) Limited (the "company") is a company incorporated and domiciled in the UK. The condensed consolidated interim financial statements of the company as at the end of the period ended 31 March 2017 comprise the company and its subsidiaries (together referred to as the 'group').

At 31 March 2017 the group met its day-to-day working capital requirements and medium term funding requirements through a mixture of Senior Secured Notes, Senior Subordinated PIK notes, Redeemable cumulative preference shares, a revolving credit facility, facilities to finance inventory and a wholesale vehicle financing facility. The Senior Secured Notes amounted to £304,000,000 and included certain covenant tests. The Senior Secured Notes were due to expire in July 2018 but were repaid in April 2017. The Senior Subordinated PIK notes amounted to US Dollars 165,000,000 and were due for repayment in July 2018. The Senior Subordinated PIK notes have also been repaid in April 2017. Attached to the Senior Secured Notes was a £40,000,000 revolving credit facility which was undrawn at 31 March 2017. At 31 March 2016, £35,000,000 of the revolving credit facility was drawn.

On 18 April 2017, the group issued $400,000,000 6.5% Senior Secured Notes and £230,000,000 5.75% Senior Secured Notes both of which mature in April 2022. The proceeds of these issues were used to settle the existing Senior Secured Notes and Senior Subordinated PIK Notes, both of which were due to mature in July 2018. The new financing has a Revolving Credit Facility of £80,000,000.

The directors have prepared trading and cash flow forecasts for the period to 2022. 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 2016.

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 2016.

Estimates and judgements

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

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

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

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

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

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

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

Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and suitable discount rates.

Notes to the financial statements for the period ended 31 March 2017 (continued)

2 Revenue

	3 months ended 31.03.17 £'000	3 months ended 31.03.16 £'000
Sale of vehicles	173,029	80,556
Sale of parts	13,213	11,126
Servicing of vehicles	2,079	965
Total revenue	188,321	92,647

3 Finance income

	3 months ended 31.03.17 £'000	3 months ended 31.03.16 £'000
Bank deposit and other interest income	695	504
Net gain on financial instruments recognised at fair value through profit or loss	1,987	3,621
Net foreign exchange gain	2,144	-
Total finance income	4,826	4,125

4 Finance expense

	3 months ended 31.03.17 £'000	3 months ended 31.03.16 £'000
Bank loans and overdrafts	13,100	12,105
Net interest expense on the net defined benefit liability	459	35
Interest on preference shares classified as financial liabilities	8,638	4,064
Net loss on financial instruments recognised at fair value through profit or loss	723	1,004
Net foreign exchange loss	-	3,500
Total finance expense	22,920	20,708

5 Income tax (charge) / credit

The effective tax rate for the period ended 31 March 2017 has been estimated at 19.6% (year ended 31 December 2016 : 9.3%). This compares to a UK statutory rate of tax 20% applicable to the group for the period to 31 March 2017.

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the group's future current tax charge accordingly. The deferred tax assets and liabilities at 31 March 2017 have been calculated based on these rates.

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

6 Dividends

No dividends have been declared or paid in the three month period to 31 March 2017 or the three month period to 31 March 2016.

Notes to the financial statements for the period ended 31 March 2017 (continued)

7 Net borrowings

	As at 31.03.17 £'000	As at 31.03.16 £'000	As at 31.12.16 £'000
Cash and cash equivalents	95,987	36,863	101,718
Bank loans and overdrafts (a)	(9,744)	(51,055)	(5,153)
Senior Secured Loan Notes (b)	(302,088)	(300,451)	(301,679)
Senior Subordinated PIK notes (c)	(178,815)	(140,643)	(176,417)
Redeemable cumulative preference shares (d)	(226,608)	(102,329)	(217,969)
	(621,268)	(557,615)	(599,500)

(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 finances inventory held by the group company Aston Martin Works Limited. At 31 March 2017 the utilisation of these facilities was £9,744,000 (31 March 2016 : £16,055,000). £35,000,000 of the revolving credit facility was drawn at 31 March 2016. It was undrawn at 31 March 2017. The group also has a wholesale vehicle financing facility of £100,000,000 with Standard Chartered Bank plc, supported by a credit insurance policy with Atradius, which is off balance sheet.

(b) In June 2011 the group issued £304,000,000 of 9.25% Senior Secured Notes due for repayment in July 2018. These notes were repaid in April 2017.

(c) In March 2014, the group issued 10.25% Senior Subordinated PIK notes with a value of 165m US Dollars. At the 31 March 2017 closing exchange rate the liability relating to the Senior Subordinated PIK notes, including accrued interest, was £178,815,000. The 10.25% Senior Subordinated PIK Notes were repaid in April 2017.

(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 was drawn 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 31 March 2017 the liability relating to the preference shares, including accrued interest, was £226,608,000 (31 March 2016 : £102,329,000).

8 Foreign exchange rates

	Average rate 3 months ended 31.03.17	Average rate 3 months ended 31.03.16	Average rate year ended 31.12.16
US dollar	1.2357	1.4739	1.3868
Chinese renminbi	8.5872	9.6820	9.1285
Euro	1.1715	1.3568	1.2443

9 Provisions

	As at 31.03.17 £'000	As at 31.03.16 £'000	As at 31.12.16 £'000
Warranty	14,968	13,511	13,701
Non-current	7,432	8,268	6,070
Current	7,536	5,243	7,631
	14,968	13,511	13,701

10 Pension scheme

The net liability for defined benefit obligations has decreased from £(69,769,000) at 31 December 2016 to £(66,702,000) at 31 March 2017. The movement of £3,067,000 comprises contributions of £2,454,000 plus an actuarial gain of £4,164,000 less a charge to the income statement of £(3,551,000). The net actuarial gain has arisen due to changes in the inflation assumptions and therefore salary and pension increases. The discount rate assumption used in the valuation of the scheme's assets and liabilities has remained the same at 3.7% at both 31 December 2016 and 31 March 2017.

11 Related party transactions

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

12 Post balance sheet events

On 18 April 2017, the group issued $400,000,000 6.5% Senior Secured Notes and £230,000,000 5.75% Senior Secured Notes both of which mature in April 2022. The proceeds of this issue were used to settle the existing Senior Secured Notes and Senior Subordinated PIK Notes, both of which were due to mature in July 2018. The new financing has a Revolving Credit Facility of £80,000,000.