WILLIAMS GRAND PRIX HOLDINGS PLC

INTERIM
FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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Williams Grand Prix Holdings PLC (WGPH, Ticker: WGF1) today announced the Group's interim results for the six months to 30 June 2018. WGPH is the holding company of the Williams group of companies, which includes Williams Grand Prix Engineering Limited and Williams Advanced Engineering Limited.

Group revenue was marginally lower in the first six months of 2018 at £82.6m, compared to £85.9m in the same period last year. EBITDA (as defined on page 14) for 2018 was a loss of £2.7m, compared to a profit of £10.4m in the prior year. This difference is largely driven by a non-recurring one-off item received in the first half of 2017.

The Formula One business generated £60.7m in revenue in 2018 (2017: £65.5m) with an EBITDA of £0.2m (2017: £10.1m). Williams Advanced Engineering recorded revenue of £21.5m in 2018 (2017: £19.9m) with an EBITDA of £2.2m (2017: £3.4m).

"We have delivered a solid set of financial results in what has been a challenging half year for our Formula One operations, whilst continuing to demonstrate growth in our Williams Advanced Engineering Business," said Mike O'Driscoll, Group Chief Executive Officer.

"Revenue and EBITDA in Formula One reduced in the first half of 2018, reflecting the challenging financial environment we operate in as an independent team. We are enduring a tough 2018 season on track, which has demanded additional investment to tackle performance issues, and we have been working through these while also turning significant attention to the design of next year's car. There continues to be a large gap in competitive expenditure between the leading teams and the rest of the grid, and we remain hopeful that the future of the sport under Liberty Media will bring about a fairer, more level playing field for all teams.

"Williams Advanced Engineering continues to grow following a robust performance in 2017, generating revenues across a diverse range of projects and attracting new customers with its growing reputation for outstanding delivery. The reduction in profitability in the first half is all related to the timing of various projects. Its focus remains on providing energy-efficient and technically advanced performance solutions in sectors as diverse as motorsport, aerospace, defence and healthcare. We are also excited about the prospects of our recently announced joint venture with Unipart (Hyperbat Limited) which will produce batteries for premium future hybrid and electric vehicles in a high-tech facility based in the UK.

"Although we continue to face challenges in a very dynamic environment, we are well placed to respond. With world class facilities and a strong and talented organisation, Williams remains determined to succeed."

WILLIAMS GRAND PRIX HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	30 June 2018	30 June 2017
		£000	£000
Revenue	2	**82,619**	85,869
Cost of sales		**(39,652)**	(31,997)
Gross profit		**42,967**	53,872
Other operating charges		**(54,914)**	(57,105)
Other operating income	2	**3,868**	12,904
Group operating (loss)/profit		**(8,079)**	9,671
Interest payable and similar charges	3	**(344)**	(397)
(Loss)/profit on ordinary activities before taxation		**(8,423)**	9,274
Tax on (loss)/profit on ordinary activities	4	**-**	-
(Loss)/profit on ordinary activities after taxation		**(8,423)**	9,274
(Loss)/profit for the period attributable to members of the parent company		**(8,423)**	9,274
Total comprehensive (loss)/income for the year		**(8,423)**	9,274
Earnings per share			
Basic (loss)/earnings per share (pence)	5	**(87.19)**	96.10
Diluted (loss)/earnings per share (pence)	5	**(87.19)**	94.01

These unaudited results are derived entirely from continuing operations.

WILLIAMS GRAND PRIX HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	30 June 2018	31 December 2017
		£000	£000
Fixed assets			
Intangible assets	6	**2,388**	1,767
Heritage assets	7	**21,283**	21,683
Tangible assets	8	**41,195**	41,861
		64,866	65,311
Current assets			
Stocks		**2,967**	1,477
Debtors		**47,252**	53,429
Cash at bank and in hand		**2,177**	4,486
		52,396	59,392
Creditors: amounts falling due within one year		**(68,565)**	(66,715)
Net current liabilities		**(16,169)**	(7,323)
Total assets less current liabilities		**48,697**	57,988
Creditors: amounts falling due after more than one year		**(10,085)**	(11,394)
Net assets		**38,612**	46,594
Capital and reserves			
Called up share capital		**500**	500
Revaluation reserve		**20,633**	21,033
Other reserves		**2,276**	2,127
Retained earnings		**15,203**	22,934
Total equity		**38,612**	46,594

WILLIAMS GRAND PRIX HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Called up share capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2017	500	21,258	1,057	8,652	31,467
Profit for the period	-	-	-	9,274	9,274
Total comprehensive income for the period	-	-	-	9,274	9,274
Share-based payment transactions	-	-	390	-	390
Realisation of profit on revalued assets	-	(225)	-	225	-
Balance as at 30 June 2017	500	21,033	1,447	18,151	41,131
Balance as at 1 January 2018	**500**	**21,033**	**2,127**	**22,934**	**46,594**
Loss for the period	-	-	-	(8,423)	(8,423)
Total comprehensive loss for the period	-	-	-	(8,423)	(8,423)
Share-based payment transactions	-	-	149	292	441
Realisation of profit on revalued assets	-	(400)	-	400	-
Balance as at 30 June 2018	**500**	**20,633**	**2,276**	**15,203**	**38,612**

WILLIAMS GRAND PRIX HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	30 June 2018	30 June 2017
		£000	£000
Net cash inflow from operating activities	9	**3,491**	12,178
Investing activities			
Payments to acquire fixed assets		**(3,263)**	(1,730)
Receipts from the sale of fixed assets		**1,550**	470
Net cash flow from investing activities		**(1,713)**	(1,260)
Financing activities			
Interest paid		**(344)**	(397)
Value of new loans obtained during the period		**10,000**	-
Repayment of loans and borrowings		**(13,582)**	(11,061)
Repayment of capital element of finance leases and HP contracts		**(161)**	(157)
Net cash flow from financing activities		**(4,087)**	(11,615)
Decrease in cash and cash equivalents		**(2,309)**	(697)
Cash and cash equivalents at 1 January		**4,486**	(1,961)
Cash and cash equivalents at 30 June		**2,177**	(2,658)

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group's interim financial statements have been prepared in compliance with United Kingdom accounting standards, including FRS 104, and under the historical cost convention modified to include the revaluation of heritage assets and the recognition of certain financial assets and liabilities measured at fair value.

The financial statements are prepared in sterling, which is the functional currency of the Group.

The financial information set out in this report does not constitute the Group's statutory accounts for the year ended 31 December 2017 but is derived from those accounts. Statutory accounts for 2017 have been delivered to the registrar of companies. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

GOING CONCERN

The Directors believe that the Group retains its position as a leader in high performance engineering. The Group's global profile, together with its ability to innovate and diversify, provide it with firm foundations for ongoing success, even in an adverse economic climate.

The Group's loss for the period was £8.4 million (2017: profit of 9.3 million). As at 30 June 2018 the Group had net assets of £38.6 million (31 December 2017: £46.6 million) and net current liabilities of £16.2 million (31 December 2017: £7.3 million).

The Group's revenue from its Formula One activities is derived from sponsorship and commercial rights income. This means that in common with all other Formula One racing teams, the timing and amount of significant elements of the Group's cash flows can be variable and difficult to predict accurately. Historically, sponsorship contract activity was complete before the start of the race season, however the increasing profile of both Williams Martini Racing and Formula One in general means that there remains scope for further sponsorship contracts to be agreed throughout the year.

Revenue is also earned through the Group's advanced engineering activities which represents the Group's commercial exploitation of its brand and intellectual property. WAE seeks to build on the existing customer base by securing additional contracts for goods and consultancy services with blue chip partners and is making positive progress in this regard.

The Group has prepared and the Board has reviewed cash flow forecasts for a period of twelve months from the date of approval of these financial statements and also considered whether significant matters are expected to arise thereafter. These forecasts only include sponsorship revenue which is already contracted, estimates of other income and expenses and cash outflows due to loan repayments due within the forecast period. The Directors have reviewed the Group’s plans to meet obligations as they fall due and are satisfied at the current time that these plans are appropriate and adequate. The Group has considerable other assets which could be sold or used as security for other fundraising should the need arise.

The Directors believe that the Group's borrowing facilities and anticipated future cash inflows from operations will provide adequate funding for the next twelve months, including meeting existing debt covenant conditions. The Directors are satisfied that specific actions can be taken if required, including but not limited to the sale of assets already earmarked for disposal or the renegotiation of the Group's borrowings in order to ensure that the Group's obligations are met as they fall due.

The Group is well placed to manage business risk effectively and the Board reviews the Group's performance against budgets and forecasts on a regular basis and is satisfied that the Group is performing in line with expectations.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in the preparation of accounts.

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

REVENUE RECOGNITION FOR WILLIAMS ADVANCED ENGINEERING CONTRACTS

The Group enters into long term contracts to deliver advanced engineering services to customers. These contracts may have a fixed price and extend across a significant period of time. Revenue from these contracts is recognised when the outcome of the contract can be estimated reliably and the relevant services have been performed. Performance is measured by reference to the costs that have been incurred to date as a percentage of the total expected costs for the contract. The revenue recognised could be impacted by future changes in delivery or contract costs that were not considered when the completion of the contract was assessed.

TANGIBLE FIXED ASSETS

The depreciation charge for the period is derived after determining an estimate of an asset's expected useful life. Expected useful lives are considered when assets are acquired, and at the end of each period an assessment is made for any indicators that would suggest that these values have changed.

HERITAGE ASSETS

Heritage assets are revalued every five years. The valuation has been performed by a specialist looking at the cars individually, considering the value inherent in the provenance attached, as well as looking at sales values for similar vehicles where possible. Changes in market conditions could result in a revision to the values that can be attributed to these assets.

TAXATION

The Group claims Research and Development Expenditure Credits ("RDEC") in respect of its research and development expenditure. The Group recognises the value of the RDEC net of tax as other income in the period in which the underlying research and development expenditure was incurred based on an estimate of the expected recovery.

SIGNIFICANT ACCOUNTING POLICIES

REVENUE

The Group principally earns revenue through sponsorship, commercial rights and engineering services.

Where sponsorship arrangements provide the sponsor with multiple deliverables, contractual revenues are allocated to each deliverable based on the relative fair value of the separate components. The majority of sponsorship revenue is recognised evenly over the course of the year. Where sponsors make payment other than in cash, revenue is recognised based on the fair value of the goods or services received or the fair value of the services provided. Where these amounts cannot be reliably estimated, no revenue is recognised.

Commercial rights revenues in relation to performance in the Constructors' Championship are based on performance in the preceding season. This revenue is recognised across the period of the Constructors' Championship. Other commercial rights revenue is recognised as the respective rights are delivered to the customer.

Engineering service revenue is often related to long term contracts which may have fixed pricing and multiple deliverables. Where the outcome of a transaction can be estimated reliably, revenue associated with the transaction is recognised in the income statement by reference to the stage of completion at the period end. Where the costs of delivering a contract are expected to exceed the revenue from the contract, the loss is recognised immediately.

GOVERNMENT GRANTS

Grant income is recognised using the accrual model and included within other operating income.

RESEARCH AND DEVELOPMENT

The Group is heavily committed to research and development activities so as to maintain its position as a world leader in motor sport and advanced engineering. All expenditure on research and development is expensed as incurred.

The Group claims Research and Development Expenditure Credits ("RDEC") in respect of its research and development expenditure. The Group recognises the value of the RDEC net of tax as other income in the period in which the underlying research and development expenditure was incurred. The net RDEC receivable is recognised within other debtors.

INVESTMENTS

Investments in subsidiary companies are held at cost less accumulated impairment losses.

HERITAGE ASSETS

The Group maintains a collection of historic Formula One cars and other vehicles of significance to the Group. These assets are held on the balance sheet at valuation. The valuation has been performed by a specialist looking at the cars individually, considering the value inherent in the provenance attached (e.g. championship winning cars), as well as looking at sales values for similar vehicles where possible. Assets are revalued every five years and gains and losses are recognised in other comprehensive income. Formula One racing cars and other vehicles retained at the end of each season are initially recorded as heritage assets with a value of £50,000 up until a revaluation takes place.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is initially recorded at cost. Depreciation is calculated so as to write off the cost of an asset, over the useful economic life of that asset as shown below.

Assets classified as plant, wind tunnel, pit & motor vehicles and computer hardware are presented as plant and machinery assets in the notes to the accounts. A nil depreciation rate is provided in respect of freehold land. No depreciation is charged during the period of construction. Assets in the course of construction are stated at cost and are not depreciated until they are available for use. Upon completion of construction, such assets will be transferred to appropriate asset categories and depreciated accordingly.

Asset class	Depreciation method and rate
Freehold buildings	50 years straight-line
Plant	6 years straight-line
Wind tunnel	Between 8 and 25 years straight-line
Pit & motor vehicles	3 years straight-line
Computer hardware	3 years straight-line
Fixtures and fittings	6 years straight-line

INTANGIBLE ASSETS

Intangible assets comprise software which is initially recorded at cost. Amortisation is calculated so as to write off the cost of an asset over a useful economic life of three years.

STOCK AND WORK IN PROGRESS

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

LEASING AND HIRE PURCHASE COMMITMENTS

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the balance sheet and depreciated over the shorter of the lease term and asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are recognised as an expense on a straight line basis over the lease term.

EQUITY-BASED COMPENSATION

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant, using observable market data. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest, with a corresponding entry in equity.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date at which the derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

TRADE PAYABLES AND RECEIVABLES

Trade payables and trade receivables are not interest bearing and are payable or receivable within one year. They are recorded at their nominal value less any allowance for estimated irrecoverable amounts. Any losses arising from impairment are recognised in the income statement.

BANK BORROWINGS AND OVERDRAFTS

Interest bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds net of transaction costs and the amount due on settlement of borrowings is recognised over the term of the borrowing.

FOREIGN CURRENCY

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the transaction date. All profits and losses on exchange are recognised within the statement of comprehensive income.

PENSIONS

The Group operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the Group during the period. The Group does not operate any defined benefit retirement arrangements.

TREASURY SHARES

Treasury shares held by the Employee Benefit Trust are classified in capital and reserves and recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost taken to the retained earnings. No gain or loss is recognised on the purchase, sale, issue or cancellation of equity shares.

2. SEGMENTAL ANALYSIS

The Directors monitor the performance of the Group by reference to the results of core activities. Core activities relate to motorsport and advanced engineering activity. A segmental analysis of the Group's performance is attached below.

SIX MONTHS ENDED 30 JUNE 2018

	Formula One	WAE	Other	Total
	£000	£000	£000	£000
Revenue	60,698	21,468	453	82,619
Other operating income	3,117	744	7	3,868
	63,815	22,212	460	86,487
EBITDA	154	2,250	(5,055)	(2,651)
Net profit/(loss) on ordinary activities before taxation	(1,996)	1,899	(8,326)	(8,423)

SIX MONTHS ENDED 30 JUNE 2017

	Formula One	WAE	Other	Total
	£000	£000	£000	£000
Revenue	65,527	19,860	482	85,869
Other operating income	12,126	727	51	12,904
	77,653	20,587	533	98,773
EBITDA	10,134	3,416	(3,113)	10,437
Net profit/(loss) on ordinary activities before taxation	8,286	3,066	(2,078)	9,274

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£000	£000
Interest on bank borrowings	**329**	377
Interest payable on finance leases and hire purchase agreements	**15**	20
	344	397

4. TAXATION

The Group has estimated losses of approximately £105.8 million (31 December 2017: £99.3 million) available to carry forward against future trading profits. No deferred tax asset has been recognised in respect of these losses due to the uncertainty of the period over which they will be offset against taxable profits.

5. EARNINGS PER SHARE

	2018	2017
	No.	No.
Ordinary shares in issue	**10,000,000**	10,000,000
Weighted average number of shares held by WGP Trust	**(339,605)**	(350,000)
Weighted average number of shares for the purposes of basic earnings per share	**9,660,395**	9,650,000
Effect of share options on dilutive potential ordinary shares	-	215,000
Weighted average number of shares for the purposes of diluted earnings per share	**9,660,395**	9,865,000

6. INTANGIBLE FIXED ASSETS

	Software	Total
	£000	£000
Cost		
At 1 January 2018	3,399	3,399
Additions	1,118	1,118
At 30 June 2018	**4,517**	**4,517**
Amortisation		
At 1 January 2018	1,632	1,632
Charge for the period	497	497
At 30 June 2018	**2,129**	**2,129**
Net book value		
At 30 June 2018	**2,388**	**2,388**
At 31 December 2017	1,767	1,767

7. HERITAGE ASSETS

	£000
Valuation	
At 1 January 2018	21,683
Disposals	(400)
At 30 June 2018	**21,283**

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Total
	£000	£000	£000	£000
Cost				
At 1 January 2018	30,565	55,499	2,081	88,145
Additions	-	1,804	341	2,145
At 30 June 2018	**30,565**	**57,303**	**2,422**	**90,290**
Depreciation				
At 1 January 2018	1,028	43,932	1,324	46,284
Charge for the period	183	2,489	139	2,811
At 30 June 2018	**1,211**	**46,421**	**1,463**	**49,095**
Net book value				
At 30 June 2018	**29,354**	**10,882**	**959**	**41,195**
At 31 December 2017	29,537	11,567	757	41,861

9. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of (loss)/profit to net cash inflow from operating activities

	Note	**2018**	2017
		£000	£000
(Loss)/profit for the period		**(8,423)**	9,274
Net finance costs		**344**	397
Movement on derivative financial instruments at fair value through profit and loss		**1,323**	(2,624)
Depreciation and amortisation charges	6, 8	**3,308**	2,945
Equity based compensation		**441**	390
Profit on disposal of fixed assets		**(1,150)**	(245)
Increase in stocks		**(1,490)**	(1,710)
Decrease in debtors		**6,177**	6,220
Increase/(decrease) in creditors		**2,961**	(2,469)
Net cash inflow from operating activities		**3,491**	12,178

DEFINITION OF TERMS

EBITDA	Earnings before interest, taxes, depreciation and amortisation and excluding non-cash share-based payment charges and mark-to-market charges on financial derivatives.
FRS 104	Financial Reporting Standard 104, "Interim Financial Reporting".
OPERATING FREE CASH FLOW	Cash flows from operating activities including capital expenditure and disposals of fixed assets, but excluding other investment activities such as the disposal of companies.
RDEC	Research and Development Expenditure Credits.
WAE	Williams Advanced Engineering.