WILLIAMS

WILLIAMS GRAND PRIX HOLDINGS PLC

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

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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 2019. WGPH is the ultimate holding company of the Williams group of companies, which includes Williams Grand Prix Engineering Limited and Williams Advanced Engineering Limited.

Group revenue was lower in the first six months of 2019 at £77.8m, compared to £82.6m in the same period last year. The EBITDA loss widened to £18.8m during the first half of this year, from £2.7m in the prior year. The Formula One operation generated revenue of £46.3m in the six months to 30 June 2019 (2018: £60.7m) with an EBITDA loss of £16.8m (2018: profit of £0.2m). Williams Advanced Engineering increased revenue to £30.9m in 2019 (2018: £21.5m) with an EBITDA of £2.5m (2018: £2.2m).

"Our financial results reflect a challenging half year for our Formula One operations, yet also demonstrated continued growth in the Williams Advanced Engineering business" said Mike O'Driscoll, Group Chief Executive Officer.

"The Formula One financial results primarily reflect our finishing position in last year's Constructors' Championship and the consequent reduction in prize money (which is paid a year in arrears). There was also an overall reduction in partnership income compared to the first half of 2018, although we secured major new partnerships with ROKiT and Orlen."

"Although we are enduring another tough season on track, we have seen some recent signs of improvement, and we continue to attract interest from potential partners as one of the longest standing Formula One teams. This is best demonstrated by the recent two-year extension to our title partnership deal with ROKiT who will now continue with us until at least 2023. Negotiations with Formula One management and Liberty Media regarding the future of the sport from 2021 have been productive and we believe, when finalised, will represent a much-needed opportunity for Williams to benefit from a more level financial playing field, as well as new technical regulations."

"Williams Advanced Engineering continues to grow and attract new customers, following a robust performance in 2018. The significant growth in revenue during the first half of 2019 was generated across a diverse range of projects, reflecting an excellent reputation for outstanding programme delivery. The modest growth in EBITDA through the first half of the year is largely a function of timing. The focus remains on providing energy-efficient and technically advanced performance solutions in sectors as diverse as motorsport, aerospace, defence and healthcare."

"Although we continue to face challenges in a very dynamic environment, we currently believe the majority of the impact on EBITDA for the full year has already been captured in these interim results. We continue to believe we are well placed to respond to the challenges ahead, with world class facilities and a strong and talented organisation."

WILLIAMS GRAND PRIX HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	30 JUNE 2019	30 JUNE 2018
		£000	£000
Revenue	2	**77,750**	82,619
Cost of sales		**(39,945)**	(39,652)
Gross profit		**37,805**	42,967
Other operating charges		**(62,889)**	(54,914)
Other operating income	2	**4,570**	3,868
Group operating loss		**(20,514)**	(8,079)
Interest payable and similar charges	3	**(367)**	(344)
Loss on ordinary activities before taxation		**(20,881)**	(8,423)
Tax on loss on ordinary activities	4	**-**	-
Loss on ordinary activities after taxation		**(20,881)**	(8,423)
Loss the period attributable to members of the parent company		**(20,881)**	(8,423)
Total comprehensive (loss)/income for the period		**(20,881)**	(8,423)
Earnings per share			
Basic loss per share (pence)	5	**(215.99)**	(87.19)
Diluted loss per share (pence)	5	**(215.99)**	(87.19)

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 2019

	Note	30 JUNE 2019	31 DECEMBER 2018
		£000	£000
Fixed assets			
Intangible assets	6	**2,001**	2,395
Heritage assets	7	**19,958**	19,958
Tangible assets	8	**38,202**	39,354
		60,161	61,707
Current assets			
Stocks		**4,219**	3,129
Debtors (including 3m due after one year)		**51,892**	57,759
Cash at bank and in hand		**4,530**	9,477
		60,641	70,365
Overdrafts		**(6,834)**	-
Creditors: amounts falling due within one year		**(77,644)**	(72,209)
Net current liabilities		**(23,837)**	(1,844)
Total assets less current liabilities		**36,324**	59,863
Creditors: amounts falling due after more than one year		**(7,500)**	(8,824)
Net assets		**28,824**	51,039
Capital and reserves			
Called up share capital		**500**	500
Revaluation reserve		**19,108**	19,108
Other reserves		**1,529**	2,863
Retained earnings		**7,687**	28,568
Total equity		**28,824**	51,039

WILLIAMS GRAND PRIX HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Called up share capital	Revaluation reserve	Other reserves	Retained	Total equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2019	**500**	**19,108**	**2,863**	**28,568**	**51,039**
Loss for the period	**-**	**-**	**-**	**(20,881)**	**(20,881)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(20,881)**	**(20,881)**
Share-based payment transactions	**-**	**-**	**(1,334)**	**-**	**(1,334)**
Balance as at 30 June 2019	**500**	**19,108**	**1,529**	**7,687**	**28,824**
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 2019

	Note	30 JUNE 2019	30 JUNE 2018
		£000	£000
Net cash (outflow)/inflow from operating activities	9	**(8,412)**	3,491
Investing activities			
Payments to acquire fixed assets		**(1,771)**	(3,263)
Receipts from the sale of fixed assets		**-**	1,550
Net cash outflow from investing activities		**(1,771)**	(1,713)
Financing activities			
Interest paid		**(367)**	(344)
Value of new loans obtained during the period		**-**	10,000
Repayment of loans and borrowings		**(1,007)**	(13,582)
Repayment of capital element of finance leases and HP contracts		**(224)**	(161)
Net cash outflow from financing activities		**(1,598)**	(4,087)
Decrease in cash and cash equivalents		**(11,781)**	(2,309)
Cash and cash equivalents at 1 January		**9,477**	4,486
Cash at bank at 30 June		**4,530**	2,177
Overdrafts at 30 June		**(6,834)**	-
Cash and cash equivalents at 30 June		**(2,304)**	2,177

NOTES TO THE INTERIM 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 presentational 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 2018 but is derived from those accounts. Statutory accounts for 2018 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 £20.9 million (2018: loss of £8.4 million). As at 30 June 2019 the Group had net assets of £28.8 million (31 December 2018: £51.0 million) and net current liabilities of £23.8 million (31 December 2018: £1.8 million).

The Group meets its day to day working capital requirements from operating cash inflows from Formula One and Williams Advanced Engineering activities as well as its bank facilities (see note 10). As at 1 September 2019 the Group had cash balances of £4.3m and undrawn facilities of £3.9m.

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. This unpredictability increases the longer the time period considered. The high profile nature of ROKiT Williams Racing, and the breadth of collaboration opportunities offered by Williams means that there remains scope for further sponsorship contracts to be agreed throughout the year.

Revenue is also earned through the Williams Advanced Engineering's 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, base and sensitised cash flow forecasts for a period of sixteen months from the date of approval of these financial statements and also considered whether significant matters are expected to arise thereafter. Those forecasts reflect a reduction in the overdraft facility on 31 December 2019 and the successful renewal of the remaining overdraft facility in June 2020, as described in note 10.

The base cash flow forecasts include all contracted sponsorship income together with significant additional amounts that the directors anticipate to receive in the forecast period from sponsorship and commercial arrangements that are currently under negotiation; and assumes that certain cash flows, such as receipt of the R&D tax credit from local tax authorities, will be received as expected and in line with past experience. Those forecasts indicate that the Group will have sufficient funds to meet their liabilities as they fall due.

Cash flows have also been sensitised to include only those amounts that are currently contracted. Those forecasts indicate that the Group would require additional funds to meet its liabilities as they fall due, with headroom pressure throughout the forecast period, and therefore the Directors have also considered the mitigating actions that are available to them.

The Group has considerable other assets, including unused land, which could be sold or used for security for other fundraising should the need arise. There are also material heritage assets and additional land not currently being readied for sale where disposal could be accelerated if required, although most likely at a lower value than might otherwise be realised. In addition, and as recently announced, the Group are currently exploring strategic options for WAE, including the possible sale of an equity stake in WAE. The Group closely manages its working capital and there are also various options for cost deferral should the need arise. Whilst there will always be a degree of uncertainty on such mitigations the directors currently have reason to be confident that any required working capital management, sales or securitisation could be managed to meet the cash flow needs of the business through the forecast period.

Based on the above analysis, the Directors currently have reason to be confident that the Group's borrowing facilities and anticipated future cash inflows from operations, along with the mitigations outlined, will provide adequate funding for at least the next twelve months, that the Group will remain in compliance with the covenant conditions in relation to the Group's borrowings and that the Group will be able to meet its scheduled repayment of borrowings due during the assessment period.

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.

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 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 2019

	Formula One	WAE	Other	Total
	£000	£000	£000	£000
Revenue	46,271	30,953	526	77,750
Other operating income	3,216	1,117	237	4,570
	49,487	32,070	763	82,320
EBITDA	(16,767)	2,456	(4,449)	(18,760)
Net profit/(loss) on ordinary activities before taxation	(20,036)	2,107	(2,952)	(20,881)

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)

3. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£000	£000
Interest on bank borrowings	359	329
Interest payable on finance leases and hire purchase agreements	8	15
	367	344

4. TAXATION

The Group has estimated losses of approximately £112.7 million (31 December 2018: £93.5 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

	2019	2018
	No.	No.
Ordinary shares in issue	**10,000,000**	10,000,000
Weighted average number of shares held by WGP Trust	**(323,500)**	(339,605)
Weighted average number of shares for the purposes of basic earnings per share	**9,676,500**	9,660,395
Effect of share options on dilutive potential ordinary shares	**-**	-
Weighted average number of shares for the purposes of diluted earnings per share	**9,676,500**	9,660,395

6. INTANGIBLE FIXED ASSETS

	Software	Total
	£000	£000
Cost		
At 1 January 2019	5,127	5,127
Additions	254	254
At 30 June 2019	**5,381**	**5,381**
Amortisation		
At 1 January 2019	2,732	2,732
Charge for the period	648	648
At 30 June 2019	**3,380**	**3,380**
Net book value		
At 30 June 2019	**2,001**	**2,001**
At 31 December 2018	2,395	2,395

7. HERITAGE ASSETS

	£000
Valuation	
At 1 January 2019	19,958
At 30 June 2019	**19,958**

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Total
			£000	£000
Cost				
At 1 January 2019	30,667	57,775	2,906	91,348
Additions	469	986	63	1,518
At 30 June 2019	**31,136**	**58,761**	**2,969**	**92,866**
Depreciation				
At 1 January 2019	1,378	49,003	1,613	51,994
Charge for the period	181	2,342	147	2,670
At 30 June 2019	**1,559**	**51,345**	**1,760**	**54,664**
Net book value				
At 30 June 2019	**29,577**	**7,416**	**1,209**	**38,202**
At 31 December 2018	29,289	8,772	1,293	39,354

9. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

RECONCILIATION OF LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Note	2019	2018
		£000	£000
Cost			
Loss for the period		**(20,881)**	(8,423)
Net finance costs		**367**	344
Movement on derivative financial instruments at fair value through profit and loss		**(230)**	1,323
Depreciation and amortisation charges	6, 8	**3,318**	3,308
Equity based compensation		**(1,334)**	441
Profit on disposal of fixed assets		**-**	(1,150)
Increase in stocks		**(1,090)**	(1,490)
Decrease in debtors		**5,867**	6,177
Increase in creditors		**5,571**	2,961
Net cash inflow from operating activities		**(8,412)**	3,491

10. BORROWINGS & BANK FACILITIES

The Group's debt facilities as at 30 June 2019 comprise:

- A loan facility of £8,500,000 repayable in five instalments over a two and half year term. These instalments are £500,000 on 31 October 2019 and every six months thereafter until 30 April 2021, with all outstanding sums repaid in full on 31 October 2021. This facility carries interest at 2.4% over LIBOR.

- A loan facility of £1,359,396 repayable in 12 instalments over a one year term. These instalments are interest and capital repayments of £107,122 on 31 January 2019 and every month thereafter, with all outstanding sums repaid in full on 30 June 2020.

- A revolving credit facility of £10,000,000 to be made available throughout the period ending 31 October 2021. This facility carries interest at 2.4% over LIBOR and has been fully utilised as at 30 June 2019.

- An overdraft facility of £12,000,000 of which the £7,000,000 is due to expire on 31 December 2019 with the remaining subject to renewal in June each year. The first £5,000,000 drawn under this facility carries interest at 2.4% over the Bank of England Base Rate. The remaining amounts drawn under this facility carry interest at 3.4% over the Bank of England Base Rate. The overdrawn balance as at 30 June 2019 has been disclosed on the face of the balance sheet.

The Group is required to fulfil certain covenant conditions in relation to the cash flows available to cover debt servicing obligations and the valuation of specified property and assets.

All facilities are secured by a fixed and floating charge in favour of HSBC Bank PLC held over all assets of the Group, present and future.

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.