Registration number: 04187289

Wasps Holdings Limited

Consolidated Interim Financial Statements

for the half year ending 31 December 2015

Wasps Holdings Limited

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Wasps Holdings Limited

Company Information

Directors

D J Armstrong

R N Dawbarn

N J Eastwood

R W Gray

D A Richardson

J C M Parker

L N Dallaglio

Registered office

Twyford Avenue Sports Ground
Twyford Avenue
London
W3 9AQ

Wasps Holdings Limited

Group Chief Executive's Update for the Period Ending 31 December 2015

Financial Highlights

The financial highlights for the first full six months of consolidated trading are compared with the six months of trading as London Wasps Holdings Limited together with the acquisition of Arena Coventry Limited and IEC Experience Limited on 8 October 2014.

The comparative period contains significant exceptional items relating to the acquisition, relocation, and re-financing of the Group. The total of these was £1.3m.

Group Highlights

Turnover increased to a record high £15.2m, up by £7.1m (87%) on previous half year. Split:
- Wasps: £5.8m; ACL: £2.8m; IEC: £6.6m.

Operating loss before depreciation, exceptional and profit allocation reduced from £1.1m loss (in the half year to 31 December 2014) to £0.2m.
Consolidated Senior Debt at 31 December 2015 remained at £30.7m owed to Wasps Finance Plc.
Cash balance at 31 December 2015 of £1.3m (2014 - £1m).
Opening of Double Tree by Hilton hotel, following conversion during October 2015 at a cost of £3.5m.
Opening of Arena station just after the half year end.
Secured MTV three year deal and major entertainment artists such as Rihanna and Bruce Springsteen to perform at the arena this financial year.

Key Performance Indicators ("KPIs")

The Group measures its performance based on both financial and non-financial KPIs. The Group KPIs are:

- Final league position
- Average attendance at Wasps home fixtures
- Operating profit/loss before exceptional items and allocation to non-controlling interests
- Total event days
- Hotel Rev Par – average revenue achieved for the rooms available
- Food and Beverage spend per head (revenue per person in each event)

	Note	Half Year 2015	Half Year 2014	Year End 2015
League position (December 2015)		6th	6th	6th
Average attendance (Tickets issued)	1	15,331	9,526	11,401
Operating loss before exceptional items and allocation to non-controlling interests (£'000)		(1,083)	(1,092)	(2,391)
Total event days		93	69	121
Hotel Rev Par	2	£41.15	£45.08	£36.00
F&B spend per head (Rugby)	3	£5.84	£6.71	£6.80
F&B spend per head (Football)		£1.97	£2.18	£1.93

1 - 2015 is skewed due to higher attended matches to be hosted in the latter half of the 2015/16 Season and the late start due to the Rugby World Cup.

2 - 2014 Rev Par October to December are the busiest months of the year representing the highest Rev Par, the comparative only includes the busy months post acquisition. The current period includes the quietest months during the summer holiday period.

3 - 2014 there were seven matches at Adams Park and one match (London Irish) at the Ricoh Arena. Previously the F&B spend only represented a commission based on sales, which is now owned as part of the IEC Experience Ltd income.

Wasps Holdings Limited

Group Chief Executive's Update for the Period Ending 31 December 2015

Financial Performance

Summary

The Group generates its income principally from rugby matches, hospitality, sponsorship, central revenues, conferences and exhibitions. The utilisation of the facilities is paramount to the Group. The income generated covers operating costs with the surplus designed to service the interest on the loan from Wasps Finance Plc, building a surplus to continue to invest in new facilities and grow the business organically.

The delay in the start of the rugby season due to the Rugby World Cup taking part in England, has resulted in a mismatch of fixtures played when comparing with the prior period. The current period has six competitive matches and the comparative has eight matches (including only one at the Ricoh Arena). England's early exit from the competition had a detrimental effect on the propensity to purchase in the first half of the season, with the final match in December against Saracens showing some good signs of the turnaround in the fans support. Overall this contributes to the skewed turnover with Wasps company turnover contributing £5.8m over the first six months, compared with £3.8m in the 2014 period. £1.3m of this increase was due to the improvement in the ticket sales, hospitality and associated business from match days, a good result considering two less matches at home.

The naming rights with Ricoh have been extended, while the Group undertakes a marketing exercise to source a new partner to take over from Ricoh.

A site for the training ground for the Wasps rugby team has been identified and plans are well underway to develop the site and provide facilities of the highest standard. While this is being developed, the Group has identified a temporary local facility that will be the base for Wasps for the next 12 months. There will be some further exceptional one off relocation costs in the second half of the current financial year.

The improvement to the Group is best understood through the improvement in Turnover as detailed below:

Group Turnover Contribution

	Half Year 2015	Half Year 2014	Year End 2015
	£m	£m	£m
Wasps	**5.8**	3.8	9.0
ACL	**2.8**	1.0	2.4
IEC	**6.6**	3.3	10.0
Group Turnover	**15.2**	8.1	21.4

The continued improvement in diversification of the Group revenue underpins the stability of the Group, which enables complementary revenue streams to benefit from each event at the Arena.

Indebtedness

Consolidated Senior Debt stood at £30.7m as at 31 December 2015.

Net debt is defined as bank loans, overdraft, finance company loan less cash balances. As at 31 December 2015 the balance was £37.3m (2014 £35m), which comprised Wasps Finance Plc £30.7m, Moonstone Holdings Limited £7.9m less cash balances £1.3m.

During the period the Group repaid £1.5m to D A Richardson.

Exceptional items and allocation to non-controlling interest

During the previous period the Group incurred costs and revenues that due to their size and nature were deemed "exceptional". The Group's definition of exceptional is based on the classification of non-recurring costs or revenues that enables the normal financial performance of the Group to be better understood. During the year the relocation costs of the main rugby business to Coventry have been deemed exceptional, along with the associated refinancing and acquisition of the Group companies.

The allocation to non-controlling interest relates to profit share payable to Compass under the IEC shareholder agreement.

Wasps Holdings Limited

Group Chief Executive's Update for the Period Ending 31 December 2015

Principal Risks and Uncertainty

For the Group the principal risks and uncertainties continue to be:

Wasps Holdings Limited

Success of the first team and relegation from the Aviva Premiership.
• Impact: Reduced revenues that would necessarily involve a reduction in expenditure to compensate for loss of revenue.
• Mitigation: Continued investment in the playing squad and coaching staff to ensure playing performance is at the very least maintained.

Reduced funding from the RFU, PRL and main sponsors.
• Impact: Reduced revenue from central contracts and sponsors.
• Mitigation: Continued development of players who will feature in England/International squads thus maximising certain elements of revenue from the RFU and PRL. Utilising sponsorship money to improve infrastructure and customer experience thus improving match day spend per head.

Failure to comply with Premiership or RFU regulations or changes in regulations
• Impact: Wasps penalised financially for non-compliance with regulations.
• Mitigation: Maintain regulation returns and inspection reports as per regulations, particularly in relation to salary cap and Minimum standards reporting.

Arena Coventry Limited

Closure of the Arena from unforeseen circumstances
• Impact: Reduced revenue from events at the Arena.
• Mitigation: Insurance to cover lost profits (based on budget) reviewed twice per year for forecast changes and updated with insurance company.

Valuation of Arena materially lower than revaluation
• Impact: Asset cover reduced for Bondholders
• Mitigation: Use professional valuation companies to provide accurate valuation on a regular basis.

IEC Experience Limited

Growth targets not met
• Impact: Reduced revenues from conference and exhibition business, resulting in reduced profits.
• Mitigation: Provision for long term contracts and dedicated sales and marketing team, providing 12 month order book and maximising competitive yield and margin.

Approved by the Board on 26 February 2016 and signed on its behalf by:

....
D J Armstrong
Director

Wasps Holdings Limited

Consolidated Income Statement for the Period Ending 31 December 2015

	Note	Unaudited 6 months to 31 December 2015 £000s	Unaudited 6 months to 31 December 2014 £000s	Audited 12 months to 30 June 2015 £000s
Revenue	3	15,171	8,113	21,407
Cost of sales	4	(10,681)	(5,947)	(16,089)
Gross profit		4,490	2,166	5,318
Administrative expenses	4	(5,573)	(3,258)	(7,709)
Operating loss before exceptional items and allocation to non-controlling interests		(1,083)	(1,092)	(2,391)
Exceptional items		-	(1,282)	(1,890)
Allocation to non-controlling interest		(700)	(238)	(873)
Operating loss		(1,783)	(2,612)	(5,154)
Finance costs		(1,131)	(221)	(1,169)
Loss before tax		(2,914)	(2,833)	(6,323)
Loss for the period		(2,914)	(2,833)	(6,323)
Loss attributable to:				
Owners of the company		(2,882)	(2,818)	(6,273)
Non-controlling interests		(32)	(15)	(50)
		(2,914)	(2,833)	(6,323)

Wasps Holdings Limited

Consolidated Statement of Comprehensive Income for the Period Ending 31 December 2015

	Unaudited 6 months to 31 December 2015 £000s	Unaudited 6 months to 31 December 2014 £000s	Audited 12 months to 30 June 2015 £000s
Loss for the period	(2,914)	(2,833)	(6,323)
Other comprehensive income for the year that will not be reclassified to profit and loss			
Surplus on revaluation of long leasehold property	-	-	29,301
Income tax effect	-	-	(5,860)
	-	-	23,441
Items that may be reclassified subsequently to profit or loss			
Surplus on revaluation of available for sale financial assets	-	-	4,329
Income tax effect	-	-	(812)
	-	-	3,517
Total comprehensive income for the period	(2,914)	(2,833)	20,635
Total comprehensive income attributable to:			
Owners of the company	(2,882)	(2,818)	20,685
Non-controlling interests	(32)	(15)	(50)
	(2,914)	(2,833)	20,635

Wasps Holdings Limited

(Registration number: 04187289)
Consolidated Statement of Financial Position as at 31 December 2015

	Note	Unaudited 31 December 2015 £000s	Unaudited 31 December 2014 £000s	Audited 30 June 2015 £000s
Assets				
Non-current assets				
Property, plant and equipment	5	57,001	24,282	53,780
Intangible assets	6	189	-	189
Available for sale financial assets	7	9,724	5,396	9,724
		66,914	29,678	63,693
Current assets				
Inventories	8	531	-	14
Trade and other receivables		3,948	3,729	3,850
Cash and cash equivalents		1,334	982	12,399
		5,813	4,711	16,263
Total assets		72,727	34,389	79,956
Equity and liabilities				
Equity				
Share capital	10	(776)	(776)	(776)
Share premium		(6,341)	(6,341)	(6,341)
Revaluation reserve		(23,441)	(5,396)	(23,441)
Available for sale reserve		(7,780)	-	(7,780)
Retained earnings		29,212	22,857	26,298
Equity attributable to owners of the company		(9,126)	10,344	(12,040)
Non-controlling interests		(700)	-	(732)
Total equity		(9,826)	10,344	(12,772)
Non-current liabilities				
Loans and borrowings	11	(38,623)	(34,645)	(40,136)
Deferred tax liabilities		(7,805)	(1,133)	(7,805)
		(46,428)	(35,778)	(47,941)
Current liabilities				
Trade and other payables		(6,654)	(4,712)	(9,410)
Loans and borrowings	11	-	(349)	-
Deferred income		(9,819)	(3,894)	(9,833)
		(16,473)	(8,955)	(19,243)
Total liabilities		(62,901)	(44,733)	(67,184)
Total equity and liabilities		(72,727)	(34,389)	(79,956)

Approved by the Board on 26 February 2016 and signed on its behalf by:

....

D J Armstrong (Director)

Wasps Holdings Limited

Consolidated Statement of Changes in Equity for the Period Ending 31 December 2015

	Share capital £000s	Share premium £000s	Revaluation reserve £000s	Available for sale reserve £000s	Retained earnings £000s	Total £000s	Non-controlling interests £000s	Total equity £000s
At 1 July 2015	776	6,341	23,441	7,780	(26,298)	12,040	732	12,772
Loss for the period	-	-	-	-	(2,914)	(2,914)	(32)	(2,946)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	**(2,914)**	**(2,914)**	**(32)**	**(2,946)**
At 31 December 2015	**776**	**6,341**	**23,441**	**7,780**	**(29,212)**	**9,126**	**700**	**9,826**

	Share capital £000s	Share premium £000s	Revaluation reserve £000s	Available for sale reserve £000s	Retained earnings £000s	Total £000s	Non-controlling interests £000s	Total equity £000s
At 1 July 2014	776	6,341	-	4,263	(20,025)	(8,645)	-	(8,645)
Loss for the period	-	-	-	-	(2,833)	(2,833)	(15)	(2,848)
Other comprehensive income	-	-	-	1,134	-	1,134	-	1,134
Total comprehensive income	-	-	-	**1,134**	**(2,833)**	**(1,699)**	**(15)**	**(1,714)**
Acquisition of subsidiaries, increase/(decrease) in equity	-	-	-	-	-	-	776	776
At 31 December 2014	**776**	**6,341**	-	**5,396**	**(22,857)**	**(10,344)**	**761**	**(9,583)**

	Share capital £000s	Share premium £000s	Revaluation reserve £000s	Available for sale reserve £000s	Retained earnings £000s	Total £000s	Non-controlling interests £000s	Total equity £000s
At 1 July 2014	**776**	**6,341**	-	**4,263**	**(20,025)**	**(8,645)**	-	**(8,645)**
Loss for the year	-	-	-	-	(6,273)	(6,273)	(50)	(6,323)
Other comprehensive income	-	-	23,441	3,517	-	26,958	-	26,958
Total comprehensive income	-	-	**23,441**	**3,517**	**(6,273)**	**20,685**	**(50)**	**20,635**
Acquisition of subsidiaries, increase/(decrease) in equity	-	-	-	-	-	-	781	781
At 30 June 2015	**776**	**6,341**	**23,441**	**7,780**	**(26,298)**	**12,040**	**732**	**12,772**

Wasps Holdings Limited

Consolidated Statement of Cash Flows for the Period Ending 31 December 2015

	Unaudited 6 months to 31 December 2015 £000s	**Unaudited 6 months to 31 December 2014 £000s**	**Audited 12 months to 30 June 2015 £000s**
Cash flows from operating activities			
Loss for the year	(2,914)	(2,833)	(6,323)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	891	414	723
Finance costs	1,131	221	1,169
	(892)	(2,198)	(4,431)
Working capital adjustments			
Increase in inventories	(517)	-	(14)
(Increase)/decrease in trade and other receivables	(98)	(439)	(2,244)
Increase/(decrease) in trade and other payables	(3,919)	(3,398)	2,367
Increase/(decrease) in deferred income	(14)	2,784	8,723
Net cash flow from operating activities	(5,440)	(3,251)	4,401
Cash flows from investing activities			
Acquisitions of property plant and equipment	(4,112)	(137)	(1,784)
Proceeds from sale of property plant and equipment	-	-	-
Acquisition of subsidiaries (net of cash acquired)	-	(3,926)	(3,926)
Net cash flows from investing activities	(4,112)	(4,063)	(5,710)
Cash flows from financing activities			
Interest paid	-	(221)	(789)
Proceeds from other borrowing draw downs	3,147	9,756	31,606
Repayment of other borrowing	(4,660)	(1,319)	(17,199)
Net cash flows from financing activities	(1,513)	8,216	13,618
Net increase/(decrease) in cash and cash equivalents	(11,065)	902	12,309
Cash and cash equivalents at 1 July	12,399	90	90
Cash and cash equivalents at 31 December	1,334	992	12,399

Notes to the Financial Statements for the Period Ending 31 December 2015

1 General information

The company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is:
Twyford Avenue Sports Ground
Twyford Avenue
London
W3 9AQ

2 Presentation of financial information and accounting policies

Basis of preparation

The condensed financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group financial statements for the year ended 30 June 2015. The Group financial statements for the year ended 30 June 2015 were prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Summary of significant accounting policies and key accounting estimates

The preparation of a condensed set of financial statements requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities at each period end. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

In preparing these condensed set of consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were principally the same as those applied to the Group's consolidated financial statements for the year ended 30 June 2015.

3 Revenue

The analysis of the Group's revenue by operating segment for the year from continuing operations is as follows:

	Unaudited 6 months to 31 December 2015 £000s	Unaudited 6 months to 31 December 2014 £000s	Audited 12 months to 30 June 2014 £000s
Central income	2,789	2,053	4,266
Hospitality and sponsorship income	1,712	771	2,611
Ticket income	1,460	1,004	2,640
Room hire income	1,116	414	1,657
Hotel income	725	656	1,176
Arena rental income	812	66	1,088
Food and drink income	3,193	1,662	4,556
Other mixed income	3,364	1,487	3,413
	15,171	8,113	21,407

3 Revenue (continued)

Seasonal activity
The delay in the rugby season due to the Rugby World Cup has resulted in a mismatch of fixtures played when comparing with the prior period. The results for the period include six competitive matches (all at the Ricoh Arena) and the comparative includes eight competitive matches (one at the Ricoh Arena).

The results include the acquisition of Arena Coventry Limited and IEC Experience Limited on 8 October 2014 in the comparative numbers, which is the busiest period for conference and exhibition business (including Hotel). The Hotel RevPar is therefore disproportionately higher in the comparative period (October to December).

4 Expenses by nature

The analysis of the Group's expenses by nature from continuing operations is as follows:

	Unaudited 6 months to 31 December 2015 £000s	Unaudited 6 months to 31 December 2014 £000s	Audited 12 months to 30 June 2014 £000s
Wages and salaries	7,881	4,364	12,611
Food and drink	2,062	491	3,873
Heat, light and power	781	759	1,035
Repairs and maintenance	780	736	908
Rent and rates	89	172	551
Match day costs	315	244	720
Legal and professional	149	150	1,036
Ticketing costs	196	130	178
Depreciation	891	414	723
Other	3,174	1,745	2,163
	16,255	9,205	23,798

5 Property, Plant and Equipment

In the prior period the Group successfully extended the lease at Phoenix Way, where the stadium is located, to 250 years. The Arena leasehold interest was then revalued on a market value basis at 23 April 2015 by Strutt and Parker LLP, and has been valued at £48.5m. The valuation was carried out in accordance with RICS Appraisal and Valuation Standards. There is no historical cost information to disclose as the Arena has always been held under lease.

During the current period, the conversion of the hotel at the Arena to a Doubletree by Hilton has been completed at a cost of £3.5m. Additional significant works have been carried out to improve the access control turnstiles and electricity cables within the building, totaling £0.2m.

The Group (excluding IEC) are guarantors of the Retail Bond held within Wasps Finance Plc. The bond raised is secured against the leasehold property.

6 Goodwill

	£000s
Cost	
At 31 December 2014	189
At 30 June 2015	189
At 31 December 2015	189

Carrying Value	
At 31 December 2014	189
At 30 June 2015	189
At 31 December 2015	189

7 Available for sale financial assets

	£000s
Cost	
At 31 December 2014	5,396
Revaluation	4,328
At 30 June 2015	9,724
At 31 December 2015	9,724
Carrying Value	
At 31 December 2014	5,396
At 30 June 2015	9,724
At 31 December 2015	9,724

Available for sale financial assets comprise the Group's holding of P shares in Premier Rugby Limited. They have been presented at their fair value with no adjustment during the half year 2015 (2014 upward revaluation - £4.3m). The basis of this valuation is the Net Present Value of contracted income from Premier Rugby Limited, discounted at 6% and multiplied by 1.5 times as prescribed in the Premier Rugby Limited Shareholders' Agreement. This reflects the fair value of the P shares if sold, which can only occur as prescribed in the Premier Rugby Limited Shareholders Agreement.

8 Changes in inventories

Included in the cost of sales for the six months to 31 December 2015 is an additional £0.5m of stock. This is due to the change in contract and appointment of Under Armour and Heineken. Kit operations were previously outsourced and Heineken previously operated by Compass UK Limited directly.

9 Acquisition of subsidiary in prior period

On 8 October 2014, the Group acquired a controlling interest in Arena Coventry Limited and completed the acquisition of 100% of the issued share capital on 14 November 2014. The principal activity of Arena Coventry Limited is facility and hospitality management at the Ricoh Arena. Details of this business combination were disclosed in note 13 of the Group's annual financial statements for the year ended 30 June 2015.

10 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	**£000s**	**No.**	**£000s**
Ordinary shares of £1 each	760,039	760	760,039	760
'B' Ordinary shares of £1 each	15,511	16	15,511	16
	775,550	776	775,550	776

The share classes in issue have separate rights to dividends. In all other respects the shares rank pari passu.

11 Loans and borrowings

	Unaudited at 31 December 2015 £000s	Unaudited 31 December 2014 £000s	Audited 30 June 2015 £000s
Non-current loans and borrowings			
Other borrowings	38,623	18,287	40,136

	Unaudited at 31 December 2015 £000s	Unaudited 31 December 2014 £000s	Audited 30 June 2015 £000s
Current loans and borrowings			
Other borrowings	-	16,707	-

12 Other borrowings

The Group balance due to Wasps Finance Plc stood at £30.7m (31 December 2014 - £nil; 30 June 2015 - £30.7m) and has £2.3m of undrawn committed borrowing facilities available at 31 December 2015. The loan is repayable in a lump sum repayment in 2022 and is subject to a variable interest rate.

The loan balance due to D A Richardson stood at £7.9m (31 December 2014 - £18.3m; 30 June 2015 - £9.3m). The interest has been waived for the period. The loan is at 4% above Barclays Bank Plc base rate and is repayable after giving 12 months and one day's notice.

During the second half of 2014 the Group repaid the loans to Close Leasing and Coventry City Council from the proceeds of the refinancing, which as at 31 December 2014 stood at £2.4m for Close Leasing and £14.3m for Coventry City Council.

13 Related party transactions

Loans from related parties - D A Richardson

	£000s
1 July 2014	8,531
Advanced	9,756
31 December 2014	18,287
Repaid	(8,925)
30 June 2015	9,362
Repaid	(1,509)
31 December	7,853

Letheby & Christopher Limited (a company in which a director of IEC Experience Limited sits on the Board)
The Group received income of £63,000 (2014 - £26,000) and incurred costs of £3,618,000 (2014 - £2,277,000) and at the end of the period the creditor balance stood at £1,972,000 (2014 - £1,429,000).

Kennedys Law LLP (an LLP in which R Dawbarn has an interest)
The Group incurred costs of £19,000 (2014 - £140,000), and at the period end the creditor balance stood at £4,000 (2014-£28,000).

Keith Prowse Limited (a company in which a director of IEC Experience Limited sits on the Board)
The Group incurred costs of £Nil (2014 - £2,000). There were no outstanding amounts at the period end (2014 - £Nil).

Premiership Rugby Limited (a company in which a director of Wasps Holdings Limited sits on the Board).
The Group received income of £1,856,000 (2014 - £1,863,000), incurred costs of £119,000 (2014 - £133,000) and at the period end the creditor balance stood at £4,000 (2014 - £28,000).

Twickenham Experience Limited (a company in which a director of IEC Experience Limited sits on the Board)
The Group incurred costs of £Nil (2014 - £22,000). There were no outstanding amounts at the year end (2014 - £Nil).

14 Approval

The interim financial statements were approved by the board of directors on 26 February 2016.