



PINEWOOD

Pinewood Group Limited
Interim report as at and for
the 9-month period to
31 December 2017

Third Quarter 2017/18 highlights

Financial Highlights

- Media Services turnover of £19.9 million in Q3 2017/18 in line with prior year comparative.
- Adjusted EBITDA increased by 23% to £10.3 million in Q3 2017/18 versus £8.3m in Q3 2016/17.

Operational Highlights

- The largest film production at Pinewood Studios was *Dumbo* (Disney) and at Shepperton Studios *Mamma Mia! Here We Go Again* (Universal).
- In December 2017, three construction firms participated in a tender process to appoint the main contractor for the Pinewood East Phase 2 development. The preferred contractor was selected in January 2018.

Year to date Q3 2017/18 highlights

Financial highlights

- Media Services turnover increased by 9% to £60.8 million in YTD Q3 2017/18.
- Adjusted EBITDA increased by 40% to £31.8 million in YTD Q3 2017/18 versus £22.7m in YTD Q3 2016/17.

Operational highlights

- Year to date stage occupancy at Pinewood and Shepperton of 91%. The largest film production at Pinewood Studios was *Solo: A Star Wars Story* (Lucasfilm) and at Shepperton Studios was *Mamma Mia! Here We Go Again* (Universal).
- In June 2017, the Group (being Pinewood Group Limited and its subsidiaries) acquired Laleham Nurseries, 3 ha of land adjacent to Shepperton Studio's backlots. Together with the purchase of 13 ha of land earlier in the year, the acquisition provides the Group with a total of 50 ha for the development of a new masterplan for Shepperton Studios.
- In September 2017, South Bucks District Council approved the Reserved Matters application for Pinewood East Phase 2.
- In October 2017, the lease on Pinewood Wales studio was replaced with a studio management agreement.
- In line with the strategy to focus on the core business, the Group ceased certain peripheral activities, namely, Media Investment and Pinewood Creative and sold its entire interest in the Pinewood TV joint venture.

Refinancing

- On 13 December 2017, a refinancing of the Group was completed. At this date, the Group's existing drawn senior facilities, which were £97.5 million, were repaid in full and £250 million of new 3.75% Senior Secured Notes due 1 December 2023 were issued. Pinewood Group Limited advanced a £127.5 million loan on to its Parent.
- On 13 December 2017, the Group completed a super senior revolving credit facility of £50m which is available to draw down until 1 May 2023 with Barclays Bank plc, Credit Suisse AG London Branch, HSBC Bank plc and Lloyds Bank plc. The Group terminated its existing £35 million multi-currency revolving credit facility and its £5m overdraft facility.
- Interest-bearing loans and borrowings are stated net of unamortised issue costs of £8.8 million. The issue costs are being amortised over the term of the interest-bearing loans and borrowings to which they relate.

Paul Golding, CEO, commented

As expected, the demand for our UK facilities at Pinewood and Shepperton Studios remains strong as demonstrated by 9% growth in Media Services turnover. Group turnover includes turnover relating to the Media Investment activity which ceased in October 2017 and therefore shows a decrease of 17%. However, as this activity was loss making, EBITDA has increased by 40% which means our overall financial performance is in line with our expectations.

The film industry in the UK continues to flourish. Latest data from the BFI show production spend in the UK reached record levels in 2017 with 211 feature films and 91 high-end television programmes starting principal photography, together spending £2.8 billion, up 12% year on year. Of this inward investment accounted for 89% (£2.4 billion), an increase of 24% year on year.

Finally, I would like to take this opportunity to thank all those who invested in our senior secured notes as well as our banks. The financial support we have received allows us to continue our investment in the business thereby improving our existing infrastructure, expanding our footprint and enhancing our customer service through greater training and better systems.

General information

Pinewood is the leading independent provider of the real estate that is required for the production of film and television content. Founded in 1936 and headquartered in the United Kingdom, Pinewood owns premium, large-scale facilities also known as studios, for hosting film, television and other media productions. Our freehold studios are located in prime locations near London and make Pinewood a preferred choice for major film production companies, including Disney (including Lucasfilm and Marvel), Universal Studios and Warner Bros. Pinewood branded studios have hosted over 2,000 films, among them at least 145 Oscar winners, 201 BAFTA winners and numerous blockbuster film productions with budgets of over \$100.0 million.

Change of control

On 4 October 2016, Pinewood Group plc was acquired by Picture Holdco Limited, which is indirectly wholly owned by PW Real Estate Fund III LP, a fund advised by Aermont.

On 5 October 2016, Pinewood Group plc re-registered from a public company to a private limited company and was renamed Pinewood Group Limited.

Presentation of financial information

Unless otherwise indicated, the financial information presented in this report is the historical consolidated financial information of the Group.

This report includes or derives information from the following financial sources:

- The unaudited consolidated financial information of the Group as of and for the 3 months ended 31 December 2017 (“Third Quarter 2017/18”, “Q3 2017/18”, or “the Quarter”), and the comparative period as of and for the 3 months ended 31 December 2016 (“Third Quarter 2016/17” or “Q3 2016/17”), prepared in accordance with FRS 102.
- The unaudited consolidated financial information of the Group as of and for the 9 months ended 31 December 2017 (“YTD Q3 2017/18”) and the comparative period as of and for the 9 months ended 31 December 2016 (“YTD Q3 2016/17”) prepared in accordance with FRS 102.
- The audited consolidated financial information of the Group for the year ending 31 March 2017 prepared in accordance with FRS 102. The financial year for the Group runs from 1 April following the previous financial year end to 31 March each calendar year.

Further information for the noteholders

This report was prepared in accordance with the indenture dated 13 December 2017 among Pinewood Finco PLC, as issuer, the guarantors named therein, Deutsche Trustee Company Limited, as Trustee, and Deutsche Bank AG London Branch, as security agent and as paying agent.

This interim report may include forward-looking statements. All statements other than statements of historical fact included in this interim report, including those regarding the Group’s financial position, business and acquisition strategy, plans and objectives of management for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Many factors could cause the Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this interim report. The Group expressly disclaims any obligations or undertaking, except as required by applicable law and regulations to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group’s expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

The financial results presented in this presentation are preliminary and may change. This financial information includes calculations or figures that have been prepared internally by management and have not been reviewed or audited by our independent chartered accounting firm. There can be no assurance that the Group's actual results for the period presented herein will not differ from the preliminary financial data presented herein and such changes could be material. This preliminary financial data should not be viewed as a substitute for full financial statements prepared in accordance with FRS 102 and is not necessarily indicative of the results to be achieved for any future periods. This preliminary financial information, and previously reported amounts, could be impacted by the effects of further review by the Board of Directors.

Use of non-FRS 102 financial information

This interim report contains certain non-UK GAAP and non-IFRS financial measures and ratios, including, Adjusted EBITDA, Adjusted EBITDA margin, cash conversion, and certain other measures (collectively, "**Non-GAAP Measures**") that are not required by, or presented in accordance with UK GAAP, IFRS or the accounting measures of any other jurisdiction.

In this interim report, "Adjusted EBITDA" is calculated as profit on ordinary activities before interest receivable and similar income, interest payable and similar charges, tax (credit)/charge on profit on ordinary activities, depreciation of property, plant and equipment, depreciation of investment property, impairment of long-term assets, amortization of goodwill, amortization of long-term assets, exceptional items, operating loss attributable to Media Investment (ceased) and (gain)/loss on disposal of property, plant and equipment.

In this interim report, "Adjusted EBITDA margin" is calculated as Adjusted EBITDA (which includes the impact of income from participating interests and based on financial statements prepared in accordance with UK GAAP) divided by turnover (excluding Media Investment (ceased)) (which does not include the impact of income from participating interests).

In this interim report, "adjusted net debt" is calculated as net debt less the loan to parent and unamortised loan issue costs.

Results of operation

Third Quarter 2017/18 compared with Third Quarter 2016/17

Turnover

£ thousands	Q3 2017/18	Q3 2016/17	% Change
Media Services	19,912	19,899	-
Media Investment	299	5,966	(95%)
Total Segmental Turnover	20,211	25,865	(22%)
Elimination of intersegment turnover	-	(576)	(100%)
Group Turnover	20,211	25,289	(20%)

Turnover attributable to the Media Services segment (before intersegmental elimination) of £19.9 million in Q3 2017/18 compares to £19.9 million in Q3 2016/17. Stage occupancy in Q3 2017/18 is 93% versus 80% in Q3 2016/17. Both quarters reflect a full period of utilisation of Pinewood East Phase 1 albeit Q3 2017/18 was under a long-term lease. Turnover from higher stage occupancy year on year has been offset by reduced turnover attributable to other international activity, the cessation of certain activities and production scheduling on other production accommodation.

Turnover attributable to the Media Investment segment (before intersegmental elimination) decreased 95% to £0.3 million in Q3 2017/18 from £6.0 million in Q3 2016/17 principally due to the ceasing of the activities in this segment.

Group Turnover (after intersegmental elimination) decreased 20% to £20.2 million in Q3 2017/18 from £25.3 million in Q3 2016/17 principally due to the ceasing of the activities in the Media Investment segment.

Cost of sales

Cost of sales expenses decreased 37% to £11.2 million in Q3 2017/18 from £17.7 million in Q3 2016/17. The cessation of the Media Investment activity was the primary cause of this decrease, offset by increased estate running cost.

Gross Profit

Gross profit has increased from £7.6 million in Q3 2016/17 to £9.0 million in Q3 2017/18 for the reasons set out above.

Gross margin has increased from 29.9% in Q3 2016/17 to 43.8% in Q3 2017/18. The cessation of the Media Investment segment activity, which was loss making at the gross profit level, is the principal driver for the increased margin.

Selling and distribution

Selling and distribution expenses before exceptional items decreased 32% to £0.5 million in Q3 2017/18 from £0.7 million in Q3 2016/17. This was primarily due to a reduction in headcount.

Administrative expenses

Administrative expenses decreased 69% to £1.8 million in Q3 2017/18 from £5.9 million in Q3 2016/17 which we primarily attribute to i) a decrease of £0.2 million or 12% attributable to reduced staff costs in relation to reduced employee headcount and the expiry of our long-term incentive plan, and ii) a movement in exceptional items of £3.9 million which we primarily attribute to professional fees in Q3 2016/17 relating to a strategic review of the Group.

Income from Participating Interests

Income from participating interests in Q3 2017/18 was £0.9m compared to £0.1m in Q3 2016/17. Expansions in Atlanta along with the calculation of income from participating interests being on a gross, as opposed to net of tax, basis are the primary reasons for the increase.

Interest receivable and similar income

Interest receivable and similar income increased from £nil in Q3 2016/17 to £0.3 million in Q3 2017/18 reflecting receipts on loan notes related to Pinewood MBS.

Interest payable and similar charges

Interest payable and similar charges increased from £nil in Q3 2016/17 to £1.7 million in Q3 2017/18 which we primarily attribute to fair value movements on our hedging instruments.

Tax charge on profit on ordinary activities

The tax charge on profit on ordinary activities increased from a £0.1 million in Q3 2016/17 to £1.5 million in Q3 2017/18 primarily attributable to the reduction of the UK Film Tax Relief credit receivable due to the cessation of the Media Investment activity, increased taxable profit and income from participating interests being on a gross, as opposed to net, of tax basis.

Year to date third Quarter 2017/18 compared with year to date third Quarter 2016/17

Turnover

£ thousands	YTD Q3 2017/18	YTD Q3 2016/17	% Change
Media Services	60,823	55,825	9%
Media Investment	1,954	20,389	(90%)
Total Segmental Turnover	62,777	76,214	(18%)
Elimination of intersegment turnover	(293)	(844)	(65%)
Group Turnover	62,484	75,370	(17%)

Turnover attributable to the Media Services segment (before intersegmental elimination) increased by 9% to £60.8 million in YTD Q3 2017/18 compared to £55.8 million in YTD Q3 2016/17 which we primarily attribute to the opening of Pinewood East Phase 1.

Turnover attributable to the Media Investment segment (before intersegmental elimination) decreased 90% to £2.0 million in YTD Q3 2017/18 from £20.4 million in YTD Q3 2016/17 principally due to the ceasing of the activities in this segment.

Group Turnover (after intersegmental elimination) decreased 17% to £62.5 million in YTD Q3 2017/18 from £75.4 million in YTD Q3 2016/17 principally due to the factors set out above.

Cost of sales

Cost of sales expenses decreased 36% to £33.5 million in YTD Q3 2017/18 from £52.7 million in YTD Q3 2016/17. The cessation of the Media Investment activity offset by the increased estate running costs and depreciation due to Pinewood East Phase 1 were the primary causes of this decrease.

Gross Profit

Gross profit has increased from £22.7 million in YTD Q3 2016/17 to £29.0 million in YTD Q3 2017/18 for the reasons set out above.

Gross margin has increased from 30.1% in YTD Q3 2016/17 to 46.4% in YTD Q3 2017/18. The cessation of the Media Investment segment activity which was loss making at the gross profit level is the principal driver for the increased margin.

Selling and distribution

Selling and distribution expenses before exceptional items decreased 18% to £1.5 million in YTD Q3 2017/18 from £1.9 million in YTD Q3 2016/17. This was primarily due to a reduction in headcount and sales related operating costs.

Administrative expenses

Administrative expenses decreased 50% to £6.1 million in YTD Q3 2017/18 from £12.2 million in YTD Q3 2016/17, which we primarily attribute to i) a decrease of £1.4 million or 18% attributable to reduced staff costs in relation to reduced employee headcount, and the expiry of our long-term incentive plan, and ii) a movement in exceptional items of £4.7 million which we primarily attribute to professional fees in YTD 2016/17 relating to a strategic review of the Company.

Income from Participating Interests

Income from participating interests in YTD Q3 2017/18 was £3.2m compared to £0.6m in YTD Q3 2016/17. Expansions in Atlanta along with the calculation of income from participating interests being on a gross, as opposed to net of tax, basis are the primary reasons for the increase.

Interest receivable and similar income

Interest receivable and similar income increased from £nil in YTD Q3 2016/17 to £0.5 million in YTD Q3 2017/18 reflecting receipts on loan notes related to Pinewood MBS.

Interest payable and similar charges

Interest payable and similar charges decreased from £4.5 million in YTD Q3 2016/17 to £2.6 million in YTD Q3 2017/18 which we primarily attribute to fair value movements on our hedging instruments.

Tax (charge)/credit on profit on ordinary activities

The tax charge on profit on ordinary activities increased from a credit of £0.2 million in YTD Q3 2016/17 to a £5.2 million charge in YTD Q3 2017/18 primarily attributable to the reduction of the UK Film Tax Relief credit receivable due to the cessation of the Media Investment activity, increased taxable profit and income from participating interests being on a gross, as opposed to net of tax basis.

Liquidity and capital resources

Cash flow

The cash balance at the end of Q3 2017/18 was £40.2 million compared to a balance of £8.0 million at the end of Q3 2016/17.

The cash inflow of £26.2 million in Q3 2017/18 increased from an outflow of £3.7 million in Q3 2016/17 principally reflecting increased cash inflow from operating activities due to increased profit and a lower working capital outflow, a lower level of capital expenditure following the completion of Pinewood East Phase 1, the receipt of proceeds from the senior secured notes issuance offset by increased dividends, loan issue fees, the repayment of bank borrowings and a loan issued to the Parent.

The cash inflow of £11.8 million in YTD 2017/18 increased from £6.6 million in YTD 2016/17 principally reflecting increased cash inflow from operating activities due to increased profit partially offset by an increased working capital outflow, a lower level of capital expenditure following the completion of Pinewood East Phase 1 the receipt of proceeds from the senior secured notes issuance offset by increased dividends, loan issue fees, the repayment of bank borrowings and a loan issued to the Parent.

Net cash inflow from operating activities

Net cash inflow from operating activities increased to £6.5 million in Q3 2017/18 from an outflow of £0.7 million in Q3 2016/17. This was due to increased profit before tax, movements in working capital due to the Group's payment and bookings structure and payments in YTD 2017/18 relating to the expiration of the long-term incentive plan.

Net cash inflow from operating activities increased by 15% to £10.6 million in YTD 2017/18 from £9.2 million in YTD 2016/17. This was due to increased profit before tax, movements in working capital due to the Group's payment and bookings structure and payments in YTD 2017/18 relating to the expiration of the long-term incentive plan.

Net cash outflow from investing activities

Net cash outflow from investing activities decreased to £0.1 million in Q3 2017/18 from £2.8 million in Q3 2016/17. This was principally driven by payments in relation to the Pinewood East Phase 1.

Net cash outflow from capital expenditure decreased by 81% to £5.2 million in YTD 2017/18 from £27.2 million in YTD 2016/17. This was principally driven by payments in relation to the Pinewood East Phase 1.

Net cash inflow/outflow from financing

Net cash flow from financing increased to a £19.7 million inflow in Q3 2017/18 from a £0.2 million outflow in Q3 2016/17 principally due to the refinancing.

Net cash flow from financing decreased to a £6.4 million inflow in YTD Q3 2017/18 from £24.6 million in YTD Q3 2016/17 due to a higher dividend payment and the refinancing.

Key performance indicators

£ Thousands (unless otherwise stated)	3 months ended		9 months ended		Year ended
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 March 2017
	Stage Occupancy	93%	80%	91%	78%
Turnover (excluding Media Investment ceased)	19,912	19,899	60,823	55,825	76,709
Adjusted EBITDA (see below)	10,257	8,335	31,793	22,747	34,062
Adjusted EBITDA margins	51.5%	41.9%	52.3%	40.7%	44.4%
Cash generated from operations	7,910	(136)	14,546	13,257	34,971
Adjusted net debt (see below)	-	-	(210,708)	(93,693)	(73,040)
Capital expenditure	301	1,637	5,024	28,281	31,632

Adjusted net debt reconciliation

£ Thousands	3 months ended		9 months ended		Year ended
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 March 2017
	Non-current assets	-	-	-	-
Loan to Parent	-	-	127,747	-	-
Current Assets	-	-	-	-	-
Cash and cash equivalents	-	-	40,214	8,001	28,464
Non-current borrowings	-	-	-	-	-
Term loan facility	-	-	-	(100,000)	(100,000)
High yield bond	-	-	(250,000)	-	-
Asset financing	-	-	(922)	(1,694)	(1,504)
Non-current drawn loan facilities, less current assets	-	-	(82,961)	(93,693)	(73,040)
Secured loan arrangement costs	-	-	8,814	420	438
Net debt	-	-	(74,147)	(93,273)	(72,602)
Adjustments:					
Loan to Parent	-	-	(127,747)	-	-
Secured loan arrangement costs	-	-	(8,814)	(420)	(438)
Adjusted net debt	-	-	(210,708)	(93,693)	(73,040)

Reconciliation of profit on ordinary activities after taxation / profit after tax to adjusted EBITDA

£ Thousands	3 months ended		9 months ended		Year ended
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 March 2017
Profit on ordinary activities after taxation / profit after tax.....	4,627	945	17,171	4,855	13,607
Interest receivable and similar income	(336)	(2)	(482)	(11)	(344)
Interest payable and similar charges / finance costs.....	1,730	8	2,620	4,546	5,294
Tax (credit) / charge on profit on ordinary activities.....	1,547	141	5,225	(154)	1,436
Depreciation of property, plant and equipment.....	2,168	2,152	6,572	5,925	8,111
Amortization of goodwill	140	140	420	420	560
Amortization of long-term assets	-	41	-	124	166
Exceptional items	199	4,059	(144)	4,603	3,170
Operating loss attributable to Media Investment (ceased).....	158	851	387	2,439	2,014
(Gain) / loss on disposal of property, plant equipment.....	24	-	24	-	48
Adjusted EBITDA.....	10,257	8,335	31,793	22,747	34,062

Pinewood Group Limited

Interim condensed consolidated financial statements

Period ended 31 December 2017

Pinewood Group Limited

Condensed Group Statement of Comprehensive Income

for the nine months to 31 December 2017

	Note	9 month period ended 31 Dec 2017 £'000	9 month period ended 31 Dec 2016 £'000	Year ended 31 Mar 2017 £'000
Turnover	1	62,484	75,370	98,348
Cost of Sales		(33,504)	(52,689)	(63,854)
Gross profit		28,980	22,681	34,494
Selling and distribution expenses		(1,543)	(1,876)	(2,258)
Administration expenses				
- Recurring activities		(6,212)	(7,599)	(10,155)
- Exceptional items	2	144	(4,603)	(3,170)
Total administration expenses		(6,068)	(12,202)	(13,325)
Operating profit		21,369	8,603	18,911
Comprising:				
Operating profit/(loss) from:				
Media Services activities before exceptional items		21,612	15,645	24,095
Media Investment - film production companies		(91)	(2,551)	(2,164)
Media Investment - other activities		(296)	112	150
Exceptional items		144	(4,603)	(3,170)
		21,369	8,603	18,911
Income from participating interests		3,165	633	1,082
Interest receivable and similar income		482	11	344
Interest payable and similar charges	4	(2,620)	(4,546)	(5,294)
Profit on ordinary activities before taxation		22,396	4,701	15,043
Tax on profit on ordinary activities	5	(5,225)	154	(1,436)
Profit on ordinary activities after taxation		17,171	4,855	13,607
Other comprehensive income				
Exchange differences on translation of foreign operations on consolidation		(402)	1,344	1,340
Total comprehensive income for the period		16,769	6,199	14,947

Pinewood Group Limited

Condensed Group Statement of Financial Position as at 31 December 2017

	Note	31 Dec 2017 £'000	31 Dec 2016 £'000	31 Mar 2017 £'000
Assets				
Non current assets				
Property, plant and equipment	7	234,451	236,804	236,020
Intangible assets	8	4,062	4,622	4,484
Long-term assets		0	42	0
Interests in joint ventures		11,123	7,612	7,780
Other Investments		1,220	0	1,220
Loan to Parent company		127,747	0	0
		378,603	249,080	249,504
Current assets				
Inventories		65	55	53
Trade and other receivables	9	15,526	18,136	19,749
Cash and cash equivalents	10	40,214	8,001	28,464
		55,805	26,192	48,266
Total assets		434,408	275,272	297,770
Equity and liabilities				
Share capital	11	(5,741)	(5,741)	(5,741)
Share premium		(76,696)	(76,696)	(76,696)
Capital contribution reserve		(135)	(135)	(135)
Merger reserve		(348)	(348)	(348)
Translation movements		(938)	(1,344)	(1,340)
Retained earnings		(58,090)	(45,894)	(52,869)
Total equity		(141,948)	(130,158)	(137,129)
Non-current liabilities				
Interest-bearing loans and borrowings	12	(242,108)	(101,273)	(101,066)
Derivative financial instruments	13	(3,028)	(3,911)	(3,687)
Deferred tax liabilities		(2,816)	(138)	(2,227)
		(247,952)	(105,322)	(106,980)
Current liabilities				
Trade and other payables	14	(44,508)	(39,792)	(53,661)
		(44,508)	(39,792)	(53,661)
Total liabilities		(292,460)	(145,114)	(160,641)
Total equity and liabilities		(434,408)	(275,272)	(297,770)

Pinewood Group Limited

Condensed Group Statement of Cash Flows for the period ended 31 December 2017

	9 month period ended 31 Dec 2017 £'000	9 month period ended 31 Dec 2016 £'000	Year ended 31 Mar 2017 £'000
Cash flow from operating activities:			
Profit on ordinary activities before taxation	22,396	4,701	15,043
<i>Adjustments to reconcile profit on ordinary activities before taxation to net cash flows:</i>			
Depreciation, impairment and amortisation	7,016	6,469	8,885
Exceptional costs	27	0	0
Fair value adjustment	0	0	(3,486)
Income from participating interests	(3,165)	(633)	(1,082)
Interest receivable and similar income	(482)	(11)	(344)
Interest payable and similar charges	2,620	4,546	5,294
Cash flow from operating activities before changes in working capital	28,412	15,072	24,310
Decrease in trade and other receivables	2,677	869	981
Decrease in inventories	(12)	(8)	(6)
Increase/(decrease) in trade and other payables	(16,531)	(2,676)	9,686
Cash generated from operations	14,546	13,257	34,971
Interest paid	(2,607)	(3,315)	(4,298)
Corporation tax received in respect of FPC activity	0	1,549	4,473
Corporation tax paid	(1,342)	(2,292)	(2,243)
Net cash flow from operating activities	10,597	9,199	32,903
Cash flow from/(used in) investing activities:			
Purchase of property, plant and equipment	(6,570)	(28,889)	(30,348)
Movement in long term liability	0	765	765
Investment in joint ventures	(264)	(2,157)	(1,906)
Joint venture land sale proceeds	0	1,187	1,187
Repayment from joint ventures	1,629	1,907	1,841
Net cash flow used in investing activities	(5,205)	(27,187)	(28,461)
Cash flow (used in)/from financing activities:			
Dividends paid	(11,950)	(1,837)	(3,614)
Repayment of asset financing obligations	(582)	(557)	(747)
Repayment of bank borrowings	(100,000)	0	0
Proceeds from bank borrowings	0	27,000	27,000
Proceeds from new bond issue	250,000	0	0
Payment of loan issue fees	(3,636)	0	0
Issue of loan to Parent	(127,474)	0	0
Net cash flow from financing activities	6,358	24,606	22,639
Net increase in cash and cash equivalents	11,750	6,618	27,081
Cash and cash equivalents at the start of the period	28,464	1,383	1,383
Cash and cash equivalents at the end of the period	40,214	8,001	28,464

Included within the cash and cash equivalents balance is a total of £482,000 (31 March 2017: £1,465,000) which is unavailable for general use.

Pinewood Group Limited

Condensed Reconciliation of Movement in Net Debt

for the period ended 31 December 2017

	9 month period ended 31 Dec 2017 £'000	9 month period ended 31 Dec 2016 £'000	Year ended 31 Mar 2017 £'000
Increase in cash and cash equivalents	11,750	6,618	27,081
Repayments of bank borrowings	100,000	-	-
New bond issue	(250,000)	(27,000)	(27,000)
Repayments of asset financing obligations	582	557	747
Loan issue costs	8,999	-	-
Amortisation of loan issue costs	(623)	(667)	(649)
Loan to Parent	127,747		
Movement in net debt	(1,545)	(20,492)	179
Net debt at the start of the period	(72,602)	(72,781)	(72,781)
Net debt at the end of the period	(74,147)	(93,273)	(72,602)
Net debt at end of year excluding restricted cash	(74,629)	(94,572)	(74,067)

Condensed Group Statement of Changes in Equity

for the period ended 31 December 2017

	Share Capital £'000	Share premium £'000	Translation reserve £'000	Other reserves £'000	Retained earnings £'000	Total Equity £'000
At 01 April 2016	5,741	76,696	-	483	42,876	125,796
Profit for the period	-	-	-	-	4,855	4,855
Translation reserve movement the period	-	-	1,344	-	-	1,344
	-	-	1,344	-	4,855	6,199
Equity dividends	-	-	-	-	(1,837)	(1,837)
At 31 December 2016	5,741	76,696	1,344	483	45,894	130,158
Profit for the period	-	-	-	-	8,752	8,752
Translation reserve movement the period	-	-	(4)	-	-	(4)
	-	-	(4)	-	8,752	8,748
Equity dividends	-	-	-	-	(1,777)	(1,777)
At 31 March 2017	5,741	76,696	1,340	483	52,869	137,129
Profit for the period	-	-	-	-	17,171	17,171
Translation reserve movement the period	-	-	(402)	-	-	(402)
	-	-	(402)	-	17,171	16,769
Equity dividends (Note 7)	-	-	-	-	(11,950)	(11,950)
	-	-	-	-	-	-
At 31 December 2017	5,741	76,696	938	483	58,090	141,948

Other reserves represent Capital redemption reserve £135,000 and Merger reserve £348,000.

Pinewood Group Limited

Notes to the Condensed Consolidated Financial Statements

for the period ended 31 December 2017

1 Segment information and turnover analysis

The Group identifies its operating segments based on a combination of factors, including the nature and type of service provided and differences in regulatory environment. Operating segments are aggregated where there is a high degree of consistency across these factors, and the segments have similar economic characteristics. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group has determined it has two reportable segments, Media Services, which provides studio and related services to the film, television and wider creative industries, and Media Investment, which provides content investment and production services, principally to the film industry.

Segment data for the 9 month period ended 31 December 2017 and 2016 is presented below:

	9 month period ended 31 Dec 2017 £'000	9 month period ended 31 Dec 2016 £'000	Year ended 31 Mar 2017 £'000
Turnover:			
Media services	60,823	55,825	76,709
Media investment	1,954	20,389	22,266
Total segmental turnover	<u>62,777</u>	<u>76,214</u>	<u>98,975</u>
Intersegment elimination	(293)	(844)	(627)
Group turnover	<u><u>62,484</u></u>	<u><u>75,370</u></u>	<u><u>98,348</u></u>

2 Exceptionals

	9 month period ended 31 Dec 2017 £'000	9 month period ended 31 Dec 2016 £'000	Year ended 31 Mar 2017 £'000
Release of rent free accrual	(912)	0	0
Strategic review	0	4,165	4,045
Restructuring and management consultancy	768	438	2,774
PMBS Holdings Limited	0	0	(3,486)
Technicolor Lease Surrender	0	0	(163)
	<u><u>(144)</u></u>	<u><u>4,603</u></u>	<u><u>3,170</u></u>

Release of rent free accrual

Pinewood Studio Wales signed an agreement for lease for the Welsh Studios on 16 July 2014. The agreement was for a 15 year lease with 2 years rent free. In line with accounting convention Pinewood accrued the applicable proportion of the full rent during this rent free period. Following the decision to exit the Welsh Studios this rent is no longer payable and has been released as an exceptional income to the income statement during the period.

Restructuring and management consultancy

Restructuring reorganisation costs of £0.8m (9 months to 31 December 2016: £Nil) relate to a performance improvement review and streamlining and changes to the management structure, as well as costs in relation to Pinewood Television Limited and Pinewood Media Guarantors Limited.

Pinewood Group Limited

Notes to the Condensed Consolidated Financial Statements for the period ended 31 December 2017

3 Interests in joint ventures

As at 31 December 2017, the Group had interests in the following joint ventures:

<i>Joint Venture Name</i>	Principal place of business	% equity interest	% voting rights
<i>At 31 December 2017</i>			
Pinewood Atlanta LLC	USA	40	50
PAS Holdings Fayette LLC	USA	40	50
<i>At 31 March 2017</i>			
Pinewood Atlanta LLC	USA	40	50
PAS Holdings Fayette LLC	USA	40	50
Pinewood Television Limited	UK	50	50

The Group's interests in joint ventures at 31 December 2017 and 31 March 2017 was as follows:

	TOTAL £'000
As at 31 March 2017	7,780
Share of profit from joint venture	3,165
Investment in joint ventures	264
Repayment from joint ventures	(1,629)
Taxation	1,963
Other movements	(420)
As at 31 December 2017	11,123

The value of the joint venture in Pinewood Atlanta LLC and PAS Holdings Fayette LLC (collectively "PAS") is shown gross of taxation, which has been presented separately on the statement of financial position.

PAS is a partnership in the US and therefore the partners are responsible for tax charges in relation to the entity. Historically the interest in PAS was shown in the Condensed Group Statement of Financial Position net of tax however given the nature of the partnership the amounts in relation to the current and deferred tax have been transferred to current tax and deferred tax respectively in the current period. This has no impact on net assets. Additionally, tax in the Condensed Group Statement of Comprehensive Income is now presented within tax on profit on ordinary activities rather than within Income from participating interests. As the impact on prior periods is immaterial, all amendments have been made prospectively in the current period.

4 Interest payable and similar charges

	9 month period ended 31 Dec 2017 £'000	9 month period ended 31 Dec 2016 £'000	Year ended 31 Mar 2017 £'000
Bank loan and overdraft interest	1,489	2,504	3,234
Bond interest	457	0	0
Interest rate hedging	625	562	767
Finance fee amortisation	623	667	649
Finance lease interest	70	95	122
Other interest paid	15	0	28
Fair value movements of derivative financial instruments	(659)	718	494
	2,620	4,546	5,294

Pinewood Group Limited

Notes to the Condensed Consolidated Financial Statements for the period ended 31 December 2017

5 Tax on profit on ordinary activities

	9 month period ended 31 Dec 2017	9 month period ended 31 Dec 2016	Year ended 31 Mar 2017
	£'000	£'000	£'000
(a) Analysis of credit for the period:			
Current tax:			
UK corporation tax charge	3,912	1,662	1,637
Amounts payable for Group tax loss relief	0	0	1,184
Foreign corporation tax	1,567	0	(329)
Foreign tax suffered	115	18	115
UK film tax relief	(91)	(1,587)	(1,792)
Double taxation credit	0	0	(85)
Amounts (under) / overprovided in previous years	(81)	0	(1,137)
	<u>5,422</u>	<u>93</u>	<u>(407)</u>
Deferred tax:			
Relating to origination and reversal of temporary differences	(197)	(247)	918
Effect of change in deferred tax rates	0	0	(61)
Amounts over / (under) provided in previous years	0	0	986
	<u>(197)</u>	<u>(247)</u>	<u>1,843</u>
Tax charge / (credit) in the Group comprehensive income statement	<u>5,225</u>	<u>(154)</u>	<u>1,436</u>

6 Dividends

	9 month period ended 31 Dec 2017	9 month period ended 31 Dec 2016	Year ended 31 Mar 2017
	£'000	£'000	£'000
2016 Final dividend paid at 3.2p per share	0	1,837	1,837
2017 Interim dividend paid at 20.8p per share	11,950	0	1,777
	<u>11,950</u>	<u>1,837</u>	<u>3,614</u>

Pinewood Group Limited

Notes to the Condensed Consolidated Financial Statements for the period ended 31 December 2017

7 Property, plant and equipment

	Freehold land and buildings £'000	Leasehold improve- ments £'000	Fixtures, fittings and equipment £'000	Assets under construction £'000	Total £'000
Cost					
At 1 April 2016	182,897	228	36,561	53,710	273,396
Additions	7,350	0	2,227	18,703	28,280
Reclassification	59,876	0	3,689	(63,565)	0
At 31 December 2016	<u>250,123</u>	<u>228</u>	<u>42,477</u>	<u>8,848</u>	<u>301,676</u>
Additions	1,266	0	240	(61)	1,445
Disposals	0	(48)	0	0	(48)
At 31 March 2017	<u>251,389</u>	<u>180</u>	<u>42,717</u>	<u>8,787</u>	<u>303,073</u>
Additions	3,114	24	1,766	133	5,037
Reallocation	8,532	0	124	(8,656)	0
Reclassification	(7,319)	0	7,774	0	455
Disposals	(75)	(12)	113	0	26
At 31 December 2017	<u>255,641</u>	<u>192</u>	<u>52,494</u>	<u>264</u>	<u>308,591</u>
Depreciation					
At 1 April 2016	33,103	14	25,829	0	58,946
Provided during year	4,008	8	1,910	0	5,926
At 31 December 2016	<u>37,111</u>	<u>22</u>	<u>27,739</u>	<u>0</u>	<u>64,872</u>
Provided during year	1,486	2	697	0	2,185
Disposals	0	(4)	0	0	(4)
At 31 March 2017	<u>38,597</u>	<u>20</u>	<u>28,436</u>	<u>0</u>	<u>67,053</u>
Provided during year	4,612	8	2,013	0	6,633
Reclassification	(7,757)	(3)	8,216	0	456
Disposals	(9)	0	7	0	(2)
At 31 December 2017	<u>35,443</u>	<u>25</u>	<u>38,672</u>	<u>0</u>	<u>74,140</u>
Net book value					
At 31 December 2017	<u>220,198</u>	<u>167</u>	<u>13,822</u>	<u>264</u>	<u>234,451</u>
At 31 March 2017	<u>212,792</u>	<u>160</u>	<u>14,281</u>	<u>8,787</u>	<u>236,020</u>
At 31 December 2016	<u>213,012</u>	<u>206</u>	<u>14,738</u>	<u>8,848</u>	<u>236,804</u>

Assets under construction at each reporting date relate to costs capitalised in respect of Pinewood East. These are not depreciated until ready for use, at which point they are moved to Freehold land and buildings. Phase One of the development became operational on 30 June 2016.

Pinewood Group Limited

Notes to the Condensed Consolidated Financial Statements for the period ended 31 December 2017

8 Intangible assets	Consolidated Goodwill £'000
Cost	
At 31 December 2017, 01 April 2017 and 31 December 2016	<u>5,604</u>
Amortisation	
At 01 April 2016	560
Provided during period	422
At 31 December 2016	<u>982</u>
Provided during period	138
At 01 April 2017	<u>1,120</u>
Provided during year	422
At 31 December 2017	<u>1,542</u>
Net book value	
At 31 December 2017	<u>4,062</u>
At 01 April 2017	<u>4,484</u>
At 31 December 2016	<u>4,622</u>

Goodwill has been acquired through business combinations and has been allocated to the Group's Media Services cash-generating unit.

Following a review for indicators of impairment at the Statement of financial position date, it was determined that there were no indicators that the carrying value exceeded the recoverable amount. Other than goodwill there are no intangible assets with indefinite lives.

9 Trade and other receivables

	31 Dec 2017 £'000	31 Dec 2016 £'000	31 Mar 2017 £'000
Trade receivables - Media services	8,083	8,840	6,521
Trade receivables - Film production companies	40	1,797	4,125
Prepayments and other receivables	4,665	4,848	5,026
Loan notes receivable	2,738	0	2,531
Corporation tax receivable	0	2,651	1,546
	<u>15,526</u>	<u>18,136</u>	<u>19,749</u>

Trade receivable balances fall due within one year.

10 Cash and cash equivalents

Included within the cash and cash equivalents balance per the statement of financial position at the period-end are amounts unavailable for general use. These amounts relate to funds reserved solely for use in the production of specific Media Investment Film production company operations.

	31 Dec 2017 £'000	31 Dec 2016 £'000	31 Mar 2017 £'000
Cash available for general use/(overdraft)	39,732	6,702	26,999
Restricted cash and cash equivalents	482	1,299	1,465
Net cash and cash equivalents	<u>40,214</u>	<u>8,001</u>	<u>28,464</u>

Pinewood Group Limited

Notes to the Condensed Consolidated Financial Statements for the period ended 31 December 2017

11 Share Capital

	31 Dec 2017 £'000	31 Dec 2016 £'000	31 Mar 2017 £'000
Issued, called up and fully paid			
57,409,926 Ordinary shares of 10p each	<u>5,741</u>	<u>5,741</u>	<u>5,741</u>

12 Interest bearing loans and borrowings

	Maturity	31 Dec 2017 £'000	31 Dec 2016 £'000	31 Mar 2017 £'000
Current Borrowings				
Bank overdraft	Annual renewal	-	-	-
Non-Current Borrowings				
High yield bond	1 December 2023	250,000	-	-
Super senior revolving facility	1 June 2023	-	-	-
Term loan facility	29 May 2019	-	100,000	100,000
Revolving credit facility	20 November 2019	-	-	-
Asset financing	5 November 2019	922	1,694	1,504
Non-current drawn loan facilities		<u>250,922</u>	<u>101,694</u>	<u>101,504</u>
Secured bank loan arrangement costs		<u>(8,814)</u>	<u>(421)</u>	<u>(438)</u>
		<u>242,108</u>	<u>101,273</u>	<u>101,066</u>
Total current and non-current interest-bearing loans		<u>242,108</u>	<u>101,273</u>	<u>101,066</u>

13 Derivative financial instruments

The Group's interest rate swaps are recognised as derivative financial instruments. Fair value movements are recognised in the income statement within interest payable and similar charges.

	31 Dec 2017 £'000	31 Dec 2016 £'000	31 Mar 2017 £'000
Financial liabilities carried at fair value:			
Non-current derivative financial instrument liabilities	3,028	3,911	3,687
	<u>3,028</u>	<u>3,911</u>	<u>3,687</u>

Interest rate swaps

To minimise the volatility in cash flows from a change in LIBOR, the Group held interest rate swaps

	Maturity	31 Dec 2017 £'000	31 Dec 2016 £'000	31 Mar 2017 £'000
Effective interest rate %				
2.00% + variable margin	30 April 2025	25,000	25,000	25,000
2.08% + variable margin	30 April 2022	25,000	25,000	25,000
		<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

The Group's economic hedges of interest rate risk are treated as derivative financial instruments and fair value movements are recognised in the income statement.

The swaps are payable on a quarterly basis.

Pinewood Group Limited

Notes to the Condensed Consolidated Financial Statements for the period ended 31 December 2017

14 Trade and other payables

	31 Dec 2017	31 Dec 2016	31 Mar 17
	£'000	£'000	£'000
Trade payables - Media services	(1,578)	(1,303)	(4,218)
Trade payables - Film production companies	(1,637)	(5,457)	(4,909)
Corporation tax payable	(4,062)	0	0
Value added tax	(1,528)	(1,590)	(3,823)
Other payables	(2,556)	(2,133)	(1,545)
Accruals	(10,044)	(8,564)	(10,652)
Amount due to parent company	(1,345)	0	(2,043)
Capital expenditure related payables	(4,531)	(6,106)	(5,986)
Deferred royalty	(785)	(730)	(835)
Deferred income - Media services	(16,402)	(12,158)	(18,637)
Deferred income - Film production companies	(40)	(1,751)	(1,013)
	<u>(44,508)</u>	<u>(39,792)</u>	<u>(53,661)</u>

No fixed security has been given in respect of any of the items listed above.

15 Subsequent events

No significant events have occurred after the balance sheet date.

16 Principal risks and uncertainties

There are no changes to the assessment and considerations of the principal risks as disclosed in the Group's Annual Report for year ended 31 March 2017. An electronic version of the Annual Report and Accounts can be obtained from Companies House.