PINEWOOD

Pinewood Group Limited

Report as at and for the 6 months to 30 September 2019

Second quarter highlights

Operational and industry highlights

- Stage occupancy, at our UK studios, of 100% in the 6 months to 30 September 2019 compares with 94% in the 6 months to 30 September 2018.
- Total spend on film production from January to September 2019 was £1.5 billion in the UK. HETV production spend in the UK is at the highest level since reporting began.

Strategic highlights

A number of strategic initiatives were completed over the quarter to 30 September 2019 "Q2 2020":

- Disney: The Group agreed a multi-year contract with Disney which sees them take all the stages, backlots and other production accommodation at Pinewood Studios in Buckinghamshire. The contract starts at the beginning of January 2020 and will ensure strong levels of occupancy throughout the period of the agreement.
- Refinancing: The Group closed the offering of £550 million of 3.25% Senior Secured Notes due 2025 and completed the redemption of £250 million of 3.75% Senior Secured Notes due 2023, distributing £250 million to its parent.
- Pinewood East Phase II: Construction of stages was successfully completed and occupied in October.
- Real estate optimisation: In November, the Group submitted planning applications to build c. 100,000 sq.ft of stages at Pinewood West, space which will be taken by Disney as part of their multi-year contract. The applications are expected to be determined early in 2020.
- Atlanta Joint Venture: In August the Group completed on the sale of its 40% share in the Pinewood Atlanta Studios for consideration of £12.1 million. The sales and marketing arrangement is expected to continue for a period of up to 18 months.
- On 26 September 2019, following discussions with the Welsh Government, the Group issued notice to terminate its studio management arrangements for the Studio in Cardiff, which will take effect on 31 March 2020. The studio in Wales will remain branded and operated as a Pinewood facility until that date.

Financial highlights

The table below provides an overview of key performance indicators for the period:

	6 months ended 30 Sept 2019 £'000	6 months ended 30 Sept 2018 £'000	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Revenue *	46,911	43,184	85,928	79,690
Adjusted EBITDA	27,358	22,612	44,672	42,338
Adjusted EBITDA margins	58.3%	52.3%	52.0%	53.1%
Cash generated from operations	22,729	27,237	52,748	23,624
Capital expenditure**	(24,430)	(8,272)	(42,077)	(6,399)
Adjusted net debt	(482,525)	(194,322)	(210,257)	(207,681)

* Revenue in the year to 31 March 2018 excludes the ceased Media Investment segment

** Capital expenditure represents the total purchase of property, plant and equipment, purchase of intangible assets, investment in joint ventures and repayments from joint ventures, net of proceeds from disposal of property, plant and equipment, intangibles and joint ventures, as disclosed in the cash flow statement

Turnover

In the 6 months to 30 September 2019 ("Q2 YTD 2020") turnover increased by £3.7 million or 9% to £46.9 million (Q2 YTD 2019: £43.2 million). UK studios saw increased revenues, with 100% stage occupancy (Q2 YTD 2019: 94%), higher occupancy in other production accommodation and an increase in the overall rate-card. Partially offsetting this strong performance in UK studios, was lower income from the resale of contracted bookings and a reduction in revenue from Picture Services, a part of the post-production business which is being phased out this year.

Adjusted EBITDA

Adjusted EBITDA increased by £4.8 million to £27.4 million (Q2 YTD 2019: £22.6 million) due to (i) the increase in revenue commented above, coupled with (ii) an improvement in gross margins by 7.5ppt to 58.8% (Q2 YTD 2019: 51.3%) mainly reflecting the growth in UK studio activity and revenues, (iii) an improvement in occupancy levels at the joint venture in Atlanta before its sale to our joint venture partners, reduced by (iv) one-off legal and professional fees incurred in relation to the multi-year contracts which the Group has agreed with Netflix and Disney.

Reconciliation of profit on ordinary activities after taxation to adjusted EBITDA

	6 months ended 30 Sept 2019 £'000	6 months ended 30 Sept 2018 £'000	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Profit on ordinary activities after taxation	3,472	10,705	21,321	24,358
Net Interest payable***	3,554	2,629	6,200	2,294
Tax charge on profit on ordinary activities***	4,609	3,449	6,224	5,905
Depreciation of property, plant and equipment	4,457	4,315	8,707	8,811
Amortisation of goodwill	283	283	560	560
Exceptional items (inc. associated tax)	10,983	424	708	(549)
Operating loss from Media Investment	-	2	-	905
(Gain)/Loss on disposal of property, plant and equipment	-	805	952	54
Adjusted EBITDA	**27,358**	**22,612**	**44,672**	**42,338**

*** Excluding exceptional items

Q2 YTD 2020: Net interest payable excludes exceptional interest charges of the make-whole payment and the write-off of unamortised arrangement fees in connection with the December 2017 financing of the £250 million senior loan notes. Tax charge on ordinary activities excludes tax in relation to the exceptional items in the year.

Cash flow and capital expenditure

The cash balance at the end of Q2 YTD 2020 was £67.5 million compared with a balance of £39.9 million at 31 March 2019 and £56.0 million at the end of Q2 YTD 2019. The movement in cash since year ending 31 March 2019 is attributable to a cash inflow of £27.1 million and a foreign exchange gain on cash balances of £0.5 million.

The YTD cash inflow of £27.1 million at September 2019 compares with a YTD increase in cash of £13.0 million at September 2018. This period-on-period change principally reflects the net proceeds from the refinancing in September 2019, the receipt of £12.1m proceeds from the sale of our 40% share of the Pinewood Atlanta Studios, a £4.7 million improvement in cash flow from operating activity before changes in working capital, offset by increased capital expenditure as the Group continues the strategic improvement and expansion of its Pinewood studios and the non-recurrence in working capital benefits received in Q2 YTD 2019.

Adjusted Net debt and liquidity

Adjusted net debt as at 30 September 2019 stood at £482.5 million with a cash balance of £67.5 million and the remaining negligible balance of our asset financing. Adjusted net debt at 31 March 2019 was £210.3 million with a cash balance of £39.9 million and asset financing of £0.2 million.

Paul Golding, CEO, commented

Pinewood and Shepperton, our UK studios, have made a good progress in the first half of the year and performance is in line with expectations. The signing of the agreement with the Disney is a significant step forward for the Group and ensures strong levels of occupancy throughout the period of agreement. The transformational nature of the Disney and Netflix agreements underpinned the recent issuing of our senior secured notes, and I would like to take this opportunity to thank all those who invested, as well as our banks. Overall, the outlook for the Group is positive.

The next Investor update is scheduled for 26th February 2020. In addition to the usual on-line call facility, we invite investors to attend at Pinewood Studios, Buckinghamshire, where a tour of the Studios will follow the presentation. Please send your confirmation to billie.howard@pinewoodgroup.com by 12th February 2020, if you wish to attend the presentation and tour at the Studios.

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. Pinewood branded studios have hosted over 2,000 films, among them 158 Oscar winners, 215 BAFTA winners and numerous blockbuster film productions with budgets of over $100.0 million.

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 30 September 2019 ("Q2 2020", "Q2 FY20"), and the comparative period as of and for the 3 months ended 30 September 2018 ("Q2 2019" or "Q2 FY19"), prepared in accordance with FRS 102.
- The unaudited consolidated financial information of the Group as of and for the 6 months ended 30 September 2019 ("Q2 YTD 2020", "Q2 YTD FY20"), and the comparative period as of and for the 6 months ended 30 September 2018 ("Q2 YTD 2019" or "Q2 YTD FY19"), prepared in accordance with FRS 102.
- The audited consolidated financial information of the Group as of and for the year ended 31 March 2019 ("FY 2019") is 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 interim report was prepared in accordance with the indenture dated 25 September 2019 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 out-turned 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 out-turned 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, amortisation of goodwill, amortisation 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 debt net of cash balances, ignoring the unamortised loan issue costs.

Financial update for the three months ended 30 September 2019

Group Statement of Comprehensive Income

Turnover

Turnover increased by £3.0 million or c. 15% to £23.6 million (Q2 2019: £20.6 million) in the 3 months to 30 September 2019. UK studios saw increased revenues, with 100% stage occupancy in the quarter and higher occupancy in other production accommodation. The strong performance from the utilisation of the UK studios has been partially offset by a continued reduction in revenue generated by Picture Services, a part of the post-production business which is in the process of being phased out.

Cost of sales

Cost of sales expenditure decreased by c. £1.3 million to £9.9 million (Q2 2019: £11.2 million). In preparation for the commencement of the Real Estate Optimisation programme, Q2 2019 included a loss on disposal of £0.8 million in relation to the clearance of certain buildings at Pinewood. The remainder of the decrease mainly relates to lower subcontractor costs in our post-production business in Q2 2020.

Gross profit

Gross profit increased by £4.3 million to £13.7 million (Q2 2019: £9.4 million) for the reasons set out above, with gross margin increasing by 12.5ppt to 58.2% (Q2 2019: 45.7%).

Selling and distribution costs

Selling and distribution costs increased slightly in the quarter to £0.6 million (Q2 2019 £0.2 million) with the business in the initial stage of gaining detailed planning consents across both UK studios and preparing the studios in line with the two long term contracts.

Administrative expenses ***

Administration expenses of £2.0 million is an increase of £0.7m (Q2 2019: £1.3 million). Last year saw the one-off benefit in discretionary staff costs which has not been repeated this year. In addition, Q2 2020 includes legal and professional fees incurred in relation to the multi-year contract which the Group agreed with Disney.

Operating profit ***

Operating profit before exceptional items increased by £3.3 million to £11.1 million and delivered an operating profit margin of 47.2% (Q2 2019: 38.1%).

Income from participating interests

Following improved occupancy at the Atlanta Studios, the business delivered a marginally positive result in the period (Q2 2019: £0.4 million loss). The sale of our 40% interest in the joint venture completed in August 2019.

Interest receivable and similar income

Interest receivable and similar income decreased by c. £0.3 million to £1.5 million (Q2 2019: £1.7 million). The majority of interest receivable relates to interest earned on the loan to the Group's parent company, created in December 2017. However, Q2 2019 reflected a £0.3 million improvement in the fair value position of the interest rate swaps, whereas in Q2 2020 saw a worsening in the fair value with this charge being reflected through interest payable and similar charges.

Interest payable and similar charges ***

Interest payable and similar charges increased to £3.4 million (Q2 2019: £2.8 million), with higher costs in relation to the fair value of our derivative financial instruments.

Tax charge on profit on ordinary activities ***

The tax charge on profit on ordinary activities increased by £1.1m to £2.6 million (Q2 2019[†]: £1.5 million).

*** Excluding exceptional items

† The tax charge for the three months to September 2018 has been restated to £1.4 million from £1.0 million, following the finalisation of the year end position

Cash flow

The cash balance at the end of September 2019 was £67.5 million compared with a balance of £25.3 million at 30 June 2019. Net cash flow in the quarter increased by £40.1 million to £41.8 million inflow (Q2 2018/19: £1.7 million inflow), of which £37.8 million related to the net proceeds from the refinancing at the end of September 2019. The remaining cash movements include a £5.4 million improvement from cash generated from operations, a £12.1 million receipt from the sale of our 40% stake in the Pinewood Atlanta Studios, which is offset by an additional £3.0 million of corporation tax paid following the change in UK payment schedule this year and an additional £12.3 million of capital expenditure in the quarter, which relates principally to the development of Pinewood East phase II.

Financial update for the six months ended 30 September 2019

Group Statement of Comprehensive Income

Turnover

Turnover increased by £3.7 million or 9% to £46.9 million (Q2 YTD 2019: £43.2 million). UK studios saw increased revenues, with 100% stage occupancy (Q2 YTD 2019: 94%), higher occupancy in other production accommodation and an increase in the overall rate-card. Revenue generated from the three dedicated Television Studios has also trended upwards since last year, with several new shows being filmed at Pinewood. Partially offsetting this strong performance in UK studios, was lower income from the resale of certain contracted bookings and a reduction in revenue from Picture Services, part of the post-production business which is being phased out this year.

Cost of sales

Cost of sales expenditure decreased by c. £1.7 million to £19.3 million (Q2 YTD 2019: £21.0 million). £0.8 million related to the non-recurrence of a prior year loss on disposal of certain assets affected by the Real Estate Optimisation programme, with the remaining £0.8 million primarily due to lower subcontractor costs in our post-production business and a release of certain debtor provisions in the period following receipt of cash.

Gross profit

Gross profit increased by £5.4 million to c. £27.6 million (Q2 YTD 2019: c. £22.1 million) for the reasons set out above. Gross margin increased by 7.5ppt to 58.8% (Q2 YTD 2019: 51.3%), mainly reflecting the growth in UK studio activity and revenues.

Selling and distribution costs

Selling and distribution costs increased marginally to £1.1 million (Q2 YTD 2019: £0.8 million), with the business in the initial stage of gaining detailed planning consents across both UK studios and preparing the studios in line with the two long term contracts.

Administrative expenses***

Administrative expenses increased by 28% or £0.8 million to £3.9 million (Q2 YTD 2019: £3.1 million), which related to one-off legal and professional fees incurred in relation to the multi-year contracts the Group agreed with Netflix and Disney to create production hubs at Shepperton and Pinewood Studios respectively.

Operating profit

Operating profit before exceptional items increased by £4.2 million to £22.6 million and delivered an operating profit margin of 48.1% (Q2 YTD 2019: 42.5%).

Income from participating interests

Following improved occupancy at the Atlanta Studios, the business delivered a marginally positive result in the period (Q2 YTD 2019: £1.1 million loss). The sale of our 40% interest in the joint venture completed in August 2019.

Interest receivable and similar income

Interest receivable and similar income decreased by £0.2 million to £2.9 million (Q2 YTD 2019: £3.1 million). The majority of this relates to interest earned on the loan to the Group's parent company, created in December 2017. However, Q2 YTD 2019 reflected a £0.3 million improvement in the fair value position of the interest rate swaps, whereas in Q2 YTD 2020 saw a worsening in the fair value with this charge being reflected through interest payable and similar charges.

Interest payable and similar charges***

Interest payable and similar charges increased by £0.7 million to c. £6.4 million (Q2 YTD 2019: £5.7 million), with higher charges in relation to the fair value of our derivative financial instruments.

Tax charge on profit on ordinary activities*

The tax charge on profit on ordinary activities increased by £1.2m to £4.6 million (Q2 YTD 2019†: £3.4 million), and an effective tax rate of 24.2% (Q2 YTD 2019: 23.7%). Q2 YTD 2020 included a greater degree of overseas tax at higher rates, explaining the change in the effective rate.

*** Excluding exceptional items

† The tax charge for the six months to September 2018 has been restated to £3.4 million from £2.6 million, following the finalisation of the year end position

Exceptional items

A significant level of company and financial restructuring has been achieved within the first six months of the year. During the period to September 2019, the following items have been disclosed as exceptional items:

- Administrative expenses include c. £0.7m of income in relation to the early termination of our sales and marketing arrangement with Iskandar Malaysia Studios, together with a cost of £0.1 million in relation to restructuring initiatives mainly delivered in Q1 2020;
- The loss on disposal of participating interests of £2.3 million relates to the sale of our 40% interest in the Pinewood Atlanta Studios;
- Interest payable and similar charges includes £11.8 million of charges in relation to the refinancing in September 2019. This saw a one-off 'make-whole' payment to the investors of the £250 million 3.75% senior loan notes, together with a write-off in relation to the associated unamortised arrangement fees; and
- A tax credit of £2.5 million in relation to the items above.

The prior year period to September 2018 included restructuring charges net of tax of £0.4 million.

Liquidity and capital resources

Cash flow

The cash balance at 30 September 2019 was £67.5 million compared with a balance of £39.9 million at 31 March 2019 and £56.0 million at 30 September 2018. The movement in cash since 31 March 2019 is attributable to a cash inflow of £27.1 million and a foreign exchange gain on cash balances of £0.5 million.

The YTD cash inflow of £27.1 million at 30 September 2019 compares with an increase in cash of £13.0 million at 30 September 2018. This period-on-period change principally reflects the net proceeds from the refinancing in September 2019, the receipt of £12.1m proceeds from the sale of our 40% share of the Pinewood Atlanta Studios, a £4.7 million improvement in cash flow from operating activity before changes in working capital, offset by increased capital expenditure as the Group continues the strategic improvement and expansion of its Pinewood studios and the non-recurrence in working capital benefits received in the six months to 30 September 2018.

Net cash inflow from operating activities

Net cash flow from operating activities decreased by £17.3 million to £5.1 million (Q2 YTD 2019: £22.4m). Whilst cash flow from operations before changes in working capital improved by £4.7 million principally due to the trading at the UK studios, there has been a £9.2 million change in working capital caused by the timing of receipts from some of our leases around the financial year end dates. Q2 YTD 2019 saw the early receipt of amounts totalling c. £10.5 million which were due in April in respect of Q2 YTD 2020.

In addition, £8.9 million was paid at the repayment of the 3.75% senior notes in September 2019, with £5.9 million in relation to the exceptional 'make-whole' payment and £3.0 million in relation to interest due on the notes to 24 September 2019. Finally, net corporation tax paid has increased period on period by £3.7 million, following the start of the revised HMRC payment schedule which sees two additional scheduled payments being made in the first half of the year.

Net cash outflow from investing activities

Net cash outflow from investing activities was £24.4 million compared with £8.3 million in Q2 YTD 2019. This increase was mainly due to an increase in capital expenditure of £30.1 million, principally in relation to the development of Pinewood East Phase II together with the Group's real estate optimisation activities, offset by £12.1 million received for the sale of Pinewood's share in the Atlanta joint venture.

Net cash flow from financing

Net cash inflow from financing was £46.5 million (Q2 YTD 2019: outflow £1.1 million). The period-on-period movement reflects the net proceeds from the refinancing, before the exceptional 'make-whole' payment of £5.9 million and £3.0 million in relation to interest due on the notes to 24 September 2019, which are both reflected within net cash flow from investing activities.

Pinewood Group Limited

Interim condensed consolidated financial statements

Period ended 30 September 2019

Company Registration Number: 03889552

Pinewood Group Limited

Condensed Group Statement of Comprehensive Income
for the six months to 30 September 2019

	Notes	**6 month period ended 30 Sep 2019** Before Exceptional items £'000	Exceptional items (Note 1) £'000	Total £'000	6 month period ended 30 Sep 2018 Before Exceptional items £'000	Exceptional items (Note 1) £'000	Total £'000	Year ended 31 March 2019 £'000
Turnover		**46,911**	**-**	**46,911**	43,184	-	43,184	85,928
Cost of sales		**(19,349)**	**-**	**(19,349)**	(21,035)	-	(21,035)	(40,956)
Gross profit		**27,562**	**-**	**27,562**	22,149		22,149	44,972
Distribution costs		**(1,101)**	**-**	**(1,101)**	(757)	-	(757)	(1,717)
Administrative expenses		**(3,900)**	**583**	**(3,317)**	(3,052)	(523)	(3,575)	(8,261)
Operating profit / (loss)	2	**22,561**	**583**	**23,144**	18,340	(523)	17,817	34,994
Loss on disposal of participating interests		**-**	**(2,304)**	(2,304)	-	-	-	-
Income from participating interests		**57**	**-**	57	(1,133)	-	(1,133)	(1,414)
Interest receivable and similar income	3	**2,900**	**-**	**2,900**	3,115	-	3,115	5,679
Interest payable and similar charges	4	**(6,454)**	**(11,808)**	**(18,262)**	(5,744)	-	(5,744)	(11,879)
Profit / (loss) before taxation		**19,064**	**(13,529)**	**5,535**	14,578	(523)	14,055	27,380
Tax (charge) / credit	5	**(4,609)**	**2,546**	**(2,063)**	(3,449)	99	(3,350)	(6,059)
Profit / (loss) after taxation		**14,455**	**(10,983)**	**3,472**	11,129	(424)	10,705	21,321
Other comprehensive income								
Exchange differences on translation of foreign operations on consolidation		**1,191**	**-**	**1,191**	908	**-**	908	809
Total comprehensive income for the period		**15,646**	**(10,983)**	**4,663**	12,037	(424)	11,613	22,130

The notes on pages 5 to 11 form part of these financial statements.

Pinewood Group Limited

Condensed Group Statement of Financial Position
as at 30 September 2019

	Notes	**30 Sep 2019 £'000**	30 Sep 2018 £'000	31 Mar 2019 £'000
Assets				
Non-current assets				
Intangible assets	6	**5,184**	3,641	4,622
Property, plant and equipment	7	**296,027**	238,509	266,876
Interests in joint ventures		**-**	12,519	13,308
Other investments	8	**1,680**	1,680	1,680
Trade and other receivables	9	**312,113**	131,680	134,369
		615,004	388,029	420,855
Current assets				
Inventories		**63**	52	36
Trade and other receivables	9	**16,309**	10,944	14,156
Cash and cash equivalents	10	**67,523**	56,042	39,914
		83,895	67,038	54,106
Total assets		**698,899**	455,067	474,961
Equity and liabilities				
Share capital	11	**1**	5,741	5,741
Share premium	12	**-**	76,696	76,696
Capital redemption reserve	12	**-**	135	135
Merger reserve	12	**-**	348	348
Translation reserve	12	**2,786**	1,694	1,595
Retained earnings		**97,989**	75,982	86,598
Total equity		**100,776**	160,596	171,113
Non-current liabilities				
Interest-bearing loans and borrowings	14	**543,855**	246,567	246,677
Derivative financial instruments	15	**2,818**	1,481	2,206
Deferred tax liabilities	5	**3,182**	3,179	3,233
		549,855	251,227	252,116
Current liabilities				
Interest-bearing loans and borrowings	14	**48**	-	171
Trade and other payables	16	**48,220**	43,244	51,561
		48,268	43,244	51,732
Total liabilities		**598,123**	294,471	303,848
Total equity and liabilities		**698,899**	455,067	474,961

The notes on pages 5 to 11 form part of these financial statements.

Pinewood Group Limited

Condensed Group Statement of Cash Flows

for the six months to 30 September 2019

	Notes	**6 month period ended 30 Sep 2019 £'000**	6 month period ended 30 Sep 2018 £'000	Year ended 31 Mar 2019 £'000
Cash flow from operating activities:				
Profit on ordinary activities before taxation		**5,535**	**14,055**	**27,380**
Adjustments to reconcile profit on ordinary activities before taxation to net cash flows:				
Depreciation, impairment and amortisation		**4,740**	4,589	9,267
Loss on disposal of joint ventures		**2,304**	-	-
Loss on disposal of property, plant and equipment		**-**	805	952
(Profit)/loss from participating interests		**(57)**	1,133	1,414
Interest receivable and similar income	3	**(2,900)**	(3,115)	(5,679)
Interest payable and similar charges	4	**18,262**	5,744	11,879
Cash flow from operating activities before changes in working capital		**27,884**	23,211	45,213
(Increase)/decrease in trade and other receivables		**(1,832)**	15,993	12,066
(Increase)/decrease in inventories		**(27)**	15	25
Decrease in trade and other payables		**(3,296)**	(11,982)	(4,556)
Cash generated from operations		**22,729**	27,237	52,748
Interest paid		**(14,034)**	(4,966)	(10,171)
Interest received		**23**	57	732
Corporation tax received		**316**	847	901
Corporation tax paid		**(3,948)**	(814)	(4,649)
Net cash flow from operating activities		**5,086**	22,361	39,561
Cash flow used in investing activities:				
Proceeds from disposal of joint ventures		**12,069**	-	-
Proceeds from disposal of property, plant and equipment		**-**	-	48
Purchase of property, plant and equipment		**(35,654)**	(6,371)	(37,925)
Purchase of intangible assets		**(845)**	-	(1,258)
Investment in joint ventures		**-**	(1,901)	(2,942)
Net cash flow used in investing activities		**(24,430)**	(8,272)	(42,077)
Cash flow from financing activities:				
Dividends paid		**(75,000)**	-	-
Repayment of asset financing obligations		**(124)**	(360)	(613)
Loan made to parent undertaking		**(175,000)**	-	-
Repayment of loan notes		**(250,000)**	-	-
Proceeds from Issue of loan notes net of fees		**546,613**	(730)	-
Net cash flow from financing activities		**46,489**	(1,090)	(613)
Net increase/(decrease) in cash and cash equivalents		**27,145**	12,999	(3,129)
Foreign exchange movement		**464**	-	-
Cash and cash equivalents at the start of the period		**39,914**	43,043	43,043
Cash and cash equivalents at the end of the period	10	**67,523**	56,042	39,914

The notes on pages 5 to 11 form part of these financial statements.

Pinewood Group Limited

Condensed Reconciliation of Movement in Net Debt
for the six months to 30 September 2019

	6 month period ended 30 Sep 2019 £'000	6 month period ended 30 Sep 2018 £'000	Year ended 31 Mar 2019 £'000
Increase / (decrease) in cash and cash equivalents	**27,145**	12,999	(3,129)
Foreign exchange movement	**464**	-	-
Repayments of loan notes	**250,000**	-	-
Payment of interest on loan notes	**7,656**	-	9,063
Loss on extinguishment of loan notes and facilities	**(5,919)**	-	-
Proceeds from issue of loan notes net of fees paid	**(546,613)**	-	-
Repayments of asset financing obligations	**124**	360	553
Loan issue costs and finance fees accrued	**3,013**	-	-
Amortisation of secured loan arrangement costs	-	-	(14)
Interest expense on loan notes	**(5,317)**	(804)	(10,327)
Movement in net debt	**(269,447)**	12,555	(3,854)
Net debt at the start of the period	**(206,934)**	(203,080)	(203,080)
Net debt at the end of the period	**(476,381)**	(190,525)	(206,934)
Net debt at end of period excluding restricted cash	**(476,435)**	(191,747)	(207,044)

Condensed Group Statement of Changes in Equity
for the six months to 30 September 2019

	Share capital £'000	**Share premium £'000**	**Translation reserve £'000**	**Other reserves £'000**	**Retained earnings £'000**	**Total equity £'000**
At 01 April 2018	5,741	76,696	786	483	65,277	148,983
Profit for the year	-	-	-	-	21,321	21,321
Translation reserve movement	-	-	809	-	-	809
Total comprehensive income for the year	-	-	809	-	21,321	22,130
At 31 March 2019	5,741	76,696	1,595	483	86,598	171,113
At 01 April 2019	5,741	76,696	1,595	483	86,598	171,113
Profit for the period	-	-	-	-	3,472	3,472
Translation reserve movement	-	-	1,191	-	-	1,191
Total comprehensive income for the period	-	-	1,191	-	3,472	4,663
Dividends	-	-	-	-	(75,000)	(75,000)
Reduction in share capital	(5,740)		-	-	5,740	-
Cancellation of share premium account	-	(76,696)	-	-	76,696	-
Shares issued and allotted as bonus shares	204,183	-	-	(483)	(203,700)	-
Cancellation of bonus shares	(204,183)	-	-	-	204,183	-
	(5,740)	(76,696)	-	(483)	7,919	(75,000)
At 30 September 2019	**1**	**-**	**2,786**	**-**	**97,989**	**100,776**
At 01 April 2018	5,741	76,696	786	483	65,277	148,983
Profit for the period	-	-	-	-	10,705	10,705
Translation reserve movement	-	-	908	-	-	908
Total comprehensive income for the period	-	-	908	-	10,705	11,613
At 30 September 2018	5,741	76,696	1,694	483	75,982	160,596

The notes on pages 5 to 11 form part of these financial statements.

Pinewood Group Limited

Notes to the Condensed Consolidated Financial Statements
for the six months to 30 September 2019

1 Exceptional items	**6 month period ended 30 Sep 2019 £'000**	6 month period ended 30 Sep 2018 £'000	Year ended 31 March 2019 £'000
Administration costs:			
Restructuring costs	(84)	(523)	(873)
Termination of agreement with Pinewood Iskandar Malaysia Studios	667	-	-
	583	(523)	(873)
Loss on disposal of joint ventures	(2,304)	-	-
Interest payable and similar charges:			
Settlement payment due on bond redemption	(5,889)	-	-
Loss on extinguishment of loan notes and facilities	(5,919)	-	-
	(11,808)	-	-
Tax credit on exceptional items	2,546	99	165
	(10,983)	**(424)**	**(708)**

Administration costs
Administration costs in the current period include business restructuring charges of £84k. Costs of £873k and £523k were incurred in the prior year to March 2019 and 6 months to September 2018 respectively in relation to streamlining and changes to the management structure.

In July 2019, the Group announced that its collaboration with Pinewood Iskandar Malaysia Studios ended by mutual agreement. The early termination of this agreement resulted in a receipt of £667k, net of costs, which was credited to the income statement in the 6 months to September 2019.

Loss on disposal of joint ventures
In August 2019, the Group completed the sale of its equity investment in Pinewood Atlanta Studios to its joint venture partner for proceeds, net of costs, of 12,069k, recording a loss on disposal of £2,304k.

Interest payable and similar charges
In September 2019, the Group issued £550 million aggregate principal amount of 3.25% Senior Secured Notes due 2025 and agreed an extended revolving credit faculty. Part of the proceeds from the issue was used to fully redeem the Group's previous £250 million 3.75% Senior Secure Notes due 2023. The early redemption of the previous loan notes included a "make-whole" payment of £5.9 million to the bondholders. In addition, the derecognition of the previous loan notes and facility fees held at amortised cost resulted in an extinguishment charge of £5.9 million. Both the make-whole payment and extinguishment charge have been presented as exceptional items within interest payable and other charges.

2 Operating profit	**6 month period ended 30 Sep 2019 £'000**	6 month period ended 30 Sep 2018 £'000	Year ended 31 March 2019 £'000
Operating profit is stated after charging/(crediting):			
Depreciation of property, plant and equipment	**4,457**	4,315	8,707
Loss on disposal of property, plant and equipment	-	805	952
Operating lease payments	**515**	470	957
Amortisation of goodwill	**283**	283	560
Net foreign exchange gains	**(13)**	(13)	(97)

Depreciation is included within cost of sales and amortisation of goodwill is included in administrative expenses in the Statement of Comprehensive Income.

3 Interest receivable and similar income

	6 month period ended 30 Sep 2019 £'000	6 month period ended 30 Sep 2018 £'000	Year ended 31 March 2019 £'000
On financial assets measured at amortised cost:			
Interest receivable from joint ventures	**13**	12	24
Loan interest receivable	**2,744**	2,747	5,325
Bank interest receivable	**23**	57	102
	2,780	2,816	5,451
On financial assets measured at fair value:			
Fair value movements of derivative financial instruments	**-**	299	-
Loan interest receivable	**120**	-	228
	2,900	3,115	5,679

Pinewood Group Limited

Notes to the Condensed Consolidated Financial Statements (continued)
for the six months to 30 September 2019

4 Interest payable and similar charges

	6 month period ended 30 Sep 2019 £'000	6 month period ended 30 Sep 2018 £'000	Year ended 31 March 2019 £'000
On financial instruments measured at amortised cost:			
Bank loan and overdraft interest	**199**	189	383
Loan note interest	**5,317**	5,179	10,346
Loss on extinguishment of loan notes and facilities	**11,808**	-	-
	17,324	5,368	10,729
On financial instruments measured at fair value:			
Interest rate hedging	**292**	343	639
Fair value movements of derivative financial instruments	**612**	-	425
	904	343	1,064
Not on financial instruments:			
Finance lease interest	**25**	33	60
Other interest paid	**9**	-	26
	34	33	86
	18,262	5,744	11,879

5 Tax on profit on ordinary activities

(a) Analysis of charge for the year:	**6 month period ended 30 Sep 2019 £'000**	6 month period ended 30 Sep 2018 £'000	Year ended 31 March 2019 £'000
Current tax:			
UK corporation tax charge	**997**	2,735	5,326
Amounts payable for Group tax loss relief	**510**	524	1,020
Foreign corporation tax	**618**	18	36
Foreign tax suffered	**19**	42	81
UK film tax relief	**-**	(7)	(14)
Double taxation credit	**(14)**	(26)	(50)
Amounts over provided in previous years	**-**	-	(415)
	2,130	3,286	5,984
Deferred tax:			
Relating to origination and reversal of temporary differences	**(67)**	64	124
Amounts over provided in previous years	**-**	-	(49)
	(67)	64	75
Tax charge in the Group income statement	**2,063**	3,350	6,059

b) Reconciliation of the total tax charge

Accounting profit before corporation tax	**5,535**	14,055	27,380
Profit on ordinary activities multiplied by UK rate of 19%	**1,052**	2,670	5,202
Adjustments in respect of:			
Corporation tax over provided in previous years	**-**	-	(442)
Film tax credit	**-**	(7)	(14)
Deferred tax over provided in previous years	**-**	-	(49)
Non allowable depreciation on buildings	**338**	326	635
Loss on disposal of ineligible assets	**55**	-	-
Other non allowable expenses	**422**	170	332
Unrelieved tax losses and other deductions arising	**-**	266	545
Overseas tax at higher rate	**202**	(60)	(116)
Benefit of losses arising in Picture HoldCo Limited	**(510)**	(524)	(1,020)
Amounts payable for group tax losses	**510**	524	1,020
Effect of rate change on provision for deferred taxation	**8**	(5)	(9)
Double tax relief	**(14)**	(26)	(50)
Other adjustments	**-**	16	25
Corporation tax expense reported in the Group income statement	**2,063**	3,350	6,059

c) Deferred tax	**Opening balance 01 April 2018 £'000**	**Charged to Income Statement £'000**	**Closing balance 30 Sep 2018 £'000**
Accelerated capital allowances	3,676	64	3,740
Short-term temporary differences	(896)	-	(896)
Fair value adjustment on stepped acquisition	335	-	335
Net deferred tax liability	3,115	64	3,179

	Opening balance 01 April 2019 £'000	**Credited to Income Statement £'000**	**Forex £'000**	**Closing balance 30 Sep 2019 £'000**
Accelerated capital allowances	3,751	(67)	16	3,700
Short-term temporary differences	(853)	-	-	(853)
Fair value adjustment on stepped acquisition	335	-	-	335
Net deferred tax liability	**3,233**	**(67)**	**16**	**3,182**

6 Intangible assets

	Software £'000	Goodwill £'000	Total £'000
Cost			
At 31 March 2018	-	5,604	5,604
Additions	-	-	-
At 30 September 2018	**-**	**5,604**	**5,604**
Additions	1,258	-	1,258
At 31 March 2019	**1,258**	**5,604**	**6,862**
Additions	845	-	845
At 30 September 2019	**2,103**	**5,604**	**7,707**
Amortisation			
At 31 March 2018	-	1,680	1,680
Provided during the period	-	283	283
At 30 September 2018	**-**	**1,963**	**1,963**
Provided during the period	-	277	277
At 31 March 2019	**-**	**2,240**	**2,240**
Provided during the period	-	283	283
At 30 September 2019	**-**	**2,523**	**2,523**
Net book value			
At 30 September 2019	2,103	3,081	5,184
At 31 March 2019	1,258	3,364	4,622
At 30 September 2018	-	3,641	3,641
At 31 March 2018	-	3,924	3,924

Goodwill has been acquired through business combinations.

Following a review for indicators of impairment at the reporting date, it was determined that there were no indicators that the carrying value exceeded the recoverable amount.

Software relates to an asset under the course of construction and as such is not being amortised.

7 Property, plant and equipment

	Freehold land and buildings £'000	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Assets under construction £'000	Total £'000
Cost					
At 31 March 2018	262,969	179	44,831	1,303	309,282
Additions	3,699	-	1,352	5,177	10,228
Disposals	(1,024)	-	(378)	-	(1,402)
At 30 September 2018	**265,644**	**179**	**45,805**	**6,480**	**318,108**
Additions	7,356	-	816	24,742	32,914
Reclassification	(13)	-	-	13	-
Disposals	(9)	(179)	-	-	(188)
At 31 March 2019	**272,978**	**-**	**46,621**	**31,235**	**350,834**
Additions	1,880	-	1,386	30,342	33,608
Disposals	-	-	(19)	-	(19)
At 30 September 2019	**274,858**	**-**	**47,988**	**61,577**	**384,423**
Depreciation					
At 31 March 2018	44,730	26	31,085	-	75,841
Provided during the period	3,051	4	1,260	-	4,315
Disposals	(353)	-	(204)	-	(557)
At 30 September 2018	**47,428**	**30**	**32,141**	**-**	**79,599**
Provided during the period	3,073	2	1,317	-	4,392
Disposals	(1)	(32)	-	-	(33)
At 31 March 2019	**50,500**	**-**	**33,458**	**-**	**83,958**
Provided during the period	3,080	-	1,377	-	4,457
Disposals	-	-	(19)	-	(19)
At 30 September 2019	**53,580**	**-**	**34,816**	**-**	**88,396**
Net book value					
At 30 September 2019	221,278	-	13,172	61,577	296,027
At 30 March 2019	222,478	-	13,163	31,235	266,876
At 30 September 2018	218,216	149	13,664	6,480	238,509
At 31 March 2018	218,239	153	13,746	1,303	233,441

Assets under construction at 30 September 2019, 2018 and 31 March 2019 relate to costs capitalised in respect of the development of Pinewood East and real estate optimisation activity. These are not depreciated until the development is available for use. Phase One of Pinewood East became operational on 30 June 2016.

The Group's long-term loan is secured by a floating charge over the Group's assets.

Included within Fixtures, fittings and equipment at 30 September 2019 are assets held under finance leases with a net book value of £806,731 (2018: £2,514,469) and depreciation charged in the period of £117,803 (2018: £219,912).

8 Other investments

	£'000
At 30 September 2018, 31 March 2019 and 30 September 2019	1,680
Fair value	
At 30 September 2018, 31 March 2019 and 30 September 2019	1,680

Company name	**Principal Activity**	**Country of incorporation**	**% equity interest**
PMBS Holding Limited	Holding company	United Kingdom	15.0%
POP Global Limited	Film IT services	United Kingdom	12.5%

PMBS Holding Limited owns 100% of Pinewood MBS Lighting Limited, a company that has an exclusive agreement to provide lighting facilities at the Group's UK facilities.

The registered office of PMBS Holding Limited is: Pinewood Studios, Pinewood Road, Iver Heath, Buckinghamshire, SL0 0NH.

The registered office of POP Global Limited is: Tea Building, 56 Shoreditch High Street, London, E1 6JJ.

9 Trade and other receivables

	6 month period ended 30 Sep 2019 £'000	6 month period ended 30 Sep 2018 £'000	Year ended 31 March 2019 £'000
Amounts falling due within one year:			
Trade receivables - Media services	**7,771**	5,233	9,096
Trade receivables - Film production companies	**-**	34	109
Prepayments and other receivables	**6,172**	2,980	2,615
Loan notes receivable	**2,366**	2,697	2,336
	16,309	10,944	14,156
Amounts falling due after more than one year:			
Loans due from parent undertakings	**312,113**	131,680	134,369
	312,113	131,680	134,369
	328,422	142,624	148,525

Loan notes receivable of £2,366,000 (30 September 2018: £2,697,000) are due for repayment by 1 January 2025. Interest, which is rolled up, is charged at 8% and is receivable in June and December each year.

At 30 September 2019, trade receivables are stated net of a provision of £230,000 (2018: £572,000) for bad debts. In the six months ended 30 September 2019 a net amount of £377,000 (2018: £44,000) was credited to administrative expenses within the income statement in respect of bad debts, primarily attributable to the receipt of cash associated with amounts previously provided..

In September 2019, the Company used part of the proceeds from the issue of 3.25% Senior Secured Notes to advance an additional £175 million to its parent undertaking under a new loan agreement. Loans due from parent undertakings are due for repayment in September 2025 (2018: December 2023) and carry interest charged at 3.55% (2018: 4.05%).

10 Cash and cash equivalents

Included within the cash and cash equivalents balance per the statement of financial position at the reporting date 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.

	30 Sep 2019 £'000	30 Sep 2018 £'000	31 Mar 2019 £'000
Cash available for general use	**67,469**	54,820	39,804
Restricted cash and cash equivalents	**54**	1,222	110
Net cash and cash equivalents	**67,523**	56,042	39,914

11 Share capital

Issued, called up and fully paid	**30 Sep 2019 £'000**	30 Sep 2018 £'000	31 Mar 2019 £'000
57,409,926 Ordinary shares of 0.001p each (2018: 57,409,926 Ordinary shares of 10p each)	**1**	5,741	5,741

In order to increase distributable reserves, in September 2019 the Company completed a reduction of its share capital whereby (i) the entire amount of the Company's share premium account was cancelled and credited to Retained earnings, (ii) 20,436,072,037,040 ordinary shares which were issued by way of a bonus issue, part of which was used to capitalise the Company's Merger and Capital redemption reserve, were cancelled and (iii) the nominal value of each ordinary share was reduced from 10p to 0.001p.

The Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

12 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs. The share premium reserve was cancelled in full in September 2019.

Other reserves

Other reserves represent Capital redemption reserve £135,000 and Merger reserve £348,000. Both reserves were utilised in full through the issue of bonus shares in September 2019.

Translation reserve

Cumulative effect of the effect of foreign currency translation of operations with a functional currency other than Sterling in line with the Group's foreign currency translation accounting policy.

Retained earnings

Cumulative profit and loss net of distributions to owners.

13 Dividends

	6 month period ended 30 Sep 2019 £'000	6 month period ended 30 Sep 2018 £'000	Year ended 31 March 2019 £'000
2019 Interim dividend paid at 130.64p per share (2018: nil)	75,000	-	-

14 Interest bearing loans and borrowings

		Maturity	**30 Sep 2019 £'000**	30 Sep 2018 £'000	31 Mar 2019 £'000
Current borrowings					
Asset financing			**48**	-	171
Non-current borrowings					
Revolving credit facility	(i)	March 2025	**-**	-	-
Asset financing		November 2019	**-**	364	-
3.75% Senior Secured Notes	(ii)	December 2023	**-**	247,485	247,945
3.25% Senior Secured Notes	(iii)	September 2025	**543,855**	-	-
Non-current drawn loan facilities			**543,855**	247,849	247,945
Secured bank loan arrangement costs			**-**	(1,282)	(1,268)
			543,855	246,567	246,677
Total current and non-current interest-bearing loans and borrowings			**543,903**	246,567	246,848

The effective interest rates of the above loans and borrowings are: (i) Revolving credit facility - LIBOR plus variable margin; (ii) 3.75% Senior Secured Notes - 4.28%; (iii) 3.25% Senior Secured Notes - 3.49%.

In September 2019, the Group announced it had priced an offering of £550 million aggregate principal amount of 3.25% Senior Secured Notes due September 2025. The proceeds of the offering were received on 25 September 2019 and were used to fully redeem the Group's existing £250 million 3.75% Senior Secured Notes due December 2023, make a loan and dividend distribution to the Pinewood Group parent company and pay certain fees and expenses connected with the offering. The Group's super senior revolving credit facility of £50 million was also extended from May 2023 to March 2025.

On redemption of the Group's existing £250 million 3.75% Senior Secured Notes and amendment of the revolving credit facility, an extinguishment charge of £5.9 million was recorded in the income statement and presented within finance costs. Directly attributable costs of £6.4 million were recognised at the inception of the £550 million 3.25% Senior Secured Notes and are being amortised as part of the effective interest rate method in accordance with the Group's accounting policy. In addition, costs incurred of £652k associated with the arrangement of the super senior revolving credit facility are presented within trade and other receivables and are being amortised on a straight line basis. Previously, bank loan arrangement costs were presented within loans and borrowings.

These facilities are secured on certain of the principal assets of the Group.

Asset financing facility

The asset financing facility comprises of both a sterling chattel mortgage facility and a finance lease facility which are over a fixed term with fixed monthly payments and are secured over identifiable assets of an equal value. These assets are classified as 'Fixtures, fittings and equipment' within 'Property, plant and equipment' in the statement of financial position.

14 Interest bearing loans and borrowings (continued)

Borrowing facilities
The available but undrawn committed facilities are as follows:

At 30 September 2019	**Within 1 year £'000**	**1-4 years £'000**	**5+ years £'000**	**Total £'000**
Facilities:				
Bank overdraft	-	-	-	-
Revolving credit facility	-	-	50,000	50,000
Development facility	-	-	-	-
Asset financing facility	48	-	-	48
Loan notes	-	-	550,000	550,000
Total facilities	48	-	600,000	600,048
Drawn loans:				
Bank overdraft	-	-	-	-
Revolving credit facility	-	-	-	-
Development facility	-	-	-	-
Asset financing facility	(48)	-	-	(48)
Loan notes	-	-	(550,000)	(550,000)
Total drawn loans	(48)	-	(550,000)	(550,048)
Undrawn facilities:				
Bank overdraft	-	-	-	-
Revolving credit facility	-	-	50,000	50,000
Asset financing facility	-	-	-	-
Loan notes	-	-	-	-
Undrawn committed facilities	-	-	50,000	50,000

At 30 September 2018	**Within 1 year £'000**	**1-4 years £'000**	**5+ years £'000**	**Total £'000**
Facilities:				
Bank overdraft	-	-	-	-
Revolving credit facility	-	50,000	-	50,000
Development facility	-	-	-	-
Asset financing facility	-	364	-	364
Loan notes	-	-	250,000	250,000
Total facilities	-	50,364	250,000	300,364
Drawn loans:				
Bank overdraft	-	-	-	-
Revolving credit facility	-	-	-	-
Development facility	-	-	-	-
Asset financing facility	-	(364)	-	(364)
Loan notes	-	-	(250,000)	(250,000)
Total drawn loans	-	(364)	(250,000)	(250,364)
Undrawn facilities:				
Bank overdraft	-	-	-	-
Revolving credit facility	-	50,000	-	50,000
Asset financing facility	-	-	-	-
Loan notes	-	-	-	-
Undrawn committed facilities	-	50,000	-	50,000

15 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 receivable and similar income or interest payable and similar charges as appropriate.

	Maturity	**30 Sep 2019 £'000**	30 Sep 2018 £'000	31 Mar 2019 £'000
Financial liabilities carried at fair value:				
Non-current derivative financial instrument liabilities		**2,818**	1,481	2,206
		2,818	1,481	2,206

Interest rate swaps

To minimise the volatility in cash flows from a change in LIBOR, the Group held interest rate swaps designated as hedges against drawn debt obligations as detailed below.

	Maturity	**30 Sep 2019 £'000**	30 Sep 2018 £'000	31 Mar 2019 £'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
		50,000	50,000	50,000

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 interest swap finance costs are charged to the income statement when the swap is payable. The swaps are payable on a quarterly basis.

Notes to the Condensed Consolidated Financial Statements (continued)
for the six months to 30 September 2019

16 Trade and other payables

	30 Sep 2019	30 Sep 2018	31 Mar 2019
	£'000	£'000	£'000
Trade payables - Media services	**4,352**	2,098	2,048
Trade payables - Film production companies	**98**	1,739	517
Corporation tax payable	**131**	4,063	1,967
Value added tax	**-**	617	1,385
Other payables	**4,625**	889	635
Accruals	**3,834**	4,310	4,807
Amounts due to parent company	**4,078**	3,080	4,078
Capital expenditure related payables	**7,870**	7,647	9,753
Deferred royalty	**674**	652	669
Deferred income - Media services	**22,521**	18,149	25,665
Deferred income - Film production companies	**37**	-	37
	48,220	43,244	51,561

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

At 30 September 2019, the Group had total capital commitments contracted for, but not provided in the financial statements, of £2,876,000 (2018: £nil) in respect of development expenses arising from Pinewood East and other various projects.

17 Subsequent events
No significant events have occurred after the balance sheet date.

18 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 the year ending 31 March 2019.

An electronic version of the Annual Report and accounts can be obtained from Companies House.