



Pinewood Shepperton plc

Interim Results for the Six Months Ended 30 June 2010

Pinewood Shepperton plc (the "Company"), a leading provider of services to the global film and television industry, today announces interim results which reflect a resilient performance attributable in part to its ability to be flexible in the use of its studio assets to meet market demand.

Overview

- Revenue £19.0m (2009: £20.3m)
- Operating profit before exceptional items £2.9m (2009: £3.3m)
- Operating profit £3.2m (2009: £3.3m)
- Basic earnings per share of 2.7p (2009: 2.9p)
- Diluted earnings per share of 2.6p (2009: 2.8p)
- Increased interim dividend 1.10p (2009: 1.05p)
- Strong demand for its flexible and unique assets
- Expansion of digital infrastructure and services
- Progress on international initiatives

Commenting on today's results, Ivan Dunleavy, Chief Executive, said:

"Overall revenues for 2010 are anticipated to show strong growth ahead of market expectations. The interim results demonstrate the strength of Pinewood's unique business. We go into the second half in good shape with growing revenues, the result of confirmed film business won in a highly competitive international market."

Notes to Editors:

- Pinewood Shepperton plc is Europe's largest provider of stage and studio space
- The 59,000 sq ft, 007 Stage at Pinewood Studios is one of the largest stages in Europe
- Pinewood, Shepperton and Teddington Studios together accommodate 34 stages, five dedicated digital television studios and five digital presentation studios
- Pinewood Shepperton plc (including Pinewood Toronto Studios, Pinewood Studio Berlin Film Services and the planned Pinewood Iskandar Malaysia Studios) will have 35 television studios and 48 stages when complete
- Pinewood Studios is home to Europe's leading studio-based underwater filming stage, as well as one of the largest exterior water tanks in Europe
- Pinewood and Shepperton Studios have hosted 15 of the all time top 20 UK films at the UK box office
- Pinewood and Shepperton Studios have been home to over 1,500 films in the last 75 years
- Pinewood Shepperton plc has hosted over 600 TV shows

Enquiries:

Pinewood Shepperton plc
Ivan Dunleavy - Chief Executive

+44 (0) 1753 656 183

Brunswick Group LLP
Tom Buchanan / James Olley

+ 44 (0) 20 7404 5959

A presentation of the results will be available at www.pinewoodgroup.com from 10am today.

Operating Review

Company Overview

Since its IPO in 2004, Pinewood Shepperton plc has pursued a clearly defined strategy that integrates its three key business areas.

In film, Pinewood Shepperton aims to capitalise on the strength of its brand by maximising utilisation at its studio sites in the UK and using its developed infrastructure to attract extra business to these sites. The Company is also identifying and taking opportunities to extend the brand to other global locations through joint venture and operating agreements with minimal capital commitment. This has been evidenced so far by three long term agreements with strategic partners in Canada, Malaysia and Germany.

The Company has also developed a leading TV business which provides unique facilities for the production of TV programmes, often utilising its film stage infrastructure to host major TV productions. This gives the Company its competitive edge. Earlier this year, significant television productions were recorded on film stages and a major film is currently using Pinewood Studios' television facilities. Significant revenues now come from TV, fully justifying the Company's strategy to mitigate the unpredictable timing of the commencement of film production. The flexibility of the Company's assets enables it to uniquely manage the mix of film and television business to meet market demand.

The third strand of its business is Media Park. The Company has invested heavily in its Media Park assets to ensure that the studios remain the preferred destination for leading companies in the creative industries. The Company is well placed to take full advantage of its unique property assets, not least because of the existing master planning consents.

Film

The Company welcomes the commitment by the new Government to the UK film industry to maintain the Film Tax Relief and the recognition of the economic benefits, especially inward investment, which the UK film industry brings to the wider economy.

As announced in the Interim Management Statement dated 12 May 2010 a number of production companies delayed the start of principal photography in the final weeks of the first half causing a small shift in comparable film revenues, £10.8m (2009: £11.8m).

The largest production based at the Company's studios during the period was *Hugo Cabret* (GK Films/Sony Pictures). Other productions using Pinewood Shepperton facilities included *John Carter of Mars* (Disney), *Jane Eyre* (Ruby Films), *Clash of the Titans* (Warner Bros) and *Harry Potter and the Deathly Hallows* (Warner Bros).

Following the recent successes of high-profile 3D films such as *Avatar* and *Alice in Wonderland*, a number of other productions, for example *Harry Potter and the Deathly Hallows*, *Hugo Cabret* and *Clash of the Titans* also decided to film in 3D which will extend the productions' use of studio facilities.

During the period the Company has provided digital content services to a number of high profile film and television productions, including *Eagle of the Ninth*, *Never Let Me Go*, *Route Irish*, *The Nutcracker*, *Everybody's Fine* and the fourth television series of *Would I Lie To You*.

Following agreement with StudioCanal in late 2009 to digitise and preserve its extensive library of film and television, audio and picture assets, the Group has completed work on a number of films and television series including *Kind Hearts and Coronets*, *Sharpe*, *The Avengers series 1-4* and the digital cinema re-release of *The Railway Children*.

The Company recently completed the digital restoration of the picture and sound from the 1973 theatrical release *Ladies and Gentlemen: The Rolling Stones* a feature length film scheduled for a digital release in October 2010.

The long term contract with Disney Character Voices International is progressing well. The Company has also provided international language versions to a wide range of other productions, including *How to Train Your Dragon* (Dreamworks) and *Karate Kid* (Sony).

The development of a digital restoration, preservation and archive facility has allowed the Company to expand its digital infrastructure, providing film and television productions and tenants with technology which meets their developing needs. In addition, the recent StudioCanal contract has enabled the Company to offer increased services to clients and tenants.

The Company recently opened its on-site data centre at a cost of £0.3m. Combined with the Sohonet media network, the data centre will provide co-location and hosting services tailored to the requirements of the media and entertainment industries. The data centre adds to the wide range of innovative facilities at the Studios.

These improvements form part of the Company's commitment to upgrade its technical infrastructure and that programme is being delivered on time and on budget.

Television

According to the Public Service Broadcasting (PSB) Annual Report 2010, spend on network programmes across the main five channels and BBC digital channels has continued to fall. The number of programmes/series commissioned by non PSBs for the period, January - June 2010 was also down for the same period in 2009 (*Broadcast Commissioning Index, greenlit programmes/series for Jan-June 2009/2010*). Domestic television production spend was further impacted by the decision of ITV and BBC to finance World Cup programme coverage.

The Company's television revenues for the period were down 6% at £5.1m (2009: £5.5m); reflecting the trend caused by the difficult commissioning environment. This creditable performance is testament to the Company's full service television offering, range of facilities which produce high quality, cost effective solutions and its flexible assets. This continues to prove attractive to broadcasters and programme makers.

The Company benefited from repeat business from *The IT Crowd* (talkbackThames), *My Family* (DTL Entertainment), *Reggie Perrin* (Objective Productions), *Would I Lie To You* (Zeppotron), *New Tricks* (Wall to Wall) and *Dragons Den* (BBC Manchester). It has also attracted new productions such as *Ant and Dec's Push the Button* (Gallowgate), *Episodes* (Hat Trick), *The Whole 19 Yards* (Endemol), *Grandma's House* (Tiger Aspect), *Impressions Show* (BBC Comedy) and *A League of Their Own* (CPL).

The Company has ensured that its film stages and television studios are as flexible as possible and are deployed interchangeably. In the first half of 2010 television productions such as *Ant and Dec's Push the Button* and *The Whole 19 Yards* used large film stages at Pinewood Studios to house elaborate sets and large audiences. Given strong film demand in the second half of 2010 this trend will reverse; TV 1 and TV 2 at Pinewood Studios will be made available to a large film production, demonstrating the value and versatility of the Company's assets.

International

During the last twelve months the Company announced new revenue opportunities in Canada, Malaysia and Germany.

It is anticipated that once fully operational (expected 2013), together with any subsequent initiatives, these will allow the Company to benefit from meaningful incremental revenue streams with low levels of investment.

Media Park

Despite the current challenges to the commercial property market, Media Park revenues have remained stable. Revenues were £3.0m (2009: £3.1m).

Building on the success of its creative cluster, the Company continues to attract new tenants. Despite tough market conditions, occupancy has been sustained at 88% (2009: 90%). The Company has worked constructively with its tenant clients to retain the strength and diversity of its portfolio.

The Company continues to invest in development when pre-let criteria are met and a 10,000 sq ft facility costing £0.7m is now being created for a new tenant, Take 2 Lighting, at Pinewood Studios.

The Company is well placed to take full advantage of any upturn in the commercial property market given its master planning consents. The Company continues to invest in its infrastructure, ensuring it can meet the needs of future businesses that want to relocate into one of the foremost creative clusters in Europe.

The Shepperton Studios Property Partnership established in August 2006 continues to progress.

Project Pinewood

In the current economic climate, groundbreaking initiatives funded by the private sector such as Project *Pinewood* are an increasingly important part of the process of economic recovery. The Company believes that Project *Pinewood* will benefit individuals, the creative industries and more widely, 'UK plc' through job creation, its emphasis on skills and training and access to affordable housing. Project *Pinewood's* green credentials would also enable film and television production to reduce their carbon emissions significantly. Project *Pinewood* is a project of national and regional significance and will be of long term benefit to all stakeholders.

A Public Inquiry concerning the application to register part of the proposed site as a Town or Village Green will commence in September 2010 and the Project *Pinewood* Inquiry will commence in April 2011.

Total costs incurred since the project inception to 30 June 2010 were £5.2m (31 December 2009: £4.8m).

Dividend

The Board has declared an interim dividend for 2010 of 1.10p per share (2009: 1.05p), an increase of 5%. This reflects the Board's on-going confidence in the business and its strategy for growth.

Current Trading and Outlook

The Company has significant visibility for the remainder of 2010, having won a high level of contracted film business in today's very competitive international market. This strong Company performance in film looks set to continue into the beginning of 2011.

Media Park revenues remain robust, with high occupancy levels remaining a key feature.

The television industry has this year been operating in a challenging environment which has resulted in a reduction in spend by most major broadcasters. The Company's revenues from television for 2010 will, therefore, be significantly less than those of last year. However, the ability to interchange the use of facilities means that television studios at Pinewood are currently being utilised for film production, limiting the impact of reduced television revenues.

Overall, total Company revenues for 2010 are now anticipated to exceed market expectations.

Financial Review

The Board use a number of key performance indicators (“KPIs”) to monitor Group performance against budget as well as to measure progress against the Group’s strategic objectives. The KPIs used are revenue, profitability, return on capital employed, cash flow and net debt. These are discussed as part of the following Financial Review for the six month period ended 30 June 2010.

Revenue

Total revenues for the six months ended 30 June 2010 were £19.0m (2009: £20.3m).

Film revenues of £10.8m (2009: £11.8m) reflected the anticipated timing delays of production starts during 2010. Film revenues were generated from services including stages, workshops, wardrobes, dressing rooms, production offices, outdoor filming facilities, ancillary services and digital content services. International Film revenues of £0.3m (2009: nil) were earned from providing international sales and marketing advice.

Television revenues of £5.1m (2009: £5.5m) reflected the difficult commissioning environment. The Group provides dedicated digital television studios on a fully serviced basis which includes contractors, lighting, camera, technical equipment, dressing rooms and production offices, which are priced into the contract in accordance with the requirements of each customer.

Included within Film and Television revenues are revenues generated from digital content services, which covers sound and picture post production, foreign language versioning and archival services. For the six months to 30 June 2010 revenues were £3.0m (2009: £3.0m).

Media Park revenue was £3.0m (2009: £3.1m) including the Group’s 50% interest of £0.4m (2009: £0.4m) from the Shepperton Studios Property Partnership. The tenants are contracted to a range of terms, inclusive of service, utility and facility charges, from six months to fifteen years which supports the sustainability and robustness of Media Park revenues.

Profit performance and earnings per share

Gross profit was £6.8m (2009: £7.2m). Gross margins were maintained at 36% due to increased operational efficiencies and cost control. Operating profit before exceptional items, was £2.9m (2009: £3.3m) at a 15% margin (2009: 16%). Operating profit after exceptional items was £3.2m (2009: £3.3m).

Earnings before exceptional items, interest, tax, depreciation and amortisation were £4.8m (2009: £5.0m). The business operates on negative working capital. Profit before tax was £1.5m (2009: £1.7m) after accounting for exceptional items.

Basic earnings per share were 2.7p (2009: 2.9p). Basic earnings per share, after adjusting for the effects of indexation on the deferred tax provision and exceptional items, were 2.0p (2009: 2.7p). Diluted earnings per share were 2.6p (2009: 2.8p). Diluted earnings per share, after adjusting for the effects of indexation on the deferred tax provision and exceptional items, were 2.0p (2009: 2.6p).

The diluted and weighted average number of shares in issue was 47.8m (2009: 47.5m).

Return on Capital Employed

The Group measures return on capital employed by reference to annualised operating profit, before exceptional items, as a percentage of average capital employed, being total equity plus interest-bearing loans and borrowings, which for the twelve months ended 30 June 2010, was 6.3% (2009: 6.2%).

The company has continued to invest in the business for the long term. Investments include the digital data centre, a 10,000 sq ft pre-let building, together with infrastructure upgrades and the continuing investment in Project *Pinewood*. A number of these projects will not become revenue earning in the short term, however, they represent investment for the future.

Exceptional income

Exceptional income amounted to £0.5m.

The Group negotiated a business rates rebate of £0.4m relating to prior periods.

Following a review of the Total Shareholder Return component of the Group's Long-Term Incentive Plan awards, granted in 2007 and 2008, £0.1m of the IFRS 2 charges to the Group income statement in previous periods were reversed as an exceptional credit in the period.

Exceptional costs

Exceptional costs for the period amounted to £0.2m.

The Group incurred restructuring costs of £0.1m for the period.

Costs relating to the set up of the Group's 50% interest in the Studio Hamburg joint venture of £0.1m incurred during the period have been recognised as an exceptional cost.

Dividend

The Board has declared an interim dividend of 1.10p (2009: 1.05p). The dividend is to be paid on 4 November 2010 to shareholders on the register on 8 October 2010 (ex-dividend date of 6 October 2010).

Cash flow and net debt

The Group generated operating cash flow of £5.0m (2009: £4.8m). After adjusting for movements in working capital, cash generated from operations was £5.5m (2009: £4.9m) from which finance costs of £1.5m (2009: £1.5m) and corporation tax of £0.9m (2009: £0.7m) were paid.

During the period cash outflow on capital expenditure amounted to £2.8m (2009: £2.9m) including £1.9m of capital expenditure payables carried forward from 31 December 2009. The main items were: investment in digital content services £1.0m, lifecycle £1.4m and Project *Pinewood* costs of £0.4m.

Net debt at 30 June 2010 was £46.5m (30 June 2009: £42.4m), which included £12.0m (2009: £11.4m) relating to the Group's 50% interest in the non-recourse Aviva loans to the Shepperton Studios Property Partnership ("SSPP"). Since 31 December 2009 net debt has increased by £0.4m from £46.1m.

The Group has banking facilities of up to £70.0m which comprise a £35.0m revolving credit facility, a £30.0m facility for pre-let development and a £5.0m overdraft facility. These facilities are secured by a floating charge over the Group's assets. The revolving and pre-let development facilities contain no scheduled repayments and mature in August 2013. The £5.0m overdraft facility is available until August 2013 and is subject to an annual review. At the period end £26.0m (2009: £25.0m) of the revolving credit facility and £6.0m (2009: £6.0m) of the pre-let development facility were drawn. The overdraft facility was undrawn at 30 June 2010 and 2009. During the period the Group also completed a further £1.3m of asset financing which now totals £2.1m (2009: £1.0m).

There are a range of covenants appropriate to the revolving credit facility, pre-let development facility and overdraft facility. The Group remains covenant compliant with adequate headroom on all covenants.

In addition to the £70.0m banking facilities there are non-recourse loans and facilities provided to SSPP by our joint venture partner, Aviva, which total £40.0m, of which £24.0m was drawn at the period end. This loan, which is 50% consolidated at £12.0m (2009: £11.4m), is included in the Group's statement of financial position. These facilities are available until 2026 and are covenant free with no scheduled repayments.

Investment property

Investment property is recognised in accordance with IAS 40 as a category within assets in the Group statement of financial position with a carrying cost of £6.3m (30 June 2009: £6.2m).

Capital Commitments

The Group has capital commitments of £3.9m at 30 June 2010 (2009: nil) relating to infrastructure enhancement projects including £3.0m of power upgrade (which will be incurred over the next two years), £0.2m archive facilities and £0.7m media park pre-let development expenditure.

Financial gearing

At 30 June 2010, net debt including the Group's share of the SSPP non-recourse drawn loan was £46.5m (2009: £42.4m), increasing financial gearing, excluding fair value and loan issue costs, to 63.1% (2009: 60.2%).

Finance costs and hedging

Net finance costs were £1.7m (2009: £1.6m). The marginally increased finance costs reflect an increase in the Group's net debt. Interest capitalised during the period on Project *Pinewood* was £0.1m (2009: nil). Net finance costs were covered an overall 1.7 times (2009: 2.0 times) by operating profit before exceptional items for the period.

The Group continued to use interest rate derivatives to manage its interest rate exposure. The Group has a £7.5m hedge with an effective rate of 2.89%, plus a variable margin, that was entered into in April 2009 and expires in July 2013. The Group also has a £15.0m hedge with an effective rate of 5.195%, plus a variable margin, that was entered into in October 2008 and expires in July 2013.

At 30 June 2010, £22.5m (2009: £22.5m) of the Group's facilities were under interest rate swaps and £2.1m (2009: £1.0m) was under a fixed interest rate asset financing facility. At 30 June 2010, 53% (2009: 55%) of the Group's borrowings were at a fixed rate of interest. The Board regularly review the Group's hedging arrangements in place to manage interest rate exposure.

Project *Pinewood*

Included in 'Freehold land', within 'Property, plant and equipment' on the statement of financial position, is £5.2m of costs incurred to 30 June 2010 (2009: £4.0m) in relation to Project *Pinewood*. At 31 December 2009 costs were £4.8m. Capitalisation of costs is based on the Board's judgement that the economic benefits expected from the asset will exceed the carrying value. Costs are reviewed monthly by the Board which is committed to Project *Pinewood* and believes that it is a viable project. Taking into consideration all aspects of the project, the Board views the carrying value of the capitalised costs incurred up to 30 June 2010 to be appropriate.

Taxation

The current corporation tax expense for the period ended 30 June 2010, based on profit before tax of £1.5m, was £0.5m, a current tax rate of 34% (2009: 35%). After adjusting for exceptional items and the effect indexation has on deferred tax, the effective rate was 20% (2009: 19%).

On 22 June 2010, the UK Government announced its intention to reduce the main rate of corporation tax from 28% to 24%. The fall will be phased in over a period of four years with a 1% reduction in the main corporation tax rate for each year starting on 1 April 2011. The Finance (No. 2) Act 2010 enacted on 27 July 2010 included legislation on the initial phase to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. The tax rate change was not substantively enacted at 30 June 2010 therefore the change has not been reflected in the amounts recognised as at that date. It is expected that the proposed rate changes will have an effect of reducing the net UK deferred tax position recognised at 30 June 2010 by approximately £0.2m.

Going Concern

In assessing the going concern basis, the Directors considered: the Group's business activities, the financial position of the Group and the Group's financial risk management objectives and policies. The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing these interim financial statements.

Patrick Garner FCA

Finance Director

Independent review report to the members of Pinewood Shepperton plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2010 which comprises the Interim consolidated income statement, Interim consolidated statement of comprehensive income, Interim consolidated statement of financial position, Interim consolidated cash flow statement, Interim consolidated reconciliation of movement in net debt, Interim statement of changes in equity, and the related notes 1 to 15. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements. This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP

London

24 August 2010

**Interim consolidated income statement
for the six months ended 30 June 2010**

	Notes	Six months ended 30 June 2010 Unaudited £000	Six months ended 30 June 2009 Unaudited £000	Year ended 31 December 2009 Audited £000
Revenue				
Rendering of services	3	18,987	20,336	40,321
Cost of sales		(12,228)	(13,114)	(24,742)
Gross profit		6,759	7,222	15,579
Selling and distribution expenses		(744)	(860)	(1,573)
Administrative expenses		(3,136)	(3,089)	(6,337)
Operating profit before exceptional items		2,879	3,273	7,669
Exceptional income	4	544	439	804
Exceptional costs	5	(223)	(425)	(851)
Operating profit		3,200	3,287	7,622
Finance costs		(1,666)	(1,629)	(3,171)
Profit before tax		1,534	1,658	4,451
Current tax expense		(514)	(587)	(955)
Deferred tax credit		162	203	115
Effect of indexation on deferred tax provision		41	66	571
Total corporation tax expense		(311)	(318)	(269)
Profit for the period		1,223	1,340	4,182
Attributable to:				
Equity holders of the parent		1,223	1,340	4,182
Earnings per share				
- basic for result for the period	6	2.7p	2.9p	9.1p
- diluted for result for the period	6	2.6p	2.8p	8.8p

**Interim consolidated statement of comprehensive income
for the six months ended 30 June 2010**

	Six months ended 30 June 2010 Unaudited £000	Six months ended 30 June 2009 Unaudited £000	Year ended 31 December 2009 Audited £000
Profit for the period	1,223	1,340	4,182
Net (loss)/gain on cash flow hedges	(1,037)	64	(672)
Transfer of cash flow hedge interest to income statement	423	316	757
Taxation	172	(106)	(24)
Other comprehensive (loss)/gain for the period, net of tax	(442)	274	61
Total comprehensive income for the period, net of tax	781	1,614	4,243
Attributable to:			
Equity holders of the parent	781	1,614	4,243

**Interim consolidated statement of financial position
at 30 June 2010**

	Notes	As at 30 June 2010 Unaudited £000	As at 30 June 2009 Unaudited £000	As at 31 December 2009 Audited £000
Assets				
Non-current assets				
Property, plant and equipment	8	112,355	111,138	112,570
Investment property	9	6,339	6,157	6,342
Intangible assets	7	5,604	5,604	5,604
		124,298	122,899	124,516
Current assets				
Inventories		523	483	337
Trade and other receivables		6,620	3,935	2,424
Prepayments		1,820	2,947	2,771
Cash		498	733	-
		9,461	8,098	5,532
Total assets		133,759	130,997	130,048
Equity and liabilities				
Equity attributable to equity holders of parent				
Share capital		4,623	4,594	4,610
Share premium		43,692	43,692	43,692
Capital redemption reserve		135	135	135
Merger reserve		348	348	348
Fair value of cash flow hedge	11	(1,369)	(714)	(927)
Retained earnings		24,848	22,723	24,692
Total equity		72,277	70,778	72,550
Non-current liabilities				
Interest-bearing loans and borrowings		47,044	43,157	45,149
Deferred tax liabilities		1,505	2,395	1,894
		48,549	45,552	47,043
Current liabilities				
Trade and other payables		12,310	13,224	8,548
Interest-bearing loans and borrowings		-	-	944
Tax payable		623	1,443	963
		12,933	14,667	10,455
Total liabilities		61,482	60,219	57,498
Total equity and liabilities		133,759	130,997	130,048

The financial statements were approved by the Board of Directors on 24 August 2010 and are signed on its behalf by:

Patrick Garner FCA
Finance Director

**Interim consolidated cash flow statement
for the six months ended 30 June 2010**

	Six months ended 30 June 2010 Unaudited £000	Six months ended 30 June 2009 Unaudited £000	Year ended 31 December 2009 Audited £000
Cash flow from operating activities			
Profit before tax	1,534	1,658	4,451
<i>Adjustments to reconcile profit before tax to net cash flows</i>			
Exceptional income	(244)	(439)	(804)
Depreciation	1,892	1,741	3,699
Share-based payment charges	156	220	196
Finance costs	1,666	1,629	3,171
Cash flow from operating activities before changes in working capital	5,004	4,809	10,713
(Increase)/decrease in trade and other receivables	(3,127)	(1,435)	252
(Increase)/decrease in inventories	(186)	(70)	76
Increase/(decrease) in trade and other payables	3,792	1,618	(2,537)
Cash generated from operations	5,483	4,922	8,504
Finance costs paid	(1,502)	(1,490)	(2,831)
Corporation tax paid	(854)	(650)	(1,499)
Net cash flow from operating activities	3,127	2,782	4,174
Cash flow from/(used in) investing activities			
Proceeds from insurance for 007 Stage	-	439	439
Purchase of property, plant and equipment	(2,822)	(2,872)	(5,652)
Additions to investment property	-	(383)	(696)
Net cash flow used in investing activities	(2,822)	(2,816)	(5,909)
Cash flow (used in)/from financing activities			
Payment of asset financing liabilities	(160)	(11)	(77)
Payment of loan issue fees	-	(24)	(24)
Dividends paid	-	-	(1,541)
Proceeds from asset financing	1,297	1,000	1,000
Proceeds from borrowings of joint venture	-	-	631
Proceeds from bank borrowings	-	1,000	2,000
Net cash flow from financing activities	1,137	1,965	1,989
Net increase/(decrease) in cash	1,442	1,931	254
(Overdraft)/cash at the start of the period	(944)	(1,198)	(1,198)
Cash/(overdraft) at the end of the period	498	733	(944)

**Interim consolidated reconciliation of movement in net debt
for the six months ended 30 June 2010**

	Six months ended 30 June 2010 Unaudited £000	Six months ended 30 June 2009 Unaudited £000	Year ended 31 December 2009 Audited £000
Reconciliation of net cash flow to movement in net debt			
Increase in cash	1,442	1,931	254
Repayments of asset financing obligations	160	11	77
Proceeds from asset financing	(1,297)	(1,000)	(1,000)
Loan issue costs	-	24	24
Amortisation of loan issue costs	(144)	(145)	(277)
Proceeds from borrowings of joint venture	-	-	(631)
Proceeds from bank borrowings	-	(1,000)	(2,000)
Movement in fair value of cash flow hedge	(614)	380	85
Movement in net debt	(453)	201	(3,468)
Net debt at start of period	(46,093)	(42,625)	(42,625)
Net debt at end of period	(46,546)	(42,424)	(46,093)
Attributable to:			
Cash	498	733	-
Current liabilities			
Interest-bearing loans and borrowings	-	-	(944)
Non-current liabilities			
Revolving credit facility loan	(26,000)	(25,000)	(26,000)
Pre-let development facility loan	(6,000)	(6,000)	(6,000)
Drawn facility loan	(32,000)	(31,000)	(32,000)
Fair value of cash flow hedge	(1,901)	(992)	(1,287)
Unamortised loan issue costs	919	1,195	1,063
Asset financing	(2,060)	(989)	(923)
Share of joint venture loan	(12,002)	(11,371)	(12,002)
Interest-bearing loans and borrowings	(47,044)	(43,157)	(46,093)
Net debt at end of period	(46,546)	(42,424)	(46,093)

Interim consolidated statement of changes in equity
From 1 January 2010 to 30 June 2010

	Share capital	Share premium	Capital redemption reserve	Merger reserve	Fair value of cash flow hedge reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2010 (Audited)	4,610	43,692	135	348	(927)	24,692	72,550
Profit for the period	-	-	-	-	-	1,223	1,223
Other comprehensive income	-	-	-	-	(442)	-	(442)
Total comprehensive income	-	-	-	-	(442)	1,223	781
Equity dividends	-	-	-	-	-	(1,110)	(1,110)
New shares issued	13	-	-	-	-	-	13
Share-based payment	-	-	-	-	-	43	43
At 30 June 2010 (Unaudited)	4,623	43,692	135	348	(1,369)	24,848	72,277

Interim consolidated statement of changes in equity
From 1 January 2009 to 31 December 2009

	Share capital	Share premium	Capital redemption reserve	Merger reserve	Fair value of cash flow hedge reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2009 (Audited)	4,594	43,692	135	348	(988)	22,220	70,001
Profit for the period	-	-	-	-	-	1,340	1,340
Other comprehensive income	-	-	-	-	274	-	274
Total recognised income and expense for the period	-	-	-	-	274	1,340	1,614
Equity dividends	-	-	-	-	-	(1,057)	(1,057)
New shares issued	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	220	220
At 30 June 2009 (Unaudited)	4,594	43,692	135	348	(714)	22,723	70,778
Profit for the period	-	-	-	-	-	2,842	2,842
Other comprehensive (loss)/income	-	-	-	-	(213)	-	(213)
Total comprehensive income	-	-	-	-	(213)	2,842	2,629
Equity dividends	-	-	-	-	-	(484)	(484)
New shares issued	16	-	-	-	-	-	16
Share-based payment	-	-	-	-	-	(389)	(389)
At 31 December 2009 (Audited)	4,610	43,692	135	348	(927)	24,692	72,550

Notes to the interim consolidated financial statements at 30 June 2010

1. Corporate information

Pinewood Shepperton plc is a company incorporated and domiciled in the United Kingdom whose shares are publicly traded. The interim consolidated financial statements of the Group for the six months ended 30 June 2010 were authorised for issue by the Board of Directors on 24 August 2010.

2. Basis of preparation and accounting policies

Basis of preparation

The unaudited interim consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements as defined in Section 435 of the Companies Act 2006, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009, from which the 31 December 2009 comparative information included in the interim consolidated financial statements have been extracted. The financial statements for the year ended 31 December 2009, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations as of 1 January 2010, noted below:

IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions

The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment had no effect on the financial position nor performance of the Group.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes noncash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position nor performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

Significant accounting judgements and estimates

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Project Pinewood

The costs incurred from inception to 30 June 2010 on Project *Pinewood* have been capitalised and classified within 'Freehold land' which is in the 'Property, plant and equipment' category on the balance sheet. Capitalisation of costs is based on the Board's judgement that the economic benefits expected from the assets will exceed the carrying value. Costs are monitored regularly by the Board, which involves the evaluation of all factors likely to affect the outcome of the outline planning application that was submitted during the first half of 2009.

The Board has reviewed the carrying value of the Project *Pinewood* land with its associated planning costs incurred up to 30 June 2010 and considers the carrying value as being appropriate.

Going concern

Information on the Group's risks, management and exposure are set out in the 'Key business risks' section and Note 24 'Financial risk management, objectives and policies' of the Group's Annual Report for the year ended 31 December 2009. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in the operational business for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

3. Segment information and revenue analysis

The chief operating decision maker is the Board of Directors. The Group operates in one principal continuing area of activity, that of media services, primarily arising in the United Kingdom. It provides studio and related services to the film and television industry.

Revenues from these activities can be further analysed by type of customer as follows:

	Six months ended 30 June 2010 Unaudited £000	Six months ended 30 June 2009 Unaudited £000	Year ended 31 December 2009 Audited £000
Film	10,834	11,815	22,635
Television	5,139	5,465	11,339
Media Park	3,014	3,056	6,347
	18,987	20,336	40,321

Other information provided to the Board of Directors is in a format consistent with that in the financial statements.

4. Exceptional income

Exceptional income for the period was £544,000 and consists of:

Rates rebate

The Group successfully negotiated a business rates rebate during the period, £418,000 of which relates to prior periods. This benefit has been treated in the income statement as exceptional.

Share-based payment

Following a review of the Total Shareholder Return component of the Group's Long-Term Incentive Plan awards, granted in 2007 and 2008, £126,000 of the IFRS 2 charges to the Group income statement was reversed as an exceptional credit in the six months ended 30 June 2010.

5. Exceptional costs

Exceptional costs for the period were £223,000 and consist of:

Group reorganisation

The Group incurred exceptional reorganisation costs of £149,000 in relation to the restructuring of certain business areas in the six months ended 30 June 2010.

Joint venture with Studio Hamburg GmbH

The Group also incurred exceptional start up costs of £74,000 in relation to the commencement of this joint venture in the six months ended 30 June 2010.

6. Earnings per ordinary share and dividend

Earnings per ordinary share

Basic earnings per ordinary share are calculated by dividing net profit for the period attributable to the holders of ordinary equity of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per ordinary share are calculated by dividing net profit for the period attributable to the holders of ordinary equity of the parent by the weighted average number of ordinary shares outstanding during the period adjusted for the effects of dilutive potential ordinary shares resulting from employee share schemes.

The Group presents as exceptional items on the face of the income statement those items where the cost or income is of such size or incidence that the additional disclosure is required for the reader to understand the financial statements. Basic and diluted earnings per share are also presented adjusting for the combined effect of the exceptional items and the effects of indexation on the deferred tax provision. The following reflects the profit and number of shares generating the basic and diluted earnings per ordinary share computations:

	Six months ended 30 June 2010 Unaudited £000	Six months ended 30 June 2009 Unaudited £000	Year ended 31 December 2009 Audited £000
Profit attributable to equity holders of the parent	1,223	1,340	4,182
<i>Adjustments to profit for calculation of adjusted earnings per share</i>			
Exceptional income	(544)	(439)	(804)
Exceptional costs	223	425	851
Taxation adjustments on exceptional items	84	(21)	(223)
Adjusted profit for adjusted earnings per share	986	1,305	4,006
Effect of indexation on deferred tax provision	(41)	(66)	(571)
Adjusted profit for adjusted earnings per share	945	1,239	3,435

	Thousands	Thousands	Thousands
Basic weighted average number of ordinary shares	46,137	45,929	45,985
Dilutive potential ordinary shares resulting from employee share schemes	1,643	1,557	1,342
Diluted weighted average number of ordinary shares	47,780	47,486	47,327

6. Earnings per ordinary share and dividend (continued)

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Earnings per share	Unaudited	Unaudited	Audited
- basic for result for the period	2.7p	2.9p	9.1p
- diluted for result for the period	2.6p	2.8p	8.8p
- basic for result for the period adjusted for exceptional items	2.1p	2.8p	8.7p
- diluted for result for the period adjusted for exceptional items	2.1p	2.7p	8.5p
- basic for result for the period adjusted for exceptional items and effect of indexation on deferred tax provision	2.0p	2.7p	7.5p
- diluted for result for the period adjusted for exceptional items and effect of indexation on deferred tax provision	2.0p	2.6p	7.3p

Dividend paid

	Six months ended 30 June 2010 Unaudited £000	Six months ended 30 June 2009 Unaudited £000	Year ended 31 December 2009 Audited £000
Final dividend for 2008 paid at 2.30p per share	–	–	1,057
Interim dividend for 2009 paid at 1.05p per share	–	–	484
	–	–	1,541

At the Annual General Meeting on 29 June 2010, the proposed final dividend for the year ended 31 December 2009 was approved. The dividend payable of £1.1m was paid in July 2010 and is provided for in the accounts for the period to 30 June 2010.

7. Intangible assets and impairment testing

	Goodwill £000
At 30 June 2010, 30 June 2009 and 31 December 2009	5,604

The goodwill of £5.6m (2009: £5.6m) has been acquired through business combinations and has been allocated to the Group's cash-generating unit. It is tested at least annually for impairment.

The recoverable amount has been determined based on a value in use calculation using cash flow projections based on the Group's long range plan. The pre-tax cash flows in this period of time support the carrying value of the goodwill.

The key assumptions used to determine the recoverable amount for the cash generating unit were discussed in the Group's annual financial statements for the year ended 31 December 2009; these have been updated to reflect the most recent information. The resultant effect is to decrease the pre-tax discount rate to 11.0% (31 December 2009: 11.4%).

8. Property, plant and equipment

Significant additions

During the six months ended 30 June 2010, the Group incurred expenditure of £1.6m (30 June 2009: £1.7m) which included £0.4m (30 June 2009: £0.6m) for Project *Pinewood*.

9. Investment property

Investment property is stated at cost excluding the day to day costs of servicing the property. During the six months ended 30 June 2010, the Group recognised an investment property with a cost of £6.3m (30 June 2009: £6.2m).

10. Commitments and contingencies

Capital Commitments

At 30 June 2010, the Group had capital commitments contracted for but not provided in the interim financial statements totalling £3.9m (30 June 2009: nil) in relation to the completion of certain capital expenditure projects.

Guarantees

At 30 June 2010, the Group had guarantees in place, in the form of documentary credits, that were not provided for in the interim financial statements totalling £163,250 (30 June 2009: £163,250) in relation to certain Section 278 highways related infrastructure.

11. Financial risk management, objectives and policies

The financial risk management, objectives and policies of the Group are disclosed in the Group's 2009 Annual Report. During the period the Group continued to use interest derivatives to manage its interest rate exposure. A £1.3m asset financing agreement was also obtained secured against specific identifiable items classified as 'Fixtures, fittings and equipment' within the 'Property, plant and equipment' category on the balance sheet. The asset financing drawn facility at 30 June 2010 totals £2.1m.

12. Related party disclosures

The consolidated financial statements include the financial statements of Pinewood Shepperton plc, its subsidiaries and its 50% interest in the joint ventures listed in the following table.

	Country of incorporation	% equity interest	
		2010	2009
Pinewood Studios Limited	United Kingdom	100	100
Shepperton Studios Limited	United Kingdom	100	100
Pinewood-Shepperton Studios Limited	United Kingdom	100	100
Studiolink Limited	United Kingdom	100	100
Teddington Studios Limited	United Kingdom	100	100
The Studio Broadcasting Company Limited	United Kingdom	100	100
Baltray No.1 Limited	United Kingdom	100	100
Baltray No.2 Limited	United Kingdom	100	100
Shepperton Management Limited	United Kingdom	100	100
Sauls Farm and Stables Limited	United Kingdom	100	100
Sauls Farm Limited	United Kingdom	100	100
Pinewood Malaysia Limited	United Kingdom	100	100
Pinewood Germany Limited	United Kingdom	100	100

Pinewood Shepperton plc is the parent entity of the Group.

		% Joint venture interest	
Joint ventures			
Shepperton Studios (General Partner) Limited	United Kingdom	50	50
Shepperton Studios Property Partnership	United Kingdom	50	50
Pinewood Studio Berlin Film Services GmbH	Germany	50	50

Entity with which Michael Grade was associated in the period	Sales to related party £000	Amounts owed by related party £000
Six months ended/at 30 June 2010		
ITV	0	0
Six months ended/at 30 June 2009		
ITV	45	9
Year ended/at 31 December 2009		
ITV	425	33

During the previous financial year Michael Grade was Non-Executive Chairman of Pinewood Shepperton plc and Executive Chairman of ITV plc. Effective as of 31 December 2009, Michael Grade resigned as Chairman and Director of ITV plc.

With effect from 29 June 2010, Steven Underwood has been appointed to the Board as a Non-executive Director. Mr Underwood is currently a full time executive of the Peel Group which holds 26.6% of the issued share capital of Pinewood Shepperton plc via Goodweather Investment Management.

12. Related party disclosures (continued)

Joint ventures

Shepperton Studios Limited has a commercial property lease on the Shepperton Studios property. The net cost to the Group of principal lease rentals during the period ended 30 June 2010 was £446,000 (30 June 2009: £443,000). In addition the Group pays a top up rent to the joint venture partnership based on certain of its trading activities at the Shepperton Studios site.

During the period the net cost to the Group of the top up rent was nil (30 June 2009: nil).

Shepperton Management Limited manages the assets of the joint venture partnership and charges an asset manager fee based on independent valuations of the Shepperton Studios site. Asset manager fees charged during the period ended 30 June 2010 were £50,000 (30 June 2009: £47,000). The Group's share of amounts owed by the 50% joint venture partnership at 30 June 2010 was £610,000 (30 June 2009: £13,000).

Pinewood Germany Limited has entered into a 50/50 joint venture with Studio Hamburg GmbH , to market their existing studio facilities in Hamburg and Berlin.

13. Obligations under leases

Operating lease commitments – Group as a lessee

Teddington Studios

Teddington Studios Limited has entered into a commercial property lease on the Teddington Studios property with a third party. The lease term expires on 24 August 2024, with a tenant's break option exercisable after completion of the tenant's rent review which commences no later than 24 August 2009. Teddington Studios Limited has three months following determination of the 24 August 2009 rent review to give no less than twelve months notice following the rent review to terminate the lease. Under the terms of the agreement the tenant may not assign the lease earlier than 23 October 2009. Rent review negotiations are currently underway with the landlord.

Future minimum rentals payable on the non-cancellable Teddington Studios operating lease as at 30 June are as follows:

	Six months ended 30 June 2010 Unaudited £000	Six months ended 30 June 2009 Unaudited £000	Year ended 31 December 2009 Audited £000
Within one year	662	662	662
After one year but not more than five years	662	1,324	993
	1,324	1,986	1,655

Shepperton Studios

Shepperton Studios Limited entered into a commercial property lease on the Shepperton Studios property with Shepperton Studios Property Partnership, its 50% owned joint venture partnership. The lease term expires on 18 August 2026 with no break option.

Under the terms of the agreement the tenant may not assign the lease until 18 August 2016.

The net cost to the Group of future minimum rentals payable under the non-cancellable Shepperton Studios property operating lease as at 30 June is as follows:

	Six months ended 30 June 2010 Unaudited £000	Six months ended 30 June 2009 Unaudited £000	Year ended 31 December 2009 Audited £000
Within one year	892	892	892
After one year but not more than five years	3,568	3,568	3,568
After five years but not more than 20 years	9,933	10,825	10,380
	14,393	15,285	14,840

13. Obligations under leases (continued)

Operating lease commitments – Group as a lessor

The Group has entered into a commercial property lease on the property classified as Investment property. This non-cancellable lease has a remaining term of between 8.5 and 13.5 years. The lease includes a clause to enable upward revision of the principal rental charge on an annual basis subject to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	Six months ended 30 June 2010 Unaudited £000	Six months ended 30 June 2009 Unaudited £000	Year ended 31 December 2009 Audited £000
Within one year	518	518	518
After one year but not more than five years	2,080	2,080	2,080
After five years but not more than 20 years	1,821	2,339	2,080
	4,419	4,937	4,678

14. Principal risks and uncertainties

There are no changes to the assessment and considerations of the principal risks as disclosed in the Group's 2009 Annual Report.

The principal risks to which the Group and Company are exposed are disclosed in the 'Key business risks' section and Note 24 of the Annual Report for the year ended 31 December 2009. An electronic version of the Annual Report can be found in the investor relations section of the Group website: www.pinewoodgroup.com

15. Directors' responsibilities

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Group as required by Disclosure and Transparency Rules (DTR) 4.2.4;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and their impact on the condensed interim financial report, and description of the principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board on 24 August 2010:

Ivan Dunleavy
Chief Executive

Patrick Garner FCA
Finance Director

Company Details

Directors

Michael Grade
Ivan Dunleavy
Patrick Garner FCA
Nicholas Smith
Adrian Burn FCA
Nigel Hall FCA
James Donald FRICS
Steven Underwood ACA

Chairman
Chief Executive
Finance Director
Commercial Director
Non-executive Director
Non-executive Director
Non-executive Director
Non-executive Director

Corporate Broker

J.P. Morgan Cazenove Limited
20 Moorgate
London EC2R 6DA

Legal Advisers to the Company

Travers Smith LLP
10 Snow Hill
London EC1A 2AL

Company Secretary

D M Richardson

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Head Office, Registered office and Director's address

Pinewood Road
Iver Heath
Buckinghamshire SL0 0NH

Registrars and Receiving Agents

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Investor relations website

available at www.pinewoodgroup.com

Principal Bankers

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Lloyds TSB Bank plc
25 Gresham Street
London EC2V 7HN

Allied Irish Banks, p.l.c.
St Helen's
1 Undershaft
London EC3A 8AB