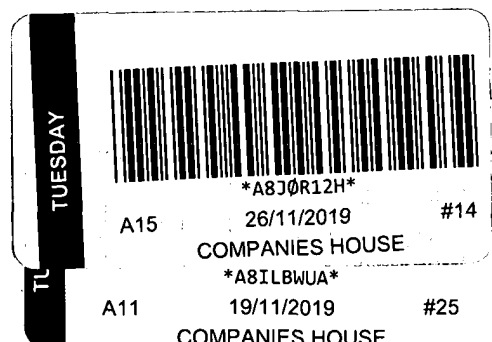


Baglan Moor Healthcare Plc
Interim Management Report and Condensed
Unaudited Interim Financial Statements
As required under the Disclosure and Transparency Regulations
Section 4.2

Six month period ending 30 September 2019
Registered number: 3722614



Baglan Moor Healthcare Plc

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Baglan Moor Healthcare Plc

Directors and advisors

Directors

A Kershaw

R Little

H Pownall

D North

Secretary

Semperian Secretariat Services Limited

Registered office

Third Floor
Broad Quay House
Prince Street
Bristol
BS1 4DJ

Baglan Moor Healthcare Plc

Interim Management Report for the six month period ended 30 September 2019

Principal activities and review of business

The principal activities of the Company are the design, construction, financing, commissioning and maintenance of a new acute general hospital and the provision of non-clinical services for an overall period of thirty years from 12 May 2000, pursuant to, and in accordance with, the terms of a Concession Agreement ("the PFI contract") with Abertawe Bro Morgannwg University Health Board (formerly Bro Morgannwg NHS Trust). This agreement, together with a collateral deed, a construction contract, a facilities management contract and other related contracts were signed on 12 May 2000. On the same date, the Company issued a £65,950,000 3.92% Guaranteed Secured Index-Linked Bond due 2029 to fund the project.

Construction of the hospital was completed on 4 November 2002, with operational activities commencing immediately and the building being fully occupied by the Trust on 30 November 2002. The Company continues to manage the facilities management and maintenance parts of the PFI contract through its subcontractors.

The profit for the six months is set out in the profit and loss account on page 6. The directors consider that both the level of business and the interim financial position were satisfactory.

Principal risks and uncertainties

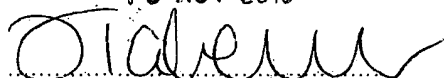
The Company has taken on the activity, as detailed above, and is risk averse in its trading relationships with its customers, funders and sub-contractors as determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the Company could be exposed to subcontractor failure to perform their obligations. The financial risks and the measures taken to mitigate them are as detailed in the Directors' report.

Key performance indicators ('KPIs')

The Company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the performance or position of the business.

By order of the Board

Date: 18 NOV 2019



On behalf of Semperian Secretariat Services Limited

Company Secretary

Baglan Moor Healthcare Plc

Directors' report for the six month period ended 30 September 2019

Registration number: 3722614

The directors present their report and the unaudited financial statements for the six month period ended 30 September 2019.

Future developments

No significant changes are expected to the Company's activities, as set out in the Interim Management Report, in the foreseeable future.

Dividends and transfers to reserves

A dividend of £4,358,000 (£87.16 per Ordinary Share) was paid during the six month period (year ended 31 March 2019: £nil).

Financial risk management

The Company's principal financial instruments comprise short term cash and deposits, finance debtor, listed index-linked Bonds and subordinated loan notes. The main purpose of these financial instruments is to fund the design, construction, commissioning and maintenance of the acute general hospital and the provision of non-clinical services for an overall period of thirty years from 12 May 2000. The terms of the financial instruments also ensure that the profile of the debt service costs is tailored to match expected revenues arising from the agreement between the Company and Abertawe Bro Morgannwg University NHS Trust. The Company does not undertake financial instrument transactions which are speculative or unrelated to the trading activities. The directors have policies for managing each of these risks and they are summarised below:

Cash flow interest rate risk

The bond interest rate is 3.92% per annum plus inflation. The subordinated debt interest has been fixed through the use of a fixed funding rate.

Inflation risk

The funding to the Company was agreed as part of the overall PFI contracts with lenders, clients and shareholders. The Company's bonds are RPI linked as set out in the notes to the unaudited financial statements. The Company's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation over its life.

Liquidity risk

The Company adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due.

Credit risk

The Company receives substantially all of its revenue from Abertawe Bro Morgannwg University Health Board and is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality.

Major maintenance risk

The Company is responsible for managing the ongoing major maintenance replacement of the building and relevant equipment, but the risks associated with this activity are largely borne by the subcontractor.

Corporate Governance

The Board are appointed by the shareholders and review the financial and operational performance of the Company. The Company is a special purpose Company established to engage in a PFI project as noted in its principal activities in the Interim Management Report. The Company's business is confined to that project and its activities are clearly defined and restricted by the contracts which it has entered into. The Board has an experienced operational management and finance team who monitor the Company's and its subcontractors' compliance with those contracts as well as reporting financial and operational performance to the Board. Internal audit and risk management processes and systems are also in place to monitor, report and address any significant issues identified.

Baglan Moor Healthcare Plc

Directors' report for the six month period ended 30 September 2019 (continued)

Other required disclosures

For the six month period ended 30 September 2019, the Company did not have securities carrying voting rights admitted to trading on a regulated market and therefore disclosures required by paragraph 13 of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) are not applicable.

Directors

The directors of the Company during the six month period, and up to the date of signing the Condensed Unaudited Interim Financial Statements, are set out below:

A Kershaw

R Little

H Pownall

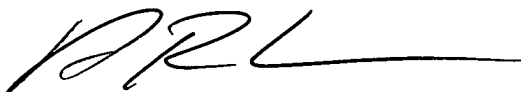
D North (Appointed 30 May 2019)

Baglan Moor Healthcare Plc

Responsibility Statement of Directors in respect of the Interim Management Report

We confirm that to the best of our knowledge:

- The Condensed Unaudited Interim Financial Statements included in this Interim Financial Report have been prepared in accordance with UK Generally Accepted Accounting Practice including Financial Reporting Standard 104: Interim Financial Reporting, and give a true and fair view of the assets, liabilities, financial position and profit of the Company.
- Appropriate disclosure under DTR 4.2.7R of the Disclosure and Transparency Rules has been made in the Interim Management Report as to any significant events that have occurred during the first six months of the financial year that have had a material impact on the Condensed Unaudited Interim Financial Statements.
- Appropriate disclosure under DTR 4.2.7R of the Disclosure and Transparency Rules has been made in the Interim Management Report as to a description of the principal risks and uncertainties for the remaining six months of the financial year.
- Appropriate disclosure under DTR 4.2.8R of the Disclosure and Transparency Rules has been made in the Interim Management Report as to any related party transactions that have been entered into during the period.



By order of the Board

Date: 18 NOV 2019

The Directors are responsible for preparing the Interim Management Report and the Condensed Unaudited Interim Financial Statements in accordance with the applicable Disclosure and Transparency Rules of the United Kingdom Financial Services Authority in relation to an Issuer of Debt Securities which are listed on the London Stock Exchange.

The annual financial statements of the Company are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP). The financial information contained in the Condensed Unaudited Interim Financial Statements is pro-forma and does not constitute full statutory accounts within the meaning of section 435 of the Companies Act 2006. The information has been extracted from the records of the Company for the six month periods ended 30 September 2019 and 30 September 2018 and for the year ended 31 March 2019. The information has been prepared using the accounting policies and basis of preparation set out in Note 1 to the Annual Report and Financial Statements for the year ended 31 March 2019.

Baglan Moor Healthcare Plc

Condensed unaudited interim profit and loss account for the six month period ended 30 September 2019

	Note	6 month period ended 30 September 2019	6 month period ended 30 September 2018
		£'000	£'000
Turnover	1	2,713	2,844
Cost of sales		(2,260)	(2,292)
Operating profit		453	552
Interest receivable and similar income	3	2,293	2,671
Interest payable and similar charges	4	(2,193)	(2,718)
Profit on ordinary activities before taxation		553	505
Tax on profit on ordinary activities	5	(190)	(182)
Profit for the year		363	323

The company has no other Comprehensive Income for the period other than the profit stated above. There is no difference between the historical cost profit and the profit stated above. All of the results relate to continuing operations.

Baglan Moor Healthcare Plc

Condensed unaudited interim Balance sheet as at 30 September 2019

	Note	30 September 2019	31 March 2019
		£'000	£'000
Current assets			
Debtors: amounts falling due after more than one year	6	59,881	61,477
Debtors: amounts falling due within one year	7	4,337	4,268
Cash at bank and in hand		11,220	14,996
		75,438	80,741
Creditors: amounts falling due within one year	8	(5,490)	(5,713)
Net current assets		69,948	75,028
Creditors: amounts falling due after more than one year	9	(66,606)	(67,716)
Provisions for liabilities and charges	11	(2,864)	(2,839)
Net assets		478	4,473
Capital and reserves			
Called up share capital	12	50	50
Profit and loss account		428	4,423
Total equity		478	4,473

The financial statements on pages 6 to 17 were approved by the Board on **18 NOV 2019** 2019
and signed on its behalf by:



A R Kershaw

Director

Baglan Moor Healthcare Plc

Condensed unaudited Statement of Changes in Equity for the six month period ended 30 September 2019

	Note	Share capital £'000	Profit & loss account £'000	Total £'000
At 1 April 2018		50	4,032	4,082
Profit for the period		-	323	323
Total comprehensive income		-	323	323
At 30 September 2018		50	4,355	4,405

		Share capital £'000	Profit & loss account £'000	Total £'000
At 1 April 2019		50	4,423	4,473
Profit for the period		-	363	363
Total comprehensive income		-	363	363
Dividends	13	-	(4,358)	(4,358)
At 30 September 2019		50	428	478

Baglan Moor Healthcare Plc

Notes to the condensed unaudited interim financial statements for the six month period ended 30 September 2019

1 Principal accounting policies

The same accounting policies and methods of computation are followed in the Condensed Unaudited Interim Financial Statements as compared with the most recent annual Financial Statements. The following accounting policies have been applied consistently in dealing with items considered material in relation to the Company's Condensed Unaudited Interim Financial Statements.

Basis of preparation of accounts

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting and financial reporting standards in the United Kingdom.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

The Company recognises income when it has fully fulfilled its contractual obligations. The Company includes sales and purchase transactions related to variations under the original contract where the benefits and risks are retained by the Company, within the financial statements as turnover and operating costs.

Where appropriate, income received under the PFI contract in respect of services provided during the operational phase of the contract is deferred to future periods in order to match those elements of income with the costs to which they relate. The turnover and cost of sales are recorded in the profit and loss account in the period in which the relevant costs are incurred.

Transactions to which the Company does not have access to all the significant benefits and risks are excluded from the financial statements.

Finance debtor and interest receivable

The Company has elected to take the exemption under FRS 102 paragraph 35.10 (i) to continue to apply its previous accounting treatment in respect of Service Concession Arrangements entered into prior to the date of transition to FRS 102. The costs incurred in constructing the assets have been treated as a finance debtor. This treatment arose from applying the guidance within previous UK GAAP which indicated that the project's principal agreements transfer substantially all the risks and rewards relating to the property to the customer.

The finance debtor represents the costs arising on the construction of the assets including initial tender costs. During asset construction, finance debtor interest income is recognised on an accruals basis and is capitalised within the finance debtor receivable. Once the project reached its operational phase and was accepted by the customer a constant proportion of the planned net revenue arising from the project was allocated to remunerate the finance debtor. Imputed interest receivable is allocated to the finance debtor using a property specific rate to generate a constant rate of return over the life of the contract. Over the course of the contract term the finance debtor is expected to be fully repaid.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Baglan Moor Healthcare Plc

Notes to the condensed unaudited interim financial statements for the six month period ended 30 September 2019 (continued)

1 Principal accounting policies (continued)

Deferred taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are only recognised when it is considered more likely than not that there will be sufficient taxable profits from which the future reversal of underlying timing differences can be deducted.

Financial Instruments

The Company has chosen to adopt section 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Interest accrues on the index-linked bond on a daily basis, at the coupon rate. Indexation on the interest costs and the principal value is applied semi-annually, with reference to the Retail Price Index.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Baglan Moor Healthcare Plc

Notes to the condensed unaudited interim financial statements for the six month period ended 30 September 2018 (continued)

1 Principal accounting policies (continued)

Financial Instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Capital management

The capital structure of the Company consists of borrowings and equity attributable to members of the Company, comprising issued share capital and retained earnings. The Board's policy when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, debt holders and to sustain the future development of the business. The Company may issue new shares or raise medium/long term third party debt. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Called up share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Final dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. Interim dividends are recognised when paid. These amounts are recognised in the statement of changes in equity.

2 Operating profit

The Company had no employees, other than the directors, during the six month period (period ended 30 September 2018: none). The emoluments of the directors are paid by the controlling parties. The directors' services to this Company and to a number of fellow group companies are primarily of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the controlling parties. The controlling parties have recharged £74,636 in the six month period (period ended 30 September 2018: £72,398) to the Company in respect of their services to the Company.

Baglan Moor Healthcare Plc

Notes to the condensed unaudited interim financial statements for the six month period ended 30 September 2019 (continued)

3 Interest receivable and similar income

	6 month period ended 30 September 2019 £'000	6 month period ended 30 September 2018 £'000
Imputed interest on finance debtor	2,256	2,632
Interest receivable on bank deposits	37	39
	2,293	2,671

4 Interest payable and similar charges

	6 month period ended 30 September 2019 £'000	6 month period ended 30 September 2018 £'000
Interest payable on index linked bonds	1,010	1,067
Indexation charge on index linked bonds	317	781
Interest payable on subordinated loan notes	776	776
Amortisation of debt issue costs	77	81
Other financing costs	13	13
	2,193	2,718

Baglan Moor Healthcare Plc

Notes to the condensed unaudited interim financial statements for the six month period ended 30 September 2019 (continued)

5 Tax on profit on ordinary activities

Tax expense included in profit or loss

	6 month period ended 30 September 2019 £'000	6 month period ended 30 September 2018 £'000
Current tax		
UK corporation tax charge for the period at 19% (2018: 19%)	165	-
Deferred tax		
Arising from origination and reversal of timing differences	25	182
Tax on profit on ordinary activities	190	182

Factors affecting the tax charge for the current period

The tax charge for the period is lower than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	6 month period ended 30 September 2019 £'000	6 month period ended 30 September 2018 £'000
Profit on ordinary activities before tax	553	505
Corporation tax at 19% (2018: 19%)	105	96
Expenses not deductible for tax purposes	85	86
Total tax charge (see above)	190	182

Baglan Moor Healthcare Plc

Notes to the condensed unaudited interim financial statements for the six month period ended 30 September 2019 (continued)

6 Debtors: amounts falling due after more than one year

	30 September 2019	31 March 2019
	£'000	£'000
Finance debtor	59,881	61,477

7 Debtors: amounts falling due within one year

	30 September 2019	31 March 2019
	£'000	£'000
Trade debtors	25	98
Finance debtor	3,100	3,024
Prepayments and accrued income	1,212	1,146
	4,337	4,268

8 Creditors: amounts falling due within one year

	30 September 2019	31 March 2019
	£'000	£'000
Secured 3.92% Index Linked Bonds 2029 (note 10)	2,812	2,908
Trade creditors	15	406
Amounts owed to group undertakings	606	600
Taxation and social security	504	532
Accruals and deferred income	1,553	1,100
Corporation Tax	-	167
	5,490	5,713

Baglan Moor Healthcare Plc

Notes to the condensed unaudited interim financial statements for the six month period ended 30 September 2019 (continued)

9 Creditors: amounts falling due after more than one year

(a) Total	30	31
	September	March
	2019	2019
	£'000	£'000
Debt (as analysed below)	58,374	60,084
Deferred income	8,232	7,632
	66,606	67,716
(b) Debt	30	31
	September	March
	2019	2019
	£'000	£'000
Secured 3.92% Index Linked Bonds 2029	50,518	52,324
Subordinated loan notes	10,668	10,668
	61,186	62,992
Less: debt falling due within one year	(2,812)	(2,908)
	58,374	60,084
(c) Maturity of financial liabilities	30	31
	September	March
	2019	2019
	£'000	£'000
Less than one year	2,812	2,908
Between one and five years	15,135	14,526
In more than five years	43,239	45,558
	61,186	62,992

The subordinated loan notes are unsecured, attract a fixed interest rate of 14.5% and are repayable in full in 2029. The subordinated loan notes are held by Baglan Moor Healthcare Holdings Limited, the Company's immediate holding Company.

Baglan Moor Healthcare Plc

Notes to the condensed unaudited interim financial statements for the six month period ended 30 September 2019 (continued)

10 Financial instruments

An explanation of the Company's objectives, policies and strategies for the role of financial instruments in creating and changing the risks of the Company in its activities can be found on page 3.

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Company at 30 September 2019 was as follows:

	Interest rate profile	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Carrying amount (before unamortised issue costs) £'000
Secured 3.92% Index-Linked Bonds 2029	Fixed subject to indexation	3.92%*	13	51,417
Subordinated loan notes	Fixed	14.5%	7	10,668
At 30 September 2018				62,084

* Interest rate of 3.92% is fixed but is subject to indexation increases twice a year, calculated from an agreed formula-based on the Retail Price Index.

11 Provision for liabilities

	30 September 2019 £'000	31 March 2019 £'000
Deferred taxation	2,864	2,839
The movements in deferred taxation during the period are as follows:		
At beginning of the period	2,839	2,759
Charge to the profit and loss account (note 5)	25	80
At end of period	2,864	2,839

Baglan Moor Healthcare Plc

Notes to the condensed unaudited interim financial statements for the six month period ended 30 September 2019 (continued)

12 Share capital

	30 September 2019	31 March 2019
	£'000	£'000
Issued, allotted and fully paid		
50,000 Ordinary shares of £1	50	50

13 Dividends

	30 September 2019	31 March 2019
	£'000	£'000
Dividends paid - £87.16 (2018: £nil) per Ordinary Share	4,358	-

14 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Baglan Moor Healthcare Holdings Limited which is registered in England and Wales.

The ultimate parent undertaking and controlling party is Semperian PPP Investment Partners Holdings Limited which is registered in Jersey. The smallest group and largest group to consolidate these financial statements is Semperian PPP Investment Partners Holdings Limited.

Consolidated financial statements for Semperian PPP Investment Partners Holdings Limited can be obtained from the Company Secretary at Broad Quay House, Prince Street Bristol BS1 4DJ.