

**VOUGEOT BIDCO PLC**

**QUARTERLY REPORT TO NOTEHOLDERS**

**£300,000,000 7.875% SENIOR SECURED NOTES DUE 2020**

**€290,000,000 SENIOR SECURED FLOATING RATE NOTES DUE 2020**

**(the "Notes")**

**Q3 2013 - PERIOD ENDED 29 AUGUST 2013**

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## PRESENTATION OF FINANCIAL DATA

This report summarises consolidated financial and operating data derived from the unaudited interim condensed consolidated financial statements of Vougeot Bidco plc (“Bidco”). The summary financial information provided has been derived from our records for the accounting periods to 29 August 2013, which are maintained in accordance with UK GAAP.

We have presented certain non-UK GAAP information in this quarterly report. This information includes “Consolidated EBITDA”, which represents earnings before interest, tax, depreciation, amortisation and one-off exceptional and strategic items as defined in the Vougeot Bidco plc Indenture dated July 18, 2013.

Management believes that Consolidated EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because Consolidated EBITDA is used by our chief operating decision makers to track our business evolution, establish operational and strategic targets and make important business decisions.

Where applicable, we have also referred to information in the Vougeot Bidco plc Offering Memorandum dated July 11, 2013 (the “Offering Memorandum”), a copy of which is available on the Investor Relations page of our website, <http://corporate.myvue.com/home/investor-relations>.

Bidco was incorporated on 2 May 2013 and began trading following its acquisition of Vue Entertainment International Limited (“VEIL”) on 8 August 2013, hence comparative data for the prior year is not available and is not included in the Interim Condensed Consolidated Accounts. Pro Forma Bidco financial and operating data (“Pro Forma”) has been included to provide a more meaningful view of the recent trading of the business and to enable comparison of the quarter and year to date to the prior year. The Pro Forma financial information presented in this report has been derived from the consolidated financial statements of Bidco, VEIL, the pre-acquisition consolidated financial information of CinemaxX AG (“CinemaxX”) and Apollo Cinemas Limited (“Apollo”), adjusted to give pro forma effect to (i) IFRS to UK GAAP differences, (ii) the VEIL acquisition and (iii) the Financing (as defined in the Offering Memorandum), and the application of the proceeds therefrom. The transactions are deemed to have occurred on November 25, 2011 for the purposes of the income statement and August 29, 2013 for the purposes of the balance sheet. This presentation differs to the ‘Pro Forma Financial Information’ provided in the Offering Memorandum as financial and operating data for Apollo has been included prior to its acquisition on May 10, 2012 and financial

and operating data for Multikino SA ("Multikino") has not been included as the transaction did not complete until September 30, 2013.

## **DISCLAIMER**

This report is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities. This report does not contain all of the information that is material to an investor.

### Forward-Looking Statements

This report contains "forward-looking statements" as that term is defined by the U.S. federal securities laws and within the meaning of the securities laws of certain other jurisdictions. These forward-looking statements include, without limitation, those regarding our intentions, beliefs or current expectations concerning our future financial condition and performance, results of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which we participate or are seeking to participate; and anticipated regulatory changes in the industry in which we operate.

These statements often include words such as "anticipate," "believe," "could," "estimates," "expect," "forecast," "intend," "may," "plan," "projects," "should," "suggests," "targets," "would," "will," and other similar expressions. These statements are not guarantees of performance or results. Many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements and projections.

We undertake no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this report.

## HIGHLIGHTS

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2013	2012	% change	2013	2012	% change
Turnover	126.3	120.1	5.2%	389.2	357.0	9.0%
Consol. EBITDA	19.4	17.1	13.7%	67.9	55.2	22.9%
Capital expenditure	11.0	11.0	-0.1%	22.4	24.2	-7.6%
Admissions (m)	13.1	13.6	-3.7%	40.6	41.3	-1.6%
Number of screens	1,089	1,074	1.4%	1,089	1,074	1.4%
ATP (£)	6.55	6.04	8.3%	6.57	5.93	10.7%

*Unless otherwise stated, discussion in this report relates to Pro Forma data (includes CinemaxX and Apollo for period prior to acquisition, excludes Multikino), Bidco data is presented on page 9.*

- Turnover up 5.2% quarter on quarter and 9.0% YTD
- Consolidated EBITDA up 13.7% quarter on quarter and 22.9% YTD
- Pricing alignment and strategic pricing initiatives increased ATP by 8.3% quarter on quarter and 10.7% YTD
- Admissions down 3.7% quarter on quarter due to disposal of 5 Apollo sites, impact of strategic price initiatives and weak July in Germany; down 1.6% YTD
- Combined box office market share in UK and Germany (“Major Territories”) increased quarter on quarter and YTD
- Significant majority of capital expenditure in both Q3 and YTD 2013 is due to new sites
- Third party borrowings (net of capitalized debt issuance costs) at Bidco were £548.1 million, including Notes of £547.6 million and drawings on the revolving credit facility of £14.25 million. Cash and cash equivalents were £117.3 million

## OPERATIONAL AND FINANCIAL REVIEW

### Markets

Market admissions and GBOR were stronger in the UK but weaker in Germany compared to the same quarter last year with the July performance in Germany being the weakest on record due to warm weather and a poor film slate.

## Turnover

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2013	2012	% change	2013	2012	% change
Total turnover	126.3	120.1	5.2%	389.2	357.0	9.0%
<i>Operational data</i>						
Admissions (m)	13.1	13.6	-3.7%	40.6	41.3	-1.6%
Average ticket price (£)	6.55	6.04	8.3%	6.57	5.93	10.7%
Concession spend per person (£)	2.19	2.09	5.0%	2.13	2.02	5.8%
Total revenue per person (£)	9.62	8.83	9.0%	9.58	8.67	10.6%
Number of screens	1,089	1,074	1.4%	1,089	1,074	1.4%

Turnover increased by £6.2 million, or 5.2%, to £126.3 million in the quarter ended August 29, 2013 from £120.1 million in the quarter ended August 23, 2012. YTD turnover increased by £32.2 million, or 9.0%, to £389.2 million. Turnover growth was primarily a function of increased average ticket price (“ATP”) and concession spend per person, which grew by 8.3% and 5.0% respectively quarter on quarter and 10.7% and 5.8% respectively YTD. These increases offset a reduction in admissions.

ATP and concession spend per person increased by 51p and 10p respectively in the quarter ended August 29, 2013 and 64p and 11p respectively YTD. These increases were due primarily to strategic pricing initiatives and pricing alignment of the former Apollo sites.

Admissions decreased by 0.5 million, or 3.7%, quarter on quarter and 0.7 million, or 1.6%, YTD. The disposal of 5 Apollo sites accounted for 0.23 million of admissions decline in the quarter ended August 29, 2013 and 0.45 million of admissions decline YTD. The remaining 0.27 million decline quarter on quarter and 0.23 million YTD is due to a comparatively weaker July 2013 in Germany as well as some loss in attendance market share in the UK resulting from strategic, above-market price increases, although, as discussed below, these initiatives were net positive as GBOR market share increased.

Management uses GBOR market share as a key performance indicator reflecting the Group’s premium offering of modern state-of-the-art cinema facilities. The strategic price increases mentioned above, net of resulting admissions decline, have increased our market share of GBOR in Major Territories (UK and Germany) by 0.1ppt quarter on quarter, to 19.8%, and 0.3ppt YTD, to 19.5%.

Total screens increased by 15 due to the opening of 3 new sites in the UK and the addition of screens at existing cinemas, net of the disposal of 5 Apollo sites.

### Cost of sales

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2013	2012	% change	2013	2012	% change
Total cost of sales	48.0	47.2	1.6%	146.3	133.6	9.5%

Cost of sales increased by £0.8 million, or 1.6%, to £48.0 million in the quarter ended August 29, 2013 from £47.2 million in the quarter ended August 23, 2012. YTD cost of sales increased by £12.7 million, or 9.5%, to £146.3 million. The YTD increase was principally due to increased film rental costs due to higher box office revenue, although improved film margins in Q3 offset part of the increase. Gross margin increased 1.3% to 62.0% quarter on quarter but decreased 0.2% to 62.4% YTD.

### Administrative expenses (as per management)

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2013	2012	% change	2013	2012	% change
Total administrative expenses (as per management)	58.9	55.8	5.6%	175.1	168.2	4.1%

Administrative expenses increased by £3.1 million, or 5.6%, to £58.9 million in the quarter ended August 29, 2013 from £55.8 million in the quarter ended August 23, 2012. YTD administrative expenses increased by £6.9 million, or 4.1%, to £175.1 million. This increase was primarily due to the impact of 5 yearly rent reviews combined with the costs of the new sites opened in the quarter.

### Consolidated EBITDA

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2013	2012	% change	2013	2012	% change
Total Consolidated EBITDA	19.4	17.1	13.7%	67.9	55.2	22.9%

Consolidated EBITDA increased by £2.3 million, or 13.7%, to £19.4 million in the quarter ended August 29, 2013 from £17.1 million in the quarter ended August 23, 2012 due to increases in turnover and improvements in gross margin. YTD Consolidated EBITDA increased by £12.7 million, or 22.9%, to £67.9 million due to increases in turnover and a reduction in administrative expenses as a percentage of total turnover. Consolidated EBITDA margin improved, up 1.2% to 15.4% quarter on quarter and 2.0% to 17.4% YTD.

## Capital Expenditures

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2013	2012	% change	2013	2012	% change
Total capital expenditure (net of Landlords Contribution)	11.0	11.0	-0.1%	22.4	24.2	-7.6%

Capital expenditure remained at £11.0 million in the quarter ended August 29, 2013. The significant majority of capital expenditure in both Q3 and YTD 2013 is due to new sites. Three new UK sites opened in Q3 (Cramlington and Bicester opened in July and Glasgow Fort opened in late August) and are performing as expected.

In the year to August 29, 2013 total capital expenditure decreased by £1.8 million, or 7.6%, to £22.4 million, this level of spend is in line with our full year expectation as per the Offering Memorandum of less than £40 million (including Multikino).

## Outstanding Indebtedness

The following discussion relates to Bidco. For definition of defined terms please refer to the Offering Memorandum. More detail as to the outstanding Indebtedness can be found in the Interim Condensed Consolidated Accounts (notes 4, 5 & 6). As at August 29, 2013, Bidco's total third party borrowings were £548.1 million (net of capitalized debt issuance costs and OID), of which the Notes represent £547.6 million and drawings on the revolving credit facility represents £14.25 million. As at August 29, 2013 Bidco had £117.3 million in cash and cash equivalents on hand including £54.6 million of Restricted Cash (includes cash held in escrow to be used in the acquisition of Multikino S.A. and amounts held for the purchase of the remaining minority interest in the CinemaxX AG subsidiary).

## **RECENT DEVELOPMENTS**

On September 30, 2013 the Bidco group completed the acquisition of Multikino S.A., a leading Polish multiplex operator. All proceeds from the issue of the Notes have now been released from escrow.

Multikino opened the first multiplex cinema in Poland in Poznan in 1998 and is today the second largest multiplex cinema operator in Poland. Multikino operates a circuit of 28 cinemas with 231 screens across 22 Polish cities and 2 cinemas with 15 screens in the Baltics. The entire Multikino circuit was fully digitalised in 2011.

The Squeeze Out process to acquire the remaining ordinary shares of CinemaxX from the minority shareholders is ongoing.

## **OUTLOOK**

Key upcoming releases in Q4 2013 include Gravity, Thor: The Dark World and Hunger Games Catching Fire, as well as Fechtgebiete, Frau Ella and Fack ju Göhte in Germany. However, Q4 2012 was particularly strong as it included Skyfall, (the highest grossing film to date in the UK), Twilight Saga: Breaking Dawn and Taken 2, and hence will be a tough comparator.

We continue to invest in our estate to ensure it remains what we believe to be the newest, most modern chain of cinemas within the countries in which we operate.

Following the completion of the Multikino acquisition we will continue to leverage our strong operational knowledge and experience with successful integration of acquisitions, and remain open to further selective strategic acquisitions of leading cinema operators.

## **RISK FACTORS**

There have been no material changes to the risk factors disclosed in the Offering Memorandum, other than the following:

- As the Vue Acquisition and the Multikino Acquisition have both completed, the “Risks Relating to the Transactions” section is no longer applicable.

## **CONFERENCE CALL**

There will be a conference call for investors at 2.00pm on 2 December 2013. The dial-in number is +44 (0) 20 3003 2666 (Standard International Access) or 0808 109 0700 (UK Toll Free), please inform the operator you are joining the “Vougeot Bidco” conference call. Additional international toll free numbers are available in the USA (1 866 966 5335), France (0805 630061) and Germany (0800 673 7932).

Shortly after the conclusion of the call an audio recording will be made available for replay for 7 days via the following dial-in: +44 (0) 20 8196 1998, Access Pin 3875760#.



	For the period from 2 May 2013 (Date of incorporation) to 29 August 2013, which includes trading activity from 8 Aug 2013	For the 39 weeks ended 29 August 2013	For the 39 weeks ended 23 August 2012	For the 13 weeks ended 29 August 2013	For the 13 weeks ended 23 August 2012
£m (unaudited)	<b>Bidco</b> <b>(UK GAAP)</b>	<b>Pro Forma</b>			
<b>INCOME STATEMENT AS PER REPORT</b>					
<b>Turnover</b>	<b>32.5</b>	<b>389.2</b>	<b>357.0</b>	<b>126.3</b>	<b>120.1</b>
Cost of sales	(11.8)	(146.3)	(133.6)	(48.0)	(47.2)
	20.8	243.0	223.4	78.3	72.9
Administration expenses (as per management)	(13.5)	(175.1)	(168.2)	(58.9)	(55.8)
<b>Consolidated EBITDA</b>	<b>7.3</b>	<b>67.9</b>	<b>55.2</b>	<b>19.4</b>	<b>17.1</b>
Non-cash/ non-recurring Items	(3.0)	7.0	4.4	2.1	1.1
Depreciation	2.0	26.1	25.9	8.6	8.4
Amortisation	2.0	26.1	26.2	8.7	8.7
Group operating profit/(loss)	6.3	8.6	(1.3)	0.0	(1.1)
<b>STATUTORY FORMAT INCOME STATEMENT</b>					
<b>Turnover</b>	<b>32.5</b>	<b>389.2</b>	<b>357.0</b>	<b>126.3</b>	<b>120.1</b>
Cost of sales	(11.8)	(146.3)	(133.6)	(48.0)	(47.2)
	20.8	243.0	223.4	78.3	72.9
Administration expenses	(14.5)	(234.3)	(224.7)	(78.3)	(74.0)
Group operating profit/(loss)	6.3	8.6	(1.3)	0.0	(1.1)
Depreciation	2.0	26.1	25.9	8.6	8.4
Amortization	2.0	26.1	26.2	8.7	8.7
<b>EBITDA</b>	<b>10.3</b>	<b>60.9</b>	<b>50.8</b>	<b>17.3</b>	<b>16.0</b>
Rentals under operating leases on land and buildings	5.5	69.9	64.7	23.4	21.4
EBITDAR	15.8	130.7	115.5	40.7	37.4
<b>EBITDA</b>	<b>10.3</b>	<b>60.9</b>	<b>50.8</b>	<b>17.3</b>	<b>16.0</b>
Non-cash / non-recurring items	(3.0)	7.0	4.4	2.1	1.1
<b>Consolidated EBITDA</b>	<b>7.3</b>	<b>67.9</b>	<b>55.2</b>	<b>19.4</b>	<b>17.1</b>
<b>ADMINISTRATION EXPENSES RECONCILIATION</b>					
Administration expenses (as per management)	(13.5)	(175.1)	(168.2)	(58.9)	(55.8)
Depreciation	(2.0)	(26.1)	(25.9)	(8.6)	(8.4)
Amortization	(2.0)	(26.1)	(26.2)	(8.7)	(8.7)
Non-cash / non-recurring items	3.0	(7.0)	(4.4)	(2.1)	(1.1)
<b>Administration expenses</b>	<b>(14.5)</b>	<b>(234.3)</b>	<b>(224.7)</b>	<b>(78.3)</b>	<b>(74.0)</b>

## Vougeot Bidco plc

### Interim Condensed Consolidated Profit and Loss Account (unaudited) for the period ended 29 August 2013

	Period ended 29 August 2013 £'000
<b>Turnover</b>	
Continuing operations:	
Existing	-
Acquisitions	
- Vue Entertainment International Limited	<b>32,524</b>
<b>Turnover</b>	<b>32,524</b>
Cost of sales	<b>(11,758)</b>
<b>Gross profit</b>	<b>20,766</b>
Administrative expenses	<b>(14,451)</b>
<b>Group operating profit</b>	<b>6,315</b>
Loss on disposal of fixed assets	<b>(86)</b>
Interest receivable and similar income	<b>8</b>
Interest payable and similar charges	<b>(19,882)</b>
<b>Loss on ordinary activities before taxation</b>	<b>(13,645)</b>
Tax charge on loss on ordinary activities	<b>(222)</b>
<b>Loss on ordinary activities after taxation</b>	<b>(13,867)</b>
Minority interests	<b>(1)</b>
<b>Loss for the financial period</b>	<b>(13,868)</b>

There is no difference between the loss on ordinary activities before taxation and the loss for the period stated above and their historical cost equivalents.

# Vougeot Bidco plc

## Interim Condensed Consolidated Balance Sheet (unaudited) As at 29 August 2013

	Notes	As at 29 August 2013 £'000
<b>Fixed assets</b>		
Intangible assets	2	694,199
Tangible assets	3	301,878
Investment in associates		244
		<b>996,321</b>
<b>Current assets</b>		
Stock		2,161
Debtors: amounts falling due within one year		33,013
Debtors: amounts falling due after more than one year		14,377
Cash at bank and in hand	4	117,334
		<b>166,885</b>
<b>Creditors: amounts falling due within one year</b>		
Loans	5	(48,350)
Other creditors	7	(104,548)
		<b>(152,898)</b>
<b>Net current assets</b>		<b>13,987</b>
<b>Total assets less current liabilities</b>		<b>1,010,308</b>
<b>Financed by:</b>		
Loans: amounts falling due after more than one year (net of bank fees)	5	936,590
Other creditors: amounts falling due after more than one year	7	39,491
Provision for liabilities	8	38,462
<b>Capital and reserves</b>		
Called up share capital		4,718
Profit and loss account		(10,486)
<b>Total shareholders' deficit</b>		<b>(5,768)</b>
Minority interests		1,533
<b>Capital employed</b>		<b>1,010,308</b>

# Vougeot Bidco plc

## Interim Condensed Consolidated Cash Flow Statement (unaudited) for the period ended 29 August 2013

	Notes	Period ended 29 August 2013 £'000
<b>Operating activities</b>		
Net cash inflow from operating activities	10	11,622
<b>Return on investments and servicing of finance</b>		
Interest received		1
Interest paid		(40)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(39)</b>
Taxation paid		(861)
<b>Cash outflow for capital expenditure and other financial investments</b>		
Payments to acquire tangible assets		(3,005)
Landlord contributions received		358
Investment in subsidiaries		(927,488)
Cash balance acquired on acquisition		63,915
<b>Net cash outflow from capital expenditure and other financial investments</b>		<b>(866,220)</b>
<b>Net cash outflow before financing activities</b>		<b>(855,498)</b>
<b>Financing activities</b>		
Secured Euro and Sterling notes received		551,923
Finance fees paid		(11,659)
Movement in other loans		15
Issue of ordinary shares		4,718
Amounts owed to shareholders		428,220
<b>Net cash inflow from financing activities</b>		<b>973,217</b>
<b>Increase in cash</b>		<b>117,719</b>

## Vougeot Bidco plc

### Interim Condensed Consolidated Statement of Total Recognised Gains and Losses for the period ended 29 August 2013 (unaudited)

	Period ended 29 August 2013 £'000
Loss for the period	(13,868)
Foreign exchange movement	3,382
	<hr/>
Total recognised losses relating to the period	(10,486)

### Interim Condensed Consolidated Statement of Group Shareholders' Deficit for the period ended 29 August 2013 (unaudited)

	Share Capital £'000	Profit and Loss Account £'000	Total Shareholders' Deficit £'000
Balance as at 2 May 2013	-	-	-
Loss for the period	-	(13,868)	(13,868)
Foreign exchange movement	-	3,382	3,382
Net movement for the period	-	(10,486)	(10,486)
Share capital issued	4,718	-	4,718
<b>Closing Shareholders' deficit as at 29 August 2013</b>	<b>4,718</b>	<b>(10,486)</b>	<b>(5,768)</b>

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 29 August 2013

### 1 Basis of preparation

Vougeot Bidco plc ("the Company") was incorporated on 2 May 2013 in England and Wales. On 8 August 2013 the Company acquired 100% of the ordinary share capital in Vue Entertainment International Limited, which was the holding company of the Vue cinema operating group.

The unaudited interim condensed consolidated financial statements of the Company and its subsidiaries ("the Group") are for the period 2 May 2013 to 29 August 2013. The directors have chosen to prepare these financial statements for the purposes of reporting in connection with the secured fixed sterling and floating euro rate notes.

The Group has decided to adopt accounting policies consistent with those applied in the preparation of the Vue Entertainment International Limited statutory financial statements for the 53 week period ended 29 November 2012. Vue Entertainment International Limited prepared its financial statements under the historical cost convention in accordance with applicable accounting standards in the United Kingdom ("UK GAAP").

There are no comparative results presented for the prior period as this is the first period of reporting for the Group.

### 2 Intangible Fixed Assets

	<b>Period ended 29 August 2013 Total Goodwill £'000</b>
Net book value at 2 May 2013	-
Acquisitions	<b>696,191</b>
Amortisation	<b>(1,992)</b>
<b>Closing net book value</b>	<b>694,199</b>

Goodwill relates to the purchase of 100% of the ordinary share holding in Vue Entertainment International Limited that was made on 8 August 2013. Vue Entertainment International Limited indirectly owns 97.48% of its subsidiary company CinemaxX AG, with the remaining 2.52% held by independent shareholders.

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 29 August 2013 (continued)

### 3 Tangible Fixed Assets

	Period ended 29 August 2013 £'000
Net book value at 2 May 2013	-
Acquisitions	300,512
Additions	3,899
Disposals	(86)
Depreciation	(2,046)
Foreign exchange movement	(401)
<b>Closing net book value</b>	<b>301,878</b>

The additions for the period include an amount of £1.1m of capital expenditure accrued as at 29 August 2013 relating to expenditure on new sites and other projects.

### 4 Cash at bank and in hand

	As at 29 August 2013 £'000
Cash - unrestricted	62,762
Cash - restricted	54,572
<b>Total Cash at bank and in hand</b>	<b>117,334</b>

Restricted cash of £54,572k includes £50,514k of the cash received which was held in escrow to be used in the acquisition of Multikino S.A. The remaining amount of £4,058k relates to amounts held for the purchase of the remaining minority interest in the CinemaxX AG subsidiary.

### 5 Loans

	As at 29 August 2013 £'000
Revolving Facility	14,250
Shareholder Loans	34,100
<b>Loans: amounts falling due within one year</b>	<b>48,350</b>
Secured Euro - Floating notes	247,630
Secured Sterling - Fixed notes	300,000
Capitalised bank fees	(14,370)
Shareholder Loans	402,748
Other Loans	582
<b>Loans: amounts falling after more than one year</b>	<b>936,590</b>
<b>Total Loans</b>	<b>984,940</b>

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 29 August 2013 (continued)

### 5 Loans (continued)

Senior secured fixed rate sterling denominated notes of £300,000k were issued on 18 July 2013 with a termination date of 15 July 2020. Interest is fixed at 7.875% and payable on a semi-annual basis. The full amount of the notes was received in cash as at 29 August 2013.

Senior secured floating rate euros denominated notes of €290,000k (£251,923k) were issued on 18 July 2013 with a termination date of 15 July 2020. Interest is floating at three month EURIBOR plus a margin of 525 bps. Interest is payable on a quarterly basis. The full amount of the notes was received in cash as at 29 August 2013. Of the cash received, €58,148k (£50,514k) was held in escrow to be used in the acquisition of Multikino S.A. and is repayable to the bond holders should the acquisition not take place. Subsequent to the balance sheet date the acquisition was completed and the cash released from escrow. An OID fee of €1,159k (£1,007k) was paid on the date of issue of the notes, with a further €290k (£253k) paid on completion of the Multikino S.A. acquisition draw down.

The Group is able to draw down on a £50,000k multicurrency revolving credit facility with Lloyds Bank plc. At 29 August 2013 the facility was £14,250k drawn down. The facility is available until August 2019 and bears interest at LIBOR, EURIBOR, CIBOR or WIBOR depending on the currency drawn down plus a margin of 3.5%.

On 8 August 2013 the Company entered into two swaps with Lloyds Bank plc (Lloyds) and Nomura International plc (Nomura). Both swaps have a notional value of EUR 115,926k and a termination date of 15 July 2016. Under the Lloyds swap the Company pays a fixed interest rate of 1.157%. Under the Nomura swap the company pays a fixed interest rate of 1.027%. These swaps replaced the swaps held by the Vue Entertainment International Limited group taken out to hedge its bank facilities in place before the acquisition. A break fee incurred in relation to replacing the original swaps was rolled into the rates applied on the new swaps taken out by the Company on 8 August 2013.

Shareholder loans totalling £436,848k relate to amounts owed to the immediate parent of the Company, Vougeot Midco Limited. Interest is accrued at 11.0% and rolled up into the outstanding loan balance. As at 29 August 2013 the amount of accrued interest included in the outstanding loan balance was £2,747k.

### 6 Analysis of Changes in Net Debt

	As at 2 May 2013 £'000	Cash flow £'000	Acquisitions £'000	Non cash movements £'000	Foreign exchange £'000	As at 29 August 2013 £'000
Cash at bank and in hand	-	117,719	-	-	(385)	<b>117,334</b>
Other loans	-	(15)	(587)	20	-	<b>(582)</b>
Shareholders loans	-	(428,220)	-	(8,628)	-	<b>(436,848)</b>
Secured Euro and Sterling notes	-	(540,264)	-	2,711	4,293	<b>(533,260)</b>
Bank loans	-	-	(14,250)	-	-	<b>(14,250)</b>
	-	(850,780)	(14,837)	(5,897)	3,908	<b>(867,606)</b>



# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 29 August 2013 (continued)

### 7 Other Creditors

	As at 29 August 2013 £'000
Trade creditors	24,127
Other tax and social security	4,917
Other creditors	3,528
Accruals	50,313
Corporation tax payable	183
Deferred income	21,480
<b>Other creditors: amounts falling due within one year</b>	<b>104,548</b>
Deferred income	39,491
<b>Other creditors: amounts falling due after one year</b>	<b>39,491</b>
<b>Total Other creditors</b>	<b>144,039</b>

### 8 Provision for Liabilities

	As at 29 August 2013 £'000
Provision at beginning of period	-
Onerous lease provision acquired	38,522
Utilised during the period	(154)
Unwinding of discount factor on onerous lease	188
Foreign exchange movement	(94)
<b>Provision at the end of the period</b>	<b>38,462</b>

### 9 Taxation

Income tax is recognised based on management's best estimate of the annual income tax rate expected for the full financial period.

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 29 August 2013 (continued)

### 10 Reconciliation of Operating Profit to Net Cash Inflow

	Period ended 29 August 2013 £'000
<b>Group Operating profit</b>	<b>6,315</b>
Depreciation of fixed assets	2,046
Amortisation of goodwill	1,992
Non cash operating items	<b>(3,404)</b>
Increase in stock	(183)
Decrease in debtors	3,204
Increase in creditors	1,652
	<hr/>
<b>Net cash inflow</b>	<b>11,622</b>

### 11 Financial Risk Management

The interim condensed consolidated financial statements do not include the financial risk management information and disclosures required in annual financial statements. A description of major risk factors considered by the Group can be found in the Offering Memorandum dated July 11 2013, a copy of which is available on the group website <http://corporate.myvue.com/home/investor-relations>.