

VOUGEOT BIDCO PLC

QUARTERLY REPORT TO NOTEHOLDERS

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

€360,000,000 SENIOR SECURED FLOATING RATE NOTES DUE 2020

(the "Notes")

Q1 2016 - PERIOD ENDED 25 February 2016

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PRESENTATION OF FINANCIAL DATA

This report summarises consolidated financial and operating data derived from the consolidated financial statements of Vougeot Bidco plc and its subsidiaries (“Bidco”). The summary financial information provided has been derived from our records for the accounting periods to 25 February 2016, which are maintained in accordance with International Financial Reporting Standards (“IFRS”), following Bidco’s decision to adopt IFRS effective 27 November 2015. Bidco’s prior year comparatives have also been restated under IFRS.

We have presented certain non-IFRS 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 18 July 2013 (“Indenture”).

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.

This report refers to market information obtained from third party sources. “Market Admissions” for UK and Italy are a measure of paid and unpaid box office admissions and are sourced from the Cinema Advertising Association (“CAA”) and Cinetel respectively. Market Admissions for Germany and Poland includes only paid admissions and the sources are Rentrak through www.IBOE.com and www.boxoffice.pl respectively. Gross Box Office Revenue (“GBOR”) measures box office revenue including local sales taxes by film and in aggregate. Market GBOR refers to total GBOR for markets referred to. “Major Territories” and “Vue Major Territories” specifically refer to UK, Germany, Poland and Italy being the major markets in which Bidco operates. Major Territories Total Market GBOR and Vue Major Territories GBOR are aggregated measures of GBOR for the total market and for Bidco. “Market Share” is Vue Major Territories GBOR as a proportion of Major Territories Total Market GBOR. Market and Vue GBOR information for UK & Ireland and Germany is sourced from Rentrak through www.IBOE.com, Poland from www.boxoffice.pl and Italy from Cinetel.

Where applicable, we have also referred to information in the Vougeot Bidco plc Offering Memorandum dated 11 July 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>.

Comparative data for the 13 week trading period from 28 November 2014 to 26 February 2015 is reflected in information presented on an “As Acquired” basis, being the unaudited consolidated profit and loss account (page 10 of this report). The audited consolidated financial statements for Bidco for the period ended 26 November 2015 are available on the Vue Investor Relations website. A reconciliation between the Bidco As Acquired profit and loss account and the unaudited condensed consolidated profit and loss account is provided on page 11 of this report.

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 to the prior year.

The Pro Forma financial information also includes the Pro Forma savings resulting from the strategic decision made by the board of directors of the Company to purchase certain digital equipment related to the projection of 3D Films. This decision will result in significant contractual savings in costs and an associated increase in consolidated EBITDA. The Company currently has license arrangements on rolling five year terms and where such licenses have terminated or will terminate within the next 24 months the Company has added back the associated cost savings in arriving at Consolidated EBITDA. As a consequence of this strategic decision we estimate that we will incur capital expenditure of £2.0m in respect of the licenses which expire over the next 24 months. Such capital equipment might result in maintenance costs but this is considered to be immaterial.

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	Q1			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Major Territories Market GBOR	888.8	799.4	11.2%	888.8	799.4	11.2%
Vue Major Territories GBOR	163.6	151.0	8.3%	163.6	151.0	8.3%
Turnover	228.6	210.8	8.4%	228.6	210.8	8.4%
Consolidated EBITDA	58.1	49.4	17.6%	58.1	49.4	17.6%
Capital expenditure	5.7	4.6	25.9%	5.7	4.6	25.9%
Admissions (m)	25.6	25.2	1.9%	25.6	25.2	1.9%
Number of screens	1,753	1,741	0.7%	1,753	1,741	0.7%
Average ticket price ("ATP") (£)	5.93	5.58	6.2%	5.93	5.58	6.2%
Concession spend per person ("SPP") (£)	1.91	1.82	5.3%	1.91	1.82	5.3%

Unless otherwise stated, discussion in this report relates to Pro Forma data. Bidco data is presented on an "As Acquired" basis on page 10.

- Major Territories Market GBOR increased by 11.2% vs. Q1 2015 driven by a stronger international film slate while Vue Major Territories GBOR increased by 8.3% to £163.6m.
- Group Turnover increased by £17.8m (8.4%) to £228.6m
- ATP was up by 6.2% in Q1 2016.
- SPP was up by 5.3% in Q1 2016.
- Consolidated EBITDA increased by £8.7m (17.6%) vs Q1 2015 to £58.1m.
- The increase in capex in 2016 is attributable to timing of maintenance and higher spend on EBITDA enhancing projects.

OPERATIONAL AND FINANCIAL REVIEW

Markets

Market Admissions for Q1 2016 were in line with Q1 2015 for UK, down in Germany 5.1%, Italy up 23.7% and Poland 12.2%. Market GBOR was up in UK 9.9%, Germany 0.7%, Italy 25.4% and Poland 14.3%.

Turnover

£m	Q1			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Total turnover	228.6	210.8	8.4%	228.6	210.8	8.4%
<i>Operational data</i>						
Admissions (m)	25.6	25.2	1.9%	25.6	25.2	1.9%
ATP (£)	5.93	5.58	6.2%	5.93	5.58	6.2%
SPP (£)	1.91	1.82	5.3%	1.91	1.82	5.3%
Total revenue per person (£)	8.91	8.38	6.4%	8.91	8.38	6.4%
Number of screens	1,753	1,741	0.7%	1,753	1,741	0.7%

Group Turnover for Q1 2016 increased by £17.8m (8.4%) to £228.6m driven by increased admissions, growth in ATP, SPP and screen advertising. All territories delivered higher turnover with the UK business delivering the highest absolute increase and Poland delivering the highest % growth

- ATP was up by 35p (+6.2%) due to increased 3D mix, driven by *Star Wars: The Force Awaken*, and pricing initiatives. All major territories delivered ATP growth.
- SPP was up by 9p (+5.3%) due to various price-pointing initiatives. All major territories delivered SPP growth

In the 12 months to Q1 2016 a net total of 12 Screens were added to the circuit. Two new openings in Poland, Jaworzo and Elblag, were offset by one closure of an old site in Elblag. A new site was opened in the UK in Farnborough in Q2 2015 and 4 new screens were added at existing cinemas.

Cost of Sales

£m	Q1			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Total cost of sales	(87.7)	(80.2)	(9.4%)	(87.7)	(80.2)	(9.4%)

Cost of sales increased by £7.5m, or 9.4%, to £87.7m in Q1 2016 driven by higher admissions. Gross profit increased by 7.8% from £130.6m in Q1 2015 to £140.8m in Q1 2016. Gross profit margins were slightly lower in Q1 2016 due mainly to higher film rental costs caused by film mix.

Administrative Expenses (excluding rent)

£m	Q1			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Total administrative expenses (excluding rent) ⁽¹⁾	(53.6)	(51.9)	(3.2%)	(53.6)	(51.9)	(3.2%)

Q1 2016 administrative expenses increased by £1.7m, or 3.2%, to £53.6m as a result of higher admissions. As a % of revenue administrative expenses reduced from 24.8% in Q1 2015 to 23.4% in Q1 2016.

Rentals under Operating Leases on Land and Buildings

£m	Q1			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Rentals under operating leases on land and buildings	(29.2)	(29.3)	0.3%	(29.2)	(29.3)	0.3%

Q1 2016 rent costs decreased by £0.1m, or 0.3%, to £29.2m due primarily to favourable FX rates, offset by rent costs attributable to the opening of new sites in Jaworzno in Poland and Farnborough in the UK.

Consolidated EBITDA

£m	Q1			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Consolidated EBITDA ⁽¹⁾	58.1	49.4	17.6%	58.1	49.4	17.6%

Consolidated EBITDA increased by £8.7m, or 17.6%, to £58.1m against the same quarter last year.

Capital Expenditures

£m	Q1			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Total capital expenditure (net of Landlords Contribution)	5.7	4.6	(25.9%)	5.7	4.6	(25.9%)

Capital expenditure was higher than 2015 due to timing of maintenance and higher spend on EBITDA enhancing projects.

Outstanding Indebtedness and Cash

The following discussion relates to Bidco. For the definition of defined terms please refer to the Offering Memorandum. More detail as to the outstanding Indebtedness can be found in the audited consolidated financial statements in addition to this report.

As at 25 February 2016, Bidco's total third party borrowings were £607.8m (net of unamortised debt issuance costs of £0.8m), of which the Notes represent £569.5m, other loans represent £39.1m and drawings on the revolving credit facility were nil.

As at 25 February 2016 Bidco had total cash and cash equivalents of £78.0m comprising £71.8m of unrestricted cash and £6.1m of restricted cash relating to rental deposits.

OUTLOOK

In the UK & Ireland market admissions in March 2016 are up 9% on prior year. *Batman v Superman: Dawn of Justice* achieved £23.2m GBOR in the last week of March.

In Germany market admissions in March 2016 were down 2% on prior year. *Zootopia* (as *Zootropolis* is titled in Germany) was the top grossing title with €22.3m GBOR.

In Poland market admissions in March 2016 were up 13% on prior year. Local title *7 Rzeczy, Ktorych Nie Wiecie O Facetach* was top grossing title with PLN19.7m followed by *Zootropolis* at PLN12.8m.

In Italy market admissions in March 2016 were up 4% on prior year. Top grossing title was *Batman v Superman: Dawn of Justice* with €7.5m GBOR in the last week of March.

April sees the release of *Captain America: Civil War* and *The Jungle Book* with *X-Men: Apocalypse* to follow in May.

Later in 2016, highlights include *Finding Dory*, *The BFG*, and *Fantastic Beasts and Where to Find Them*.

CONFERENCE CALL

There will be a conference call for investors at 2.00pm on 19 July 2016. The dial-in number is **+44 (0) 20 7073 8804** (Standard International Access) or 0800 368 0737 (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 (1 877 406 7969), France (0805 101393) and Germany (0800 664 5033).

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 followed by your access pin#.

Vougeot Bidco plc Pro Forma Consolidated Profit and Loss Account (unaudited)
For the period ended 26 February 2016⁽¹⁾

	Bidco For the 13 weeks ended 25 February 2016	Bidco ⁽²⁾ For the 13 weeks ended 26 February 2015	Bidco For the 13 weeks ended 25 February 2016	Bidco ⁽²⁾ For the 13 weeks ended 26 February 2015
£m (unaudited)	Pro Forma			
Turnover	228.6	210.8	228.6	210.8
Cost of sales	(87.7)	(80.2)	(87.7)	(80.2)
	140.8	130.6	140.8	130.6
Administration expenses (as per management)	(53.6)	(51.9)	(53.6)	(51.9)
Rentals under operating leases on land and buildings	(29.2)	(29.3)	(29.2)	(29.3)
Consolidated EBITDA	58.1	49.4	58.1	49.4
Non-cash/ non-recurring Items	(0.7)	(0.9)	(0.7)	(0.9)
Depreciation	(12.1)	(11.9)	(12.1)	(11.9)
Amortisation	(0.5)	(0.4)	(0.5)	(0.4)
Group operating profit/(loss)	44.8	36.2	44.8	36.2
Turnover	228.6	210.8	228.6	210.8
Cost of sales	(87.7)	(80.2)	(87.7)	(80.2)
	140.8	130.6	140.8	130.6
Administration expenses	(96.0)	(94.4)	(96.0)	(94.4)
Group operating profit/(loss)	44.8	36.2	44.8	36.2
Depreciation	12.1	11.9	12.1	11.9
Amortisation	0.5	0.4	0.5	0.4
EBITDA	57.4	48.5	57.4	48.5
Non-cash/ non-recurring Items	0.7	0.9	0.7	0.9
Consolidated EBITDA	58.1	49.4	58.1	49.4
Rentals under operating leases on land and buildings	29.2	29.3	29.2	29.3
Consolidated EBITDAR	87.3	78.7	87.3	78.7
Administration expenses (as per management)	(53.6)	(51.9)	(53.6)	(51.9)
Rentals under operating leases on land and buildings	(29.2)	(29.3)	(29.2)	(29.3)
Depreciation	(12.1)	(11.9)	(12.1)	(11.9)
Amortisation	(0.5)	(0.4)	(0.5)	(0.4)
Non-cash/ non-recurring Items	(0.7)	(0.9)	(0.7)	(0.9)
Administration expenses	(96.0)	(94.4)	(96.0)	(94.4)

¹ For basis of preparation of Pro Forma financial information, refer to page 2 of this report, Presentation of Financial Data.

² Restated from UK GAAP to IFRS

Vougeot Bidco plc As Acquired Consolidated Profit and Loss Account (unaudited)
For the period ended 26 February 2016 ⁽¹⁾

	Bidco For the 13 weeks ended 25 February 2016	Bidco ⁽²⁾ For the 13 weeks ended 26 February 2015	Bidco For the 13 weeks ended 25 February 2016	Bidco ⁽²⁾ For the 13 weeks ended 26 February 2015
£m (unaudited)				
As Acquired				
Turnover	228.6	210.8	228.6	210.8
Cost of sales	(87.7)	(80.2)	(87.7)	(80.2)
	140.8	130.6	140.8	130.6
Administration expenses (as per management)	(53.5)	(51.9)	(53.5)	(51.9)
Rentals under operating leases on land and	(29.2)	(29.3)	(29.2)	(29.3)
Consolidated EBITDA	58.2	49.4	58.2	49.4
Non-cash/ non-recurring Items	(0.8)	(0.9)	(0.8)	(0.9)
Depreciation	(12.1)	(11.9)	(12.1)	(11.9)
Amortisation	(0.5)	(0.4)	(0.5)	(0.4)
Group operating profit/(loss)	44.8	36.3	44.8	36.3
Turnover	228.6	210.8	228.6	210.8
Cost of sales	(87.7)	(80.2)	(87.7)	(80.2)
	140.8	130.6	140.8	130.6
Administration expenses	(96.0)	(94.4)	(96.0)	(94.4)
Group operating profit/(loss)	44.8	36.3	44.8	36.3
Depreciation	12.1	11.9	12.1	11.9
Amortisation	0.5	0.4	0.5	0.4
EBITDA	57.4	48.6	57.4	48.6
Non-cash/ non-recurring Items	0.8	0.9	0.8	0.9
Consolidated EBITDA	58.2	49.4	58.2	49.4
Rentals under operating leases on land and	29.2	29.3	29.2	29.3
Consolidated EBITDAR	87.5	78.7	87.5	78.7
Administration expenses (as per management)	(53.5)	(51.9)	(53.5)	(51.9)
Rentals under operating leases on land and	(29.2)	(29.3)	(29.2)	(29.3)
Depreciation	(12.1)	(11.9)	(12.1)	(11.9)
Amortisation	(0.5)	(0.4)	(0.5)	(0.4)
Non-cash/ non-recurring Items	(0.8)	(0.9)	(0.8)	(0.9)
Administration expenses	(96.0)	(94.4)	(96.0)	(94.4)

¹ For basis of preparation of As Acquired financial information refer to page 2 of this Report, Presentation of Financial Data.

² Restated from UK GAAP to IFRS

Supplemental Information

Reconciliation of Bidco As Acquired to Vougeot Bidco plc Condensed Consolidated Profit and Loss Account (unaudited)⁽³⁾ For the period ended 26 February 2016

	Bond reporting For the 13 weeks ended 25 February 2016	Adjs ⁽¹⁾	Statutory reporting For the 13 weeks ended 25 February 2016	Bond reporting For the 13 weeks ended 25 February 2016	Adjs ⁽¹⁾	Statutory reporting For the 13 weeks ended 25 February 2016
£m (unaudited)						
As Acquired						
Turnover	228.6	-	228.6	228.6	-	228.6
Cost of sales	(87.7)	-	(87.7)	(87.7)	-	(87.7)
Gross margin	140.8	-	140.8	140.8	-	140.8
Administration expenses (as per management)	(53.5)	(0.8)	(54.2)	(53.5)	(0.8)	(54.2)
Operating lease rentals - land and buildings	(29.2)	-	(29.2)	(29.2)	-	(29.2)
Consolidated EBITDA	58.2	(0.8)	57.4	58.2	(0.8)	57.4
Non-cash/ non-recurring Items	(0.8)	0.8	-	(0.8)	0.8	-
Depreciation	(12.1)	-	(12.1)	(12.1)	-	(12.1)
Amortisation	(0.5)	-	(0.5)	(0.5)	-	(0.5)
Group operating profit/(loss)	44.8	-	44.8	44.8	-	44.8
Gross margin	61.6%		61.6%	61.6%		61.6%
Consolidated EBITDA margin	25.5%		25.1%	25.4%		25.1%
Turnover	228.6	-	228.6	228.6	-	228.6
Cost of sales	(87.7)	-	(87.7)	(87.7)	-	(87.7)
Gross margin	140.8	-	140.8	140.8	-	140.8
Administration expenses	(96.0)	(0.0)	(96.0)	(96.0)	(0.0)	(96.0)
Group operating profit/(loss)	44.8	-	44.8	44.8	(0.0)	44.8
Depreciation	12.1	-	12.1	12.1	-	12.1
Amortisation	0.5	-	0.5	0.5	-	0.5
EBITDA	57.4	-	57.4	57.4	(0.0)	57.4
Non-cash/ non-recurring Items	0.8	(0.8)	-	0.8	(0.8)	-
Consolidated EBITDA	58.2	(0.8)	57.4	58.2	(0.8)	57.4
Operating lease rentals - land and buildings	29.2	-	29.2	29.2	-	29.2
Consolidated EBITDAR	87.5	(0.8)	86.6	87.5	(0.8)	86.6
Administration expenses (as per management)	(53.5)	(0.8)	(54.2)	(53.5)	(0.8)	(54.2)
Operating lease rentals - land and buildings	(29.2)	-	(29.2)	(29.2)	-	(29.2)
Depreciation	(12.1)	-	(12.1)	(12.1)	-	(12.1)
Amortisation	(0.5)	-	(0.5)	(0.5)	-	(0.5)
Non-cash/ non-recurring Items	(0.8)	0.8	-	(0.8)	0.8	-
Administration expenses	(96.0)	(0.0)	(96.0)	(96.0)	(0.0)	(96.0)

¹ Adjustments and reclassifications.

³ For basis of preparation of As Acquired financial information refer to page 2 of this Report, Presentation of Financial Data.

Registered number: 08514872

VOUGEOT BIDCO PLC

UNAUDITED

FINANCIAL STATEMENTS

FOR THE 13 WEEKS ENDED 25 FEBRUARY 2016

VOUGEOT BIDCO PLC

**INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (unaudited)
FOR THE PERIOD ENDED 25 FEBRUARY 2016**

	Period ended 25 February 2016 £000	Period ended 26 February 2015 £000
REVENUE	228,563	210,762
Cost of sales	(87,719)	(80,176)
GROSS PROFIT	140,844	130,586
Administrative expenses	(96,047)	(94,422)
OPERATING PROFIT	44,797	36,164
Other gains and losses	(30,752)	23,285
Finance costs	(26,165)	(26,999)
Finance income	25	31
PROFIT/(LOSS) BEFORE TAX	(12,095)	32,481
Tax	(9,371)	(5,570)
PROFIT/(LOSS) FOR THE PERIOD	(21,466)	26,911
Attributable to:		
Owners of the Company	(21,523)	26,865
Non-controlling interests	57	46
	(21,466)	26,911

All amounts relate to continuing operations.

VOUGEOT BIDCO PLC

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
FOR THE PERIOD ENDED 25 FEBRUARY 2016**

	Period ended 25 February 2016 £000	Period ended 26 February 2015 £000
PROFIT/(LOSS) FOR THE PERIOD	(21,466)	26,911
Exchange differences	27,922	(15,322)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>6,456</u>	<u>11,589</u>

VOUGEOT BIDCO PLC

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)
AS AT 25 FEBRUARY 2016**

	Notes	As at 25 February 2016 £000	As at 26 November 2015 £000
NON-CURRENT ASSETS			
Goodwill	3	768,806	753,890
Other intangible assets	4	24,336	22,072
Property, plant and equipment	5	343,947	336,836
Interest in joint ventures		279	247
Interest in associates		205	182
Deferred tax asset		30,376	34,997
		<u>1,167,949</u>	<u>1,148,224</u>
CURRENT ASSETS			
Inventories	6	4,192	4,727
Trade and other receivables	7	68,970	62,205
Cash and bank balances	8	77,952	49,875
		<u>151,114</u>	<u>116,807</u>
TOTAL ASSETS		<u>1,319,063</u>	<u>1,265,031</u>
CURRENT LIABILITIES			
Trade and other payables	9	126,459	130,794
Obligations under finance leases	10	629	680
Borrowings	10	-	192
Derivative financial instruments		1,179	1,527
Deferred income		33,200	31,444
		<u>161,467</u>	<u>164,637</u>
NON-CURRENT LIABILITIES			
Borrowings	10	1,177,480	1,132,375
Deferred tax liability		8,872	8,403
Deferred income		48,330	47,666
Provisions	11	116,785	116,015
Obligations under finance leases	10	37,636	34,412
		<u>1,389,103</u>	<u>1,338,871</u>
TOTAL LIABILITIES		<u>1,550,570</u>	<u>1,503,508</u>
NET ASSETS/(LIABILITIES)		<u>(231,507)</u>	<u>(238,477)</u>
EQUITY			
Share Capital	12	4,718	4,718
Retained earnings		(241,650)	(248,049)
Share based payment reserve		5,257	4,743
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(231,675)</u>	<u>(238,588)</u>
Non-controlling interests		168	111
TOTAL EQUITY		<u>(231,507)</u>	<u>(238,477)</u>

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
FOR THE PERIOD ENDED 25 FEBRUARY 2016**

	Share Capital £000	Share Based Payment Reserve £000	Retained Earnings £000	Total £000	Non- controlling entity £000	Total Equity £000
Balance at 27 November 2014	4,718	2,688	(196,701)	(189,295)	51	(189,244)
Profit/ (Loss) for the period	-		(26,441)	(26,441)	60	(26,381)
Other comprehensive income for the period			(24,907)	(24,907)	-	(24,907)
Total comprehensive income for the period	-	-	(51,348)	(51,348)	60	(51,288)
Share based payments	-	2,055	-	2,055	-	2,055
Balance at 26 November 2015	4,718	4,743	(248,049)	(238,588)	111	(238,477)
Profit/ (Loss) for the period	-		(21,523)	(21,523)	57	(21,466)
Other comprehensive income for the period			27,922	27,922	-	27,922
Total comprehensive income for the period	-	-	6,399	6,399	57	6,456
Share based payments	-	514	-	514	-	514
Balance at 25 February 2016	4,718	5,257	(241,650)	(231,675)	168	(231,507)

VOUGEOT BIDCO PLC

**CONSOLIDATED CASH FLOW STATEMENT (unaudited)
FOR THE PERIOD ENDED 26 FEBRUARY 2015**

	Notes	Period ended 25 February 2016 £000	Period ended 26 February 2015 £000
NET CASH FROM OPERATING ACTIVITIES	13	<u>46,706</u>	<u>51,924</u>
INVESTING ACTIVITIES			
Interest received		23	31
Proceeds on disposal of property, plant and equipment			6
Purchases of property, plant and equipment		(6,837)	(5,124)
Landlord contributions		1,052	495
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		<u>(5,762)</u>	<u>(4,592)</u>
FINANCING ACTIVITIES			
Interest paid		(17,744)	(16,890)
Dividends paid		-	(50)
Repayment of borrowings		(1,664)	(46,061)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		<u>(19,408)</u>	<u>(63,001)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21,536	(15,669)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		49,875	61,349
Effects of foreign exchange rates		6,541	(4,568)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>77,952</u>	<u>41,112</u>

VOUGEOT BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

1. BASIS OF PREPARATION

Vougeot Bidco plc (“the Company”) and its subsidiaries (collectively “the Group”) has previously prepared its financial statements using United Kingdom Generally Accepted Accounting Practice (“UK GAAP”) but will report its quarterly results and annual results for the year ending 24 November 2016 under International Financial Reporting Standards (“IFRS”). The financial statements will be prepared in accordance with IFRS as adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The comparative results for the prior period, which have been restated under IFRS, refer to the 13 weeks ended 26 February 2015. The comparative results for the balance sheet refer to the annual unaudited IFRS balance sheet as at 26 November 2015.

Explanation of transition to IFRS

Reconciliation of equity

	As at 26 November 2015 £000	As at 26 February 2015 £000	As at 27 November 2014 £000
Equity reported under UK GAAP	(198,206)	(113,264)	(112,009)
Adjustments to equity on transition to IFRS			
1 Opening balance sheet adjustments	(77,234)	(77,234)	-
2 Rent adjustments	1,647	385	(78,444)
3 Write-off of negative goodwill	-	-	8,137
4 Reversal of goodwill amortisation	40,192	10,069	-
5 Recognition of finance leases	483	98	(16,495)
6 Recognition of interest rate swaps	1,686	702	(3,213)
7 Write-off of capitalised transaction costs	-	-	(1,645)
8 Bond valuation adjustment	(1,101)	(158)	2,131
9 Intangibles amortisation	(1,656)	(430)	(94)
10 Other adjustments	(155)	(43)	(433)
11 Foreign exchange differences	3,360	2,553	-
12 Deferred tax impact of above	(7,493)	130	12,821
Equity reported under IFRS	<u>(238,477)</u>	<u>(177,192)</u>	<u>(189,244)</u>

Notes to the reconciliation of equity

2. Rent adjustments

Under IFRS (IAS 17), fixed annual percentage increases are recognised on a straight-line basis over the lease term, whereas under UK GAAP the Company historically recognised rent on an annual “step up” basis. In addition the aggregate benefit of incentives (such as rent free periods) is recognised on a straight line basis as a reduction of rent expense over the lease term.

3. Write off of negative goodwill

Negative goodwill previously recognised under UK GAAP has been written off to retained earnings in line with IFRS 3 Business Combinations. Under IFRS, a bargain purchase represents an economic gain that should immediately be recognised as a profit.

VOUGEOT BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

4. Reversal of goodwill amortisation

Under UK GAAP, goodwill was amortised over its expected useful life being 20 years. Under IFRS 3 Business Combinations, goodwill is considered to have an indefinite useful life and is not amortised, but is subject to annual impairment testing.

5. Recognition of finance leases

Certain leases have been reclassified from operating to finance on transition to IFRS.

6. Recognition of interest rate swaps

The Group uses interest rate swaps to hedge interest costs in respect of the senior secured floating rate notes. Under IAS 39 Financial Instruments Recognition and Measurement the interest rate swaps are measured at fair value. The Group has not applied hedge accounting for these swaps and accordingly the change in the fair value of the swaps has been recognised directly through the profit and loss statement.

7. Write off of capitalised transaction costs

Acquisition related transaction costs were previously capitalised under UK GAAP but have been expensed under IFRS.

8. Bond valuation adjustment

Under UK GAAP, senior secured notes were held on the balance sheet at their issued amount net of unamortised issue costs. These have been re-measured on an amortised cost basis (using an effective interest method) in line with IAS 39 Financial Instruments: Recognition and Measurement.

9. Intangibles amortisation

IFRS 3 Business Combinations requires that, in a business combination, the acquirer should recognise an identifiable intangible asset if its fair value can be reliably measured. Brands, advertising and customer relationships arising from the acquisition of Capitolosette Srl and its operating subsidiaries ("Space") were allocated from goodwill and separately identified as intangible assets. These were then amortised over their useful economic lives.

10. Other adjustments

These adjustments were made to align territories local GAAP to IFRS upon transition.

11. Foreign exchange differences

These represent exchange differences arising on the retranslation of IFRS adjustments.

12. Deferred tax impact

Some of the above adjustments have given rise to the recognition of deferred tax assets/liabilities under IFRS.

VOUGEOT BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

2. FINANCE COSTS

	13 Weeks ended 25 February 2016 £000	13 Weeks ended 26 February 2015 £000
Senior secured notes and bank loans	11,758	11,477
Amortisation of capitalised issue costs	54	54
Shareholder loans - rolled up interest	13,667	14,718
Unwinding of discount factor on provisions	686	750
	<hr/> 26,165 <hr/>	<hr/> 26,999 <hr/>

Unrealised foreign exchange losses of £30,752k (2015: gain of £23,285) arising on the translation of the euro denominated senior secured notes are included within other gains and losses.

3. GOODWILL

	£000
Cost	
At 28 November 2014	759,092
Addition	-
Adjustment to 2014 goodwill	3,662
Foreign exchange	(8,864)
	<hr/> 753,890 <hr/>
At 26 November 2015	753,890
Addition	-
Foreign exchange	14,916
	<hr/> 768,806 <hr/>
At 26 February 2016	768,806
Carrying amount	
At 28 November 2014	759,092
At 26 November 2015	753,890
At 26 February 2016	768,806

VOUGEOT BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

4. OTHER INTANGIBLE ASSETS

	£000
Cost	
At 27 November 2015	28,676
Addition	140
Foreign exchange	3,761
At 26 February 2016	32,577
Amortisation	
At 27 November 2015	6,604
Charge for the period	471
Foreign exchange	1,166
At 26 February 2016	8,241
Carrying amount	
At 26 February 2016	24,336
At 27 November 2015	22,072

Other intangible assets consist of brands, advertising and customer relationships. They also include development costs attributable to unique software products and are recognised when it is technically feasible to complete the software product and future economic benefits can be demonstrated.

5. PROPERTY, PLANT AND EQUIPMENT

	As at 25 February 2016 £000	As at 26 November 2015 £000
Opening net book value	336,836	380,542
Additions	5,173	23,271
Disposals	(80)	(591)
Depreciation	(12,166)	(47,181)
Impairment charge	-	(1,991)
Foreign exchange movement	14,184	(15,796)
IFRS reclasses	-	(1,418)
Total	343,947	336,836

6. INVENTORIES

	As at 25 February 2016 £000	As at 26 November 2015 £000
Finished goods and goods for resale	4,192	4,727

VOUGEOT BIDCO PLC**NOTES TO THE FINANCIAL STATEMENTS (unaudited)****7. TRADE AND OTHER RECEIVABLES**

	As at 25 February 2016 £000	As at 26 November 2015 £000
Trade receivables	28,905	25,135
Other debtors	13,826	13,406
Prepayments	26,239	23,664
Total	68,970	62,205

8. CASH AND CASH EQUIVALENTS

	As at 25 February 2016 £000	As at 26 November 2015 £000
Cash - unrestricted	71,808	44,417
Cash - restricted	6,144	5,458
	77,952	49,875

9. TRADE AND OTHER PAYABLES

	As at 25 February 2016 £000	As at 26 November 2015 £000
Trade creditors and accruals	117,989	124,938
Taxation and social security	8,470	5,856
Total	126,459	130,794

VOUGEOT BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

10. BORROWINGS

	As at 25 February 2016 £000	As at 26 November 2015 £000
Unsecured borrowings at amortised cost		
Shareholder loans	607,967	594,300
	607,967	594,300
Secured borrowing at amortised cost		
Senior secured euro - floating notes	275,177	244,181
Senior secured sterling - fixed notes	294,279	293,983
Finance lease liabilities	38,265	35,092
External loans	819	919
Unamortised capitalised bank fees	(762)	(816)
	607,778	573,359
Total	1,215,745	1,167,659
Amount due for settlement within 12 months	629	872
Amount due for settlement after 12 months	1,215,116	1,166,787

VOUGEOT BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

10. BORROWINGS (Continued)

Senior Secured Notes

Senior secured fixed rate sterling denominated notes of £300m 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.

Senior secured floating rate euro denominated notes of €290m (£229.7m) 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. An Original Issue Discount fee (OID) of €1.2m (£1.0m) was paid on the date of issue of the notes.

A further €70m (£55.4m) issue of the senior secured floating rate euro denominated notes occurred on 11 November 2014 with the same terms as the previous notes. The termination date is 15 July 2020. Interest is floating at three month EURIBOR plus a margin of 525 bps and is payable on a quarterly basis. An Original Issue Discount fee (OID) of €1.8m (£1.4m) was paid on the date of issue of the notes.

Revolving Credit Facility

The Group is able to draw down on a £50m multicurrency revolving credit and overdraft facility with Lloyds Bank plc. At 25 February 2016 there were no drawings against the facility (2015: nil). The facility is available until August 2019. The facility bears interest at LIBOR, EURIBOR, CIBOR or WIBOR depending on the currency drawn down plus a margin of 3.25%.

Swap Contracts

On 8 August 2013 the Company entered into two swaps with Lloyds Bank plc (Lloyds) and Normura International plc (Nomura) to hedge the interest costs in respect of the Euro floating senior secured notes. Both swaps have a notional value of €115.9m and a termination date of 15 July 2016. Under the Lloyds swap the Company pays a fixed interest rate of 1.147% above a fixed EURIBOR value. Under the Nomura swap the Company pays a fixed interest rate of 1.027% above a fixed EURIBOR value.

Capitalised Issue Costs

Costs incurred in issuing the senior secured notes and the revolving credit and overdraft facility have been deducted from the fair value of the notes, which are carried at amortised cost under IFRS.

Security

The senior secured notes and revolving credit facility are secured by cross guarantees and charges over certain of the Group's shares and assets.

External Loans

External loans relate to external loans from the German Federal Film Fund (FFA). These loans have a variety of maturity dates with the last due to be repaid in 2021.

Shareholder Loans due after more than One year

Shareholder loans bear interest of 11.0% and have a termination date of 9 August 2033. Early repayment can be requested but not before the termination of the senior secured notes. As at 25 February 2016 accrued interest totalled £136.2m (2015: £78.3m).

VOUGEOT BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

11. PROVISIONS

	As at 25 February 2016 £000	As at 26 November 2015 £000
Property provisions	114,917	114,294
Jubilee retirement	1,868	1,721
	116,785	116,015

	Property provisions £'000	Jubilee retirement £'000	Total £'000
At 26 November 2015	114,294	1,721	116,015
Additions	-	32	32
Utilised during the period	(700)	(96)	(796)
Unwinding of the discount factor	686	-	686
Foreign exchange movement	637	211	848
At 25 February 2016	114,917	1,868	116,785

12. SHARE CAPITAL

	As at 25 February 2016 £000	As at 26 November 2015 £000
Allotted, issued and fully paid		
4,718,100 Ordinary shares of £1.00 each	4,718	4,718

VOUGEOT BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

13. CASH GENERATED FROM OPERATIONS

	Period ended 25 February 2016	Period ended 26 February 2015
	£000	£000
Profit for the year	(21,466)	26,911
Adjustments for:		
Finance costs	26,140	26,968
Other gains and losses	30,752	(23,285)
Income tax expense	9,371	5,570
Depreciation	12,166	11,919
Amortisation of intangible assets	471	430
Increase/(decrease) in provisions and other non-cash items	(582)	(3,678)
	56,852	44,835
Operating cash flows before movements in working capital		
Increase in inventories	825	(469)
Decrease/(increase) in receivables	(2,777)	(883)
Increase/(decrease) in payables	(7,392)	9,013
Cash generated by operations	47,508	52,496
Taxation paid	(802)	(572)
Net cash inflow	46,706	51,924

14. ANALYSIS OF CHANGES IN NET DEBT

	26 November 2015	Cash Flow £000	Fair value gains and losses £000	Exchange movements £000	Interest charges £000	Other non- cash movements £000	25 February 2016 £000
Cash and bank balances	49,875	21,536	-	6,541	-	-	77,952
Derivative Financial Instruments	(1,527)	-	348	-	-	-	(1,179)
Senior secured notes	(538,164)	9,356	-	(30,496)	(10,152)	-	(569,456)
Shareholder loans	(594,300)	-	-	-	(13,667)	-	(607,967)
Borrowings	(103)	212	-	(111)	-	(55)	(57)
Finance leases	(35,092)	1,451	-	(4,624)	-	-	(38,265)
	(1,119,311)	32,555	348	(28,690)	(23,819)	(55)	(1,138,972)

VOUGEOT BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

15. TAXATION

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

16. 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 audited annual report and financial statements of Vougeot Bidco plc for the period to 26 November 2015, a copy of which is available on the group website (<http://corporate.myvue.com/home/investor-relations>).