

**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 2014 - PERIOD ENDED 28 August 2014**

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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 28 August 2014, 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 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.

The summary financial information excludes non-cash compensation expense relating to share-based payments. Any such charge would have no impact on Consolidated EBITDA given the specific exclusion from this measure as defined in the Indenture.

This report refers to market information obtained from third party sources. “Market Admissions” for UK is sourced from the Cinema Advertising Association (“CAA”) and is a measure of paid and unpaid box office admissions. Market Admissions for Germany and Poland include only paid admissions and the sources are Rentrak through [www.IBOE.com](http://www.IBOE.com) and [www.boxoffice.pl](http://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 and Poland 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](http://www.IBOE.com) and for Poland from [www.boxoffice.pl](http://www.boxoffice.pl).

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>.

Bidco was incorporated on 2 May 2013 and began trading following its acquisition of Vue Entertainment International Limited (“VEIL”) on 8 August 2013. Comparative data for the three week trading period from 8 August 2013 to 29 August 2013 is reflected in information presented on an “As Acquired” basis, being the unaudited consolidated profit and loss account and the unaudited interim condensed consolidated accounts (page 12 and 14 of this report). A reconciliation between the Bidco As Acquired profit and loss account and the unaudited interim condensed consolidated accounts is provided on page 13 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 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, and the pre-acquisition consolidated financial information of Multikino S.A. (“Multikino”), adjusted to give pro forma effect to (i) IFRS and Polish GAAP to UK GAAP differences, (ii) the VEIL acquisition, (iii) the Financing (as defined in the Offering Memorandum), and the application of the proceeds there from. The transactions are deemed to have occurred on November 29, 2012 for the purposes of the income statement.

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 has made the strategic decision 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. At 28 August 2014 on a YTD basis the increase in Consolidated EBITDA resulting from this reduction in administration expenses is £2.9m, an increase in Q3 2014 of £0.5m from the £2.4m Consolidated EBITDA benefit recognised at 29 May 2014. As a consequence of this strategic decision we estimate that we will incur capital expenditure of £2.9m 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	Q3			YTD		
	Pro Forma			Pro Forma		
	2014	2013	% change	2014	2013	% change
Turnover	128.9	143.0	(9.9%)	414.7	440.2	(5.8%)
Consolidated EBITDA	18.4	22.5	(18.1%)	68.7	76.2	(9.8%)
Capital expenditure	(3.8)	(11.8)	68.1%	(17.4)	(25.8)	32.6%
Admissions (m)	14.3	15.7	(9.0%)	45.0	48.2	(6.6%)
Number of screens	1,359	1,335	1.8%	1,359	1,335	1.8%
Average ticket price ("ATP") (£)	5.99	6.04	(0.8%)	6.09	6.09	0.0%
Concession spend per person ("SPP") (£)	2.12	2.07	2.5%	2.07	2.01	2.7%

*Unless otherwise stated, discussion in this report relates to Pro Forma data (includes Multikino, CinemaxX and Apollo for period prior to acquisition). Bidco data is presented on an "As Acquired" basis on page 12.*

- Major Territories Total Market GBOR decreased by 6.4% against Q3 2013; down 3.1% YTD.
- Vue Major Territories GBOR for Q3 2014 decreased by 9.2% to £91.6m with Market Share decreasing by 0.6ppt to 19.8%, up 0.8ppt on Q2 2014.
- Group Turnover decreased by £14.2m (9.9%) to £128.9m and by 5.8% YTD.
- ATP is flat YTD but down 5p (0.8%) for Q3 2014.
- SPP is up by 5p (2.5%) in Q3 2014 and by 6p (2.7%) YTD reflecting the continuance of pricing and operational initiatives across all territories.
- YTD Consolidated EBITDA decreased by £7.5m (9.8%) to £68.7m driven by lower revenue.

## OPERATIONAL AND FINANCIAL REVIEW

### Markets

Market Admissions for Q3 2014 were down across all markets UK (9.2%), Germany (4.6%) and Poland (3.2%) principally due to the FIFA World Cup during June and July, a weak film slate through the quarter and exceptionally hot weather in Poland. Market GBOR was also down in UK (4.8%), Germany (1.1%) and Poland (2.3%).

On a YTD basis Market Admissions were down in the UK (5.6%) and Germany (2.5%). Poland Market Admissions were up 6.9%. Market GBOR was down in both the UK (2.6%) and Germany (0.8%). Market GBOR in Poland grew by 6.0% YTD.

## Turnover

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2014	2013	% change	2014	2013	% change
Total turnover	128.9	143.0	(9.9%)	414.7	440.2	(5.8%)
<i>Operational data</i>						
Admissions (m)	14.3	15.7	(9.0%)	45.0	48.2	(6.6%)
ATP (£)	5.99	6.04	(0.8%)	6.09	6.09	0.0%
SPP (£)	2.12	2.07	2.5%	2.07	2.01	2.7%
Total revenue per person (£)	9.01	9.10	(1.0%)	9.21	9.13	0.9%
Number of screens	1,359	1,335	1.8%	1,359	1,335	1.8%

Group Turnover for Q3 2014 decreased by £14.1m (9.9%) to £128.9m principally as a result of admissions down by 9.0% compared to Q3 2013.

- Local currency ATP in each market increased; despite this total ATP in GBP was down 5p (0.8%) for Q3 2014 and was flat YTD.
- SPP is up by 5p (2.5%) in Q3 2014 and by 6p (2.7%) YTD reflecting the continuance of pricing and operational initiatives across all territories.

Revenue per person in local currency increased across all markets in the quarter delivering an overall improvement in turnover which partially offset the decrease resulting from admissions. Total revenue per person measured in GBP is impacted by foreign exchange movements.

Q3 2014 GBOR Market Share of 19.8% was down by 0.6ppt on Q3 2013 (the same decrease as in Q2 2014) due to:

- Outperformance of the market by Vue in Q3 2013 across high grossing titles *Despicable Me 2*, *Man of Steel* and *Monsters University* versus a less favourable, lower grossing slate in Q3 2014;
- The termination of the lease at one site in Germany in August 2013;
- Limited number of UK sites impacted by competitor site openings;
- Growth in the Polish market due to new site openings by competitors.

Total screens increased by 24 on a net basis in the 12 months from the end of Q3 2013 due to the opening of four new sites (one in the UK and three in Poland), the addition of two screens at existing cinemas, and the closure of one site in Portugal.

## Cost of Sales

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2014	2013	% change	2014	2013	% change
Total cost of sales	(49.2)	(55.1)	10.7%	(157.3)	(169.2)	7.0%

Cost of sales decreased by £5.9m (10.7%), to £49.2m in the quarter ended 28 August 2014 driven by lower admissions. On a YTD basis cost of sales fell by 7.0% to £157.3m, again reflecting reduced admissions combined with an improvement in film rental costs.

## Administrative Expenses (excluding rent)

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2014	2013	% change	2014	2013	% change
Total administrative expenses (excluding rent) <sup>(1)</sup>	(36.6)	(39.7)	8.0%	(113.1)	(118.5)	4.6%

Excluding the impact of the Pro Forma savings, Q3 2014 administrative expenses decreased £2.6m (6.5%) to £37.1m or £2.9m (2.4%) to £115.6m YTD due to lower staff costs and other controllable expenses.

## Rentals under Operating Leases on Land and Buildings

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2014	2013	% change	2014	2013	% change
Rentals under operating leases on land and buildings	(24.7)	(25.7)	4.0%	(75.7)	(76.4)	0.9%

Quarter on quarter operating leases rentals on land and buildings decreased by £1.0m (4.0%) to £24.7m primarily due to rent negotiations in Portugal. On a YTD basis the decrease was £0.7m (0.9%).

## Consolidated EBITDA

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2014	2013	% change	2014	2013	% change
Consolidated EBITDA <sup>(1)</sup>	18.4	22.5	(18.1%)	68.7	76.2	(9.8%)

Consolidated EBITDA was down £4.1m (18.1%) to £18.4m quarter on quarter and £7.5m (9.8%) to £68.7m YTD. Consolidated EBITDA margin of 14.3%, was down 1.4ppt on Q3 2013, and 0.7ppt YTD but higher than Q2 2014 EBITDA margin of 12.3% due to increased revenue in this period.

<sup>(1)</sup>The board of directors of the Company has made the strategic decision 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. At 28 August 2014 on a YTD basis the increase in Consolidated EBITDA resulting from this reduction in administration expenses is £2.9m, an increase in Q3 2014 of £0.5m from the £2.4m Consolidated EBITDA benefit recognised at 29 May 2014. As a consequence of this strategic decision we estimate that we will incur capital expenditure of £2.9m 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.

## Capital Expenditures

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2014	2013	% change	2014	2013	% change
Total capital expenditure (net of Landlords Contribution)	(3.8)	(11.8)	68.1%	(17.4)	(25.8)	32.6%

In the quarter to 28 August 2014 total capital expenditure decreased by £7.0m (68.1%), to £3.8m. The reduction is primarily attributable to spending in the UK on the Bicester, Glasgow Fort and Cramlington sites in Q3 2013 being greater than that in Q3 2014 on the new Polish sites at Katowice and Olsztyn. No new sites opened in Q3 2014.

Capex spend is down £8.4m (32.6%) YTD, again due to higher spending on new sites in 2013.

## 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 unaudited interim condensed consolidated financial statements contained within this report.

As at 28 August 2014, Bidco's total third party borrowings were £526.6m (net of unamortised debt issuance costs of £13.5m), of which the Notes represent £530.7m, other loans represent £5.3m and drawings on the revolving credit facility represent £4.0m.

As at 28 August 2014 Bidco had unrestricted cash and cash equivalents of £10.75m comprising £52.85m in cash and cash equivalents on hand net of

- a) £38.0m to repay cash and interest relating to the OMERS/ AIMCo Bridge Loan, and
- b) £4.1m of restricted cash relating to rental deposits.



## RECENT DEVELOPMENTS

### Retail

Vue UK/Ireland has started to roll out three new and upgraded product lines during the Summer and Autumn;

- Replacement of a generic Nacho offer with the Doritos brand
- Lavazza coffee offer is now being rolled out across all sites and will be completed by early December
- 'Millions' confectionary brand is now installed in 40 cinemas

### Club Lloyds Ticket Deal in the UK

We believe this is the largest single company ticket deal agreed in our industry, as explained in previous presentations. Account sign up levels are in line with the expectations of Vue and Lloyds Bank and we have now started to see the visits from Club Lloyds customers in our cinemas.

### 3D Equipment Supplier

Vue has concluded a deal with Sony 4K Digital and MasterImage to use their 3D equipment in cinemas in the UK, Ireland, Denmark and CinemaxX to replace the Real D equipment as licenses expire.

### Managing Director – CinemaxX

Christian Gisy left the company on 31<sup>st</sup> August 2014. An executive search is underway for a replacement.

### VIP Seats

The installation of VIP seats in six trial sites in Poland and 1 in Latvia is now completed and results are positive. Three sites in Denmark and 5 sites in Germany have also had VIP seating installed and are trading successfully. Current results would indicate a full roll out across the Group in 2015.

## OUTLOOK

In the UK & Ireland, The top grossing titles for September 2014 were *Lucy* (£7.9m), *The Boxtrolls* (£5.1m) and *Let's Be Cops* (£4.5m).

In Germany, the top grossing titles for September 2014 were *Guardians Of The Galaxy* (€11.4m), *Sex Tape* (€7.4m) and *Monsieur Claude und Seine Töchter* (€5.9m).

In Poland, local product *Miasto'44* was the top grossing title for September 2014 at (c.ż14.0m), the remainder of Q4 is also expected to be driven by the Polish titles *Bogowie* (released in October) and *Dzien dobry, Kocham Cie* (released in November)

## **CONFERENCE CALL**

There will be a conference call for investors at 2.00pm on 22 October 2014. 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 3751809#.

**Vougeot Bidco plc Pro Forma Consolidated Profit and Loss Account (unaudited)**  
**For the period ended 28 August 2014<sup>1</sup>**

	Bidco For the 13 weeks ended 28 August	Bidco For the 13 weeks ended 29 August 2013	Bidco For the 39 weeks ended 28 August 2014	Bidco For the 39 weeks ended 29 August 2013
£m (unaudited)				
<b>Pro Forma</b>				
<b>Turnover</b>	<b>128.9</b>	<b>143.0</b>	<b>414.7</b>	<b>440.2</b>
Cost of sales	(49.2)	(55.1)	(157.3)	(169.2)
	79.7	87.9	257.4	271.1
Administration expenses (as per management)	(36.6)	(39.7)	(113.1)	(118.5)
Rentals under operating leases on land and buildings	(24.7)	(25.7)	(75.7)	(76.4)
<b>Consolidated EBITDA</b>	<b>18.4</b>	<b>22.5</b>	<b>68.7</b>	<b>76.2</b>
Non-cash/ non-recurring items	3.3	(7.5)	5.6	(10.3)
Depreciation	(10.1)	(10.1)	(30.5)	(31.0)
Amortisation	(9.2)	(8.4)	(27.7)	(25.7)
Impairment	-	-	-	(6.5)
<b>Group operating profit/(loss)</b>	<b>2.5</b>	<b>(3.4)</b>	<b>16.1</b>	<b>2.6</b>
<b>Turnover</b>	<b>128.9</b>	<b>143.0</b>	<b>414.7</b>	<b>440.2</b>
Cost of sales	(49.2)	(55.1)	(157.3)	(169.2)
	79.7	87.9	257.4	271.1
Administration expenses	(77.2)	(91.3)	(241.3)	(268.4)
<b>Group operating profit/(loss)</b>	<b>2.5</b>	<b>(3.4)</b>	<b>16.1</b>	<b>2.6</b>
Depreciation	10.1	10.1	30.5	31.0
Amortisation	9.2	8.4	27.7	25.7
Impairment	-	-	-	6.5
<b>EBITDA</b>	<b>21.8</b>	<b>15.0</b>	<b>74.3</b>	<b>65.8</b>
Non-cash/ non-recurring items	(3.3)	7.5	(5.6)	10.3
<b>Consolidated EBITDA</b>	<b>18.4</b>	<b>22.5</b>	<b>68.7</b>	<b>76.2</b>
Rentals under operating leases on land and buildings	24.7	25.7	75.7	76.4
<b>Consolidated EBITDAR</b>	<b>43.1</b>	<b>48.2</b>	<b>144.3</b>	<b>152.5</b>
Administration expenses (as per management)	(36.6)	(39.7)	(113.1)	(118.5)
Rentals under operating leases on land and buildings	(24.7)	(25.7)	(75.7)	(76.4)
Depreciation	(10.1)	(10.1)	(30.5)	(31.0)
Amortisation	(9.2)	(8.4)	(27.7)	(25.7)
Impairment	-	-	-	(6.5)
Non-cash/ non-recurring items	3.3	(7.5)	5.6	(10.3)
<b>Administration expenses</b>	<b>(77.2)</b>	<b>(91.3)</b>	<b>(241.3)</b>	<b>(268.4)</b>

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

## Vougeot Bidco plc As Acquired Consolidated Profit and Loss Account (unaudited)

For the period ended 28 August 2014 <sup>(4)</sup>

£m (unaudited)	Bidco <sup>(1)</sup>	Bidco <sup>(2),(3)</sup>	Bidco <sup>(1)</sup>	Bidco <sup>(2),(3)</sup>
	For the 13 weeks ended 28 August 2014	For the 13 weeks ended 29 August 2013	For the 39 weeks ended 28 August 2014	For the 39 weeks ended 29 August 2013
	<b>As Acquired</b>			
<b>Turnover</b>	<b>128.9</b>	<b>32.5</b>	<b>414.7</b>	<b>32.5</b>
Cost of sales	(49.2)	(11.8)	(157.3)	(11.8)
	79.7	20.7	257.4	20.7
Administration expenses (as per management)	(37.0)	(8.0)	(116.0)	(8.0)
Rentals under operating leases on land and buildings	(24.7)	(5.5)	(75.7)	(5.5)
<b>Consolidated EBITDA</b>	<b>18.0</b>	<b>7.2</b>	<b>65.7</b>	<b>7.2</b>
Non-cash/ non-recurring items	3.8	(1.0)	8.6	(1.0)
Depreciation	(10.1)	(2.0)	(30.5)	(2.0)
Amortisation	(9.2)	(2.0)	(27.7)	(2.0)
Impairment	-	-	-	-
<b>Group operating profit/(loss)</b>	<b>2.5</b>	<b>2.2</b>	<b>16.1</b>	<b>2.2</b>
Interest receivable and other income	-	-	0.2	-
Interest payable and similar charges	(24.3)	(7.0)	(73.5)	(7.0)
<b>Profit/ (loss) on ordinary activities before taxation</b>	<b>(21.8)</b>	<b>(4.8)</b>	<b>(57.2)</b>	<b>(4.8)</b>
Tax charge on profit/ (loss) of ordinary activities	(0.1)	(0.2)	(3.5)	(0.2)
<b>Profit/ (loss) on ordinary activities after taxation</b>	<b>(21.8)</b>	<b>(5.0)</b>	<b>(60.7)</b>	<b>(5.0)</b>
Minority interests	-	-	(0.3)	(0.0)
<b>Profit/ (loss) for the financial period</b>	<b>(21.8)</b>	<b>(5.0)</b>	<b>(61.1)</b>	<b>(5.0)</b>
Gross margin	61.8%	63.7%	62.1%	63.7%
Consolidated EBITDA margin	13.9%	22.2%	15.9%	22.2%
<b>Turnover</b>	<b>128.9</b>	<b>32.5</b>	<b>414.7</b>	<b>32.5</b>
Cost of sales	(49.2)	(11.8)	(157.3)	(11.8)
	79.7	20.7	257.4	20.7
Administration expenses	(77.2)	(18.5)	(241.3)	(18.6)
<b>Group operating profit/(loss)</b>	<b>2.5</b>	<b>2.2</b>	<b>16.1</b>	<b>2.1</b>
Depreciation	10.1	2.0	30.5	2.0
Amortisation	9.2	2.0	27.7	2.0
Impairment	-	-	-	-
<b>EBITDA</b>	<b>21.8</b>	<b>6.2</b>	<b>74.3</b>	<b>6.1</b>
Non-cash/ non-recurring items	(3.8)	1.0	(8.6)	1.0
<b>Consolidated EBITDA</b>	<b>17.9</b>	<b>7.2</b>	<b>65.7</b>	<b>7.1</b>
Rentals under operating leases on land and buildings	24.7	5.5	75.7	5.5
<b>Consolidated EBITDAR</b>	<b>42.6</b>	<b>12.7</b>	<b>141.4</b>	<b>12.6</b>
Administration expenses (as per management)	(37.0)	(8.0)	(116.0)	(8.0)
Rentals under operating leases on land and buildings	(24.7)	(5.5)	(75.7)	(5.5)
Depreciation	(10.1)	(2.0)	(30.5)	(2.0)
Amortisation	(9.2)	(2.0)	(27.7)	(2.0)
Impairment	-	-	-	-
Non-cash/ non-recurring items	3.8	(1.0)	8.6	(1.0)
<b>Administration expenses</b>	<b>(77.2)</b>	<b>(18.5)</b>	<b>(241.3)</b>	<b>(18.6)</b>

<sup>1</sup> UK GAAP. For the period from 29 November 2013 to 28 August 2014.

<sup>2</sup> UK GAAP. For the period of acquisition trading from 8 August 2013 to 29 August 2013.

<sup>3</sup> Due to year-end audit adjustments finalised after the presentation of the Q3 2013 results, a reclassification was made between staff costs in November 2013 and non-recurring costs in August 2013. In addition the amortisation of issue costs on repaid bank loans were removed from the Q3 2013 results. The comparatives presented reflect these restatements.

<sup>4</sup> For basis of preparation of As Acquired financial information refer to page 2 of this Report, Presentation of Financial Data.

## Supplemental Information

### Reconciliation of Bidco As Acquired to Vougeot Bidco plc Interim Condensed Consolidated Profit and Loss Account (unaudited)<sup>(2)</sup> For the period ended 28 August 2014

	Bond reporting For the 13 weeks ended 28 August 2014	Adjs <sup>(1)</sup>	Statutory reporting For the 13 weeks ended 28 August 2014	Bond reporting For the 39 weeks ended 28 August 2014	Adjs <sup>(1)</sup>	Statutory reporting For the 39 weeks ended 28 August 2014
<b>£m (unaudited)</b>						
			<b>As Acquired</b>			
<b>Turnover</b>	<b>128.9</b>	<b>(0.6)</b>	<b>128.2</b>	<b>414.7</b>	<b>0.5</b>	<b>415.2</b>
Cost of sales	(49.2)	(0.0)	(49.2)	(157.3)	(0.0)	(157.3)
	<u>79.7</u>	<u>(0.7)</u>	<u>79.0</u>	<u>257.4</u>	<u>0.4</u>	<u>257.9</u>
Administration expenses (as per management)	(37.0)	4.5	(32.6)	(116.0)	8.1	(107.9)
Operating lease rentals - land and buildings	(24.7)	-	(24.7)	(75.7)	-	(75.7)
<b>Consolidated EBITDA</b>	<b>18.0</b>	<b>3.8</b>	<b>21.8</b>	<b>65.7</b>	<b>8.6</b>	<b>74.3</b>
Non-cash/ non-recurring Items	3.8	(3.8)	-	8.6	(8.6)	-
Depreciation	(10.1)	-	(10.1)	(30.5)	-	(30.5)
Amortisation	(9.2)	-	(9.2)	(27.7)	-	(27.7)
Impairment	-	-	-	-	-	-
<b>Group operating profit/(loss)</b>	<b>2.5</b>	<b>-</b>	<b>2.5</b>	<b>16.1</b>	<b>-</b>	<b>16.1</b>
Gross margin	61.8%		61.6%	62.1%		62.1%
Consolidated EBITDA margin	13.9%		17.0%	15.9%		17.9%
<b>Turnover</b>	<b>128.9</b>	<b>(0.6)</b>	<b>128.2</b>	<b>414.7</b>	<b>0.5</b>	<b>415.2</b>
Cost of sales	(49.2)	(0.0)	(49.2)	(157.3)	(0.0)	(157.3)
	<u>79.7</u>	<u>(0.7)</u>	<u>79.0</u>	<u>257.4</u>	<u>0.4</u>	<u>257.9</u>
Administration expenses	(77.2)	0.7	(76.6)	(241.3)	(0.4)	(241.7)
<b>Group operating profit/(loss)</b>	<b>2.5</b>	<b>-</b>	<b>2.5</b>	<b>16.1</b>	<b>(0.0)</b>	<b>16.1</b>
Depreciation	10.1	-	10.1	30.5	-	30.5
Amortisation	9.2	-	9.2	27.7	-	27.7
Impairment	-	-	-	-	-	-
<b>EBITDA</b>	<b>21.8</b>	<b>-</b>	<b>21.8</b>	<b>74.3</b>	<b>(0.0)</b>	<b>74.3</b>
Non-cash/ non-recurring Items	(3.8)	3.8	-	(8.6)	8.6	-
<b>Consolidated EBITDA</b>	<b>17.9</b>	<b>3.8</b>	<b>21.8</b>	<b>65.7</b>	<b>8.6</b>	<b>74.3</b>
Operating lease rentals - land and buildings	24.7	-	24.7	75.7	-	75.7
<b>Consolidated EBITDAR</b>	<b>42.6</b>	<b>3.8</b>	<b>46.5</b>	<b>141.4</b>	<b>8.6</b>	<b>150.0</b>
Administration expenses (as per management)	(37.0)	4.5	(32.6)	(116.0)	8.1	(107.9)
Operating lease rentals - land and buildings	(24.7)	-	(24.7)	(75.7)	-	(75.7)
Depreciation	(10.1)	-	(10.1)	(30.5)	-	(30.5)
Amortisation	(9.2)	-	(9.2)	(27.7)	-	(27.7)
Impairment	-	-	-	-	-	-
Non-cash/ non-recurring Items	3.8	(3.8)	-	8.6	(8.6)	-
<b>Administration expenses</b>	<b>(77.2)</b>	<b>0.7</b>	<b>(76.6)</b>	<b>(241.3)</b>	<b>(0.4)</b>	<b>(241.7)</b>

<sup>1</sup> Adjustments and reclassifications.

<sup>2</sup> For basis of preparation of As Acquired financial information refer to page 2 of this Report, Presentation of Financial Data.

## Vougeot Bidco plc

### Interim Condensed Consolidated Profit and Loss Account (unaudited) for the period ended 28 August 2014

	13 weeks ended 28 August 2014 £'000	39 weeks ended 28 August 2014 £'000	3 trading weeks ended 29 August 2013 £'000
<b>Turnover</b>	<b>128,238</b>	<b>415,211</b>	32,488
Cost of sales	<b>(49,222)</b>	<b>(157,339)</b>	(11,778)
<b>Gross profit</b>	<b>79,016</b>	<b>257,872</b>	20,710
Administrative expenses	<b>(76,557)</b>	<b>(241,731)</b>	(18,526)
<b>Operating profit</b>	<b>2,459</b>	<b>16,141</b>	2,184
Interest receivable and similar income	<b>20</b>	<b>166</b>	645
Interest payable and similar charges	<b>(24,256)</b>	<b>(73,502)</b>	(7,637)
<b>Loss on ordinary activities before taxation</b>	<b>(21,777)</b>	<b>(57,195)</b>	(4,808)
Tax on loss on ordinary activities	<b>(83)</b>	<b>(3,536)</b>	(222)
<b>Loss on ordinary activities after taxation</b>	<b>(21,860)</b>	<b>(60,731)</b>	(5,030)
Minority interests	<b>(2)</b>	<b>(330)</b>	(1)
<b>Loss for the financial period</b>	<b>(21,862)</b>	<b>(61,061)</b>	(5,031)

All turnover and operating profit arose from continuing operations.

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

# Vougeot Bidco plc

## Interim Condensed Consolidated Balance Sheet (unaudited) as at 28 August 2014

	Notes	As at 28 August 2014 £'000	As at 28 November 2013 £'000
<b>Fixed assets</b>			
Intangible assets	2	696,166	723,692
Tangible assets	3	337,775	356,271
Investment in associate		85	238
		<b>1,034,026</b>	<b>1,080,201</b>
<b>Current assets</b>			
Stock		2,555	2,743
Debtors: amounts falling due within one year		39,868	39,291
Debtors: amounts falling due after more than one year		24,226	25,587
Cash at bank and in hand	4	51,649	55,491
		<b>118,298</b>	<b>123,112</b>
<b>Creditors: amounts falling due within one year</b>			
Loans	5	(38,561)	(35,186)
Other creditors	6	(107,851)	(115,572)
		<b>(146,412)</b>	<b>(150,758)</b>
<b>Net current liabilities</b>			
		<b>(28,114)</b>	<b>(27,646)</b>
<b>Total assets less current liabilities</b>			
		<b>1,005,912</b>	<b>1,052,555</b>
<b>Creditors: amounts falling due after more than one year</b>			
Loans	5	1,003,287	976,068
Other creditors	7	50,623	51,066
Provision for liabilities	8	39,126	41,118
<b>Capital and reserves</b>			
Called up share capital		4,718	4,718
Profit and loss account		(90,744)	(22,128)
<b>Total shareholders' deficit</b>			
		<b>(86,026)</b>	<b>(17,410)</b>
Minority interests		(1,098)	1,713
<b>Capital employed</b>			
		<b>1,005,912</b>	<b>1,052,555</b>

# Vougeot Bidco plc

## Interim Condensed Consolidated Cash Flow Statement (unaudited) for the period ended 28 August 2014

	Notes	13 Weeks ended 28 August 2014 £'000	39 Weeks ended 28 August 2014 £'000	3 trading weeks ended 29 August 2013 £'000
<b>Operating activities</b>				
Net cash inflow from operating activities	10	19,559	61,480	12,600
<b>Return on investments and servicing of finance</b>				
Interest received		20	167	1
Interest paid		(15,617)	(37,134)	(41)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(15,597)</b>	<b>(36,967)</b>	<b>(40)</b>
Taxation paid		(1,223)	(2,647)	(861)
<b>Cash outflow for capital expenditure and other financial investments</b>				
Payments to acquire tangible assets		(4,873)	(20,324)	(3,005)
Landlord contributions received		1,106	2,933	358
Acquisitions		-	(5,167)	(991,403)
Cash balance acquired on acquisition		-	-	63,915
<b>Net cash outflow from capital expenditure and other financial investments</b>		<b>(3,767)</b>	<b>(22,558)</b>	<b>(930,135)</b>
<b>Net cash outflow before financing activities</b>		<b>(1,028)</b>	<b>(692)</b>	<b>(918,436)</b>
<b>Financing activities</b>				
Senior secured notes and other loans		(1,296)	(342)	551,938
Issue costs paid		(350)	(350)	(12,637)
Issue of ordinary shares		-	-	4,718
Dividends paid to minority interests		-	(103)	-
Amounts paid to group companies		(16)	(18)	-
Issue of shareholder loans		-	-	428,220
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(1,662)</b>	<b>(813)</b>	<b>972,239</b>
<b>(Decrease)/Increase in cash</b>		<b>(2,690)</b>	<b>(1,505)</b>	<b>53,803</b>



## Vougeot Bidco plc

### Interim Condensed Consolidated Statement of Total Recognised Gains and Losses (unaudited) for the period ended 28 August 2014

	13 weeks ended 28 August 2014 £'000	39 weeks ended 28 August 2014 £'000	3 trading weeks ended 29 August 2013 £'000
Loss for the financial period	(21,862)	(61,061)	(5,031)
Foreign exchange movement	(4,713)	(7,555)	3,382
<b>Total recognised losses relating to the financial period</b>	<b>(26,575)</b>	<b>(68,616)</b>	<b>(1,649)</b>

### Interim Condensed Consolidated Statement of Shareholders' Deficit (unaudited) for the period ended 28 August 2014

	Share Capital £'000	Profit and Loss Account £'000	Total Shareholders' Deficit £'000
Balance as at 28 November 2013	4,718	(22,128)	(17,410)
Loss for the financial period	-	(61,061)	(61,061)
Foreign exchange movement	-	(7,555)	(7,555)
Net reduction for the period	-	(68,616)	(68,616)
<b>Closing balance as at 28 August 2014</b>	<b>4,718</b>	<b>(90,744)</b>	<b>(86,026)</b>

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 28 August 2014

### 1 Basis of preparation

The accompanying unaudited interim condensed consolidated financial statements of Vougeot Bidco plc ("the Company") and its subsidiaries (collectively "the Group") have been prepared under the historical cost convention in accordance with applicable accounting standards in the United Kingdom ("UK GAAP"). The accounting policies adopted are consistent with those applied in the audited annual report and consolidated financial statements of Vougeot Bidco plc for the period to 28 November 2013. The directors have prepared these financial statements for the purposes of reporting in connection with the secured fixed sterling and floating euro rate notes.

The comparative results for the prior period refer to the period from incorporation of the Company on 2 May 2013 to 29 August 2013. The trading activity included within the comparative period is for the 3 weeks commencing 8 August 2013. The comparative results for the balance sheet refer to annual audited balance sheet as at 28 November 2013.

### 2 Intangible Fixed Assets - Goodwill

	<b>£'000</b>
<b>Cost</b>	
At 28 November 2013	734,548
Acquisitions	1,656
Foreign exchange movement	(1,638)
<b>At 28 August 2014</b>	<b>734,566</b>
<b>Accumulated amortisation</b>	
At 28 November 2013	(10,856)
Charged for the period	(27,729)
Foreign exchange movement	185
<b>At 28 August 2014</b>	<b>(38,400)</b>
<b>Net book value at 28 August 2014</b>	<b>696,166</b>
Net book value at 28 November 2013	723,692

Goodwill acquisitions in the period relate to the purchase of the remaining 2.52% of the shares in CinemaxX Holdings GmbH ("CinemaxX" formerly CinemaxX AG) that were not previously owned by the Group. The purchase was made by Vue Beteiligungs GmbH, a subsidiary of the Group, for an amount of €5,967k. Following acquisition of the outstanding minority interests in CinemaxX AG and its conversion to CinemaxX Holdings GmbH, companies in the CinemaxX Group became guarantors to the Indenture on 7 May 2014.

## Vougeot Bidco plc

### Notes to the Financial Statements for the period ended 28 August 2014 (continued)

#### 3 Tangible Fixed Assets

	£'000
Net book value at 28 November 2013	356,271
Additions	16,822
Disposals	(10)
Depreciation	(30,369)
Foreign exchange movement	(4,939)
<b>Net book value at 28 August 2014</b>	<b>337,775</b>

The additions for the period include an amount of £4.0m of capital expenditure accrued as at 28 August 2014 (28 November 2013 £8.4m) relating to expenditure on new sites and other projects.

#### 4 Cash at bank and in hand

	As at 28 August 2014 £'000	As at 28 November 2013 £'000
Cash - unrestricted	47,553	47,080
Cash - restricted	4,096	8,411
<b>Total Cash at bank and in hand</b>	<b>51,649</b>	<b>55,491</b>

Restricted cash includes £4,096k of rental deposits held in relation to some of the Group's cinema sites.

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 28 August 2014 (continued)

### 5 Loan Capital and Borrowings

	As at 28 August 2014 £'000	As at 28 November 2013 £'000
Revolving Facility	2,833	1,983
Capitalised Issue Costs	(2,272)	(2,048)
Shareholder Loans	38,000	35,251
<b>Loans: amounts falling due within one year</b>	<b>38,561</b>	<b>35,186</b>
Euro Bond - Floating	230,655	241,365
Sterling Bond - Fixed	300,000	300,000
Capitalised Issue Costs	(11,181)	(12,743)
External Loans	584	509
Shareholder Loans	483,229	446,937
<b>Loans: amounts falling after more than one year</b>	<b>1,003,287</b>	<b>976,068</b>

#### Senior Secured Notes

Senior secured fixed rate sterling denominated notes of £300m have a termination date of 15 July 2020. Interest is fixed at 7.875% and is payable on a semi-annual basis.

Senior secured floating rate Euro denominated notes of €290m have a termination date of 15 July 2020. Interest is floating at three month EURIBOR plus a margin of 5.25%. Interest is payable on a quarterly basis.

#### Revolving Credit Facility

The Group is able to draw down on a £50m multicurrency revolving credit and overdraft facility with Lloyds Bank plc. At 28 August 2014, the facility was £2.8m drawn down. 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 3.5%.

#### Swap Contracts

On 8 August 2013 the Company entered into two swaps with Lloyds Bank plc (Lloyds) and Nomura Bank International plc (Nomura). Both swaps have a notional value of €115.9m and a termination date of 15 July 2016. Under the Lloyds swap the Group pays a fixed interest rate of 1.147%. Under the Nomura swap the Group pays a fixed interest rate of 1.027%.

#### Capitalised Issue Costs

Costs incurred in issuing the senior secured notes and the revolving credit and overdraft facility are capitalised and are allocated to the profit and loss account over the terms of the related debt facility. At 28 August 2014, borrowings are stated net of unamortised issue costs of £13.5m.

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 28 August 2014 (continued)

### 5 Loan Capital and Borrowings (continued)

#### Security

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

#### Shareholder loans due within one year

Shareholder loans due within one year relate to the German Trapped Cash Equity Bridge loan. The loan bears interest of 11.0% per annum and has a termination date of 9 August 2033. The loan can be repaid earlier than that date if the remaining shares in CinemaxX Holding GmbH not owned by the Group have been acquired, subject to a maximum payment of £38.0m for principal and accrued interest in total. The remaining shares in CinemaxX Holding GmbH have now been acquired and therefore the loan has been classified as due within one year. Any amounts over the £38.0m maximum payment are shown as due after more than one year.

#### 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. All interest is capitalised on an annual basis to increase the value of the loan. At 28 August 2014, accrued interest totalled £50.2m.

### 6 Creditors: Amounts Falling Due Within One Year

	<b>As at 28 August 2014 £'000</b>	<b>As at 28 November 2013 £'000</b>
Trade creditors	27,226	24,720
Other tax and social security	3,188	1,283
Other creditors	3,285	4,239
Group relief payable	112	112
Finance leases	1,297	1,707
Accruals	47,446	62,147
Corporation tax payable	1,813	839
Deferred income	23,484	20,525
	<b>107,851</b>	<b>115,572</b>
<hr/>		
Loans	<b>38,561</b>	35,186
Loans	<b>38,561</b>	35,186
	<b>146,412</b>	<b>150,758</b>

## Vougeot Bidco plc

### Notes to the Financial Statements for the period ended 28 August 2014 (continued)

#### 7 Creditors: Amounts Falling Due After More Than One Year

	<b>As at 28 August 2014 £'000</b>	As at 28 November 2013 £'000
Deferred income	<b>45,986</b>	45,332
Other creditors	<b>1,193</b>	1,249
Finance leases	<b>3,444</b>	4,485
	<b>50,623</b>	51,066
Loans	<b>1,003,287</b>	976,068

#### 8 Provision for Liabilities

	<b>As at 28 August 2014 £'000</b>	As at 28 November 2013 £'000
Provision at beginning of period	<b>41,118</b>	-
Onerous lease provision acquired	-	38,522
Charge to the profit and loss account	<b>819</b>	3,911
Utilised during the period	<b>(4,893)</b>	(2,117)
Unwinding of discount factor on onerous leases	<b>2,425</b>	987
Foreign exchange movement	<b>(343)</b>	(185)
<b>Provision at the end of the period</b>	<b>39,126</b>	41,118

#### 9 Analysis of Changes in Net Debt

	As at 28 November 2013 £'000	Cash flow £'000	Non cash movement £'000	Foreign exchange £'000	As at 28 August 2014 £'000
Cash in hand and at bank	55,491	(1,505)	-	(2,337)	<b>51,649</b>
Other loans	(6,661)	1,350	-	(14)	<b>(5,325)</b>
Shareholders loans	(482,167)	18	(39,047)	-	<b>(521,196)</b>
Revolving Credit Facility borrowing	(1,983)	(1,008)	-	158	<b>(2,833)</b>
Senior Secured notes	(526,573)	350	(1,689)	10,710	<b>(517,202)</b>
	<b>(961,893)</b>	<b>(795)</b>	<b>(40,736)</b>	<b>8,517</b>	<b>(994,907)</b>

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 28 August 2014 (continued)

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

	13 weeks ended 28 August 2014 £'000	39 weeks ended 28 August 2014 £'000	3 trading weeks 29 August 2013 £'000
<b>Operating profit</b>	<b>2,459</b>	<b>16,141</b>	2,184
Depreciation of fixed assets	10,128	30,455	2,046
Amortisation of goodwill	9,166	27,730	1,992
Non cash operating items (Increase)/Decrease in stock	(8,343) (120)	(17,388) 148	(3,318) (183)
(Increase)/decrease in debtors	(2,654)	(738)	3,204
Decrease in creditors	8,922	5,132	6,675
<b>Net cash inflow</b>	<b>19,559</b>	<b>61,480</b>	12,600

### 11 Taxation

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

### 12 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 consolidated financial statements of Vougeot Bidco plc for the period to 28 November 2013, a copy of which is available on the group website <http://corporate.myvue.com/home/investor-relations>.