

Registered number: 08514872

VUE INTERNATIONAL BIDCO PLC

UNAUDITED

FINANCIAL STATEMENTS

FOR THE 3 MONTHS ENDED 31 MAY 2018

VUE INTERNATIONAL BIDCO PLC

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (unaudited)
FOR THE PERIOD ENDED 31 MAY 2018

	3 Months ended 31 May 2018 £000	6 Months ended 31 May 2018 £000	3 Months ended 31 May 2017 £000	6 Months ended 31 May 2017 £000
Revenue	175,734	422,041	184,668	421,273
Cost of sales	(65,750)	(158,022)	(71,291)	(159,850)
Gross profit	109,984	264,019	113,377	261,423
Operating expenses:				
Headline operating expenses	(94,787)	(193,637)	(89,831)	(181,773)
Depreciation & amortisation	(13,961)	(29,008)	(13,835)	(27,816)
Exceptional operating items	(2,313)	(4,785)	2,390	531
Operating profit / (loss)	(1,077)	36,589	12,101	52,365
Headline operating profit ⁽¹⁾	1,236	41,374	9,711	51,834
Finance income	57	122	19	53
Finance expenses	(31,440)	(65,621)	(42,628)	(74,571)
Net finance costs	(31,383)	(65,499)	(42,609)	(74,518)
Profit before income tax	(32,460)	(28,910)	(30,508)	(22,153)
Tax	2,257	(8,936)	(1,778)	(10,452)
Loss for the period	(30,203)	(37,846)	(32,286)	(32,605)
Attributable to:				
- Owners of the parent	(30,216)	(37,916)	(32,320)	(32,691)
- Non-controlling interests	13	70	34	86
	(30,203)	(37,846)	(32,286)	(32,605)

(1) Before exceptional items

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
FOR THE PERIOD ENDED 31 MAY 2018

	3 Months ended 31 May 2018 £000	6 Months ended 31 May 2018 £000	3 Months ended 31 May 2017 £000	6 Months ended 31 May 2017 £000
Loss for the period	(30,203)	(37,846)	(32,286)	(32,605)
Items that may subsequently be reclassified to profit or loss				
Translation gains / (losses) on net investments	(9,410)	(7,099)	15,962	14,580
Total comprehensive loss for the period	(39,613)	(44,945)	(16,324)	(18,025)
Attributable to:				
- Owners of the parent	(39,626)	(45,015)	(16,358)	(18,111)
- Non-controlling interests	13	70	34	86

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INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)
AS AT 31 MAY 2018

	Notes	As at 31 May 2018 £000	As at 30 November 2017 £000
Non-current assets			
Property, plant and equipment	3	321,401	335,438
Goodwill and intangible assets		872,869	877,293
Investments		430	430
Deferred tax asset		29,984	32,076
Trade and other receivables	5	2,908	3,011
Total non-current assets		1,227,592	1,248,248
Current assets			
Inventories	4	5,106	5,199
Trade and other receivables	5	60,273	62,198
Cash and cash equivalents	6	118,459	116,135
Total current assets		183,838	183,532
Total assets		1,411,430	1,431,780
Current liabilities			
Trade and other payables	7	166,096	176,338
Interest-bearing loans and other liabilities	8	5,940	6,825
Provisions	9	2,219	1,742
Total current liabilities		174,255	184,905
Non-current liabilities			
Trade and other payables	7	52,158	53,032
Interest-bearing loans and other liabilities	8	1,507,407	1,470,086
Provisions	9	101,693	104,822
Deferred tax liability		5,293	4,269
Total non-current liabilities		1,666,551	1,632,209
Total liabilities		1,840,806	1,817,114
Net liabilities		(429,376)	(385,334)
Equity			
Share capital	10	4,718	4,718
Share based payment reserve		9,880	8,853
Retained losses		(444,067)	(399,052)
Equity attributable to owners of the parent		(429,469)	(385,481)
Non-controlling interests		93	147
Total equity		(429,376)	(385,334)

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
FOR THE PERIOD ENDED 31 MAY 2018

	Share Capital £000	Share Based Payment Reserve £000	Retained Earnings £000	Total £000	Non- controlling interest £000	Total Equity £000
Balance at 30 November 2016	4,718	6,798	(318,197)	(306,681)	150	(306,531)
(Loss)/profit for the period	-	-	(101,036)	(101,036)	123	(100,913)
Other comprehensive income for the period	-	-	20,181	20,181	-	20,181
Total comprehensive (loss)/income for the period	-	-	(80,855)	(80,855)	123	(80,732)
Share based payments	-	2,055	-	2,055	-	2,055
Dividend paid to non-controlling interests	-	-	-	-	(126)	(126)
Balance at 30 November 2017	4,718	8,853	(399,052)	(385,481)	147	(385,334)
(Loss)/profit for the period	-	-	(37,916)	(37,916)	70	(37,846)
Other comprehensive loss for the period	-	-	(7,099)	(7,099)	-	(7,099)
Total comprehensive (loss)/income for the period	-	-	(45,015)	(45,015)	70	(44,945)
Share based payments	-	1,027	-	1,027	-	1,027
Dividend paid to non-controlling interests	-	-	-	-	(124)	(124)
Balance at 31 May 2018	4,718	9,880	(444,067)	(429,469)	93	(429,376)

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**CONSOLIDATED CASH FLOW STATEMENT (unaudited)
FOR THE PERIOD ENDED 31 MAY 2018**

		3 Months ended 31 May 2018 £000	6 Months ended 31 May 2018 £000	3 Months ended 31 May 2017 £000	6 Months ended 31 May 2017 £000
Net cash (outflow) / inflow from operating activities	11	(2,846)	46,007	(821)	57,781
Cashflows from investing activities					
Interest received		57	122	19	53
Acquisition of property, plant and equipment and Intangibles		(9,304)	(18,553)	(11,787)	(18,457)
Site acquisition incentive payment		-	-	8,519	8,519
Landlord contributions received		2,563	3,696	3,158	3,158
Investment in Joint Venture		-	-	(174)	(174)
Proceeds from disposal of property, plant and equipment		-	-	361	361
Net cash inflow / (outflow) from investing activities		(6,684)	(14,735)	96	(6,540)
Cashflows from financing activities					
Interest paid		(6,605)	(24,910)	(6,454)	(25,098)
Payment of borrowings		(1,508)	(3,177)	(1,448)	(3,495)
Dividend paid to non-controlling interest		-	(124)	-	(127)
Net cash outflow from financing activities		(8,113)	(28,211)	(7,902)	(28,720)
Net increase / (decrease) in cash and cash equivalents		(17,643)	3,061	(8,627)	22,521
Cash and cash equivalents at beginning of period		137,003	116,135	131,446	102,946
Exchange gains / (losses) on cash and cash equivalents		(901)	(737)	4,823	2,175
Cash and cash equivalents at end of the period		118,459	118,459	127,642	127,642

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The Group financial statements comply with Article 4 of the EU IAS Regulation.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. FINANCE EXPENSES

	3 Months ended 31 May 2018 £000	6 Months ended 31 May 2018 £000	3 Months ended 31 May 2017 £000	6 Months ended 31 May 2017 £000
Senior secured notes and bank loans	13,430	26,942	13,869	28,151
Amortisation of capitalised issue costs	67	137	70	139
Shareholder loan interest	19,660	38,893	18,133	36,280
Unwinding of discount factor on provisions	474	948	465	921
Foreign exchange (gains) / losses	(2,191)	(1,299)	10,091	9,080
	31,440	65,621	42,628	74,571

3. PROPERTY, PLANT AND EQUIPMENT

	As at 31 May 2018 £000	As at 30 November 2017 £000
Opening net book value	335,438	343,789
Additions	15,243	44,994
Disposals	(96)	(2,654)
Depreciation	(27,348)	(55,000)
Impairment charge	-	(2,232)
Foreign exchange gain	(2,006)	7,507
Fair value adjustments	170	(127)
Transfers to intangibles	-	(839)
Closing net book value	321,401	335,438

4. INVENTORIES

	As at 31 May 2018 £000	As at 30 November 2017 £000
Finished goods and goods for resale	5,106	5,199

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NOTES TO THE FINANCIAL STATEMENTS (unaudited)

5. TRADE AND OTHER RECEIVABLES

	As at 31 May 2018 £000	As at 30 November 2017 £000
Trade receivables	29,063	26,892
Allowance for doubtful debts	(4,007)	(4,042)
Prepayments	23,608	23,293
Other receivables	14,517	17,973
Corporate taxes	-	1,093
Total	63,181	65,209
Current	60,273	62,198
Non-current	2,908	3,011
Total	63,181	65,209

6. CASH AND CASH EQUIVALENTS

	As at 31 May 2018 £000	As at 30 November 2017 £000
Cash - unrestricted	114,278	111,941
Cash - restricted	4,181	4,194
	118,459	116,135

7. TRADE AND OTHER PAYABLES

	As at 31 May 2018 £000	As at 30 November 2017 £000
Trade payables	35,592	48,431
Accrued expenses	81,044	79,712
Other payables	6,614	7,253
Amounts payable to group undertakings	200	275
Corporate taxes	1,693	-
Taxation and social security	1,821	2,061
Deferred income	91,290	91,638
Total	218,254	229,370
Current	166,096	176,338
Non-current	52,158	53,032
Total	218,254	229,370

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

8. BORROWINGS

	As at 31 May 2018 £000	As at November 2017 £000
Non-current		
Interest-bearing loans and bank borrowings	1,483,234	1,443,513
Finance lease liabilities	24,173	26,573
Total	<u>1,507,407</u>	<u>1,470,086</u>
Current		
Finance lease liabilities	5,940	6,825
Total	<u>5,940</u>	<u>6,825</u>
Interest-bearing loans and other liabilities	<u>1,513,347</u>	<u>1,476,911</u>

The terms and conditions of outstanding loans were as follows:

	Current		Non-Current		Total	
	31 May 2018 £000	30 November 2017 £000	31 May 2018 £000	30 November 2017 £000	31 May 2018 £000	30 November 2017 £000
Senior secured note - £300m	-	-	296,845	296,211	296,845	296,211
Senior secured note - €360m	-	-	310,812	310,611	310,812	310,611
Senior secured loan - €120m	-	-	103,483	103,636	103,483	103,636
External loans	-	-	590	603	590	603
Shareholder loan notes	-	-	771,848	732,933	771,848	732,933
Total	-	-	1,483,578	1,443,994	1,483,578	1,443,994
Less:						
Capitalised issues costs	-	-	(344)	(481)	(344)	(481)
Total interest bearing loans and borrowings	-	-	1,483,234	1,443,513	1,483,234	1,443,513
Finance lease liabilities	5,940	6,825	24,173	26,573	30,113	33,398
Total interest bearing loans and borrowings	5,940	6,825	1,507,407	1,470,086	1,513,347	1,476,911

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

8. BORROWINGS (Continued)

Senior Secured Notes

Senior secured floating rate Euro denominated notes of €290m 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 of €1.2m (£1.0m) was paid on the date of issue of the notes.

A further €70m 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 of €1.8m (£1.4m) was paid on the date of issue of the 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.

A senior secured floating rate Euro denominated term loan of €120m was issued on 29 July 2016. Interest is floating at three month EURIBOR plus a margin of 550 bps. Interest is payable on a quarterly basis. An Original Issue Discount fee of €0.6m (£0.5m) was paid on the date of issue of the loan. This loan is repayable on 29 July 2023.

Revolving credit facility

The Group is able to draw on a £60m multicurrency revolving credit and overdraft facility with Lloyds Bank plc. This facility is partially utilised to provide landlord guarantees for our Italian business. At 31 May 2018 there were no working capital drawings on the facility (2017: nil). The facility is available until 8 August 2019. The facility bears interest at LIBOR, EURIBOR, CIBOR (Denmark) or WIBOR (Poland) depending on the currency drawn down plus a margin of 3.50%.

Costs incurred in obtaining the revolving credit facility are capitalised and are allocated to the Consolidated Income Statement over the life of the related debt facility. At 31 May 2018 the unamortised issue costs were £0.3m (2017: £0.5m).

Shareholder loan notes

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. Interest roll up and capital is repayable on the termination date.

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.

Capitalised issue costs

Costs incurred in issuing the senior debt and the credit facility are capitalised and are allocated to the Consolidated income statement over the life of the related debt facility. At 31 May 2018 borrowings are stated net of unamortised issue costs of £9.6m (2017: £11.1m).

External loans

External loans relate to loans from the German Federal Film Fund (FFA). These loans have a variety of maturity dates with the last due to be repaid in 2022.

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NOTES TO THE FINANCIAL STATEMENTS (unaudited)

9. PROVISIONS

	As at 31 May 2018 £000	As at 30 November 2017 £000
Analysis of total provisions		
Current	2,219	1,742
Non-current	101,693	104,822
	<u>103,912</u>	<u>106,564</u>

	Property provisions £000	Jubilee retirement £000	Other provisions £000	Total £000
At 30 November 2017	102,555	2,267	1,742	106,564
Additions during the year	-	63	649	712
Utilised / Released during the year	(3,948)	(147)	(122)	(4,217)
Unwound during the year	948	-	-	948
Foreign exchange gains	(39)	(6)	(50)	(95)
At 31 May 2018	<u>99,516</u>	<u>2,177</u>	<u>2,219</u>	<u>103,912</u>

10. SHARE CAPITAL

	As at 31 May 2018 £000	As at 30 November 2017 £000
Allotted, issued and fully paid		
4,718,100 Ordinary shares of £1.00 each	<u>4,718</u>	<u>4,718</u>

11. CASH GENERATED FROM OPERATIONS

	3 Months ended 31 May 2018 £000	6 Months ended 31 May 2018 £000	3 Months ended 28 February 2017 £000	6 Months ended 25th August 2016 £000
Loss for the year	(30,203)	(37,846)	(32,286)	(32,605)
Adjustments for:				
Income tax expense	(2,257)	8,936	1,778	10,452
Net finance costs	31,383	65,499	42,614	74,541
Gain / (loss) on disposal of tangible fixed assets	8	81	(7)	43
Depreciation	13,101	27,250	13,238	26,600
Amortisation of intangible assets	860	1,660	598	1,215
Increase in provisions and other non-cash items	(2,022)	(3,745)	(7,255)	(9,004)
Operating cash flows before movements in working capital	<u>10,870</u>	<u>61,835</u>	<u>18,680</u>	<u>71,242</u>
(Increase) / decrease in inventories	(209)	66	(2,822)	(2,791)
(Increase) / decrease in trade and other receivables	(682)	(1,220)	(1,833)	2,853
(Decrease) in trade and other payables	(10,976)	(11,271)	(10,989)	(8,853)
Cash generated by operations	<u>(997)</u>	<u>49,410</u>	<u>3,036</u>	<u>62,451</u>
Income taxes paid	(1,849)	(3,403)	(3,857)	(4,670)
Net cash (outflow) / inflow from operating activities	<u>(2,846)</u>	<u>46,007</u>	<u>(821)</u>	<u>57,781</u>

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

12. ANALYSIS OF CHANGES IN NET DEBT

	30 November 2017 £000	Cash flow £000	Foreign Exchange movements £000	Interest charges £000	Other non- cash movements £000	31 May 2018 £000
Cash and cash equivalents	116,135	3,061	(737)	-	-	118,459
Shareholder loan notes	(732,933)	-	-	(38,915)	-	(771,848)
Senior secured notes and loans	(710,458)	(22,498)	1,237	22,571	(1,992)	(711,140)
Unamortised capitalised issue cost	481	-	-	-	(137)	344
Finance lease liabilities	(33,398)	4,703	109	(1,527)	-	(30,113)
External loans	(603)	12	1	-	-	(590)
Total	(1,360,776)	(14,722)	610	(17,871)	(2,129)	(1,394,888)

13. TAXATION

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

14. 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 Vue International Bidco plc for the period to 30 November 2017, a copy of which is available on the group website (<http://vue-international.com/index.php/investor-relations/reports-presentations>).