Vue International Bidco plc

Registered number: 08514872

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2017

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COMPANY INFORMATION

Directors	J. Timothy Richards Alan McNair Stephen Knibbs Mark Redman - Non Executive Peter Teti - Non Executive Simon Jones - Non Executive Jason Peters - Non Executive
Registered number	08514872
Registered office	10 Chiswick Park 566 Chiswick High Road London W4 5XS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2017

The directors present their Strategic Report of Vue International Bidco plc ("the Company") and its subsidiaries (together "the Group") for the year ended 30 November 2017. The comparative period is for the year ended 30 November 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Group is the development and operation of state-of-the-art multiplex cinemas. The principal activity of the Company is to provide management services to the Group, as a holding company.

As at 30 November 2017, the Group operates 212 (2016: 211) cinema sites. 86 (2016: 84) of these sites are in the UK, 36 (2016: 36) in Italy, 32 (2016: 33) in Poland, 30 (2016: 30) in Germany, 21 (2016: 21) in the Netherlands, 3 (2016: 3) in Denmark, and 1 (2016: 1) in each of Eire, Latvia, Lithuania and Taiwan.

The Company has issued listed senior secured fixed and floating rate notes ("the Notes"). The Notes require quarterly reporting which includes a discussion of the performance of the Group on a proforma basis. Reports are available within the 'investor relations' section of the Group website (http://vue-international.com/index.php/investor-relations/reports-presentations) and contain unaudited and non statutory information.

The Company is controlled by Vue International Holdco Limited, a company incorporated in Jersey, which is considered to be the ultimate controlling party. Vue International Holdco Limited is an investment vehicle for OMERS Administration Corporation ("OMERS") and certain clients of Alberta Investment Management Corporation ("AIMCo").

REVIEW OF THE BUSINESS

In this section and the accompanying Directors' Report, the Company presents further information on the principal activities of the business, including a description of the principal risks and uncertainties facing the Group and an analysis of the development and performance of the business during the year and position for the year then ended.

Further additional information is provided in accordance with "The Walker Guidelines for Disclosure and Transparency in Private Equity" which applies to portfolio companies owned by private equity investors.

The Strategic Report, Directors' Report and financial statements contain certain forward looking statements with respect to the financial condition, results, operations and business of the Group. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied in forward looking statements and forecasts as they can be affected by a wide range of variables not wholly within the Group's control.

The forward looking statements reflect the knowledge and information available at the date of approval of the Strategic Report, Directors' Report and financial statements. Nothing in the Strategic Report, Directors' Report and financial statements should be construed as a profit forecast.

RESULTS FOR THE YEAR

Group operating profit for the year was £50.2m (2016: £69.5m).

The retained loss for the Group after taxation, finance costs and non-controlling interests amounted to £100.9m (2016: £121.5m). Consolidated EBITDA of £124.7m (2016: £134.0m) is reported before depreciation and amortisation expense of £58.0m (2016: £54.8m) and exceptional items (as defined in note 3.21) of £16.5m (2016: £9.7m).

Total net cash inflow for the year amounted to £9.9m (2016: inflow £38.0m) as set out below.

Net cash inflow from operating activities for the year was £97.9m (2016: £97.7m) driven by the trading performance of the Group. This includes a cash inflow of £1.0m (2016: outflow £18.9m) from working capital.

Net cash outflow from investing activities was £31.0m (2016: £29.1m). Capital investment in cinemas and related assets, net of landlord contributions, was £39.3m (2016: £29.1m). Net cash investment in subsidiaries in the current period was £0.3m (2016: £nil). Taxation of £10.4m (2016: £8.6m) was also paid.

Net cash outflow from financing activities was £57.0m (2016: outflow £30.6m). The outflow in the current period was driven by interest paid during the period of £50.3m (2016: £48.3m), net proceeds on loans £nil (2016: net proceeds £98.4m) and amounts paid to parent undertakings of nil (2016: amounts paid of £74.7m).

Market Environment Trends and Factors Affecting Future and Current Performance

Admissions and Gross Box Office Revenues (GBOR)

The recent annual trend of market Admissions and GBOR for the five key territories within the Group are shown in the table below.

Market Admissions (m)	**2017**	2016	**2017 vs. 2016**
UK & Ireland	**187.4**	186.9	**+0.3%**
Germany	**114.4**	115.0	**-0.5%**
Italy	**92.4**	106.2	**-13.0%**
Poland	**56.5**	51.7	**+9.1%**
Netherlands	**34.5**	33.3	**+3.3%**

Market GBOR	**2017**	2016	**2017 vs. 2016**
UK & Ireland (£m)	**1,371.8**	1,340.3	**+2.4%**
Germany (€m)	**994.2**	989.7	**+0.5%**
Italy (€m)	**579.2**	672.7	**-13.9%**
Poland (PLNm)	**1,071.1**	963.9	**+11.2%**
Netherlands (€m)	**291.7**	283.7	**+2.7%**

Source: UK&IR, Germany, Italy and Netherlands IBOE; Poland boxoffice.pl

Please note, in previous years, the source for the Germany data (Market admissions and GBOR) has been the German Federal Film Board. However, this information is typically published in late February each year, which is later than the publication of these financial statements. Therefore, an alternative source for Germany, International Box Office Essentials, has been used for the table above, and the prior year comparatives have been restated accordingly.

Admissions and Gross Box Office Revenues (GBOR) ***(continued)***

2017 witnessed another strong performance from the Hollywood slate, well complemented by local productions across our territories. With the exception of Italy all of our markets saw year on year growth in terms of GBOR. The decline in Italy follows an extremely strong year in 2016, where *Quo Vado?*, the most viewed film in Italian cinema history attracted 9.4m admissions.

In terms of Hollywood content, the year began with the successful Star Wars spin-off *Rogue One: A Star Wars Story*, which proved very popular across all of our territories. Other key releases which performed strongly during the past year included the award winning *La La Land*, a live action remake of *Beauty And The Beast*, Marvel Studios' *Guardians Of The Galaxy 2, Spiderman: Homecoming* and *Thor: Ragnarok*, the animation *Despicable Me 3* and horror title *It*.

Once again, the importance of local productions was highlighted during the year, driving growth in specific markets and continuing to demonstrate the benefit of a diversified portfolio of territories. In the UK & Ireland, Christopher Nolan's World War II movie *Dunkirk* was especially popular during the summer, as well as *Victoria and Abdul*. In Germany, the latest release in the successful *Fack Ju Gohte* series was the highest grossing movie of the year. In Poland, two of the three highest grossing titles of the year were Polish productions *Botoks* and *Sztuka Kochania: Historia Michaliny Wislockiej*. In Italy, *L'Ora Legale* performed well in addition to other local comedies traditionally released over the festive period. In the Netherlands, *Soof 2* was the most viewed local language movie of the year.

Market GBOR levels developed at a higher rate than admissions in all markets except the Netherlands and Italy. This reflects the continued popularity of premium offerings such as luxury seating and large format screens. The rate of GBOR growth compared to admissions is also influenced by the penetration of movies released in 3D as well as the proportion of Kids' titles, which can fluctuate across territories.

As per the prior year, the GBOR growth rate in Italy was impacted by the continuation of the market-wide discounting initiative during the first half of the year, called "Cinema2Days". This scheme was in place for three months during 2016 and six months in 2017 causing a larger dilution of average ticket price across the market.

Record market GBOR levels were achieved during the year in the UK & Ireland, Poland and the Netherlands.

BUSINESS MODEL

The Group generates its revenue mainly through the sale of tickets for audiences to view screenings of movies within its cinemas, the sale of food and beverages to the audiences and through advertising revenue.

The main costs for the Group relate to film rental payments to distributors for the right to screen movies within its cinemas, purchasing of concessions goods for resale, rental expense for its cinemas as well as utilities and maintenance to operate the sites and the cost of employing staff working at its cinemas.

Other revenues

Concessions revenue remains a significant source of income for the Group. Traditionally, products such as popcorn, hot dogs, nachos and soft drinks have been popular food and beverage choices for audiences, however, there is an increasing demand for a more diverse offering both in terms of range of products as well as premium offerings.

During the year, new products offered to audiences included premium craft beers and a wider range of alcoholic beverages. Trials took place in the areas of Krispy Kreme doughnuts, frozen Coca Cola and "Freestyle" Coke machines at certain sites. In the UK, our new Milkshake offering has proved extremely popular.

Screen advertising continues to provide a consistent source of revenue and the Group has also continued to develop other revenue sources. This includes the hire of auditoria for corporate and private events, the sale of movie-related merchandising and off-screen advertising.

STRATEGY

The Group continues to actively seek new opportunities for value enhancing development and appraises all relevant opportunities as and when they arise, either for organic development or potential acquisition.

New sites development

During the year the Group opened one new multiplex in Bedford and also acquired the Manchester Printworks site from Odeon in the UK.

The seven screen multiplex cinema in Bedford opened on 26 July 2017, forming part of the Bedford Riverside leisure development. The development includes a new hotel, retail and restaurant space and 50 high-quality residential units. The cinema has been built to Vue's latest specifications including stadium seating, Sony 4K digital projection, Dolby surround sound, enhanced VIP seating and luxury recliners in every screen.

Manchester Printworks is a 20 screen multiplex situated in the centre of Manchester. Ownership of the Printworks site transferred from Odeon to Vue in May 2017 following a brief transition period while the site was rebranded and Vue operating technology installed. Since the acquisition we have added a "Scene" bar and the existing projection technology is to be upgraded to state-of-the-art Laser technology during the first half of 2018 to complement the already highly successful 375 seat IMAX screen.

Development of existing sites

The Group has continued to invest in the improvement of existing sites to enhance the experience of our customers.

The most significant investment this year has been the large scale and award-winning refurbishment of the iconic, flagship site in London's West End. The nine screen venue reopened on 10 July 2017 becoming the first cinema in the West End to provide customers with fully reclining leather seats, alongside Dolby Atmos immersive surround sound and exciting new retail offerings. Other new enhancements at the site include a 64.5m² digital screen on the exterior of the building, advanced Sony 4K digital projection and a complete redesign of the foyer and bar area.

Development of existing sites *(continued)*

A major refurbishment was also completed during the year at Preston in the UK with work at an advanced stage at two sites in Poland and six sites in the Netherlands. Our Multikino sites at Łódź and Poznań will include additional seating options as well as redesigned foyers and retail stands. The refurbishments in the Netherlands will feature the installation of extra screens as well as luxury seating at selected sites, new foyer and retail areas and energy-saving LED lighting.

Three additional screens were installed at our cinema in the Westfield White City shopping centre in June 2017 which increased capacity at the site by 150 seats including both standard and VIP seats. Three screens were also added to our cinemas in the Netherlands with one opening at Apeldoorn and two at our Kerkrade cinema through a conversion of an existing large screen which allows greater screening flexibility.

In Denmark, a second IMAX screen was opened in Aarhus following the success of the format at the Copehagen cinema. The Group now operates five IMAX screens across the UK and Denmark, two Dolby Cinema screens in the Netherlands as well as our own “Xtreme” branded premium large format screens at 15 sites in the UK and Poland.

The programme to install new improved VIP seats across our cinemas was completed in Italy and Poland during 2017 meaning there are now VIP seats in every screen at every cinema across our European portfolio.

The roll out of fully reclining luxury seats continued with six further UK sites being equipped with recliner seats as standard.

A new concessions concept (“Next Generation Retail”) was launched at the Bristol Cribbs site in the UK in early 2017. Various aspects including “Coke Freestyle”, branded concessions and new Impulse Buying Units have also been incorporated across the Group as part of our retail development strategy.

The Group will continue to assess opportunities within the circuits for developing existing sites.

Technology

At the start of the year, the latest IMAX installation in Aarhus, Denmark was successfully completed and has proved popular with audiences throughout the year.

The projector replacement programme was completed across the UK and Germany, installing Sony dual 4k systems in the largest auditoria. This included two screens in the London West End site which were also enabled with Dolby Atmos immersive sound and Éclair Color High Dynamic Range (HDR), helping to restore the Vue West End to its flagship position in Leicester Square, London.

As outlined in the previous section, as part of the West End refurbishment, a stunning Barco outdoor LED screen was mounted above the entrance. In addition to providing high quality digital film images, it also supports live outdoor broadcasts for premieres, and advertising opportunities for third parties in an extremely high footfall area of London.

The cross-territory website development programme has continued to roll out across our territories and is now live in the UK & Ireland, Poland, Latvia, Lithuania and Italy. Germany plan to go-live in 2018. Co-ordinated developments of the platform are being planned throughout 2018.

Screen advertising

Overall, screen advertising revenues were slightly down on 2016 with a mixture of positive and negative year on year movements across the territories, largely reflecting the attractiveness and quality of the film slate in each territory. In Italy, 2017 saw the establishment and successful launch of DCA Italia (Digital Cinema Advertising), an advertising sales house joint venture between The Space Cinema and UCI Italia, created with an ambition to grow revenues and take advantage of digital cinema advertising capability.

Operational efficiency

The Group remains focussed on ensuring continuous improvement in site operations to achieve relevant efficiencies.

Enhancing energy efficiency remains of core importance to the Group, from an environmental perspective as well as from the associated cost savings. Consumption savings continue to be delivered through operational and behavioural measures such as switching off equipment and lighting when not in use.

The Group also continues to proactively review and manage our lease contracts to ensure rent, length of lease and space rented are all optimally configured. During the year, a number of leases in all of our territories were re-geared to deliver additional value for the Group.

The Group has also continued to leverage its scale in negotiating and securing enhanced supply contracts. During 2017, deals for the provision of projector lamps, nachos, frozen drinks and confectionary were all agreed with our suppliers, all on attractive terms which have helped to improve our margins whilst ensuring the provision of high quality products and services for our customers.

Principal risks and uncertainties

The management of the business and the execution of the Group’s strategy are subject to a number of risks. The Group’s approach to risk management is to manage risks rather than attempt to eliminate risks in the pursuit of its business objectives.

Management considers risks within day-to-day activities ensuring that initiatives and appropriate processes are implemented to monitor and mitigate them. The Group has a formal risk management framework and continues to develop a Group wide internal audit capability to strengthen corporate governance across the Group.

The key business risks affecting the Group are set out below:

Film production and quality risk

The quality of the films released in any reporting period is the main determinant of the Group's admissions which in turn drive revenue and profitability. There is an inherent reliance on major US studios and local film industries to continue to develop successful films and franchises that ensure a reliable and recurring stream of revenue.

Film production and quality risk *(continued)*

The Group maintains close relationships with studios and local distributors to understand, as early as possible, likely film performance. The Group has also significantly increased exposure to local, non Hollywood film demand through increasing its presence in European markets. This helps to provide a robust hedging mechanism during phases where Hollywood content may not be as appealing to cinema audiences.

Competition risk

The Group operates in a competitive market place. Other operators have sites within the catchment areas of many of the Group's cinemas.

To mitigate this risk the local operations teams monitor the services provided to customers with a focus on continual improvement. Additionally, the Group invests significant amounts in maintaining and improving its cinema estate resulting in a high proportion of state-of-the-art, stadium seated, high quality multiplexes within its portfolio. The Group is undertaking a company-wide initiative to improve its customer facing digital platforms. Together these enhance the customer experience from awareness, choice and booking through to ticket collection and the screening experience itself.

Supplier risk

The Group's main suppliers are the distributors of the film products that drive admissions and the suppliers of branded food, drink and confectionery offered at cinemas.

The relative importance of each distributor varies over time, in line with the relative success of the individual films that they release each year and is managed through the Group's film buying teams.

The Group has continued to develop its procurement capability for non film purchasing activity. New international arrangements have benefited the Group as a whole by leveraging its increasing scale.

Health and safety risk

The Group's cinemas attract over a million visitors every week. The Group places paramount importance on ensuring its cinemas are physically safe environments and that its food and beverage products are maintained and served in accordance with food safety regulations. The Group employs ongoing compliance monitoring methods within its cinemas and conducts frequent and unannounced operational audits as part of its monitoring programme.

Information security and data protection risk

Work is ongoing to adhere to local data security guidelines and attain the relevant accreditations such as PCI as Payment Card Industry Data Security Standards (PCI-DSS) in each territory.

Work has started at a Group level to understand the implications of the upcoming European GDPR regulations which will come into force in 2018. Following discovery and analysis phases, compliance plans and timescales for action will be created.

Continuity risk

This is the risk that the business, or a significant part of it, is unable to recover effectively after a major incident. This could lead to financial loss, customer loss or potential business closure. The Group has standard operating procedures designed to protect cinemas, staff, visitors and customers in the event of fire or similar major incident. These procedures are reviewed frequently in order to keep them current.

People risk

The business has been growing significantly and management recognises the reliance that may be placed on key personnel at all levels. The Group's HR function establishes methods for succession planning, effective recruitment and talent management.

During the year the Group has rolled out a set of policies that define the Group's behavioural standards and expectations. These include code of conduct and anti-fraud policies.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include liquidity, interest rate and foreign exchange risks. The Group has mechanisms in place that seek to limit the impact of adverse effects of these risks on the financial performance of the Group.

Liquidity risk

The Group actively manages its finances to ensure that it has sufficient funds available for its operations. Methods include weekly cashflow forecasts across all territories, efficient management of revolving credit facilities and regular forecasting of capital expenditure requirements.

Interest rate cash flow risk

Interest rate swaps have been entered into in the past to help mitigate interest rate risk. Although no swaps have been entered into in the current year the directors continue to monitor interest rate exposure on an ongoing basis and may put new interest rate swaps in place in the future.

Foreign exchange risk

The Group has foreign currency assets and liabilities. The Group does not currently use financial instruments to manage the risk of fluctuating exchange rates and as such no hedge accounting is applied. Due to the Group having assets and liabilities in multiple currencies, a natural hedge is inbuilt into the Group operations. The directors keep the exposure to currency fluctuations under constant review, particularly in light of recent volatility due to Brexit.

Group internal audit

A Head of Group Internal Audit oversees Group-wide auditing capability across the territories covering corporate, operational, financial and strategic risk areas.

During the year a number of audit and assurance projects were undertaken and the Group policy framework designed to ensure consistent processes and controls across the business was significantly strengthened and improved through the issuance of several Group policies. Additionally field audit capability was established in Vue Netherlands.

Work continues on a number of compliance areas, most significantly on the Group's conformity with the General Data Protection Regulation (GDPR).

Financial key performance indicators

The board monitors Admissions, Group Turnover, Box Office Revenue and Consolidated EBITDA. All figures stated below reflect the results of the Group:

	Year ended 30 November 2017	Year ended 30 November 2016
Admissions	**80.5m**	82.8m
Group Turnover	**£790.2m**	£772.5m
Box Office Revenue	**£516.3m**	£506.4m
Consolidated EBITDA	**£124.7m**	£134.0m

Consolidated EBITDA of £124.7m (2016: £134.0m) is reported before depreciation and amortisation expense of £58.0m (2016: £54.8m) and exceptional operating items (note 4) of £16.5m (2016: £9.7m).

Future outlook

The Hollywood slate for 2018 is once again expected to prove highly attractive for audiences, centring around exciting new releases from proven franchises. The year has already seen extremely strong performance from the eighth film in the Star Wars series *Episode VIII: The Last Jedi* as well as *Jumanji: Welcome To The Jungle, The Greatest Showman* and *The Darkest Hour.*

Key Hollywood releases across the remainder of the year include *Jurassic World: The Fallen Kingdom*, three releases in the Marvel cinematic universe *Avengers: Infinity War*, *Black Panther* and *Ant-Man And The Wasp*, a further Star Wars release *Solo*, the Steven Spielberg movie adaptation of the popular novel *Ready Player One*, a Pixar animation sequel to *The Incredibles* as well as *Mamma Mia 2, Deadpool 2* and a second *Fantastic Beasts* movie towards the end of the financial year.

Highly anticipated local productions include *Das Klassentreffen* in Germany, following the strong performance already observed from *Dieses Bescheuerte Herz* which was released in December, *Doris* in the Netherlands and in Poland, sequels in the *Pitbull* and *Planeta Singli* series. December and January have seen strong performances from local comedies in the Italian market, such as *Poveri Ma Ricchissimi* and *Come Un Gatto In Tangenziale.*

Future outlook *(continued)*

The Group will continue to invest in its existing cinemas and infrastructure and explore new opportunities through site development, procurement, pricing optimisation, customer value management, corporate partnerships, operating efficiencies and technology.

This report was approved by the board on 2 February 2018 and signed on its behalf by

Alan McNair
Director

The directors present their report and the audited financial statements for the year ended 30 November 2017.

RESULTS AND DIVIDENDS

The loss for the financial year after tax amounted to £100.9m (2016: £121.5m). Further discussion of the results and performance of the Group is provided in the Strategic Report on pages 3 to 12.

The directors do not recommend that a dividend be paid (2016: £nil).

FUTURE DEVELOPMENTS

A discussion of future developments of the Group and Company has been included in the Strategic Report.

GOING CONCERN

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In particular the working capital requirements of the Group are met by the Group's available cash balance and a revolving credit facility provided under agreement with the Company.

The longer-term finance of the Group is provided by senior secured floating and fixed Euro and Sterling denominated notes plus shareholder loans and a senior secured term loan (see note 24). As a result the directors believe that the Group will, for the foreseeable future, be able to continue trading and meet all liabilities as and when they fall due, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

PRIVATE EQUITY OWNERSHIP

The Company is controlled by Vue International Holdco Limited a company incorporated in Jersey. Vue International Holdco Limited is an investment vehicle for OMERS Administration Corporation ("OMERS") and certain clients of Alberta Investment Management Corporation ("AIMCo").

AIMCo is one of Canada's largest and most diversified institutional investment managers with more than CAD$96 billion of assets under management as at 31 December 2016. AIMCo was established on January 1, 2008 with a mandate to provide superior long-term investment results for its clients. AIMCo operates at arms-length from the Government of Alberta and invests globally on behalf of 32 pension, endowment and government funds in the Province of Alberta. For more information on AIMCo please visit www.aimco.alberta.ca.

Founded in 1962, OMERS is one of Canada's largest defined benefit pension plans, with more than CAD$85 billion in net assets as at 31 December, 2016. It invests and administers pensions for 470,000 members from municipalities, school boards, emergency services and local agencies across Ontario. OMERS has employees in Toronto and other major cities across North America, the UK, Europe and Australia - originating and managing a diversified portfolio of investments in public markets, private equity, infrastructure and real estate. With 45 investment professionals, the Private Equity group is headquartered in Toronto with offices in New York and London. For more information, please visit www.omersprivatemarkets.com.

Ownership structure

The ownership structure in Vue International Holdco Limited, the ultimate controlling party, including the shares allocated through the executive incentive scheme is as follows:

OMERS	37.1%
AIMCo	37.1%
Management	25.8%

DIRECTORS

The directors who held office during the period and up to the date of signing these financial statements were as follows:

J. Timothy Richards
Alan McNair
Stephen Knibbs
Mark Redman – Non-Executive
Peter Teti – Non-Executive
Simon Jones – Non-Executive
Jason Peters – Non-Executive (Appointed 16 May 2017)
Robert Mah – Non-Executive (Resigned 16 May 2017)

J. Timothy Richards - Founder and Chief Executive Officer

In 1998, Tim left Warner Bros. Studio in L.A. and founded a start-up cinema exhibition company then named SBC International Cinemas. Today Vue International is one of the largest cinema exhibition companies in the world and boasts 212 state-of-the-art multiplexes in the UK, Ireland, Germany, Denmark, Poland, Latvia, Lithuania, Italy, the Netherlands and Taiwan.

Before entering the entertainment industry, Tim was a Wall Street lawyer engaged in international finance and cross-border mergers and acquisitions while based in London and New York. Tim is Governor of the board for the British Film Institute (BFI), Executive Director of the Cinema Exhibitor Association (CEA) and Board Member of the Union Internationale de Cinemas (UNIC).

Alan McNair - Deputy Chief Executive Officer

Alan has over 35 years in the entertainment and leisure business. He has extensive senior management experience in a wide number of international markets, starting in film distribution in 1979, followed by video distribution and since 1987, in international cinema exhibition. Prior to joining Tim in 1999, Alan held the position of Executive Vice President and CFO of United Cinemas International (UCI) worldwide. Alan was named the International Exhibitor of the Year by CineEurope in 2014.

DIRECTORS *(continued)*

Stephen Knibbs – Chief Operating Officer

Steve joined Vue in 2003 as Chief Operating Officer and is a key member of the senior executive team which has grown the business to its current scale. Prior to joining Vue, Steve was Managing Director of UCI Cinemas (UK) and then Senior Vice President for UCI in North Europe, overseeing the operations in the UK, Ireland, Germany and Poland. Steve received the Lifetime Achievement Award from UK Cinema Industry in 2017.

Jason Peters – Non Executive

Jason is Director, Private Equity at AIMCo, having joined in January 2011 after serving 10 years as an investment banker. Previously he has held various investment banking positions including Vice President with Bank of America Merrill Lynch and JPMorgan in New York. Jason holds a Bachelor of Commerce degree with a major in Corporate Finance from the University of Alberta.

Mark Redman - Non Executive

Mark is an Executive Vice President and the Global Head for OMERS Private Equity ("OPE"). Mark joined OPE Europe in September 2009 and has led OPE's investments in HayFin, V.Group, Lifeways, Civica and Vue to date. Prior to OPE Europe, Mark worked at Grant Thornton as a corporate finance advisor until 1996, when he joined 3i. During his time at 3i, he helped open and grow 3i's Amsterdam office and also developed its market entry strategy for Turkey. Mark has a Master's Degree in Modern History from Oxford University and is a Chartered Accountant.

Peter Teti - Non Executive

Peter is Senior Vice President, Private Equity and Relationship Investments at AIMCo, having joined in September 2012. Previously, Peter was a Managing Director of Rothschild (Canada) Inc. and has worked in investment banking for 16 years in Toronto and London. He has a Bachelor of Commerce (Honors) from Queen's University and is a Chartered Accountant.

Simon Jones – Non Executive

Simon is a Director at OPE Europe, having joined in February 2010, and has been responsible for transacting and monitoring OPE's investments in HayFin and Vue. Prior to joining OPE Europe, Simon worked within PricewaterhouseCoopers' Corporate Finance advisory practice in London from 2004 to 2010. He has a Bachelor of Science degree in International Business and French from the University of Warwick and is a Chartered Accountant.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

During the period to 30 November 2017 and to the date of approval of the financial statements, the Company and Group maintained liability insurance for its directors and officers.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political contributions (2016: £nil) or charitable contributions (2016: £10k) were made in the period.

SOCIAL AND COMMUNITY ISSUES

The Group works with local communities in the businesses it operates to attract people to fill vacancies from those communities.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group continues to invest in the design, maintenance and operation of its sites in order to ensure customers are provided with the ultimate guest experience every time they visit one of the Group's cinemas.

Areas of development include food and beverage products, ensuring state-of-the-art audio and visual experience through the latest technologies, investing to remain at the cutting edge of our digital offering and software solutions, such as automated scheduling and cinema operating systems, as well as continued improvement in guest comfort from providing enhanced premium seating offers.

ENVIRONMENTAL MATTERS

The Group seeks to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Group has complied with all applicable legislation and regulations.

Vue management have continued a programme of operational initiatives during 2017 to deliver reductions in the Group's carbon footprint. Environmentally beneficial projects include reductions in electricity and gas consumption and improvements in waste management.

Notable reductions in electricity consumption have been delivered in Italy, UK and Germany as a result of enhanced management procedures in relation to operational best practice.

The Group will continue to develop its energy saving strategy during 2018.

POST BALANCE SHEET EVENTS

There were no post balance sheet events as at the date of approving the financial statements.

EMPLOYEE INVOLVEMENT

Our people

People are at the core of delivering the best cinema experience across all territories in which we operate. Therefore, creating and retaining high performing teams and individuals is a key focus.

Aligned organisational structures

In order to maximise international synergies and local opportunities in each of our markets, we develop global strategies which we tailor and roll out to each of our operating businesses such that we capitalise quickly on local prospects. To deliver this strategy and to ensure that organisational structures continue to meet business requirements, our structures are reviewed on an ongoing basis and continuously evolve within each territory.

Developing and retaining talented employees is a fundamental part of the Group strategy. With similar organisational structures in place across all territories, we can improve the way we offer employee career paths across the Group and also maximise commercial opportunities by identifying, sharing and implementing best practice.

Aligned employees

The Group's reward and recognition strategy is designed to ensure that employees are aligned to the Group's goals and are rewarded for the contribution that they make to the Group's success. Performance is driven by ensuring that incentive and recognition plans align all employees to the delivery of key business priorities and targets. Pay and benefit structures are competitive and are regularly benchmarked against relevant external data.

The incentive plans that are in place include both a company and personal element. Employees are rewarded for both overall company performance and individual business contribution. Where teams have direct responsibility for specific revenue lines and profitability bonuses have been designed to share with the team a percentage of the incremental revenue and profit that they generate.

Within our territories, there are local recognition schemes that reward great customer service within our busiest periods and we continue building on this.

Finding and developing our top talent

The Group is committed to finding and appointing top talent as well as providing training and on-going development aligned to business and employee needs.

Designing effective recruitment tools and clearly defining role accountabilities, skills and capabilities are a prime focus across all territories.

As part of our standardised cinema operational excellence model, we are committed to continue building on what currently exists across the Group. This includes the modular training frameworks that help create clear career paths, ensuring that teams fulfil their potential and continue to develop their skills and ability within their current position but also for potential future opportunities. As the organisation continues to change, develop and grow, focused internal training and development programmes are delivered in order to support employees with the acquisition of newly required business skills and capabilities. There are also bespoke and targeted development programmes for employees in the internal talent pools that support cinema management succession plans. Examples of these development programmes include Leadership, Personal Impact and Commercial acumen. The talent pipelines ensure that critical vacancies are filled quickly and cost effectively.

Employee involvement and implementation of best practice

The Group seeks to engage all employees in both its short and long-term goals. This is achieved through a number of two-way communication methods including senior management briefings, employee forums and work councils.

Best practice is proactively identified and implemented across the Group using various methods such as setting up regular workshops that bring together key specialist managers from each territory in areas such as, but not limited to, Retail, Pricing, Marketing and Screen Content.

Equality of opportunity and human rights

The Group is committed to making full use of the talents within the business and therefore provides equal opportunities for all. Employment decisions which include recruitment, promotion, compensation, benefits, performance management and training are based on an individual's skills, performance and behaviour and how these relate to the requirements of the business. The Group seeks to treat all its employees with dignity and respect.

Gender breakdown

Gender diversity within the Group as at 30 November 2017 was:

Level	Definition	Male	Male %	Female	Female %	Total
Board directors	Statutory Board Members	7	100%	-	0%	**7**
Senior Managers	Group Executive Directors, Territory Managing Directors ("MDs") and Directors reporting to MDs	34	84%	6	16%	**40**
Employees	All employees excluding those mentioned above	4,708	49%	4,959	51%	**9,667**
Total		**4,749**	**49%**	**4,965**	**51%**	**9,714**

DISABLED EMPLOYEES

It is the policy of the Group that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The Group is prepared to modify procedures or equipment, wherever this is practicable, so that full use can be made of an individual's abilities.

Vue International Bidco plc

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2017

STATEMENT OF DISCLOSURE TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' Report is approved, confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed in accordance with section 489(4) of the Companies Act 2006.

This report was approved by the board on 2 February 2018 and signed on its behalf by

Alan McNair
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This responsibility statement was approved by the board of directors on 2 February 2018 and is signed on its behalf by

Alan McNair
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, Vue International Bidco plc's Group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 30 November 2017 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet as at 30 November 2017; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated Statement of Changes in Equity for the year then ended; and the notes to the consolidated financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

Overview

Materiality

- Overall Group materiality: £3,150,000 (2016: £3,240,000), based on 2.9% of earnings before interest, taxation, depreciation and amortisation ('EBITDA').

Audit Scope

- We performed audit procedures in each of the Group's key operating divisions which are located in the UK & Ireland, Germany & Denmark, Poland & The Baltics, Italy and the Netherlands.
- Full scope audits were performed over the complete financial information of CinemaxX (Germany & Denmark) and Vue Nederland (Netherlands). Separately, we performed full scope audits over four entities in Vue UK & I (UK & Ireland), one entity in Multikino (Poland & Baltics) and seven entities in The Space Cinema (Italy).
- Additional audit procedures were performed at the Head Office level.
- Our scoping has provided 95% coverage of EBITDA.

Key audit matters

- Carrying value of goodwill, intangible assets, and property, plant & equipment.
- Presentation of exceptional items.

The Scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill, intangible assets, and property, plant & equipment At 30 November 2017, the Group has goodwill of £862.7m (2016: £849.6m) and other intangibles of £14.6m (2016:£14.6m). See note 17. At 30 November 2017, the Group had property, plant and equipment of £335.4m (2016: £343.8m). See note 16. The Group is required to annually assess the carrying value of goodwill by performing a value in use calculation based on the future trading projections of the relevant cash generating unit (CGU).	For all CGUs we obtained the discounted cash flow forecasts prepared by management. Details of the key assumptions included in the cash flow forecasts prepared by the Group are included in notes 16 and 17. We evaluated the appropriateness of management's model used for the impairment assessment and considered the reasonableness of the future cash flow forecasts in the model by comparing them with the Long Range Plans in use by Vue's board and comparing prior year forecasts to actual outturn. We challenged management on: • Forecast revenue growth rates for the CGUs over the period of the forecasts; • The key assumptions for long term growth rates in the forecasts by comparing them with historical results and economic and industry forecasts; and

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill, intangible assets, and property, plant & equipment (continued) As a result of performing value in use calculations, no goodwill impairment charges have been recorded by the Group for the year ended 30 November 2017 (2016: £nil). We focused on this area because the value in use calculation includes key assumptions and judgements in the calculations of the recoverable amount, namely forecast revenue growth rates, the long term growth rate and discount rate assumptions. Separately to the consideration of the carrying value of goodwill, the Group must consider whether any indicators of impairment have been identified in relation to other intangible assets and tangible assets subject to depreciation in CGUs without goodwill. The Group has performed separate value in use assessments to ascertain whether the carrying values of the intangible assets and property, plant and equipment at the Group's operating sites were supportable. As a result of this analysis asset impairments of £2.3m have been recorded. We focused on this area because the consideration of whether indicators of impairment exist in CGUs without goodwill is judgemental and because, where indicators of impairment have been identified, the value in use calculation includes key assumptions and judgements in the calculations of the recoverable amount, namely forecast revenue growth rates, the long term growth rate and discount rate assumptions.	• The discount rate used. Specifically, we recalculated the Group's weighted average cost of capital and territory appropriate discount rates using market comparable information and compared these rates to those used by management. We also performed sensitivity analysis on the discounted cash flow forecasts and on the ability of the Group to generate the forecast cash flows. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill, intangible and/or tangible assets to be impaired, we considered the likelihood of such a movement in those key assumptions arising. In the CGUs without goodwill, we considered whether any indicators of impairment existed other than in the operating sites identified by management. We compared actual performance of the relevant operating site in 2017 with budget/forecast in 2018 and investigated any significant anomalies. Having performed our procedures, we concluded that the tangible and other intangible impairments recorded by the Group in CGUs without goodwill were appropriate and that the quantum of these impairments were within a reasonable range of outcomes. For all CGUs with goodwill, we were satisfied that the carrying value of goodwill was supported by the value in use calculations and that there are no reasonably possible changes in any of the assumptions included in the models that could cause the carrying amount of any CGU to exceed its recoverable amount.

Key audit matter	How our audit addressed the key audit matter
Presentation of exceptional items The Group has recognised £16.5m of exceptional items in 2017 (2016: £9.7m). The Group presents consolidated EBITDA which is EBITDA after adjusting for certain items of income or expense that management believes do not reflect the true underlying performance of the Group. The determination of which items of income or expense are classified as exceptional is subject to judgement and therefore users of the accounts could be misled if amounts are not classified appropriately. A description of the amounts presented as exceptional is included in note 11 to the financial statements.	We considered the appropriateness of the adjustments made to EBITDA to derive Consolidated EBITDA and headline operating profit. In order to do this we considered: • The Group's accounting policy on exceptional and non-trading items; • The nature and magnitude of the items classified as exceptional; and • Pronouncements by the Financial Reporting Council on this matter. We challenged management on the appropriateness of the classification of such items being mindful that classification should be even handed between gains and losses, the basis for the classification clearly disclosed, and applied consistently from one year to the next. Having considered the nature and quantum of these items, we are satisfied that the presentation of exceptional items in the financial statements for the year ended 30 November 2017 is appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which it operates.

Our audit procedures account for 95% of the Group's EBITDA.

The Group consists of a centralised head office within the UK and operates six trading divisions: Vue UK&I (UK & Ireland); CinemaxX (Germany & Denmark); The Space Cinema (Italy); Multikino (Poland & Baltics); Vue Nederland (Netherlands); and SBC (Taiwan).

The Group's accounting process is structured around a local finance function for each division who maintain their own accounting records and controls and report to the centralised head office finance function in the UK through submission of monthly reporting packs. The head office finance function consolidates the results of all of the divisions.

In our view, due to their significance and/or risk characteristics, we determined that full scope audits were to be performed over the complete financial information of CinemaxX and Vue Nederland and full scope audits of four entities in Vue UK&I, one entity in Multikino and seven entities in The Space Cinema.

How we tailored the audit scope *(continued)*

The Group consolidation, financial statement disclosures and a number of complex items were audited at the Group's head office. These included goodwill, property, plant and equipment impairments, onerous leases, exceptional items and tax.

The audit of UK & Ireland and the head office was performed by the Group engagement team. Separately, the Group engagement team visited all overseas territories for which component audit teams issue full scope audit opinions and attended all component team clearance meetings, either in person or via teleconference. In addition, all overseas component teams, together with the Group engagement team, attended a planning meeting held at the Group's head office. Furthermore, regular communication was maintained between the Group engagement team and all component audit teams throughout the audit process. The Group engagement team performed a review of the audit working papers of the significant overseas components in Poland and Germany.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£3,150,000 (2016: £3,240,000).
How we determined it	2.9% of earnings before interest, taxation, depreciation and amortisation ('EBITDA').
Rationale for benchmark applied	EBITDA is considered to be the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £850,000 and £3,132,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £165,000 (2016: £162,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 November 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2017

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

OTHER MATTERS

We have reported separately on the company financial statements of Vue International Bidco plc for the year ended 30 November 2017.

JS Jenkins

Julian Jenkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 February 2018

Vue International Bidco plc

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	**Year ended 30 November 2017 £000**	Year ended 30 November 2016 £000
Revenue	**5, 6**	**790,164**	772,525
Cost of sales		**(297,224)**	(293,746)
Gross profit		**492,940**	478,779
Operating expenses:			
Headline operating expenses (1)		**(368,293)**	(344,772)
Depreciation & amortisation	**8**	**(58,018)**	(54,826)
Exceptional operating items	**11**	**(16,458)**	(9,685)
Operating profit	**8**	**50,171**	69,496
Headline operating profit (2)		**66,629**	79,181
Finance income	**10**	**149**	251
Finance expenses	**10**	**(143,079)**	(173,109)
Net finance costs		**(142,930)**	(172,858)
Loss before tax		**(92,759)**	(103,362)
Tax	**15**	**(8,154)**	(18,110)
Loss for the year		**(100,913)**	(121,472)
Attributable to:			
- Owners of the parent		**(101,036)**	(121,434)
- Non-controlling interests		**123**	(38)
		(100,913)	(121,472)

(1) Operational expenses less depreciation, amortisation and exceptional items.

(2) Before exceptional items.

The notes on pages 33 to 74 are an integral part of these consolidated financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement. The loss of the parent company for the year was £44.1m (2016: £82.7m).

Vue International Bidco plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2017

	Year ended 30 November 2017 £000	Year ended 30 November 2016 £000
Loss for the year	**(100,913)**	(121,472)
Items that will not subsequently be reclassified to profit or loss		
Net remeasurement loss on retirement benefit obligations	**(317)**	-
Items that may subsequently be reclassified to profit or loss		
Translation gains on net investments	**20,498**	52,948
Other comprehensive income for the year, net of income tax	**20,181**	52,948
Total comprehensive loss for the year	**(80,732)**	(68,524)
Attributable to:		
- Owners of the parent	**(80,855)**	(68,486)
- Non-controlling interests	**123**	(38)

The notes on pages 33 to 74 are an integral part of these consolidated financial statements.

Vue International Bidco plc

CONSOLIDATED BALANCE SHEET
AS AT 30 NOVEMBER 2017

	Notes	As at 30 November 2017 £000	As at 30 November 2016 £000
Non-current assets			
Property, plant and equipment	**16**	**335,438**	343,789
Goodwill and intangible assets	**17**	**877,293**	864,137
Investments	**18**	**430**	185
Deferred tax asset	**19**	**32,076**	31,313
Trade and other receivables	**21**	**3,011**	2,799
Total non-current assets		**1,248,248**	1,242,223
Current assets			
Inventories	**20**	**5,199**	4,578
Trade and other receivables	**21**	**62,198**	61,981
Cash and cash equivalents	**22**	**116,135**	102,946
Total current assets		**183,532**	169,505
Total assets		**1,431,780**	1,411,728
Current liabilities			
Trade and other payables	**23**	**176,338**	171,061
Interest-bearing loans and other liabilities	**24**	**6,825**	5,978
Provisions	**26**	**1,742**	987
Total current liabilities		**184,905**	178,026
Non-current liabilities			
Trade and other payables	**23**	**53,032**	48,455
Interest-bearing loans and other liabilities	**24**	**1,470,086**	1,386,151
Provisions	**26**	**104,822**	102,273
Deferred tax liability	**19**	**4,269**	3,354
Total non-current liabilities		**1,632,209**	1,540,233
Total liabilities		**1,817,114**	1,718,259
Net liabilities		**(385,334)**	(306,531)
Equity			
Share capital	**28**	**4,718**	4,718
Foreign currency translation reserve		**29,667**	10,814
Share based payment reserve		**8,853**	6,798
Retained losses		**(428,719)**	(329,011)
Equity attributable to owners of the parent		**(385,481)**	(306,681)
Non-controlling interests		**147**	150
Total equity		**(385,334)**	(306,531)

The notes on pages 33 to 74 are an integral part of these consolidated financial statements. The financial statements were authorised for issue by the board of directors on 2 February 2018 and are signed on its behalf by

Alan McNair
Director

Vue International Bidco plc

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	**Year ended 30 November 2017 £000**	Year ended 30 November 2016 £000
Net cash inflow from operating activities	**32**	**97,947**	97,674
Net cash inflow from operating activities		**97,947**	97,674
Cash flows from investing activities			
Interest received		**149**	71
Acquisition of property plant and equipment and intangibles		**(44,494)**	(31,673)
Landlord contributions received		**5,234**	2,555
Disposal of property plant and equipment		**331**	466
Site acquisition incentive payment (1)		**8,215**	-
Investment in subsidiaries / joint venture		**(289)**	-
Dividends received from associates and joint ventures		**10**	129
Acquisition of non-controlling interest		**-**	(599)
Dividends paid to non-controlling interest		**(126)**	(116)
Net cash outflow from investing activities		**(30,970)**	(29,051)
Cash flow from financing activities			
Interest paid		**(50,349)**	(48,326)
Repayment of loans		**-**	(360)
Proceeds from issuance of loans		**34**	98,738
Payment of finance lease liabilities		**(6,718)**	(4,704)
Amounts paid to parent undertakings		**-**	(74,767)
Net cash outflow from financing activities		**(57,033)**	(30,588)
Net increase in cash and cash equivalents		**9,944**	38,035
Cash and cash equivalents at the beginning of the period		**102,946**	53,841
Exchange gains on cash and cash equivalents		**3,245**	11,070
Cash and cash equivalents at the end of the year	**22**	**116,135**	102,946

(1) See note 11: Aquisition and transaction related costs

The notes on pages 33 to 74 are an integral part of these consolidated financial statements.

Vue International Bidco plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	Share capital £000	Share based payments Reserve £000	Retained earnings £000	Foreign currency translation reserve £000	Total £000	Non-controlling interest £000	Total equity £000
Balance at 27 November 2015		4,718	4,743	(205,127)	(42,134)	(237,800)	111	(237,689)
Profit/(loss) for the year		-	-	(121,472)	-	(121,472)	39	(121,433)
Other comprehensive income for the year		-	-	-	52,948	52,948	-	52,948
Total comprehensive income for the year		-	-	(121,472)	52,948	(68,524)	39	(68,485)
Credit to equity for equity settled share based payments	**25**	-	2,055	-	-	2,055	-	2,055
Reserve arising from group restructure		-	-	(2,412)	-	(2,412)	-	(2,412)
Balance at 30 November 2016	**28**	4,718	6,798	(329,011)	10,814	(306,681)	150	(306,531)
Balance at 1 December 2016		**4,718**	**6,798**	**(329,011)**	**10,814**	**(306,681)**	**150**	**(306,531)**
Profit/(loss) for the year				**(101,036)**		**(101,036)**	**123**	**(100,913)**
Other comprehensive income/(loss) for the year		**-**	**-**	**(317)**	**20,498**	**20,181**	**-**	**20,181**
Total comprehensive income for the year		**-**	**-**	**(101,353)**	**20,498**	**(80,855)**	**123**	**(80,732)**
Distributions to Non-controlling interests		**-**	**-**	**-**	**-**	**-**	**(126)**	**(126)**
Credit to equity for equity settled share based payments	**25**	**-**	**2,055**	**-**	**-**	**2,055**	**-**	**2,055**
Reclassification		**-**	**-**	**1,645**	**(1,645)**	**-**	**-**	**-**
Balance at 30 November 2017	**28**	**4,718**	**8,853**	**(428,719)**	**29,667**	**(385,481)**	**147**	**(385,334)**

The notes on pages 33 to 74 are an integral part of these consolidated financial statements.

1. General information

Vue International Bidco plc ("the Company") is a Private limited Company domicile and incorporated in the United Kingdom under the Companies Act. The address of the Company's registered office is 10 Chiswick Park, 566 Chiswick High Road, London, W3 5XS.

The Company and its subsidiaries (together "the Group") develop and operate state-of-the-art multiplex cinemas. Further information on the principal activities of the Group and its operations are set out in the Strategic Report.

The consolidated and company financial statements and the related notes are presented in Pounds Sterling as it is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.9.

2. New accounting standards, amendments and interpretations

At the date of authorisation of these financial statements the following new standards, amendments and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 15	Revenue from contracts with customers
IFRS 16	Leases
IFRS 9	Financial instruments
IFRS 2 (Amendments)	Classification and measurement of share-based payment transactions
IAS 12 (Amendments)	Recognition of deferred taxes assets for unrealised losses
IAS 7 (Amendments)	Cashflows statements disclosure initiative
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRIC 23	Uncertainty over Income Tax Treatments
IAS 28 (Amendments)	Investments in Associates and Joint Ventures

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

- IFRS 16 will have an impact on the value of reported assets, liabilities, income statement of the Group. Furthermore, extensive disclosures will be required by IFRS 16.

The Group is currently assessing the impact of this standard and amendments on its results and financial position and therefore, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until a detailed review has been completed.

The Group is also in the process of assessing the impact of IFRS 15 but do not currently consider that it will have a material impact on revenue recognition and related disclosures.

3. Significant accounting policies

3.1 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 financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4. The principal accounting policies adopted are set out below and have been applied consistently to all periods presented in these financial statements.

3. Significant accounting policies *(continued)*

3.2 Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as listed in note 29. Consolidation of a subsidiary occurs when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary. Control exists where the Group has the right to variable returns arising from power over the entity which is derived from the ability to direct the relevant activities.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. They are entitled to a proportionate share of net assets upon liquidation which may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

Joint ventures

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. The results, assets and liabilities of joint ventures are accounted for using the equity method of accounting.

Investments in associates

Associates are entities where the Group has significant influence but not control, accompanying a shareholding of between 20% - 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting from the date on which the investee becomes an associate. The investment is initially recognised at cost and then increased or decreased in relation to the Group's share of post-acquisition profits or losses and reduced by any dividends received.

3. Significant accounting policies *(continued)*

3.3 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In particular, the working capital requirements of the Group are met by the Group's available cash balance combined with the revolving credit facility provided under the agreement with the Company.

The longer term finance of the Group is provided by senior secured floating and fixed Euro and Sterling denominated notes plus shareholder loans and a senior secured term loan (see note 24). As a result the directors believe that the Group will, for the foreseeable future, be able to continue trading and meet all liabilities as and when they fall due, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

3.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services sold in the normal course of business, net of discounts and Value Added Tax. Revenue includes ticket sales, concession sales and screen advertising income which is recognised as follows:

- Box office revenue recognised in the period in which the film is shown;
- Concessions revenue recognised at the point of sale;
- Screen advertising revenue recognised in the period to which it relates; and
- Other revenue recognised in the period to which it relates.

3.5 Barter transactions

The Group engages in certain non-monetary barter transactions where cinema on-screen advertising space is exchanged for external advertising on other third party mediums.

In accounting for barter transactions, the associated sales and cost of sales are valued at the weighted average sales price achieved for equivalent cash sales of the Group's own on-screen advertising space.

3.6 Net financing costs

Net financing costs comprise interest payable, amortisation of financing costs, unwind of discount on property provisions, finance lease interest, interest receivable on funds invested and net foreign exchange gains or losses on financing activities.

3. Significant accounting policies *(continued)*

3.7 Retirement benefit costs

The Group operates a number of defined contribution schemes for its employees. The assets of the plans are held separately from those of the Group in independently administered funds. The Group retains no obligations in respect of these independent funds. Contributions to these funds are made by employees and are supplemented by contributions from the Group which are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group also participates in mandatory government schemes in applicable territories. In such cases an obligation is retained by the Group until retirement of the employees and any resulting liability is held as a provision calculated on an actuarial basis.

3.8 Leases

Operating leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals payable under operating leases together with leasehold incentives including cash contributions from landlords for the purchase of assets and rent free periods are charged to the income statement on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets obtained under hire purchase contracts and finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant period of charge on the remaining net obligation liability balance. Finance expenses are recognised immediately in the income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Onerous leases

The judgements around recognising onerous leases are discussed in note 4.

3. Significant accounting policies *(continued)*

3.9 Foreign currencies

For each Group company the presentation currency used in the individual financial statements is the same as the company's functional currency. For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Company.

In preparing the financial statements of the individual companies and the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date and income and expense items are translated at the average exchange rates for the period.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate. Exchange differences arising are recognised in other comprehensive income.

3.10 Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. Significant accounting policies *(continued)*

3.10 Taxation *(continued)*

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. Significant accounting policies *(continued)*

3.10 Taxation *(continued)*

Current tax and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.11 Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The cost of acquisition is measured as the fair value of assets transferred, the liabilities incurred or assumed at the date of exchange of control and equity instruments issued by the Group in exchange for control of the acquiree. Control is achieved where the Company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities. Costs directly attributable to business combinations are recognised as an expense in the income statement as incurred.

The acquired identifiable assets and liabilities are measured at their fair value at the date of acquisition except those where specific guidance is provided by IFRSs as outlined below:

- Non-current assets and directly attributable liabilities that are classified as held for sale in accordance with IFRS 5, are recognised and measured at fair value less costs to sell;
- Deferred tax assets and liabilities are recognised and measured in accordance with IAS 12;
- Liabilities and assets related to employee benefit arrangements are recognised and measured in accordance with IAS 19; and
- Share-based payments reserves are measured in accordance with IFRS 2.

Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts where appropriate. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

3. Significant accounting policies *(continued)*

3.11 Business combinations *(continued)*

Goodwill on acquisition is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised immediately in income statement as a bargain purchase gain.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units acquired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement and is not subsequently reversed. When there is a disposal of a cash-generating unit, goodwill relating to the operation disposed of is taken into account in determining the gain or loss on disposal of that operation. The amount of goodwill allocated to a partial disposal is measured on the basis of the relative values of the operation disposed of and the operation retained.

3.12 Goodwill

Goodwill is initially recognised and measured as set out in the business combinations note (note 3.11).

The Group considers each cinema site to be a cash-generating unit ("CGU") however, for the purposes of goodwill, the Group considers each territory grouping of individual sites to be a CGU as permitted by IAS 36. Goodwill is allocated to each CGU and is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

The need for an impairment provision is assessed by a comparison of the carrying value of a CGU or group of CGUs with its recoverable amount being the future value in use to the business. The value in use is assessed with reference to the future business forecasts of the Group making certain adjustments as required by the accounting standard.

The discount rate used in assessing the value in use is the estimated weighted average cost of capital employed by the Group, adjusted as necessary for any particular risks of the CGU being reviewed. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. Significant accounting policies *(continued)*

3.13 Intangible assets

The Group holds the following intangible assets: customer relationships and software. Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recorded at their fair value at the acquisition date. Following initial recognition, these assets are carried at cost less any accumulated amortisation or impairment losses, on the same basis as intangible assets that are acquired separately.

Computer software is initially recorded at cost. Where these assets have been acquired through a business combination, this will be the fair value allocated in the acquisition accounting. Where these have been acquired other than through a business combination, the initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Customer relationships	3 - 10 years
Computer software	3 - 7 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in the income statement when the asset is derecognised.

Intangible assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are measured on a similar basis to property, plant and equipment and recognised in the income statement. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income statement in the period in which they are incurred.

3. Significant accounting policies *(continued)*

3.15 Inventories

Inventories are valued on a first-in, first-out (FIFO) basis and are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving inventory. Inventory cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Programming inventory held in relation to film distribution activities is held at historical cost less provision for amortisation and impairment. Amortisation is applied in the ratio of revenues earned in the current period as a percentage of the estimated lifetime revenues expected for each film.

3.16 Provisions

Provisions for property, restructuring or other legal costs are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material), discounted back using a pre-tax discount rate reflecting the risk of those cash flows.

Provision is made for onerous leases, where it is considered that the unavoidable costs of the lease obligations are in excess of the economic benefits expected to be received from operating the leased cinema.

When calculating the provision for onerous leases the Group is required to make certain assumptions about the future cash flows to be generated from that cinema site. It is also required to discount these cash flows using an appropriate discount rate. The resulting provision is therefore sensitive to these assumptions in respect of future cash flows. However, the directors consider that the assumptions made represent their best estimate of the future cash flows generated by onerous cinema sites, and of the discount rate used to calculate the present value of those cash flows.

3.17 Share-based payments

The Group operates one equity-settled share-based payment scheme, the executive incentive scheme under which the Group receives services from executive employees as consideration for equity shares in the Group.

The fair value of the employee services received in exchange for shares granted is recognised as an expense with a corresponding increase in the share based payment reserve. Upon the share awards vesting the share based payment reserve is transferred to share capital and share premium.

3. Significant accounting policies *(continued)*

3.17 Share-based payments *(continued)*

The total amount of the expense is determined with reference to the fair value of the shares upon grant date with the expense spread evenly over the vesting period. The executive incentive scheme is an equity settled scheme and hence the fair value of the total award at the grant date of the scheme is not remeasured. At the end of each reporting period the Group revises its estimates of the amount of shares that will vest based on an annual reassessment of the likely outcome associated with the service conditions.

3.18 Financial instruments

Financial instruments are classified as financial assets, financial liabilities or equity instruments, and are initially recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through income statement) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through income statement are recognised immediately in the income statement.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits and other short-term highly liquid investments with original maturities of three months or less held for the purpose of meeting short-term cash commitments. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

Trade and other receivables

Trade receivables are measured at amortised cost using the effective interest method, less any impairment. The carrying amount of other receivables is reduced by the impairment loss directly and a charge is recorded in the income statement. For trade receivables, the carrying amount is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the income statement.

3. Significant accounting policies *(continued)*

3.18 Financial instruments *(continued)*

Impairment of financial assets

Financial assets, other than those at Fair Value through Profit or Loss (FVTPL), are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been adversely affected.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Trade and other payables

Trade and other payables are initially measured at fair value. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables where the recognition of interest would be immaterial. Trade and other payables principally comprise of amounts owed to suppliers, accrued expenses and social security and other taxes.

Interest-bearing loans

Interest-bearing loans are initially measured at fair value of the consideration received net of issue costs associated with the borrowings. After initial recognition, loan capital and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

3.19 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss, with the exception of freehold land which is not depreciated. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

3. Significant accounting policies *(continued)*

3.19 Property, plant and equipment *(continued)*

Depreciation is charged to the income statement to write assets down to their residual values on a straight line basis over the estimated useful lives on the following basis:

Freehold Buildings	10 - 40 years
Long-term Leasehold Land and Buildings	15 - 40 years
Short-term Leasehold Land and Buildings	Over the life of the lease capped at 25 years
Furniture, Fittings and Equipment	3 -15 years
Freehold land	Not depreciated

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Assets under construction are not depreciated until projects are completed and brought into use.

Property, plant and equipment are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss which is recognised in the income statement.

3.20 Pre-opening and initial site development expenses

Start up, pre-opening and pre-operating costs are written off in the period in which they are incurred.

Expenditure of capital nature, as set out in IAS 16, is charged to the income statement until the point in which the board approves the development of the cinema site. Once approved past and future expenditure is capitalised.

3.21 Exceptional items

Exceptional items are items of expenditure or income which are of a significant and non-recurring nature which include but are not limited to those associated with restructuring programmes, acquisitions or disposals, onerous leases and associated property exit costs, impairment charges and share based payments. These items warrant separate additional disclosure in the financial statements in order to fully understand the underlying performance of the Group and accordingly they are added back in the calculation of Consolidated EBITDA.

4. Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimates and judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Exceptional items

Management is required to exercise judgement in identifying expenditure or income which are significant and non-recurring in nature which include but are not limited to those associated with restructuring programmes, acquisitions or disposals, onerous leases and associated property exit costs, impairment charges and share based payments. These items warrant separate additional disclosure in the financial statements in order to fully understand the underlying performance of the Group and accordingly they are added back in the calculation of Consolidated EBITDA.

Onerous leases

The Group is required to make certain assumptions about the future cash flows to be generated from each cinema site. It is also required to discount these cash flows using an appropriate discount rate. The resulting provision is therefore sensitive to these assumptions in respect of future cash flows. However, the directors consider that the assumptions made represent their best estimate of the future cash flows generated by onerous cinema sites, and of the discount rate used to calculate the present value of those cash flows.

Taxation

The Group is subject to income tax in jurisdictions in which it operates. Management is required to exercise judgement in determining the Group's provision for income taxes. Management's judgement is required in estimating tax provisions where additional current tax may become payable in the future following the audit by the tax authorities of previously filed tax returns. Management's judgement is also required as to whether a deferred tax asset should be recognised based on estimates of the availability of future taxable profits. While the Group aims to ensure that the estimates recorded are accurate, the actual amounts could be different from those expected.

4. Critical accounting estimates and judgements *(continued)*

Intangible assets

When the Group makes an acquisition, management review the business and assets acquired to determine whether any intangible assets should be recognised separately from goodwill. If such an asset is identified, it is valued using an appropriate valuation methodology which involves estimation techniques. Where there is uncertainty over the amount of economic benefits and the useful life, this is factored into the calculation. Details of intangible assets are given in note 17.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date and details of any impairment are set out in note 17.

Impairment of property, plant and equipment

When indicators of impairment exist the Group determines whether the property, plant and equipment are impaired. The impairment is determined by estimating the value in use of the cash-generating units to which the fixed assets are allocated, which involves making an estimate of the expected future cash flows from the cash-generating units that hold the fixed assets at a determined discount rate to calculate the present value of those future cash flows. The Group is required to make certain assumptions about the future cash flows to be generated from the individual cinema sites; it is also required to discount these cash flows using an appropriate discount rate. The resulting calculation is sensitive to the assumptions. The directors consider the assumptions to represent the best estimate of the future cash flows generated by the cinema sites and that the discount rate used is appropriate given the risks. Management has applied sensitivity analysis to the estimates, see note 16.

5. Revenue

Revenue is derived from external customers in the territories in which the Group operates. The following are considered to be the main classifications of revenue.

	Year ended 30 November 2017 £000	Year ended 30 November 2016 £000
Box office	**516,289**	506,408
Concessions	**185,856**	173,868
Screen advertising and other income	**88,019**	92,249
Total revenue	**790,164**	772,525

6. Segment information

Segment information is presented in accordance with IFRS 8, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reported to the Group's Chief Operating Decision Maker in order to allocate resources to the segments and assess their performance.

The Group considers the board to be the Chief Operating Decision Maker. The Group's operating segments comprise geographical territories in the UK and Continental Europe. In accordance with IFRS 8, the Group believes that it has two reportable segments: UK and Continental Europe.

Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Inter-segment sales are not material and have not been disclosed.

The following tables present the results and certain asset and liability information regarding the Group's reportable segments and central cost centres for the year ended 30 November 2017 and the comparative period.

The Group's revenue split by market is as follows:

	Year ended 30 November 2017 £000	Year ended 30 November 2016 £000
United Kingdom	**330,470**	329,414
Continental Europe	**450,519**	434,744
Other	**9,175**	8,367
Total	**790,164**	772,525

Consolidated EBITDA	**Year ended 30 November 2017 £000**	Year ended 30 November 2016 £000
United Kingdom	**44,752**	51,068
Continental Europe	**78,667**	82,155
Other	**1,228**	784
Consolidated EBITDA	**124,647**	134,007
Less reconciling items:		
Exceptional items (note 11)	**16,458**	9,685
Depreciation and amortisation (notes 16 & 17)	**58,018**	54,826
Net finance costs (note 10)	**142,930**	172,858
Total loss before tax	**(92,759)**	(103,362)

(Net liabilities) / net assets	**Year ended 30 November 2017 £000**	Year ended 30 November 2016 £000
United Kingdom	**(584,542)**	(455,689)
Continental Europe	**196,801**	147,327
Other	**2,407**	1,831
Total	**(385,334)**	(306,531)

7. Barter Transactions

The value recognised in revenue during the year was £2.0m (2016: £2.2m) in relation to barter transactions. This was as a result of 1,713 (2016: 2,220) individual transactions.

8. Operating Profit

The operating profit is stated after charging / (crediting):

	Year ended 30 November 2017 £000	Year ended 30 November 2016 £000
Realised foreign exchange losses / (gains)	**134**	(33)
Depreciation of property, plant and equipment	**55,000**	52,642
Impairment of property, plant and equipment	**2,232**	8,382
Impairment of Intangible assets	**18**	-
Loss on disposal of property, plant and equipment	**2,320**	67
Amortisation of intangibles assets	**3,018**	2,184
Operating lease rentals		
- Land and buildings	**138,100**	129,574
- Plant and machinery	**4,650**	2,271

9. Auditors' remuneration

During the year the Group obtained the following services from the Company's auditor and its associates:

	Year ended 30 November 2017 £000	Year ended 30 November 2016 £000
Fees payable to the Company's auditors for the audit of the Group and Company financial statements	**201**	250
Fees payable to the Company's auditors and its associates in respect of:		
- Audit of the financial statements of the subsidiaries	**595**	570
- Tax compliance services	**41**	60
- Tax advisory services not included above	**83**	502
- Corporate finance services	**1,028**	1,775
- Other non-audit services	**17**	9
Total audit and non-audit fees	**1,965**	3,166

10. Finance income and expenses

Finance income	Year ended 30 November 2017	Year ended 30 November 2016
	£000	£000
Interest income	149	251
Total finance income	**149**	251

Finance expenses	Year ended 30 November 2017	Year ended 30 November 2016
	£000	£000
Interest on bank loans and senior secured notes	52,609	48,940
Shareholder loan interest	72,158	67,408
Interest on obligations under finance leases	3,420	3,595
Unwinding of discount factor on provisions	2,059	2,256
Unrealised foreign exchange losses	12,833	50,910
Total finance costs	**143,079**	173,109

Unrealised foreign exchange gains and losses arising on the translation of the Euro denominated senior secured notes and term loan are classified as a financing item.

11. Exceptional items

An analysis of the amount presented as exceptional items within operating profit is given below:

	Year ended 30 November 2017	Year ended 30 November 2016
Exceptional items	£000	£000
Corporate and organisational restructuring costs	2,832	1,692
Acquisition and transaction related costs	(1,250)	5,167
Property costs	10,571	(7,611)
Share based payments	2,055	2,055
Impairment of property plant and equipment and intangibles	2,250	8,382
Total	**16,458**	9,685

Corporate and organisational restructuring costs

During 2017, the Group paid £2.8m in respect of certain structural organisational changes which includes costs incurred in relation to the Group's restructuring activity in Italy. The costs in 2016 relate mainly to the settlement with former shareholders of CinemaxX AG and the associated legal costs and to certain structural organisational changes made within Italy.

11. Exceptional items *(continued)*

Acquisition and transaction related costs

The Group incurs acquisition and transaction support costs with various external advisers and such costs are recorded in the income statement in accordance with IFRS. During 2017, these acquisition and transaction related costs were offset by £4.8m of bargain purchase recognised in relation to the Group's takeover of the Printworks cinema in Manchester from Odeon/UCI Group for which the Group received £8.2m by way of consideration.

Property costs

These costs relate mainly to onerous lease provisions created or released in the year and other property exit costs. In the current year an amount of £6.8m has been provided relating to onerous leases and £3.8m in relation to other property exit and closure costs. In the prior year onerous lease amounts released were £8.1m.

Share based payments

Share based payments relate to the cost of providing certain shares to employees. These amounts are significant and are non-cash in nature. Refer to note 25 for further details.

Impairment of assets

From time to time impairments are recorded against the value of assets recorded on the Group's balance sheet arising from management's impairment assessment. In the current year management has recorded £2.3m of impairments against the carrying value of property, plant and equipment and intangible assets (2016: £8.4m).

12. Employees

	Year ended 30 November 2017 £000	Year ended 30 November 2016 £000
Wages and salaries	**107,934**	98,772
Social security costs	**12,487**	11,130
Other pension costs	**1,835**	1,694
Total	**122,256**	111,596

The average monthly number of employees, including Executive Directors and part-time employees, during the year was as follows:

	Year ended 30 November 2017 No.	Year ended 30 November 2016 No.
Cinema	**9,196**	8,945
Administration	**518**	508
Total	**9,714**	9,453

13. Directors' remuneration

	Year ended 30 November 2017 £000	Year ended 30 November 2016 £000
Aggregate remuneration	**2,648**	2,391
Company pension contributions to defined contribution pension schemes	**5**	10
Total	**2,653**	2,401

The highest paid director received remuneration including pensions of £1.1m (2016: £1.0m).

The directors of the Company are remunerated in respect of their executive management services to both the Company and Group as a whole. Their remuneration is borne by the Company and recharged to some of the Group undertakings that have trading activities as part of a management service fee. Other than the Chairman, Non-Executive Directors are not remunerated for their services to the Company and Group.

14. Pension commitments

The Group operates a number of defined contribution schemes for its employees. The assets of the plans are held separately from those of the Group in independently administered funds. The Group retains no obligations in respect of these independent funds. Contributions to these funds are made by employees and are matched by equal contributions from the Group. The amount charged to the income statement in respect of these Group funds for the year ended 30 November 2017 amounted to £0.9m (2016: £0.8m).

The Group participates in a mandatory government scheme in Italy where obligations are retained to the date that employees leave the Group. The amount charged to the income statement for the year ended 30 November 2017 amounted to £0.9m (2016: £0.9m).

15. Taxation

	Year ended 30 November 2017	Period ended 30 November 2016
Corporation tax:	**£000**	£000
Current year	**(274)**	212
Group relief receipts	**(346)**	(709)
Under provision for prior years	**1,249**	1,788
Overseas tax suffered	**6,528**	6,466
Total current tax charge	**7,157**	7,757
Deferred tax (see note 19)		
Timing differences, origination and reversal	**(198)**	11,618
Adjustment attributable to changes in tax rates and laws	**201**	766
Under / (over) provision for prior years	**994**	(2,031)
Total deferred tax	**997**	10,353
Total tax charged on profit on ordinary activities	**8,154**	18,110

UK Corporation tax is calculated at 19.33% (2016: 20%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled as follows:

	Year ended 30 November 2017 £000	Period ended 30 November 2016 £000
Loss on ordinary activities before tax	**(92,759)**	(103,362)
Tax at the UK corporation tax rate of 19.33% (2016: 20.0%)	**(17,930)**	(20,672)
Expenses not deductible for tax	**20,557**	16,864
Non-taxable income	**(2,743)**	(2,029)
Effect of different tax rates of foreign subsidiaries and branch	**1,634**	1,454
Adjustment attributable to changes in tax rates and laws	**201**	765
Tax underprovided in prior periods	**2,243**	(1,140)
Tax losses utilised/carried forward	**4,192**	22,868
Tax expense for the year	**8,154**	18,110

16. Property, plant and equipment

	Freehold Land and Buildings	Long Leasehold Land and Buildings	Short Leasehold Land and Buildings	Furniture, Fixtures and Equipment	Assets under Construction	Total
Cost	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 27 November 2015	5,970	82,103	282,275	114,116	3,620	488,084
Additions	-	78	10,002	11,343	7,414	28,837
Disposals	-	-	(4)	(1,591)	(146)	(1,741)
Transfers	-	109	602	4,153	(4,864)	-
Foreign exchange movement	819	17,107	10,450	16,735	468	45,579
As at 30 November 2016	6,789	99,397	303,325	144,756	6,492	560,759
Accumulated depreciation and impairment						
At 27 November 2015	1,713	53,867	56,504	26,861	-	138,945
Charge for the period	309	3,666	28,817	19,850	-	52,642
Impairment	-	-	8,382	-	-	8,382
Disposals	-	-	(4)	(1,330)	-	(1,334)
Fair value adjustments	-	-	(599)	(266)	-	(865)
Transfers	(3)	3	20	(20)	-	-
Foreign exchange movement	128	11,503	2,952	4,617	-	19,200
As at 30 November 2016	2,147	69,039	96,072	49,712	-	216,970
Cost						
At 30 November 2016	**6,789**	**99,397**	**303,325**	**144,756**	**6,492**	**560,759**
Additions	**-**	**217**	**16,096**	**18,215**	**10,466**	**44,994**
Disposals	**-**	**-**	**(2,502)**	**(5,149)**	**(118)**	**(7,769)**
Transfers (note 17)	-	**260**	**4,435**	**6,191**	**(11,725)**	**(839)**
Foreign exchange movement	**193**	**3,999**	**3,922**	**5,184**	**137**	**13,435**
As at 30 November 2017	**6,982**	**103,873**	**325,276**	**169,197**	**5,252**	**610,580**
Accumulated depreciation and impairment						
At 30 November 2016	**2,147**	**69,039**	**96,072**	**49,712**	**-**	**216,970**
Charge for the year	**299**	**3,792**	**26,292**	**24,617**	**-**	**55,000**
Impairment	**-**	**-**	**662**	**1,570**	**-**	**2,232**
Disposals	**-**	**-**	**(727)**	**(4,388)**	**-**	**(5,115)**
Fair value adjustments	**-**	**-**	**-**	**127**	**-**	**127**
Foreign exchange movement	**33**	**2,410**	**1,259**	**2,226**	**-**	**5,928**
As at 30 November 2017	**2,479**	**75,241**	**123,558**	**73,864**	**-**	**275,142**
Net Book Value						
At 30 November 2017	**4,503**	**28,632**	**201,718**	**95,333**	**5,252**	**335,438**
At 30 November 2016	4,642	30,359	207,253	95,045	6,492	343,789
At 27 November 2015	4,257	28,236	225,771	87,255	3,620	349,139

16. Property, plant and equipment *(continued)*

The net book value of assets held under finance leases, capitalised and included in short-term and long-term leasehold properties amounted to £17.5m (2016: £35.0m). The depreciation charge on the assets held under finance leases was £6.0m (2016: £4.0m).

Assets under construction mainly relates to assets placed into new cinema sites that had yet to commence trading at the date of these financial statements.

In the year net transfers of £0.8m have been reclassified as intangible assets. Refer to note 17 for further details.

The directors do not consider that there is a material difference between the fair value and cost less depreciation and any impairment of freehold land and buildings.

Impairment

The Group considers each cinema site to be a cash generating unit ("CGU") and each CGU is reviewed annually for indicators of impairment. The Group estimates value in use using a discounted cash flow model, applying a pre-tax discount rate range of 9.5% to 11.5% (2016: 10.8% to 12.7%). The future cash flows are based on management approved three year plans. A 2.0% growth rate is applied to estimate the cash flows beyond the three year period up to the end of the life of the lease.

As a result of the Group impairment test, £2.2m (2016: £8.4m) was booked as an impairment charge against tangible fixed assets as the carrying value of certain CGUs were deemed to have exceeded their recoverable amounts.

17. Goodwill and intangible assets

	Goodwill	Customer Relationships	Computer software & other development costs	Total
Cost	**£000**	**£000**	**£000**	**£000**
At 27 November 2015	809,818	3,760	14,201	827,779
Additions	-	-	4,863	4,863
Foreign exchange movement	39,754	804	2,761	43,319
As at 30 November 2016	849,572	4,564	21,825	875,961
Amortisation				
At 27 November 2015	-	176	7,480	7,656
Charge for the period	-	1,329	855	2,184
Foreign exchange movement	-	155	1,829	1,984
As at 30 November 2016	-	1,660	10,164	11,824
Cost				
At 30 November 2016	**849,572**	**4,564**	**21,825**	**875,961**
Additions	**-**	**-**	**1,932**	**1,932**
Transfers (note 16)	**-**	**747**	**92**	**839**
Foreign exchange movement	**13,134**	**151**	**527**	**13,812**
As at 30 November 2017	**862,706**	**5,462**	**24,376**	**892,544**
Amortisation				
At 30 November 2016	**-**	**1,660**	**10,164**	**11,824**
Charge for the year	**-**	**840**	**2,178**	**3,018**
Impairment	**-**	**-**	**18**	**18**
Foreign exchange movement	**-**	**41**	**350**	**391**
As at 30 November 2017	**-**	**2,541**	**12,710**	**15,251**
Net Book Value				
At 30 November 2017	**862,706**	**2,920**	**11,666**	**877,293**
At 30 November 2016	849,572	2,904	11,661	864,137
At 27 November 2015	809,818	3,584	6,721	820,123

Impairment testing of goodwill and intangible assets

The Group allocates goodwill to territories which are considered to be groups of cash-generating units ("CGUs”) for the purposes of goodwill impairment testing. The carrying amount of each CGU is then compared to the recoverable amount. The recoverable amount is deemed to be the higher of the CGU’s value in use or fair value less costs to sell. The Group estimates value in use using a discounted cash flow model, applying a pre-tax discount rate range of 9.5% to 11.5% (2016: 10.8% to 12.7%). The future cash flows are based on management approved three year plans and a terminal value is used to estimate cash flows beyond the three year period assuming a 2.0% growth rate (2016: 2.0%). No impairment was booked to goodwill (2016: £nil) following the Group impairment test.

Management has conducted a sensitivity analysis on the impairment test of each CGU and the Group of units carrying value and believe that any reasonably possible change in the key assumptions on which recoverable amounts are based would not cause the carrying value to exceed its recoverable amount for any of the CGU’s assessed.

17. Goodwill and intangible assets *(continued)*

As a result of the Group impairment test, £18k (2016: £nil) was booked as an impairment charge against intangible assets as the carrying value of certain CGUs were deemed to have exceeded their recoverable amounts.

18. Investments

The investments in which the Company has an interest are listed in note 29. An analysis of the Group's investments is as follows:

	Investments in associates £000	**Investments in joint ventures £000**	**Total £000**
Movements during			
30 November 2016	**105**	**80**	**185**
Additions	**-**	**289**	**289**
Share of (loss)	**-**	**(50)**	**(50)**
Foreign exchange movement	**(28)**	**34**	**6**
30 November 2017	**77**	**353**	**430**
Net book value			
As at 30 November 2017	**77**	**353**	**430**
As at 30 November 2016	105	80	185

On 13 March 2017 the Group entered into a joint venture agreement with UCI Italia pursuant to which the two parties incorporated a 50/50 joint venture company whose business is intended to be the sale of on-screen and off-screen cinema advertising.

19. Deferred tax

	30 November 2017 £000	30 November 2016 £000
Deferred tax assets	**32,076**	31,313
Deferred tax liabilities	**(4,269)**	(3,354)
Net deferred tax assets	**27,807**	27,959
Analysis of movement of type		
Depreciation in excess of capital allowances	**11,948**	8,510
Tax losses carried forward	**10,893**	14,315
Other timing differences	**4,966**	5,134
Provision for deferred tax	**27,807**	27,959
Analysis of movement in provision		
Provision at start of period	**27,959**	34,696
Charged to profit and loss account	**(997)**	(10,353)
Transfers to translation reserve - foreign exchange movements	**845**	3,616
Provision at end of year	**27,807**	27,959

20. Inventories

	Year ended 30 November 2017 £000	Year ended 30 November 2016 £000
Inventories	**5,199**	4,578
Total	**5,199**	4,578

During the year ended 30 November 2017 £0.4m (2016: £0.4m) was charged to the Consolidated Income Statement for slow moving and obsolete inventories.

The cost of inventories recognised as an expense amounted to £34.8m (2016: £32.3m).

21. Trade and other receivables

	30 November 2017 £000	30 November 2016 £000
Non-current	**3,011**	2,799
Current	**62,198**	61,981
Total	**65,209**	64,780

	30 November 2017 £000	30 November 2016 £000
Trade receivables	**26,892**	30,828
Allowance for doubtful debts	**(4,042)**	(4,357)
Amounts receivable from parent undertakings	**-**	403
Corporate taxes	**1,093**	**-**
Other receivables	**17,973**	14,168
Prepayments	**23,293**	23,738
Total	**65,209**	64,780

Trade receivables are non-interest-bearing. Credit terms offered to customers vary based on the territory of operation. As at 30 November 2017 trade receivables of £4.0m (2016: £4.4m) were provided for. Amounts past due but not impaired are £3.5m (2016: £5.8m).

Amounts receivable from parent undertakings are trading balances which are unsecured and non-interest bearing.

The ageing of trade receivables is as follows:

	30 November 2017 £000	30 November 2016 £000
0-30 days	**19,342**	20,656
31-60 days	**906**	1,222
60+ days	**6,644**	8,950
Total	**26,892**	30,828

21. Trade and other receivables *(continued)*

Movements on the Group provision for impairment of trade receivables are as follows:

	30 November 2017 £000	30 November 2016 £000
As at 1 December	**4,357**	3,273
Provision for impairment	**246**	1,866
Receivables written off during the year as uncollectable	**(563)**	(213)
Unused amounts reversed	**(137)**	(825)
Foreign exchange movements	**139**	256
As at 30 November	**4,042**	4,357

22. Cash and cash equivalents

	30 November 2017 £000	30 November 2016 £000
Cash at bank	**116,135**	102,946
Total	**116,135**	102,946

The cash held in bank deposits includes £4.2m (2016: £6.9m) of restricted cash for bank guarantees relating to certain operating sites in Germany and the Netherlands.

23. Trade and other payables

	30 November 2017 £000	30 November 2016 £000
Non-current	**53,032**	48,455
Current	**176,338**	171,061
Total	**229,370**	219,516

	30 November 2017 £000	30 November 2016 £000
Trade payables	**48,429**	52,224
Accrued expenses	**79,712**	74,684
Other payables	**7,255**	9,388
Amounts payable to group undertakings	**275**	-
Corporate taxes	**-**	2,565
Other taxation and social security	**2,061**	1,821
Deferred income	**91,638**	78,834
Total	**229,370**	219,516

Trade payables are non interest-bearing. Normal settlement terms vary based on the territory of operation.

24. Interest-bearing loans and other financial liabilities

This note presents the contractual terms of the Group's interest-bearing loans and other financial liabilities together with details of the Group's exposure to credit, liquidity, interest rate and foreign currency risk.

	30 November 2017 £000	30 November 2016 £000
Non-current		
Interest-bearing loans and bank borrowings	**1,443,513**	1,353,270
Finance lease liabilities	**26,573**	32,881
Total	**1,470,086**	1,386,151
Current		
Finance lease liabilities	**6,825**	5,978
Total	**6,825**	5,978
Total-Interest bearing loan and other financial liabilities	**1,476,911**	1,392,129

The terms and conditions of outstanding loans were as follows:

	Current		**Non-Current**		**Total**	
	30 November 2017 £000	30 November 2016 £000	**30 November 2017 £000**	30 November 2016 £000	**30 November 2017 £000**	30 November 2016 £000
Senior secured note - £300m	**-**	-	**296,211**	295,145	**296,211**	295,145
Senior secured note - €360m	**-**	-	**310,611**	298,211	**310,611**	298,211
Senior secured loan - €120m	**-**	-	**103,636**	99,819	**103,636**	99,819
External loans	**-**	-	**603**	552	**603**	552
Shareholder loan notes	**-**	-	**732,933**	660,302	**732,933**	660,302
Total	**-**	-	**1,443,994**	1,354,029	**1,443,993**	1,354,029
Less:						
Revolving credit facility capitalised fees	**-**	-	**(481)**	(759)	**(481)**	(759)
Total interest-bearing loans and borrowings	**-**	-	**1,443,513**	1,353,270	**1,443,513**	1,353,270
Finance lease liabilities	**6,825**	5,978	**26,573**	32,881	**33,398**	38,859
Total interest-bearing loans and borrowings	**6,825**	5,978	**1,470,086**	1,386,151	**1,476,911**	1,392,129

24. Interest-bearing loans and other financial liabilities *(continued)*

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 30 November 2017 there were no working capital drawings on the facility (2016: 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 30 November 2017 the unamortised issue costs were £0.5m (2016: £0.8m).

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 (OID) 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 (OID) 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 (OID) of €0.6m (£0.5m) was paid on the date of issue of the loan. This loan is repayable on 29 July 2023.

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.

Senior debt capitalised issue costs

Costs incurred in issuing the senior debt are capitalised and are allocated to the Consolidated Income Statement over the life of the related debt facility. At 30 November 2017 borrowings are stated net of unamortised issue costs of £11.1m (2016: £15.0m).

24. Interest-bearing loans and other financial liabilities *(continued)*

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.

Finance lease liabilities

The maturity of obligations under finance leases is as follows:

Minimum amounts payable under finance leases:	30 November 2017 £000	30 November 2016 £000
- within one year	**9,215**	9,235
- in two to five years	**26,431**	30,206
- over 5 years	**8,554**	13,250
Total	**44,200**	52,691
Less finance charges on finance lease liabilities	**(10,802)**	(13,832)
Present value of lease obligations	**33,398**	38,859

25. Share-based payments

Vue International Holdco Limited, the ultimate parent undertaking, operates one senior executive share-based payment scheme. The plan was established on 8 August 2013 at which date 1,000,000 ordinary “D” shares were authorised for issue to the scheme.

As at the balance sheet date, 1,000,000 (2016: 1,000,000) D shares had been issued to members of the scheme or to an Employee Benefit Trust. Of this number, 700,000 shares were allotted in 2013 and are subject to put options. Two classes of put options were issued, both of which are (subject to various conditions) exercisable in two tranches. For the first class of option (issued to certain senior executives), the first tranche becomes exercisable after 5 years (or on a change of the ultimate controlling parties of Vue International Bidco Limited, if this occurs earlier) whilst the second tranche becomes exercisable on completion of the exercise of the first tranche. For the second class of option, the first tranche becomes exercisable after 66 months (or on a change of the ultimate controlling parties of Vue International Bidco Limited, if this occurs earlier) whilst the second tranche becomes exercisable on the first anniversary of completion of the exercise of the first tranche.

The remaining 300,000 D shares in issue comprise those which were allotted to members of the scheme in 2015 (which are not subject to put options, but vest over a period of 3 years from the date of the commencement of employment of the relevant individuals) and those held by the Employee Benefit Trust (which are not currently subject to put options or to any vesting schedule).

The scheme is accounted for in accordance with IFRS 2 ‘Share-based Payment’ as an equity settled share-based payment scheme. The fair value of this benefit as at the 8 August 2013 grant date is being expensed evenly to the income statement over the vesting period with a corresponding increase in equity.

25. Share-based payments *(continued)*

The charge booked to the income statement was £2.1m (2016: £2.1m). The charge has been fully passed down from Vue International Bidco Limited to the Group as the employment services provided by the beneficiaries of the share-based payment scheme are for the benefit of the Group.

26. Provisions

Analysis of total provisions:	**30 November 2017**	30 November 2016
	£000	£000
Non-Current	**104,822**	102,273
Current	**1,742**	987
Total	**106,564**	103,261

	Property provisions	**Jubilee retirement**	**Other provisions**	**Total**
	£000	**£000**	**£000**	**£000**
At 30 November 2016	100,233	2,041	987	**103,261**
Additions during year	9,849	349	817	**11,015**
Utilised / Released during the year	(9,687)	(188)	(136)	**(10,011)**
Unwound during the year	2,059	-		**2,059**
Foreign exchange movement	101	65	74	**240**
At 30 November 2017	**102,555**	**2,267**	**1,742**	**106,564**

Property provisions

Property provisions relate to onerous leases, dilapidations and other property liabilities. The remaining provision will be utilised over the period to the next rent review date or the remaining lease life depending on the terms of the lease. The discount rate used in the period was 7.7% (2016: 8.7%).

Jubilee retirement provision

This provision is for one-off payments to Italian employees upon retirement as required by Italian law. The provision is calculated by local Italian actuaries annually with reference to assumptions on final salary, employee movements and inflation rates. Actuarial gains and losses are recorded in other comprehensive income with the provision being discounted at the Italian actuarial rate.

27. Financial instruments

(a) Fair value of financial instruments

Fair value hierarchy

The carrying values of each class of financial assets and liabilities are considered to be the fair value amounts at the balance sheet date. The classification of the Group's financial assets and liabilities at the balance sheet date are shown in the table below:

	30 November 2017		
Financial Assets per the balance sheet	**Loans and receivables**	**Assets at fair value through profit and loss**	**Total**
Group	**£000**	**£000**	**£000**
Trade and other receivables (excluding prepayments)	**40,823**	**-**	**40,823**
Cash and cash equivalents	**116,135**	**-**	**116,135**
Total	**156,958**	**-**	**156,958**

Financial Liabilities per the balance sheet	**Liabilities at amortised cost**	**Liabilities at fair value through profit and loss**	**Total**
Group	**£000**	**£000**	**£000**
Borrowings (excluding finance lease liabilities)	**1,443,513**	**-**	**1,443,513**
Finance lease liabilities	**33,398**	**-**	**33,398**
Trade and other payables (excluding non-financial liabilities)	**135,671**	**-**	**135,671**
Total	**1,612,582**	**-**	**1,612,582**

27. Financial instruments *(continued)*

(a) Fair value of financial instruments *(continued)*

Fair value hierarchy *(continued)*

	30 November 2016		
Financial Assets per the balance sheet Group	Loans and receivables £000	Assets at fair value through profit and loss £000	Total £000
Trade and other receivables (excluding prepayments)	41,042	-	41,042
Cash and cash equivalents	102,946	-	102,946
Total	143,988	-	143,988

Financial Liabilities per the balance sheet Group	Liabilities at amortised cost £000	Liabilities at fair value through profit and loss £000	Total £000
Borrowings (excluding finance lease liabilities)	1,353,270	-	1,353,270
Finance lease liabilities	38,859	-	38,859
Trade and other payables (excluding non-financial liabilities)	140,682	-	140,682
Total	1,532,811	-	1,532,811

Trade and other receivables

Trade and other receivables are carried at recoverable amount, less provisions for any amount where recovery is doubtful. All trade and other receivables are expected to be short-term and therefore no discounting of future cash flow is required.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated at its carrying amount.

Interest-bearing borrowings and finance lease liabilities

Fair value, which, after initial recognition is determined for disclosure purposes only, is calculated based on the expected future cash outflows.

Trade and other payables

Trade and other payables are carried at the face value of the payable. All trade and other payables are expected to be short-term and therefore no discounting of future cash flow is required. The fair value of trade and other payables approximate the carrying value.

27. Financial instruments *(continued)*

(a) Fair value of financial instruments *(continued)*

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and from the Group's receivables from customers.

The Group seeks to ensure that the banks used for the financing of the loan facilities have an acceptable credit rating by independent credit rating agencies.

The Group's operations are principally retail and so the exposure to credit risk is minimal. The Group periodically reviews its receivables and makes appropriate allowances where recovery is deemed to be doubtful.

(c) Liquidity risk

Liquidity risk is risk that the Group will not be able to meet its financial obligations as they fall due.

The directors believe that the Group will be able to continue to meet its need for liquidity from the Group's existing cash balances and facilities. The Group monitors its headroom monthly, forecasts its cash flow on a quarterly basis for approximately a year ahead, and monitors its financing agreements on a monthly basis to ensure that there are no unforeseen liquidity issues.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Market risk – foreign currency risk

The Group has operations in Ireland, Continental Europe and Taiwan where businesses buy and sell goods and services in their local currencies rather than Pounds Sterling. As a result, the value of the Group's non-sterling revenues, purchases, financial assets and liabilities, and cash flows can be affected by movements in exchange rates. The majority of foreign operations income and expenditure are within the functional currency of the foreign operator providing natural hedging in these currencies. The board does not consider there to be any significant unmitigated foreign currency risk in relation to the Group's pre-tax result.

27. Financial instruments *(continued)*

(d) Market risk *(continued)*

Sensitivity analysis

In managing currency risks, the Group aims to reduce the impact of short-term fluctuations on the Company and foreign Group's earnings. Over the longer term, however, permanent changes in foreign exchange rates would have an impact on consolidated earnings. This impact would be mitigated by many factors both internal and external, making it impossible to estimate the size of that impact. A change of 1 Euro cents in foreign exchange rates applied to the Group's borrowings as at the balance sheet date would increase or decrease profit or loss for a full year by £3.8m and £3.7m respectively. Due to the natural hedge inbuilt in the Group operations any movements in Euro denominated borrowings are offset by movements in the Euro denominated earnings.

Market risk – interest rate risk

At the balance sheet date the interest rates for the Group's interest-bearing financial instruments are as described in note 24.

The directors continue to monitor the exposure on an ongoing basis and may put interest rate swaps in place in the future.

Sensitivity analysis

A change of 10 basis points in interest rates applied to the Group's borrowings as at the balance sheet date would increase or decrease profit or loss for a full year by £0.5m.

(e) Capital management

The Group's objective when managing capital is to enable the ongoing trade and expansion of its operations and to safeguard its ability to continue as a going concern in order to provide returns for shareholders, provide benefits for the other stakeholders, and to maintain an optimal capital structure.

The directors look to optimise the debt and equity balance and to maintain adequate liquidity. There were no changes in the Group's approach to capital management during the year. The funding requirements of the Group are met by cash generated from operations and access to external borrowings.

28. Share capital

	30 November 2017	30 November 2016
Allotted, issued and fully paid	**£000**	£000
4,718,100 Ordinary shares of £1 each (2016: £1 each)	**4,718**	4,718
Total	**4,718**	4,718

The Company has one class of ordinary shares which carry no right to fixed income.

29. Subsidiaries, joint ventures and associates

The Group, headed by Vue International Bidco plc, is incorporated in the UK and holds a number of subsidiaries and associates directly and indirectly which operate and are incorporated around the world.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in subsidiary undertakings do not differ from the voting rights held. This note lists all related undertakings of the Group. Information about the composition of the Group at the end of the reporting period is as follows:

Name of undertaking	Country of Registration	Proportion of shares held (ordinary shares)	Address of registered office
Direct subsidiary undertakings			
Vue Entertainment International Limited	Jersey	100%	44 Esplanade, St Helier, Jersey, JE4 9WG
Indirect subsidiary undertakings			
Vue Holdings (Jersey) Limited	Jersey	100%	44 Esplanade, St Helier, Jersey, JE4 9WG
Vue Holdings (UK) Limited	UK	100%	10 Chiswick Park 566 Chiswick High Road London, W4 5XS
Vue Entertainment Investment Limited	UK	100%	
Vue Booking Services Limited	UK	100%	
Vue Entertainment Holdings Limited	UK	100%	
Vue Entertainment Holdings (UK) Limited	UK	100%	
A3 Cinema Limited	UK	100%	
Aurora Holdings Limited	UK	100%	
Aurora Cinema Limited	UK	100%	
Ster Century (UK) Limited	UK	100%	
SBC Portugal Limited	UK	100%	
Vue Theatres (UK) Limited	UK	100%	
Vue Cinemas Limited	UK	100%	
Vue Cinemas (UK) Limited	UK	100%	
Apollo Cinemas Limited	UK	100%	
Vue Services Limited	UK	100%	
Shake UK Newco Limited	UK	100%	
Treganna Bidco Limited	UK	100%	
Vue Properties Limited	UK	100%	
Tulip UK Newco Limited	UK	100%	
Vue Entertainment Limited	UK	100%	
Winslow sp. z.o.o (In liquidation)	Poland	100%	ul. Nowogrodzka 50 00-695 Warsaw Poland

29. Subsidiaries, joint ventures and associates *(continued)*

Name of undertaking	Country of Registration	Proportion of shares held (ordinary shares)	Address of registered office
Shake Irish Finco (In liquidation)	Ireland	100%	70 Sir John Rogerson's Quay Dublin 2 Ireland
SBC Italia Srl (In liquidation)	Italy	100%	Via Cristoforo Colombo, 80 00147 - Roma
Spean Bridge Luxembourg S ar l	Luxembourg	100%	49 boulevard du Prince Henri Luxembourg
Spean Bridge Luxembourg Investments S ar l	Luxembourg	100%	
Spean Bridge Taiwan S ar l	Luxembourg	100%	
CinemaxX Danmark A/S	Denmark	95%	Kalvebod Brygge 57 1560 Copenhagen V. Denmark
CinemaxX Entertainment GmbH & Co. KG	Germany	100%	Valentinskamp 18-20 20354 Hamburg Germany
CinemaxX MaxXtainment GmbH	Germany	75%	
CinemaxX Movietainment GmbH	Germany	100%	
CinemaxX Cinema GmbH & Co. KG	Germany	100%	
Verwaltung CinemaxX Cinema GmbH	Germany	100%	
CinemaxX Cinetainment GmbH	Germany	100%	
CinemaxX Holdings GmbH	Germany	100%	
CinemaxX Entertainment Verwaltungsgesellschaft mbH	Germany	100%	
Vue Beteiligungs GmbH	Germany	100%	
Multikino Media Sp. z o.o.	Poland	100%	2 ul. Przesko Warsaw 00-032 Poland
Multikino S.A.	Poland	100%	
Vue Movie Distribution Sp.z o.o	Poland	100%	
SBC Taiwan Limited	Taiwan	100%	4F, 5F, 6F and 7F. No.501, Sec. 2 Zhongyuan Rd. Zhongli Dist. Taoyuan City 320 Taiwan
SIA Multikino Latvia	Latvia	100%	Mūkusalas iela 71, Rīga, LV-1004 Latvia
Spean Bridge Cinemas (Algarve) Lda (liquidated post year end)	Portugal	100%	Avenida da Liberdade n.º 224, Coração de Jesus 1250-148 Lisboa Portugal

29. Subsidiaries, joint ventures and associates *(continued)*

Name of undertaking	Country of Registration	Proportion of shares held (ordinary shares)	Address of registered office
The Space Cinema 1 SpA	Italy	100%	Piazza Augusto Imperatore 3 - 00186 - Roma
The Space Cinema 2 SpA	Italy	100%	
The Space Cinema 4 S.r.l	Italy	100%	
The Space Cinema 3 S.r.l	Italy	100%	Via Breda 11 - 35010 - Limena (PD)
The Space Cinema 5 S.r.l	Italy	100%	
The Space Cinema 6 S.r.l	Italy	100%	
The Space Cinema 7 S.r.l	Italy	100%	
The Space Entertainment SpA	Italy	100%	Via Pietro Mascagni 14 - 20122 – Milano
Capitolosette S.r.l	Italy	100%	
UAB Multikino Lietuva	Lithuania	100%	J.Jasinskio str. 16B Vilnius Lithuania
Vue Italy SpA	Italy	100%	Via Monte Rosa 91 - 20149 - Milano
Vue Nederland B.V.	Netherlands	100%	Danzigerkade 2D 1013 AP Amsterdam The Netherlands
Vue Cinemas B.V.	Netherlands	100%	
Vue Kerkrade B.V.	Netherlands	100%	
Vue Deventer B.V.	Netherlands	100%	
Vue Steenwijk B.V.	Netherlands	100%	
Vue Meppel B.V.	Netherlands	100%	
Vue Hoogeven B.V.	Netherlands	100%	
Aurora Cinema (Ireland) Limited	Ireland	100%	70 Sir John Rogerson's Quay Dublin 2, Ireland
Joint ventures and associates			
Name of undertaking	**Country of registration**	**Proportion of shares held (ordinary shares)**	**Address of registered office**
Joint Ventures			
Red Carpet Cinema Germany Verwaltungs GmbH	Germany	50%	Valentinskamp 18-20 20354 Hamburg Deutschland Germany
Red Carpet Cinema Communications GmbH & Co. KG	Germany	50%	
Digital Cinema Advertising – DCA S.r.l	Italy	50%	Piazza Duse Eleonora 2 20122 Milan Italy
Associates			
Kino.dk A/S	Denmark	26%	Kalvebod Brygge 57, 1560 Copenhagen V., Denmark

30. Non-controlling interests

Non-controlling interests of £147k (2016: £150k) relates to a 5% holding in CinemaxX Danmark A/S. The movement from 2017 reflects the profit for the year attributable to the non-controlling interest set off against the dividend paid.

31. Commitments

(a) Capital commitments

At 30 November 2017 the Group and Company had capital commitments as follows:

	30 November 2017 £000	30 November 2016 £000
Contracted for but not provided for in these financial statements	**8,217**	16,061
Total	**8,217**	16,061

(b) Operating lease commitments

The Group's future minimum lease payments under non-cancellable operating leases are as follows:

	30 November 2017 £000	30 November 2016 £000
No later than 1 year	**145,099**	157,239
Later than 1 year and no later than 5 years	**535,962**	563,200
Later than 5 years	**781,125**	665,984
Total	**1,462,186**	1,386,423

32. Cash flow statement

	Year ended 30 November 2017 £000	Year ended 30 November 2016 £000
Operating profit before tax	**50,171**	69,496
Adjustment for:		
Depreciation	**55,000**	52,642
Amortisation	**3,018**	2,184
Impairment on property plant and equipment and intangibles	**2,250**	8,382
Decrease in provisions	**(2,396)**	(8,101)
Decrease / (increase) in inventories	**(513)**	918
Decrease in trade receivables	**1,697**	5,959
Decrease in trade and other payables	**(160)**	(25,781)
Shared based payment (non cash)	**2,055**	2,055
Gain on bargain purchase	**(4,770)**	-
Loss on disposals	**2,320**	-
Other non cash credits	**(374)**	(1,518)
Cash generated from operations	**108,298**	106,236
Income taxes paid	**(10,351)**	(8,562)
Net cash inflow from operating activities	**97,947**	97,674

33. Contingent liabilities

The Group did not have any contingent liabilities as at 30 November 2017 (2016: £nil).

34. Post balance sheet events

There have been no significant events after the end of the reporting period that would require disclosure or adjustment to the financial statements.

35. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Management fee services

The Company is party to a management services agreement with OMERS Private Equity Inc., PE12GV (Artist) Ltd. and PE12PX (Artist-Management) Ltd, as service providers. Each service provider provides corporate finance, strategic corporate planning and other services. Annual fees of £0.4m plus applicable expenses are paid by the Company for these services. During the year the full fees of £0.4m (2016: £0.4m) were paid post year end.

Key management remuneration

The remuneration of key management personnel of the Group is set out below. Refer to note 13 for Directors' remuneration.

	Year ended 30 November 2017 £000	Year ended 30 November 2016 £000
Remuneration	**4,497**	4,164
Contributions to defined contribution pension schemes	**193**	206
Total	**4,690**	4,370

Key management personnel comprise the Managing Directors of each major market and the Group senior team who are not directors.

36. Ultimate parent company and controlling party

At 30 November 2017, the immediate parent undertaking of the Company is Vue International Midco Limited.

This set of financial statements, with the Company as parent undertaking, is the smallest group of undertakings for which consolidated Group financial statements are drawn up and publicly available.

At 30 November 2017, Vue International Holdco Limited, a company incorporated in Jersey, is the parent undertaking of the largest Group in which the results of the Company are consolidated. The consolidated financial statements of Vue International Holdco Limited are publicly available and may be obtained from Vue International Holdco Limited, 44 Esplanade, St Helier, Jersey, JE4 9WG.

At 30 November 2017, the ultimate controlling party is Vue International Holdco Limited, an investment vehicle for OMERS Administration Corporation and certain clients of Alberta Investment Management Corporation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
OPINION

In our opinion, Vue International Bidco plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Company balance sheet as at 30 November 2017; the Company statement of changes in equity for the year then ended; and the notes to the company financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH
Overview

Materiality

- Overall materiality: £1,460,000 (2016: £1,380,000), based on 1% of total assets.

Audit scope

- We tailored our scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as whole.

Key audit matters

- We have no key audit matters to report.

The scope of the audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We determined that there were no key audit matters applicable to the Company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

We performed an audit of the complete financial information of the Company.

The accounting process is structured around the finance function who maintain the accounting records and controls and prepare the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£1,460,000 (2016: £1,380,000).
How we determined it	1% of total assets.
Rationale for benchmark applied	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £73,000 (2016: £69,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2017

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 November 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT
Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ompany's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting
Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

OTHER MATTERS

We have reported separately on the group financial statements of Vue International Bidco plc for the year ended 30 November 2017.

JS Jenkins

Julian Jenkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 February 2018

Vue International Bidco plc

COMPANY BALANCE SHEET
AS AT 30 NOVEMBER 2017

	Note	As at 30 November 2017	As at 30 November 2016
Non-current assets	**Note**	**£000**	£000
Property, plant and equipment		**267**	634
Intangible assets		**943**	291
Deferred tax asset		**84**	105
Investments	**4**	**204,976**	204,976
Total non-current assets		**206,270**	206,006
Current assets			
Trade and other receivables	**5**	**1,242,662**	1,154,390
Cash and cash equivalents		**15,208**	24,906
Total current assets		**1,257,870**	1,179,296
Total assets		**1,464,140**	1,385,302
Current liabilities			
Trade and other payables	**6**	**166,820**	136,204
Total current liabilities		**166,820**	136,204
Non-current liabilities			
Interest-bearing loans and borrowings	**7**	**1,442,910**	1,352,684
Trade and other payables		**38**	38
Total non-current liabilities		**1,442,948**	1,352,722
Total liabilities		**1,609,768**	1,488,926
Net liabilities		**(145,628)**	(103,625)
Equity			
Share capital	**8**	**4,718**	4,718
Share-based payment reserve		**8,853**	6,798
Retained losses		**(159,198)**	(115,140)
Total equity		**(145,628)**	(103,624)

The financial statements were authorised for issue by the board of directors on 2 February 2018 and are signed on its behalf by

Alan McNair
Director

Vue International Bidco plc

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	Share capital £000	Share-based payments reserve £000	Retained earnings £000	Total equity £000
Balance at 27 November 2015		4,718	4,743	(32,423)	(22,962)
Loss for the year		-	-	(82,717)	(82,717)
Total comprehensive income for the year		-	-	(82,717)	(82,717)
Credit to equity for equity settled share-based payments		-	2,055	-	2,055
Balance at 30 November 2016	8	4,718	6,798	(115,140)	(103,624)
Balance at 1 December 2016		**4,718**	**6,798**	**(115,140)**	**(103,624)**
Loss for the year		**-**	**-**	**(44,058)**	**(44,058)**
Total comprehensive income for the year		**-**	**-**	**(44,058)**	**(44,058)**
Credit to equity for equity settled share-based payments		**-**	**2,055**	**-**	**2,055**
Balance at 30 November 2017	**8**	**4,718**	**8,853**	**(159,198)**	**(145,628)**

1. Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by accordance with the Companies Act 2006, as applicable using FRS 101.

The following exemptions from the requirements of IFRS have been applied in these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'
- Paragraphs 91-99 of IFRS 13,'Fair value measurement' (disclosure of valuation techniques and inputs used for the fair value measurement of assets and liabilities)
- Paragraphs 38 of IAS 1, ' Presentation of financial statements' comparative information requirements in respect of:
  - Paragraph 79 (a)(iv) of IAS 1
  - Paragraph 73(e) of IAS Property, plant and equipment; paragraph 118(e) of IAS 30 Intangible assets (reconciliations between carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, ' Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 10(f), (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements,
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement of minimum two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statements of financial position),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings drawn up to the year end 30 November 2017. No individual profit or loss account is presented for the Company as permitted by section 408 of the Companies Act 2006.

1. Accounting policies *(continued)*

Going concern

The directors have adopted the going concern basis of preparation in preparing these financial statements. The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Investment in subsidiary undertakings

Investments in subsidiaries are held at cost, less any provision for impairment.

Interest-bearing loans, capital and borrowings

Interest-bearing loans, capital and borrowings are initially measured at the fair value of the consideration received net of issue costs associated with the borrowings. After initial recognition, loan capital and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to income statement.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Taxation

Current tax including UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Auditors' remuneration

The audit fee for the parent Company of £5k (2016: £4k) was paid by the Group. Refer to note 9 in the consolidated financial statements for full detail.

3. Operating loss

The Company made an after tax loss of £44.1m during the year (2016: £82.7m).

4. Investments

The movements in investments held by the Company during the year are as follows:

	30 November 2017 £000	30 November 2016 £000
Cost and carrying value	**204,976**	204,976

Refer to note 29 in the consolidated financial statements for list of subsidiaries.

5. Trade and other receivables

	30 November 2017 £000	30 November 2016 £000
Amounts receivable from group undertakings	**1,213,821**	1,134,390
Prepayments	**675**	120
Other debtors	**28,166**	19,880
Total	**1,242,662**	1,154,390

6. Trade and other payables

	30 November 2017 £000	30 November 2016 £000
Corporation tax payable	**3,591**	4,108
Amounts payable to group undertakings	**148,121**	114,277
Accrued expenses	**15,108**	17,819
Total	**166,820**	136,204

Amounts owed to group undertakings are trading balances which are unsecured, repayable on demand and non-interest bearing.

7. Loans and borrowings

	30 November 2017 £000	30 November 2016 £000
Senior secured notes - £300m	**296,211**	295,145
Senior secured notes - €360m	**310,611**	298,211
Senior secured term loan - €120m	**103,636**	99,819
Shareholder loan notes	**732,933**	660,268
Total	**1,443,391**	1,353,443
Less:		
Revolving credit facility capitalised fees	**(481)**	(759)
Total	**1,442,910**	1,352,684

8. Share capital

	30 November 2017	30 November 2016
Allotted, issued and fully paid	**£000**	£000
4,718,100 Ordinary shares of £1 each (2016: £1 each)	**4,718**	4,718
Total	**4,718**	4,718

9. Related parties

The Company has taken advantage of the exemption under IAS 24 available to parent companies not to disclose transactions with its wholly owned subsidiaries within its financial statements.