

**VOUGEOT BIDCO PLC**

**QUARTERLY REPORT TO NOTEHOLDERS**

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

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

**(the "Notes")**

**Q4 2013 - PERIOD ENDED 28 NOVEMBER 2013**

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## PRESENTATION OF FINANCIAL DATA

This report summarises consolidated financial and operating data derived from the consolidated financial statements of Vougeot Bidco plc and its subsidiaries (“Bidco”). The summary financial information provided has been derived from our records for the accounting periods to 28 November 2013, which are maintained in accordance with UK GAAP.

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

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

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

Bidco was incorporated on 2 May 2013 and began trading following its acquisition of Vue Entertainment International Limited (“VEIL”) on 8 August 2013; hence comparative data for the prior year is not available and is not included in the audited consolidated financial statements or in the Bidco financial statements prepared in accordance with the Vougeot Bidco plc Indenture dated 18 July 2013 (“Bidco as Acquired”, page 11 of this report). The audited consolidated financial statements for Bidco for the period ended 28 November 2013 are available on Vue Investor Relations website. A reconciliation between the Bidco as Acquired financial statements and the Vougeot Bidco plc audited financial statements is provided on page 14 of this report.

Pro Forma Bidco financial and operating data (“Pro Forma”) has been included to provide a more meaningful view of the recent trading of the business and to enable comparison of the quarter

and year to date to the prior year. The Pro Forma financial information presented in this report has been derived from the consolidated financial statements of Bidco, VEIL, the pre-acquisition consolidated financial information of Multikino S.A. ("Multikino"), CinemaxX AG ("CinemaxX") and Apollo Cinemas Limited ("Apollo"), adjusted to give pro forma effect to (i) IFRS and Polish GAAP to UK GAAP differences, (ii) the VEIL acquisition and (iii) the Financing (as defined in the Offering Memorandum), and the application of the proceeds therefrom. The transactions are deemed to have occurred on November 25, 2011 for the purposes of the income statement. This Report therefore differs from the Q3 2013 report in that the results of Multikino have now been reflected in the Group's results for both the current and prior periods. This report differs to the 'Pro Forma Financial Information' provided in the Offering Memorandum as financial and operating data for Apollo has been included prior to its acquisition on 10 May 2012, and, as part of a detailed remapping exercise during the CinemaxX and Multikino integrations, a number of reclassifications have been made between various lines within the income statement as compared to the Offering Memorandum.

## **DISCLAIMER**

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

### Forward-Looking Statements

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

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

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

## HIGHLIGHTS

£m	Q4			FY		
	Pro Forma			Pro Forma		
	2013	2012	% change	2013	2012	% change
Turnover	130.8	157.0	(16.7%)	571.1	564.8	1.1%
Consolidated EBITDA	20.1	29.1	(30.8%)	96.3	94.5	1.9%
Capital expenditure	4.4	11.8	63.1%	30.6	42.4	27.7%
Admissions (m)	13.8	18.0	(23.0%)	62.1	66.8	(7.1%)
Number of screens	1,348	1,326	1.7%	1,348	1,326	1.7%
Average ticket price ("ATP") (£)	6.01	5.77	4.2%	6.07	5.60	8.3%

Unless otherwise stated, discussion in this report relates to Pro Forma data (includes Multikino, CinemaxX and Apollo for period prior to acquisition). Bidco data is presented on an "as Acquired" basis on page 11.

- Turnover up 1.1% in FY 2013 and down 16.7% quarter on quarter.
- Consolidated EBITDA up 1.9% in FY 2013 and down 30.8% quarter on quarter.
- Pricing alignment and strategic pricing initiatives increased ATP by 8.3% in FY 2013 and 4.2% quarter on quarter.
- Admissions down 7.1% in FY 2013 driven by 23.0% quarter on quarter decline due to the exceptional slate in Q4 2012 (which included Skyfall, the highest grossing title of all time in the UK) combined with an additional week of trading in Q4 2012. Admissions in FY 2013 and Q4 2013 were also impacted by the disposal of five Apollo sites in early 2013.
- Combined box office market share in UK, Germany and Poland ("Major Territories") was maintained at 19.8% in FY 2013 and down 1.0ppt quarter on quarter at 19.2%.
- Significant majority of capital expenditure in both FY 2013 and Q4 2013 is due to new site development in the UK and Poland.
- Net debt as at 28 November 2013 was £523.4 million, calculated as external debt (net of fees) of £535.2 million less unrestricted cash and cash equivalents of £11.8 million. Unrestricted cash balances comprised £55.5 million in cash and cash equivalents on hand net of £35.3 million to repay cash and interest relating to the OMERS/ AIMCo Bridge Loan and £8.4 million of Restricted Cash.

## OPERATIONAL AND FINANCIAL REVIEW

### Markets

Full year admissions and GBOR were weaker across all of Vue's Major Territories in 2013, driven largely by performance in Q4 2013 against an exceptionally strong prior year comparator.

In Q4 2012, the UK market benefited from Skyfall, the highest grossing title of all time in the UK and an additional trading week in November (FY 2012 - 53 weeks; FY 2013 - 52 weeks). Quarter on quarter market decline in Germany and Poland was less pronounced due to the lower impact of Skyfall in 2012 and the strong performance of local content in Germany in Q4 2013 (Fack ju Göhte).

Major Territories market GBOR decreased by £2.2 million, or 0.1%, to £2.01 billion in the full year ended 28 November 2013. Quarter on quarter Major Territories market GBOR decreased by £93.2 million, or 17.0%, to £456.2 million. Major Territories market admissions declined 5.9% in FY 2013 and 19.4% quarter on quarter.

### Turnover

£m	Q4			FY		
	2013	2012	% change	2013	2012	% change
Total turnover	130.8	157.0	(16.7%)	571.1	564.8	1.1%
<i>Operational data</i>						
Admissions (m)	13.8	18.0	(23.0%)	62.1	66.8	(7.1%)
ATP (£)	6.01	5.77	4.2%	6.07	5.60	8.3%
Concession spend per person ("SPP") (£)	2.01	1.93	4.5%	2.01	1.91	5.2%
Total revenue per person (£)	9.45	8.74	8.2%	9.20	8.45	8.8%
Number of screens	1,348	1,326	1.7%	1,348	1,326	1.7%

Turnover increased by £6.3 million, or 1.1%, to £571.1 million in the full year ended 28 November 2013 from £564.8 million in the prior year. Quarter on quarter turnover decreased by £26.1 million, or 16.7%, to £130.8 million. FY 2013 turnover growth was primarily a function of increased ATP and SPP, which grew by 8.3% and 5.2% respectively, more than offsetting a reduction in admissions. Quarter on quarter ATP and SPP increases of 4.2% and 4.5% partly offset the reduction in admissions in Q4 2013.

ATP and SPP increased by 46p and 10p respectively in the full year ended 28 November 2013 and 24p and 9p respectively, quarter on quarter. These increases were due primarily to strategic pricing initiatives, changes in pricing structure and beneficial mix of 3D product in certain geographies.

Vue Admissions decreased by 4.7 million, or 7.1%, in FY 2013 and 4.1 million, or 23.0%, quarter on quarter. A decline in Major Territories market admissions of 19.4% for Q4 2013 (with one less trading week than FY 2012) accounted for the majority of Vue's year on year admissions decline. In addition, Vue experienced minor market share decline due to the disposal of five Apollo sites (reduced admissions by 0.7 million in FY 2013 and 0.2 million in the quarter), the limited number of UK sites impacted by competition, from strategic, above-market price increases as indicated in the Q3 2013 report and the lower volume of major blockbusters, from which Vue benefits disproportionately.

The strategic price increases mentioned above, in addition to new sites and screen openings, maturation of sites opened in 2011/ 2012 and competitor closures have resulted in Vue maintaining market share of GBOR in Major Territories at 19.8% during FY 2013. Quarter on quarter market share declined 1.0ppt to 19.2% due to the disposal of five Apollo sites in early 2013 and the outperformance of the Group in Q4 2012 relative to the market, largely due to favourable product.

Total screens increased by 22 on a net basis in the year due to the opening of six new sites (three in the UK and three in Poland), the acquisition of two new sites (one in Germany and one in Poland), and the addition of five screens at existing cinemas, net of the disposal of five Apollo sites in the UK and one site in Germany.

#### Cost of sales

£m	Q4			FY		
	2013	2012	% change	2013	2012	% change
Total cost of sales	(48.5)	(61.5)	21.1%	(217.7)	(220.0)	1.0%

Cost of sales decreased by £2.3 million, or 1.0%, to £217.7 million in the full year ended 28 November 2013 from £220.0 million in the prior year. Quarter on quarter cost of sales decreased by £13.0 million, or 21.1%, to £48.5 million in the quarter ended 28 November 2013. This decrease was principally a result of improved film rental margin, partly offset by increased costs of corporate sales. Gross margin increased 0.8ppt to 61.9% in FY 2013 and 2.1ppt quarter on quarter to 62.9% in Q4 2013.

#### Administrative expenses (as per management) excluding rent

£m	Q4			FY		
	2013	2012	% change	2013	2012	% change
Total administrative expenses (as per management) excluding rent	(37.3)	(41.2)	9.5%	(155.8)	(154.5)	(0.9%)

Administrative expenses excluding rent increased by £1.4 million, or 0.9%, to £155.8 million in the full year ended 28 November 2013 from £154.5 million in the prior year. Quarter on quarter administrative expenses excluding rent decreased by £3.9 million, or 9.5%, to £37.3 million primarily due to volume related savings.

#### Rentals under operating leases on land and buildings

£m	Q4			FY		
	2013	2012	% change	2013	2012	% change
Rentals under operating leases on land and buildings	(24.9)	(25.2)	1.1%	(101.3)	(95.8)	(5.8%)

Rentals under operating and leases on land and buildings increased by £5.5 million, or 5.8%, to £101.3 million in the full year ended 28 November 2013 from £95.8 million in the prior year. This increase was primarily due to new site openings combined with the impact of rent reviews. Quarter on quarter rentals under operating and leases on land and buildings decreased by £0.3 million, or 1.1%, to £24.9 million primarily due to reduced turnover rent, site disposals and one less trading week than Q4 2012 more than offsetting increases due to rent reviews in existing sites and the opening of new sites.

## Consolidated EBITDA

£m	Q4			FY		
	Pro Forma			Pro Forma		
	2013	2012	% change	2013	2012	% change
Consolidated EBITDA	20.1	29.1	(30.8%)	96.3	94.5	1.9%

Consolidated EBITDA increased by £1.8 million, or 1.9%, to £96.3 million in the full year ended 28 November 2013 from £94.5 million in the prior year due to increased revenue. FY 2013 EBITDA margin increased 0.2ppt from 16.7% to 16.9% due to a reduction in staff costs and other controllable expenses as a percentage of total turnover. Quarter on quarter Consolidated EBITDA decreased by £9.0 million, or 30.8%, to £20.1 million due to lower revenue and reduced leverage of the fixed cost base, resulting in Consolidated EBITDA margin decline of 3.2ppt quarter on quarter to 15.4%.

## Capital Expenditures

£m	Q4			FY		
	Pro Forma			Pro Forma		
	2013	2012	% change	2013	2012	% change
Total capital expenditure (net of Landlords Contribution)	4.4	11.8	63.1%	30.6	42.4	27.7%

In the year to 28 November 2013 total capital expenditure decreased by £11.7 million, or 27.7%, to £30.6 million primarily due to higher landlord contributions, lower capex associated with fewer new openings and greater control of capex spend in CinemaxX following the acquisition July 2012. This level of spend is in line with our full year expectation as per the Offering Memorandum of less than £40 million (including Multikino).

Capital expenditure in the quarter ended 28 November 2013 decreased by £7.4 million. The significant majority of capital expenditure in Q4 and FY 2013 is due to new sites. Two new sites opened in Poland in Q4 2013: Multikino Czechowice (4 screens, 661 seats) and Multikino Lublin (8 screens, 1,219 seats) in October and November respectively.

## Outstanding Indebtedness and Cash

The following discussion relates to Bidco. For the definition of defined terms please refer to the Offering Memorandum. More detail as to the outstanding Indebtedness can be found in the interim condensed consolidated financial statements contained within this report and in the audited financial statements that are available on the Vue Investor Relations website.

As at 28 November 2013, Bidco's total third party borrowings were £535.2 million (net of unamortised debt issuance costs of £14.8 million), of which the Notes represent £541.4 million, other loans represent £6.7 million and drawings on the revolving credit facility represent £2.0 million.

As at 28 November 2013 Bidco had unrestricted cash and cash equivalents of £11.8 million comprising £55.5 million in cash and cash equivalents on hand net of £35.3 million to repay cash and interest relating to the OMERS/ AIMCo Bridge Loan and £8.4 million of Restricted Cash, which

includes £4.0 million of rental deposits and £4.5 million held to purchase the remaining minority interest in CinemaxX AG.

## **RECENT DEVELOPMENTS**

The squeeze-out of minority shareholders in CinemaxX AG became effective as of 6 February 2013 with Vougeot Bidco Plc now indirectly holding the entire share capital of CinemaxX. The reorganisation of CinemaxX into a GmbH and the subsequent granting of security to the SSRCF and accession to the Bond is expected to complete by the end of May 2014. It is anticipated that repayment of the Bridge Loan will occur shortly thereafter.

On 24 January 2014, it was announced that Alan McNair, Vue CFO and Co-CEO has been awarded the CineEurope 2014 “International Exhibitor of the Year”, the most prestigious award in the Industry.

## **OUTLOOK**

Q1 2014 EBITDA is expected to be broadly in-line with Q1 2013 (c. £36 million) reflecting a strong performance by the Group given comparatively weaker product compared to Q1 2013 which included The Hobbit: An Unexpected Journey, Les Miserables and Life of Pi, in addition to Skyfall and Twilight: Breaking Dawn – Part 2 following Q4 2012 releases.

Key releases in Q1 2014 included Hobbit: Desolation of Smaug, Frozen, The Wolf of Wall Street, 12 Years a Slave, American Hustle, Anchorman 2 and The Lego Movie, in addition to strong local content including Der Medicus and the continued popularity of Fack ju Göhte in Germany, and Pod Mocnym Aniolem, Wkreceni and Jack Strong in Poland. However, Q1 2014 has also seen unseasonably warm weather in Germany and Poland and the success of the Winter Olympic Games in Sochi.

We continue to invest in our estate to ensure it remains what we believe to be the newest, most modern chain of cinemas within the countries in which we operate and expect to open a number of new sites in 2014.

Following the completion of the Multikino acquisition we are in the process of integrating the business, leveraging our strong operational knowledge and experience. We continue to remain open to further selective strategic acquisitions of leading cinema operators.

## **RISK FACTORS**

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

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



## **CONFERENCE CALL**

There will be a conference call for investors at 2.00pm on 26 March 2014. The dial-in number is **+44 (0) 20 3003 2666** (Standard International Access) or 0808 109 0700 (UK Toll Free), please inform the operator you are joining the **“Vougeot Bidco”** conference call. Additional international toll free numbers are available in the USA (1 866 966 5335), France (0805 630061) and Germany (0800 673 7932).

Shortly after the conclusion of the call an audio recording will be made available for replay for 7 days via the following dial-in: +44 (0) 20 8196 1998, Access Pin 5199622#.

**Vougeot Bidco plc Pro Forma Consolidated Profit and Loss Account (unaudited) for the period ended 28 November 2013<sup>1</sup>**

£m (unaudited)	Bidco	Bidco	Bidco	Bidco
	For the 13 weeks ended 28 November 2013	For the 14 weeks ended 29 November 2012	For the 52 weeks ended 28 November 2013	For the 53 weeks ended 29 November 2012
	<b>Pro forma</b>			
<b>Turnover</b>	<b>130.8</b>	<b>157.0</b>	<b>571.1</b>	<b>564.8</b>
Cost of sales	(48.5)	(61.5)	(217.7)	(220.0)
	82.3	95.5	353.4	344.8
Administration expenses (as per management)	(37.3)	(41.2)	(155.8)	(154.5)
Rentals under operating leases on land and buildings	(24.9)	(25.2)	(101.3)	(95.8)
<b>Consolidated EBITDA</b>	<b>20.1</b>	<b>29.1</b>	<b>96.3</b>	<b>94.5</b>
Non-cash/ non-recurring items	3.4	(2.2)	(3.0)	3.0
Depreciation	(10.2)	(11.2)	(41.2)	(42.7)
Amortisation	(8.9)	(8.6)	(34.5)	(34.6)
Impairment	(4.0)	(0.3)	(10.5)	(3.1)
<b>Group operating profit/(loss)</b>	<b>0.5</b>	<b>6.7</b>	<b>7.0</b>	<b>17.1</b>
Gross margin	62.9%	60.8%	61.9%	61.1%
Consolidated EBITDA margin	15.4%	18.6%	16.9%	16.7%
<b>Turnover</b>	<b>130.8</b>	<b>157.0</b>	<b>571.1</b>	<b>564.8</b>
Cost of sales	(48.5)	(61.5)	(217.7)	(220.0)
	82.3	95.5	353.4	344.8
Administration expenses	(81.9)	(88.8)	(346.4)	(327.7)
<b>Group operating profit/(loss)</b>	<b>0.5</b>	<b>6.7</b>	<b>7.0</b>	<b>17.1</b>
Depreciation	10.2	11.2	41.2	42.7
Amortisation	8.9	8.6	34.5	34.6
Impairment	4.0	0.3	10.5	3.1
<b>EBITDA</b>	<b>23.5</b>	<b>26.9</b>	<b>93.2</b>	<b>97.5</b>
Non-cash/ non-recurring items	(3.4)	2.2	3.0	(3.0)
<b>Consolidated EBITDA</b>	<b>20.1</b>	<b>29.1</b>	<b>96.3</b>	<b>94.5</b>
Rentals under operating leases on land and buildings	24.9	25.2	101.3	95.8
<b>Consolidated EBITDAR</b>	<b>45.0</b>	<b>54.3</b>	<b>197.6</b>	<b>190.3</b>
Administration expenses (as per management)	(37.3)	(41.2)	(155.8)	(154.5)
Rentals under operating leases on land and buildings	(24.9)	(25.2)	(101.3)	(95.8)
Depreciation	(10.2)	(11.2)	(41.2)	(42.7)
Amortisation	(8.9)	(8.6)	(34.5)	(34.6)
Impairment	(4.0)	(0.3)	(10.5)	(3.1)
Non-cash/ non-recurring items	3.4	(2.2)	(3.0)	3.0
<b>Administration expenses</b>	<b>(81.9)</b>	<b>(88.8)</b>	<b>(346.4)</b>	<b>(327.7)</b>

<sup>1</sup> The Pro Forma financial information presented in this report has been derived from the consolidated financial statements of Bidco, VEIL, the pre-acquisition consolidated financial information of Multikino, CinemaxX and Apollo, adjusted to give pro forma effect to (i) IFRS and Polish GAAP to UK GAAP differences, (ii) the VEIL acquisition and (iii) the Financing (as defined in the Offering Memorandum), and the application of the proceeds therefrom. The transactions are deemed to have occurred on 25 November 2011 for the purposes of the income statement.

**Vougeot Bidco plc Consolidated Quarterly Profit and Loss Account (unaudited) for the period ended 28 November 2013<sup>1</sup>**

	Bidco For the 13 w weeks ended 28 November 2013	Bidco For the 14 w weeks ended 29 November 2012	Bidco For the 52 w weeks ended 28 November 2013	Bidco For the 53 w weeks ended 29 November 2012
£m (unaudited)	<b>As Acquired</b>			
<b>Turnover</b>	<b>126.8</b>	-	<b>159.3</b>	-
Cost of sales	(46.9)	-	(58.6)	-
	80.0	-	100.7	-
Administration expenses (as per management)	(35.7)	-	(43.6)	-
Rentals under operating leases on land and buildings	(24.2)	-	(29.7)	-
<b>Consolidated EBITDA</b>	<b>20.0</b>	-	<b>27.4</b>	-
Non-cash/ non-recurring items	3.4	-	6.2	-
Depreciation	(9.6)	-	(11.6)	-
Amortisation	(8.9)	-	(10.9)	-
Impairment	-	-	-	-
<b>Group operating profit/(loss)</b>	<b>5.0</b>	-	<b>11.2</b>	-
Interest receivable and other income	0.0	-	0.1	-
Interest payable and similar charges	(11.1)	-	(31.0)	-
<b>Profit/ (loss) on ordinary activities before taxation</b>	<b>(6.1)</b>	-	<b>(19.7)</b>	-
Tax charge on profit/ (loss) of ordinary activities	1.5	-	1.2	-
<b>Profit/ (loss) on ordinary activities after taxation</b>	<b>(4.6)</b>	-	<b>(18.5)</b>	-
Minority interests	(0.2)	-	(0.2)	-
<b>Profit/ (loss) for the financial period</b>	<b>(4.8)</b>	-	<b>(18.7)</b>	-
Gross margin	63.1%	n/a	63.2%	n/a
Consolidated EBITDA margin	15.8%	n/a	17.2%	n/a
<b>Turnover</b>	<b>126.8</b>	-	<b>159.3</b>	-
Cost of sales	(46.9)	-	(58.6)	-
	80.0	-	100.7	-
Administration expenses	(75.0)	-	(89.5)	-
<b>Group operating profit/(loss)</b>	<b>5.0</b>	-	<b>11.2</b>	-
Depreciation	9.6	-	11.6	-
Amortisation	8.9	-	10.9	-
Impairment	-	-	-	-
<b>EBITDA</b>	<b>23.4</b>	-	<b>33.6</b>	-
Non-cash/ non-recurring items	(3.4)	-	(6.2)	-
<b>Consolidated EBITDA</b>	<b>20.0</b>	-	<b>27.4</b>	-
Rentals under operating leases on land and buildings	24.2	-	29.7	-
<b>Consolidated EBITDAR</b>	<b>44.2</b>	-	<b>57.1</b>	-
Administration expenses (as per management)	(35.7)	-	(43.6)	-
Rentals under operating leases on land and buildings	(24.2)	-	(29.7)	-
Depreciation	(9.6)	-	(11.6)	-
Amortisation	(8.9)	-	(10.9)	-
Impairment	-	-	-	-
Non-cash/ non-recurring items	3.4	-	6.2	-
<b>Administration expenses</b>	<b>(75.0)</b>	-	<b>(89.5)</b>	-

<sup>1</sup> UK GAAP. For the period from 2 May 2013 (Date of incorporation) to 28 November 2013, which includes trading activity from 8 August 2013.

## Supplemental Information

### Reconciliation of Bidco as Acquired to Vougeot Bidco plc Interim Condensed Consolidated Profit and Loss Account (unaudited) for the period ended 28 November 2013

£m (unaudited)	Bond reporting For the 52 weeks ended 28 November 2013	Adjustments and Reclassifications	Statutory reporting For the 52 weeks ended 28 November 2013
<b>Turnover</b>	<b>159.3</b>	<b>2.1</b>	<b>161.4</b>
Cost of sales	(58.6)	(0.0)	(58.6)
	<u>100.7</u>	<u>2.0</u>	<u>102.7</u>
Administration expenses (as per management)	(43.6)	3.8	(39.7)
Rentals under operating leases on land and buildings	(29.7)	-	(29.7)
<b>Consolidated EBITDA</b>	<b>27.4</b>	<b>5.9</b>	<b>33.3</b>
Non-cash/ non-recurring items	6.2	(6.2)	-
Depreciation	(11.6)	0.2	(11.4)
Amortisation	(10.9)	-	(10.9)
Impairment	-	-	-
<b>Group operating profit/(loss)</b>	<b>11.2</b>	<b>(0.2)</b>	<b>11.0</b>
Gross margin	63.2%		63.7%
Consolidated EBITDA margin	17.2%		20.6%
<b>Turnover</b>	<b>159.3</b>	<b>2.1</b>	<b>161.4</b>
Cost of sales	(58.6)	(0.0)	(58.6)
	<u>100.7</u>	<u>2.0</u>	<u>102.7</u>
Administration expenses	(89.5)	(2.2)	(91.7)
<b>Group operating profit/(loss)</b>	<b>11.2</b>	<b>(0.2)</b>	<b>11.0</b>
Depreciation	11.6	(0.2)	11.4
Amortisation	10.9	-	10.9
Impairment	-	-	-
<b>EBITDA</b>	<b>33.6</b>	<b>(0.4)</b>	<b>33.3</b>
Non-cash/ non-recurring items	(6.2)	6.2	-
<b>Consolidated EBITDA</b>	<b>27.4</b>	<b>5.9</b>	<b>33.3</b>
Rentals under operating leases on land and buildings	29.7	-	29.7
<b>Consolidated EBITDAR</b>	<b>57.1</b>	<b>5.9</b>	<b>63.0</b>
Administration expenses (as per management)	(43.6)	3.8	(39.7)
Rentals under operating leases on land and buildings	(29.7)	-	(29.7)
Depreciation	(11.6)	0.2	(11.4)
Amortisation	(10.9)	-	(10.9)
Impairment	-	-	-
Non-cash/ non-recurring items	6.2	(6.2)	-
<b>Administration expenses</b>	<b>(89.5)</b>	<b>(2.2)</b>	<b>(91.7)</b>

## Supplemental Information

### Vougeot Bidco plc Pro Forma Consolidated Quarterly Profit and Loss Account (unaudited) for the period ended 28 November 2013<sup>1</sup>

£m (unaudited)	Bidco				
	For the 52 weeks ended 28 November 2013				
	Pro forma	Q1 2013	Q2 2013	Q3 2013	Q4 2013
<b>Turnover</b>	<b>571.1</b>	<b>166.9</b>	<b>130.3</b>	<b>143.0</b>	<b>130.8</b>
Cost of sales	(217.7)	(65.2)	(48.9)	(55.1)	(48.5)
	353.4	101.7	81.4	87.9	82.3
Administration expenses (as per management)	(155.8)	(39.9)	(38.9)	(39.7)	(37.3)
Rentals under operating leases on land and buildings	(101.3)	(25.5)	(25.1)	(25.7)	(24.9)
<b>Consolidated EBITDA</b>	<b>96.3</b>	<b>36.2</b>	<b>17.4</b>	<b>22.5</b>	<b>20.1</b>
Non-cash/ non-recurring items	(3.0)	(1.8)	(1.0)	(3.6)	3.4
Depreciation	(41.2)	(10.6)	(10.3)	(10.1)	(10.2)
Amortisation	(34.5)	(8.6)	(8.6)	(8.4)	(8.9)
Impairment	(10.5)	-	(6.5)	-	(4.0)
<b>Group operating profit/(loss)</b>	<b>7.0</b>	<b>15.1</b>	<b>(9.1)</b>	<b>0.5</b>	<b>0.5</b>
Gross margin	61.9%	60.9%	62.5%	61.5%	62.9%
Consolidated EBITDA margin	16.9%	21.7%	13.4%	15.7%	15.4%
<b>Turnover</b>	<b>571.1</b>	<b>166.9</b>	<b>130.3</b>	<b>143.0</b>	<b>130.8</b>
Cost of sales	(217.7)	(65.2)	(48.9)	(55.1)	(48.5)
	353.4	101.7	81.4	87.9	82.3
Administration expenses	(346.4)	(86.6)	(90.5)	(87.5)	(81.9)
<b>Group operating profit/(loss)</b>	<b>7.0</b>	<b>15.1</b>	<b>(9.1)</b>	<b>0.5</b>	<b>0.5</b>
Depreciation	41.2	10.6	10.3	10.1	10.2
Amortisation	34.5	8.6	8.6	8.4	8.9
Impairment	10.5	-	6.5	-	4.0
<b>EBITDA</b>	<b>93.2</b>	<b>34.4</b>	<b>16.4</b>	<b>18.9</b>	<b>23.5</b>
Non-cash/ non-recurring items	3.0	1.8	1.0	3.6	(3.4)
<b>Consolidated EBITDA</b>	<b>96.3</b>	<b>36.2</b>	<b>17.4</b>	<b>22.5</b>	<b>20.1</b>
Rentals under operating leases on land and buildings	101.3	25.5	25.1	25.7	24.9
<b>Consolidated EBITDAR</b>	<b>197.6</b>	<b>61.8</b>	<b>42.6</b>	<b>48.2</b>	<b>45.0</b>
Administration expenses (as per management)	(155.8)	(39.9)	(38.9)	(39.7)	(37.3)
Rentals under operating leases on land and buildings	(101.3)	(25.5)	(25.1)	(25.7)	(24.9)
Depreciation	(41.2)	(10.6)	(10.3)	(10.1)	(10.2)
Amortisation	(34.5)	(8.6)	(8.6)	(8.4)	(8.9)
Impairment	(10.5)	-	(6.5)	-	(4.0)
Non-cash/ non-recurring items	(3.0)	(1.8)	(1.0)	(3.6)	3.4
<b>Administration expenses</b>	<b>(346.4)</b>	<b>(86.6)</b>	<b>(90.5)</b>	<b>(87.5)</b>	<b>(81.9)</b>

<sup>1</sup>The Pro Forma financial information presented in this report has been derived from the consolidated financial statements of Bidco, VEIL, the pre-acquisition consolidated financial information of Multikino, CinemaxX and Apollo, adjusted to give pro forma effect to (i) IFRS and Polish GAAP to UK GAAP differences, (ii) the VEIL acquisition and (iii) the Financing (as defined in the Offering Memorandum), and the application of the proceeds therefrom. The transactions are deemed to have occurred on November 25, 2011 for the purposes of the income statement.

## Vougeot Bidco plc

### Interim Condensed Consolidated Profit and Loss Account (unaudited) for the period ended 28 November 2013

	Period ended 28 November 2013* £'000
<b>Turnover - acquisitions</b>	<b>161,384</b>
<b>Turnover</b>	<b>161,384</b>
Cost of sales	<b>(58,642)</b>
<b>Gross profit</b>	<b>102,742</b>
Administrative expenses	<b>(91,703)</b>
<b>Operating profit - acquisitions</b>	<b>11,039</b>
Interest receivable and similar income	<b>58</b>
Interest payable and similar charges	<b>(30,829)</b>
<b>Loss on ordinary activities before taxation</b>	<b>(19,732)</b>
Tax credit on loss on ordinary activities	<b>1,239</b>
<b>Loss on ordinary activities after taxation</b>	<b>(18,493)</b>
Minority interests	<b>(181)</b>
<b>Loss for the financial period</b>	<b>(18,674)</b>

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

\*For the period from 2 May 2013 (date of incorporation) of the Company to 28 November 2013 which includes 16 weeks trading activity from 8 August 2013.

# Vougeot Bidco plc

## Interim Condensed Consolidated Balance Sheet (unaudited) As at 28 November 2013

	Notes	As at 28 November 2013 £'000
<b>Fixed assets</b>		
Intangible assets	2	723,692
Tangible assets	3	356,271
Investment in associate		238
		<b>1,080,201</b>
<b>Current assets</b>		
Stock		2,743
Debtors: amounts falling due within one year		39,291
Debtors: amounts falling due after more than one year		25,587
Cash at bank and in hand	4	55,491
		<b>123,112</b>
<b>Creditors: amounts falling due within one year</b>		
Loans (net of unamortised issue costs)	5	(35,186)
Other creditors	6	(115,572)
		<b>(150,758)</b>
<b>Net current liabilities</b>		<b>(27,646)</b>
<b>Total assets less current liabilities</b>		<b>1,052,555</b>
<b>Creditors: amounts falling due after more than one year</b>		
Loans (net of unamortised issue costs)	5	976,068
Other creditors	7	51,066
Provision for liabilities	8	41,118
<b>Capital and reserves</b>		
Called up share capital		4,718
Profit and loss account		(22,128)
<b>Total shareholders' deficit</b>		<b>(17,410)</b>
Minority interests		1,713
<b>Capital employed</b>		<b>1,052,555</b>

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 28 November 2013

### Interim Condensed Consolidated Cash Flow Statement (unaudited) for the period ended 28 November 2013

	Notes	Period ended 28 November 2013 £'000
<b>Operating activities</b>		
Net cash inflow from operating activities	10	17,392
<b>Return on investments and servicing of finance</b>		
Interest received		54
Interest paid		(3,874)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(3,820)</b>
Taxation paid		(1,477)
<b>Cash outflow for capital expenditure and other financial investments</b>		
Payments to acquire tangible assets		(10,470)
Landlord contributions received		1,302
Acquisitions		(1,037,278)
Cash balance acquired on acquisition		56,309
<b>Net cash outflow from capital expenditure and other financial investments</b>		<b>(990,137)</b>
<b>Net cash outflow before financing activities</b>		<b>(978,042)</b>
<b>Financing activities</b>		
Senior secured notes and revolving credit facility received		553,905
Multikino acquired debt repaid		(25,889)
Issue costs paid		(15,429)
Repayment of other loans		(214)
Issue of ordinary shares		4,718
Issue of shareholder loans		461,199
<b>Net cash inflow from financing activities</b>		<b>978,290</b>
<b>Increase in cash</b>		<b>248</b>



# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 28 November 2013

### Interim Condensed Consolidated Statement of Total Recognised Gains and Losses for the period ended 28 November 2013 (unaudited)

	Period ended 28 November 2013 £'000
Loss for the financial period	(18,674)
Foreign exchange movement	(3,454)
	-
<b>Total recognised losses relating to the financial period</b>	<b>(22,128)</b>

### Interim Condensed Consolidated Statement of Shareholders' Deficit for the period ended 28 November 2013 (unaudited)

	Share Capital £'000	Profit and Loss Account £'000	Total Shareholders' Deficit £'000
Balance as at 2 May 2013	-	-	-
Loss for the financial period	-	(18,674)	(18,674)
Foreign exchange movement	-	(3,454)	(3,454)
Net reduction for the period	-	(22,128)	(22,128)
Share capital issued	4,718	-	4,718
<b>Closing Shareholders' deficit as at 28 November 2013</b>	<b>4,718</b>	<b>(22,128)</b>	<b>(17,410)</b>

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 28 November 2013

### 1 Basis of preparation

Vougeot Bidco plc ("the Company") was incorporated on 2 May 2013.

On 8 August 2013 the Company acquired 100% of the ordinary share capital in Vue Entertainment International Limited, which was the top holding company of the Vue cinema operating group. At this date Vougeot Bidco plc group ("the Group") was formed and trading activity was commenced.

The unaudited interim condensed consolidated financial statements of the Group and Company are for the period from incorporation on 2 May 2013 to 28 November 2013. The trading activity included within these accounts is for the 16 weeks commencing 8 August 2013, The directors have prepared these financial statements for the purposes of reporting in connection with the secured fixed sterling and floating euro rate notes.

The Group has prepared the unaudited interim condensed consolidated financial statements under the historical cost convention in accordance with applicable accounting standards in the United Kingdom ("UK GAAP"). The accounting policies adopted are consistent with those applied in the audited annual report and consolidated financial statements of Vougeot Bidco plc for the period to 28 November 2013.

There are no comparative results presented for the prior period as the Group only commenced trading activity from 8 August 2013.

### 2 Intangible Fixed Assets - Goodwill

	£'000
<b>Cost</b>	
At 2 May 2013	-
Acquisitions	734,944
Foreign exchange movements	(396)
<b>At 28 November 2013</b>	<b>734,548</b>
<b>Accumulated amortisation</b>	
At 2 May 2013	-
Charged for the period	(10,859)
Foreign exchange movements	3
<b>At 28 November 2013</b>	<b>(10,856)</b>
<b>Net book value at 28 November 2013</b>	<b>723,692</b>

Goodwill relates to the purchase of 100% of the ordinary share capital in Vue Entertainment International Limited that was made on 8 August 2013, and to the purchase of 100% of the ordinary share capital in Multikino S.A. that was made on 30 September 2013.

## Vougeot Bidco plc

### Notes to the Financial Statements for the period ended 28 November 2013 (continued)

#### 3 Tangible Fixed Assets

	As at 28 November 2013 £'000
Net book value at 2 May 2013	-
Acquisitions	359,222
Additions	11,166
Disposals	(275)
Depreciation	(11,378)
Foreign exchange movement	(2,464)
<b>Closing net book value</b>	<b>356,271</b>

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

#### 4 Cash at bank and in hand

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

Restricted cash of £8,411k includes £3,956k of rental deposits held in relation to some of the Group's cinema sites. The remaining amount of £4,455k relates to amounts held for the purchase of the remaining minority interest in the CinemaxX AG subsidiary.

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 28 November 2013 (continued)

### 5 Loan Capital and Borrowings

	As at 28 November 2013 £'000
Revolving Credit Facility	1,983
Capitalised Issue Costs	(2,048)
Shareholder Loans	35,251
<b>Loans: amounts falling due within one year</b>	<b>35,186</b>
Secured Euro - Floating notes	241,365
Secured Sterling - Fixed notes	300,000
Capitalised Issue Costs	(12,743)
External Loans	509
Shareholder Loans	446,937
<b>Loans: amounts falling due after more than one year</b>	<b>976,068</b>
<b>Total Loans</b>	<b>1,011,254</b>

#### Senior Secured Notes

Senior secured fixed rate sterling denominated notes of £300m were issued on 18 July 2013 with a termination date of 15 July 2020. Interest is fixed at 7.875% and payable on a semi-annual basis. The full amount of the notes was received in cash as at 28 November 2013.

Senior secured floating rate euro denominated notes of €290m (£252m) 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. Of the cash received, €58,148k (£50,514k) was held in escrow to be used in the acquisition of Multikino S.A. and was repayable to the note holders had the acquisition not taken place. When the acquisition was completed, the cash was released from escrow. The full amount of the notes was received in cash as at 28 November 2013. An OID fee of €1,159k (£1,007k) was paid on the date of issue of the notes.

#### Revolving Credit Facility

The Group is able to draw down on a £50m multicurrency revolving credit and overdraft facility with Lloyds TSB bank plc. At 28 November 2013 the facility was £1,983k drawn down. The facility is available until August 2019. The facility bears interest at LIBOR, EURIBOR, CIBOR or WIBOR depending on the currency drawn down plus a margin of 3.5%.

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 28 November 2013 (continued)

### 5 Loan Capital and Borrowings (continued)

#### Swap Contracts

On 8 August 2013 the Company entered into two swaps with Lloyds TSB Bank PLC (Lloyds) and Normura International PLC (Nomura). Both swaps have a notional value of €115.9m and a termination date of 15 July 2016. Under the Lloyds swap the Company pays a fixed interest rate of 1.147%. Under the Nomura swap the Company pays a fixed interest rate of 1.027%. These swaps replaced the swaps held by the Vue Entertainment International Limited group taken out to hedge its bank facilities in place before the acquisition. A break fee incurred in relation to replacing the swaps was rolled into the rates applied on the new swaps taken out on 8 August 2013.

The Company entered into a currency swap to hedge the euro denominated cash flows resulting from the acquisition of the Vue Entertainment International Limited group. The swap was settled on 8 August 2013 when the acquisition took place and is therefore no longer in place at 28 November 2013.

#### Capitalised Issue Costs

Costs incurred in issuing the senior secured notes and the revolving credit and overdraft facility totalled £15,471k. The costs are capitalised and are allocated to the profit and loss account over the terms of the related debt facility. At 28 November 2013 borrowings are stated net of unamortised issue costs of £14,791k.

#### 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.

#### Shareholder loans due within one year

Shareholder loans relate to the German Trapped Cash Equity Bridge loan. The loan bears interest of 11.0% and has a termination date of 9 August 2033. The loan can be repaid earlier than that date if the remaining shares in CinemaxX AG not owned by the Group have been acquired, subject to a maximum payment of £38.0m for principal and accrued interest in total. Subsequent to the balance sheet date, agreement has been reached to acquire the remaining shares in CinemaxX AG and therefore the loan has been classified as due within one year.

#### Shareholder loans due after more than one year

Shareholder loans bear interest of 11.0% and have a termination date of 9 August 2033. Early repayment can be requested but not before the termination of the senior secured notes. All interest is capitalised on an annual basis to increase the value of the loan. At 28 November 2013 accrued interest totalled £13,937k.

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 28 November 2013 (continued)

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

	As at 28 November 2013 £'000
Trade creditors	24,720
Other tax and social security	1,283
Other creditors	4,239
Group relief payable	112
Finance leases	1,707
Accruals	62,147
Corporation tax payable	839
Deferred income	20,525
	<hr/> 115,572
Loans (net of unamortised issue costs)	35,186
Loans	<hr/> 35,186
	<hr/> <hr/> 150,758

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

	As at 28 November 2013 £'000
Deferred income	45,332
Other creditors	1,249
Finance leases	4,485
	<hr/> 51,066
Loans (net of unamortised issue costs)	<hr/> 976,068
Provisions for liabilities	41,118
	<hr/> <hr/> 1,068,252

# Vougeot Bidco plc

## Notes to the Financial Statements for the period ended 28 November 2013 (continued)

### 8 Provision for Liabilities

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

### 9 Analysis of Changes in Net Debt

	As at 2 May 2013 £'000	Cash flow £'000	Acquisitions £'000	Non cash movement £'000	Foreign exchange £'000	As at 28 November 2013 £'000
Cash in hand and at bank	-	248	56,309	-	(1,066)	55,491
Other Loans	-	214	(7,050)	-	175	(6,661)
Shareholders loans	-	(461,199)	-	(20,968)	-	(482,167)
Revolving Credit Facility borrowing	-	(1,983)	-	-	-	(1,983)
Senior Secured notes	-	(510,604)	(25,679)	(606)	10,316	(526,573)
	-	(973,324)	23,580	(21,574)	9,425	(961,893)

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

	Period ended 28 November 2013 £'000
<b>Operating profit</b>	<b>11,039</b>
Depreciation of fixed assets	11,378
Amortisation of goodwill	10,859
Non cash operating items	(8,938)
Increase in stock	(546)
Decrease in debtors	4,710
Decrease in creditors	(11,110)
<b>Net cash inflow</b>	<b>17,392</b>

# **Vougeot Bidco plc**

## **Notes to the Financial Statements for the period ended 28 November 2013 (continued)**

### **11 Taxation**

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

### **12 Financial Risk Management**

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