

VUE INTERNATIONAL BIDCO PLC

QUARTERLY REPORT TO NOTEHOLDERS

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

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

(the “Notes”)

€120,000,000 SENIOR TERM LOAN DUE 2023

Q3 2016 - PERIOD ENDED 25 August 2016

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PRESENTATION OF FINANCIAL DATA

On 12 August 2016 Vougeot Bidco plc changed its name to Vue International Bidco plc.

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

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

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

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

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

Comparative data for the 13 week trading period from 29 May 2015 to 27 August 2015 is reflected in information presented on an “As Acquired” basis, being the unaudited consolidated profit and loss account (page 10 of this report). The audited consolidated financial statements for Bidco for the period ended 26 November 2015 are available on the Vue Investor Relations website. A reconciliation between the Bidco As Acquired profit and loss account and the unaudited condensed consolidated profit and loss account is provided on page 11 of this report.

On the 20 August 2015 Vue International acquired 100% of the share capital of Jogchem Theatre B.V. and its subsidiaries outside of the Vue Restricted Group as defined by the Company’s indenture dated 18 July 2013 (“Indenture”). The business was subsequently rebranded to Vue Nederland (VNL).

On 29 July 2016 the investment in VNL was moved into the Vue Restricted Group. The group has applied predecessor accounting to the transaction as it represents a business combination between entities under common control. Accordingly, the Vue International Bidco plc consolidated statutory financial statements include the results of VNL as though it owned VNL from the date that the business was originally acquired. The As Acquired basis includes one month of VNL (August 2016) representing the period the business was moved into the ‘Restricted Group’ .

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

The Pro Forma financial information presented in this report has been derived from the consolidated financial statements of Bidco, and the pre-acquisition consolidated financial information of Tulip UK NewCo Limited and its subsidiaries which includes Vue Nederland B.V. (together “VNL”), adjusted to give pro forma effect to the €120m Term Loan B which was issued in July 2016, and the application of the proceeds therefrom. The transaction is deemed to have occurred on November 27, 2014 for the purposes of the income statement.

The Pro Forma financial information also includes the Pro Forma savings resulting from the strategic decision made by the board of directors of the Company to purchase certain digital equipment related to the projection of 3D Films. This decision will result in significant contractual savings in costs and an associated increase in consolidated EBITDA. The Company currently has license arrangements on rolling five year terms and where such licenses have terminated or will terminate within the next 24 months the Company has added back the associated cost savings in arriving at Consolidated EBITDA. As a consequence of this strategic decision we estimate that we will incur capital expenditure of £1.1m in respect of the licenses which expire over the next 24 months. Such capital equipment might result in maintenance costs but this is considered to be immaterial.

DISCLAIMER

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

Forward-Looking Statements

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

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

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

HIGHLIGHTS

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Major Territories Market GBOR	657.0	592.5	10.9%	2,237.7	2,081.8	7.5%
Vue Major Territories GBOR	122.0	112.2	8.7%	406.9	386.7	5.2%
Turnover	173.7	159.8	8.7%	576.3	546.4	5.5%
Consolidated EBITDA	19.0	19.6	(3.1%)	101.5	98.3	3.3%
Capital expenditure	8.3	5.7	45.4%	23.5	15.7	49.8%
Admissions (m)	18.2	18.2	0.3%	62.4	63.5	(1.8%)
Number of screens	1,875	1,853	1.2%	1,875	1,853	1.2%
Average ticket price ("ATP") (£)	6.26	5.75	8.9%	6.08	5.66	7.3%
Concession spend per person ("SPP") (£)	2.25	2.04	10.2%	2.08	1.93	7.6%

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

- Major Territories Market GBOR increased by 10.9% vs. Q3 2015 driven by a stronger international film slate, Vue Major Territories GBOR increased by 8.7% to £122.0m.
- Group Turnover increased by £13.9m (8.7%) to £173.7m.
- Consolidated EBITDA decreased by £0.6m (3.1%) vs Q3 2015 to £19.0m.
- ATP was up by 8.9% in Q3 2016.
- SPP was up by 10.2% in Q3 2016.
- The increase in capex in 2016 is attributable to timing of maintenance and higher spend on EBITDA enhancing projects.

OPERATIONAL AND FINANCIAL REVIEW

Markets

Market Admissions for Q3 2016 were up in UK by 5.4% compared to Q3 2015, down in Germany 7.8%, consistent in Italy, up in Poland 28.3% and up in Netherlands 14.8%. Market GBOR was up in UK 4.3%, Germany down by 8.3%, Italy down by 3.0%, Poland up by 32.3% and Netherlands up by 15.9%.

Turnover

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Total turnover	173.7	159.8	8.7%	576.3	546.4	5.5%
<i>Operational data</i>						
Admissions (m)	18.2	18.2	0.3%	62.4	63.5	(1.8%)
ATP (£)	6.26	5.75	8.9%	6.08	5.66	7.3%
SPP (£)	2.25	2.04	10.2%	2.08	1.93	7.6%
Total revenue per person (£)	9.53	8.79	8.3%	9.23	8.60	7.4%
Number of screens	1,875	1,853	1.2%	1,875	1,853	1.2%

Group Turnover for Q3 2016 increased by £13.9m (8.7%) to £173.7m driven by growth in ATP, SPP and higher admissions.

- ATP was up by 51p (+8.9%). All major territories delivered ATP growth.
- SPP was up by 21p (+10.2%) due to various price-pointing initiatives. All major territories delivered SPP growth.

In the 12 months to Q3 2016 a net total of 22 Screens were added to the circuit. This included two new openings in Poland (Jaworzo and Elblag) and the opening of a new 7 screen state of the art multiplex in Alkmaar, Netherlands, and the closure of an old 5 screen site in Alkmaar. In addition, the Vue UK/IR circuit opened a new site in Darlington in June 2016.

Cost of Sales

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Total cost of sales	(67.2)	(61.6)	(9.2%)	(220.2)	(208.0)	(5.8%)

Cost of sales increased by £5.6m, or 9.2%, to £67.2m in Q3 2016. Gross profit increased by 8.4% from £98.2m in Q3 2015 to £106.5m in Q3 2016. Gross profit margins were slightly lower in Q3 2016 due mainly to higher film rental costs caused by film mix.

Administrative Expenses (excluding rent)

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Total administrative expenses (excluding rent) ⁽¹⁾	(54.6)	(49.0)	(11.6%)	(160.5)	(149.6)	(7.3%)

Q3 2016 administrative expenses increased by £5.6m, or 11.6%, to £54.6m due mainly to the weakening of Sterling. As a % of turnover, administrative expenses increased from 30.6% in Q3 2015 to 31.5% in Q3 2016.

Rentals under Operating Leases on Land and Buildings

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Rentals under operating leases on land and buildings	(32.8)	(29.7)	(10.7%)	(94.1)	(90.4)	(4.0%)

Q3 2016 rent costs increased by £3.1m, or 10.7%, to £32.8m due primarily to unfavourable FX rates, indexation and increased number of sites, offset by lease regears.

Consolidated EBITDA

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Consolidated EBITDA	19.0	19.6	(3.1%)	101.5	98.3	3.3%

Consolidated EBITDA decreased by £0.6m, or 3.1%, to £19.0m against the same quarter last year.

Capital Expenditures

£m	Q3			YTD		
	Pro Forma			Pro Forma		
	2016	2015	% change	2016	2015	% change
Total capital expenditure (net of Landlords Contribution)	8.3	5.7	(45.4%)	23.5	15.7	(49.8%)

Capital expenditure was higher than 2016 due to new site openings and increased investment in EBITDA enhancing projects. Note that VNL is not included in the 2015 comparatives for capital expenditure.

Outstanding Indebtedness and Cash

As at 25 August 2016, Bidco's total third party borrowings were £733.4m (net of unamortised debt issuance costs of £0.8m), of which the Notes represent £592.9m, Senior Term Loan of £100.2m, other loans represent £41.0m. Drawings on the revolving credit facility were nil.

As at 25 August 2016 Bidco had total cash and cash equivalents of £95.5m comprising £88.5m of unrestricted cash and £7.0m of restricted cash relating to rental deposits.

Outlook

*Strong trading during September in most markets, with key releases including *Bridget Jones's Baby*; in the UK, Poland and Netherlands; with the delayed releases of *Finding Dory* and *Suicide Squad* performing well in Germany and Italy*

In the UK & Ireland market admissions in September 2016 up 27% on prior year, mainly due to the success of *Bridget Jones's Baby* grossing £26.5m

In Germany, market admissions in September 2016 down 32% on prior year mainly due to the success of *Fack Ju Göhte 2* in September 2015, *Suicide Squad* was the top grossing title in September 2016 with €5.3m GBOR

In Poland, market admissions in September 2016 up almost 26% on prior year. *Bridget Jones's Baby* was top grossing title in September 2016 with PLN12.4m

In Italy, market admissions in September 2016 down 11% on prior year. Top grossing title in September 2016 was *Finding Dory* with €11.1m GBOR

In Netherlands, market admissions in September 2016 up 17% on prior year. Top grossing title in September 2016 was *Bridget Jones's Baby* with €3.9m GBOR

November see the release of *Doctor Strange*, *Trolls* and *Fantastic Beasts and Where to Find Them*, Star Wars spin off *Rogue One* to follow in December

CONFERENCE CALL

There will be a conference call for investors at 2.00pm on 22 March 2017. Attendees must be registered with Vue Investor Relations (<http://corporate.myvue.com/Home/Investor-Relations>) in order to obtain instructions to attend the call.

Shortly after the conclusion of the call an audio recording will be made available for replay for 7 days.

Vue International Bidco plc Pro Forma Consolidated Profit and Loss Account (unaudited)
For the period ended 25 August 2016⁽¹⁾

	Bidco For the 13 weeks ended 25 August 2016	Bidco ⁽²⁾ For the 13 weeks ended 27 August 2015	Bidco For the 39 weeks ended 25 August 2016	Bidco ⁽²⁾ For the 39 weeks ended 27 August 2015
£m (unaudited)				
Pro Forma				
Turnover	173.7	159.8	576.3	546.4
Cost of sales	(67.2)	(61.6)	(220.2)	(208.0)
	106.5	98.2	356.1	338.4
Administration expenses (as per management)	(54.6)	(49.0)	(160.5)	(149.6)
Rentals under operating leases on land and buildings	(32.8)	(29.7)	(94.1)	(90.4)
Consolidated EBITDA	19.0	19.6	101.5	98.3
Non-cash/ non-recurring Items	0.3	(1.9)	(4.7)	(7.1)
Depreciation	(13.2)	(12.1)	(39.1)	(37.1)
Amortisation	(1.7)	(0.5)	(3.3)	(1.3)
Group operating profit/(loss)	4.4	5.2	54.4	52.8
Turnover	173.7	159.8	576.3	546.4
Cost of sales	(67.2)	(61.6)	(220.2)	(208.0)
	106.5	98.2	356.1	338.4
Administration expenses	(102.1)	(93.1)	(301.7)	(285.6)
Group operating profit/(loss)	4.4	5.2	54.4	52.8
Depreciation	13.2	12.1	39.1	37.1
Amortisation	1.7	0.5	3.3	1.3
EBITDA	19.4	17.8	96.8	91.2
Non-cash/ non-recurring Items	(0.3)	1.9	4.7	7.1
Consolidated EBITDA	19.0	19.6	101.5	98.3
Rentals under operating leases on land and buildings	32.8	29.7	94.1	90.4
Consolidated EBITDAR	51.9	49.3	195.6	188.8
Administration expenses (as per management)	(54.6)	(49.0)	(160.5)	(149.6)
Rentals under operating leases on land and buildings	(32.8)	(29.7)	(94.1)	(90.4)
Depreciation	(13.2)	(12.1)	(39.1)	(37.1)
Amortisation	(1.7)	(0.5)	(3.3)	(1.3)
Non-cash/ non-recurring Items	0.3	(1.9)	(4.7)	(7.1)
Administration expenses	(102.1)	(93.1)	(301.7)	(285.6)

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

² Restated from UK GAAP to IFRS

³ All numbers on this page include Vue Nederland as if it had been part of the results of the Group since the start of FY2015.

Vue International Bidco plc As Acquired Consolidated Profit and Loss Account (unaudited)
For the period ended 25 August 2016⁽¹⁾

	Bidco For the 13 weeks ended 25 August 2016	Bidco ⁽²⁾ For the 13 weeks ended 27 August 2015	Bidco For the 39 weeks ended 25 August 2016	Bidco ⁽²⁾ For the 39 weeks ended 27 August 2015
As Acquired				
Turnover	167.1	151.5	548.9	517.3
Cost of sales	(64.6)	(58.4)	(209.7)	(197.1)
	102.4	93.1	339.1	320.2
Administration expenses (as per management)	(52.2)	(46.5)	(154.9)	(144.6)
Rentals under operating leases on land and	(31.7)	(28.3)	(89.8)	(86.2)
Consolidated EBITDA	18.6	18.3	94.4	89.4
Non-cash/ non-recurring items	(0.3)	(2.1)	(3.3)	(4.5)
Depreciation	(12.5)	(11.2)	(36.6)	(34.8)
Amortisation	(1.6)	(0.4)	(2.8)	(1.3)
Group operating profit/(loss)	4.2	4.6	51.7	48.8
Turnover	167.1	151.5	548.9	517.3
Cost of sales	(64.6)	(58.4)	(209.7)	(197.1)
	102.4	93.1	339.1	320.2
Administration expenses	(98.3)	(88.5)	(287.5)	(271.4)
Group operating profit/(loss)	4.2	4.7	51.7	48.9
Depreciation	12.5	11.2	36.6	34.8
Amortisation	1.6	0.4	2.8	1.3
EBITDA	18.3	16.3	91.1	84.9
Non-cash/ non-recurring items	0.3	2.1	3.3	4.5
Consolidated EBITDA	18.6	18.3	94.4	89.4
Rentals under operating leases on land and	31.7	28.3	89.8	86.2
Consolidated EBITDAR	50.4	46.6	184.3	175.6
Administration expenses (as per management)	(52.2)	(46.5)	(154.9)	(144.6)
Rentals under operating leases on land and	(31.7)	(28.3)	(89.8)	(86.2)
Depreciation	(12.5)	(11.2)	(36.6)	(34.8)
Amortisation	(1.6)	(0.4)	(2.8)	(1.3)
Non-cash/ non-recurring items	(0.3)	(2.1)	(3.3)	(4.5)
Administration expenses	(98.3)	(88.5)	(287.5)	(271.4)

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

² Restated from UK GAAP to IFRS

³ The As Acquired basis includes one month for Vue Nederland for the Period ended 25 August 2016 and 1 week for the Period ended 27 August 2015.

Supplemental Information

Reconciliation of Bidco As Acquired to Vue International Bidco plc Condensed Consolidated Profit and Loss Account (unaudited)⁽³⁾ For the period ended 25 August 2016

	Bond reporting For the 13 weeks ended 25 August 2016	Adjs ⁽¹⁾	Statutory reporting For the 13 weeks ended 25 August 2016	Bond reporting For the 39 weeks ended 25 August 2016	Adjs ⁽¹⁾	Statutory reporting For the 39 weeks ended 25 August 2016
£m (unaudited)	As Acquired					
Turnover	167.1	6.6	173.7	548.9	27.4	576.3
Cost of sales	(64.6)	(2.6)	(67.2)	(209.7)	(10.5)	(220.2)
Gross margin	102.4	4.0	106.5	339.1	16.9	356.1
Administration expenses (as per management)	(52.2)	(2.1)	(54.3)	(154.9)	(10.3)	(165.2)
Operating lease rentals - land and buildings	(31.7)	(1.2)	(32.8)	(89.8)	(4.2)	(94.1)
Consolidated EBITDA	18.5	0.7	19.4	94.4	2.4	96.8
Non-cash/ non-recurring Items	(0.3)	0.3	-	(3.3)	3.3	-
Depreciation	(12.5)	(0.7)	(13.2)	(36.6)	(2.5)	(39.1)
Amortisation	(1.6)	(0.1)	(1.7)	(2.8)	(0.5)	(3.3)
Group operating profit/(loss)	4.1	0.2	4.4	51.7	2.7	54.5
Gross margin	61.3%		61.3%	61.8%		61.8%
Consolidated EBITDA margin	11.1%		11.1%	17.1%		16.8%
Turnover	167.1	6.6	173.7	548.9	27.4	576.3
Cost of sales	(64.6)	(2.6)	(67.2)	(209.7)	(10.5)	(220.2)
Gross margin	102.4	4.0	106.5	339.1	16.9	356.1
Administration expenses	(98.3)	(3.9)	(102.1)	(287.5)	(14.2)	(301.7)
Group operating profit/(loss)	4.2	0.2	4.4	51.7	2.7	54.5
Depreciation	12.5	0.7	13.2	36.6	2.5	39.1
Amortisation	1.6	0.1	1.7	2.8	0.5	3.3
EBITDA	18.3	1.1	19.4	91.1	5.7	96.9
Non-cash/ non-recurring Items	0.3	(0.3)	-	3.3	(3.3)	-
Consolidated EBITDA	18.6	0.8	19.4	94.4	2.4	96.9
Operating lease rentals - land and buildings	31.7	1.2	32.8	89.8	4.2	94.1
Consolidated EBITDAR	50.4	1.9	52.2	184.3	6.6	191.0
Administration expenses (as per management)	(52.2)	(2.1)	(54.3)	(154.9)	(10.3)	(165.2)
Operating lease rentals - land and buildings	(31.7)	(1.2)	(32.8)	(89.8)	(4.2)	(94.1)
Depreciation	(12.5)	(0.7)	(13.2)	(36.6)	(2.5)	(39.1)
Amortisation	(1.6)	(0.1)	(1.7)	(2.8)	(0.5)	(3.3)
Non-cash/ non-recurring Items	(0.3)	0.3	-	(3.3)	3.3	-
Administration expenses	(98.3)	(3.9)	(102.1)	(287.5)	(14.2)	(301.7)

¹ Adjustments include Vue Nederland for Statutory Reporting under Predecessor accounting guidelines, refer to Page 3 of this Report.

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

Registered number: 08514872

VUE INTERNATIONAL BIDCO PLC

UNAUDITED

FINANCIAL STATEMENTS

FOR THE 39 WEEKS ENDED 25 AUGUST 2016

VUE INTERNATIONAL BIDCO PLC

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

	13 Weeks ended	39 weeks ended	13 Weeks ended	39 weeks ended
	25 August 2016 £000	25 August 2016 £000	27 August 2015 £000	27 August 2015 £000
REVENUE	173,710	576,269	152,310	518,040
Cost of sales	(67,199)	(220,175)	(59,172)	(198,049)
GROSS PROFIT	106,512	356,094	93,138	319,991
Administrative expenses	(102,115)	(301,666)	(88,651)	(271,442)
OPERATING PROFIT	4,397	54,428	4,487	48,549
Other gains/(losses)	(33,644)	(53,861)	(7,003)	22,530
Finance costs	(31,647)	(95,471)	(27,349)	(81,546)
Finance income	23	96	24	79
LOSS BEFORE TAX	(60,871)	(94,808)	(29,841)	(10,390)
Tax	1,019	(9,051)	1,522	(4,569)
LOSS FOR THE PERIOD	(59,852)	(103,859)	(28,319)	(14,959)
Attributable to:				
Owners of the Company	(59,881)	(103,982)	(28,336)	(15,048)
Non-controlling interests	29	123	17	89
	(59,852)	(103,859)	(28,319)	(14,959)

All amounts relate to continuing operations.

VUE INTERNATIONAL BIDCO PLC

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

	13 Weeks ended 25 August 2016 £000	39 weeks ended 25 August 2016 £000	13 Weeks ended 27 August 2015 £000	39 weeks ended 27 August 2015 £000
LOSS FOR THE PERIOD	(59,852)	(103,859)	(28,319)	(14,959)
Exchange differences	24,542	45,218	4,728	(14,680)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(35,311)</u>	<u>(58,640)</u>	<u>(23,591)</u>	<u>(29,639)</u>

VUE INTERNATIONAL BIDCO PLC

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

	Notes	As at 25 August 2016 25 August 2016 £000	As at 26 November 2015 26 November 2015 £000
NON-CURRENT ASSETS			
Goodwill	4	823,794	798,131
Other intangible assets	5	28,954	25,656
Property, plant and equipment	6	358,817	349,139
Interest in joint ventures		311	247
Interest in associates		65	182
Deferred tax asset		36,950	38,281
		<u>1,248,891</u>	<u>1,211,636</u>
CURRENT ASSETS			
Inventories	7	4,469	5,041
Trade and other receivables	8	59,978	65,907
Cash and cash equivalents	9	95,535	53,841
		<u>159,982</u>	<u>124,789</u>
TOTAL ASSETS		<u>1,408,873</u>	<u>1,336,425</u>
CURRENT LIABILITIES			
Trade and other payables	10	124,500	136,536
Current tax liabilities			
Obligations under finance leases	11	2,190	2,235
Borrowings	11	-	192
Provisions		-	-
Derivative financial instruments		-	1,527
Deferred income		31,004	31,699
		<u>157,694</u>	<u>172,188</u>
NON-CURRENT LIABILITIES			
Borrowings	11	1,342,713	1,195,924
Deferred tax liability		8,880	8,403
Deferred income		50,018	50,035
Provisions	12	111,702	116,015
Obligations under finance leases	11	38,162	34,412
		<u>1,551,475</u>	<u>1,404,789</u>
TOTAL LIABILITIES		<u>1,709,169</u>	<u>1,576,977</u>
NET LIABILITIES		<u>(300,296)</u>	<u>(240,552)</u>
EQUITY			
Share Capital	13	4,718	4,718
Retained earnings		(311,418)	(250,123)
Share based payment reserve		6,284	4,743
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(300,414)</u>	<u>(240,663)</u>
Non-controlling interests		118	111
TOTAL EQUITY		<u>(300,296)</u>	<u>(240,552)</u>

VUE INTERNATIONAL BIDCO PLC

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

	Share Capital £000	Share Based Payment Reserve £000	Retained Earnings £000	Total £000	Non- controlling entity £000	Total Equity £000
Balance at 27 November 2014	4,718	2,688	(196,700)	(189,294)	51	(189,243)
Loss for the period	-	-	(28,310)	(28,310)	60	(28,250)
Other comprehensive losses for the period	-	-	(25,113)	(25,113)	-	(25,113)
Total comprehensive loss for the period	-	-	(53,423)	(53,423)	60	(53,363)
Share based payments	-	2,055	-	2,055	-	2,055
Balance at 26 November 2015	4,718	4,743	(250,123)	(240,663)	111	(240,552)
Loss for the period	-	-	(103,982)	(103,982)	123	(103,859)
Other comprehensive income for the period	-	-	42,688	42,688	-	42,688
Total comprehensive loss for the period	-	-	(61,294)	(61,294)	123	(61,171)
Share based payments	-	1,541	-	1,541	-	1,541
Dividend paid	-	-	-	-	(116)	(116)
Balance at 25 August 2016	4,718	6,284	(311,418)	(300,414)	118	(300,296)

VUE INTERNATIONAL BIDCO PLC

CONSOLIDATED CASH FLOW STATEMENT (unaudited)
FOR THE PERIOD ENDED 25 AUGUST 2016

	13 Weeks ended August 2016 Notes	39 weeks ended August 2016 £000	13 Weeks ended August 2015 £000	39 weeks ended August 2015 £000
NET CASH FROM OPERATING ACTIVITIES	14	32,126	76,552	13,813 66,049
INVESTING ACTIVITIES				
Interest received	21	94	24	79
Dividend received	119	134	-	-
Proceeds on disposal of property, plant and equipment	14	98	-	10
Purchases of property, plant and equipment	(9,542)	(26,197)	(5,729)	(17,161)
Landlord contributions	1,233	2,624	-	1,082
Investment in Subsidiaries/JV	(76,164)	(76,164)	-	-
Loss on Refinancing	2	2	-	-
NET CASH USED IN INVESTING ACTIVITIES		(84,317)	(99,408)	(5,705) (15,990)
FINANCING ACTIVITIES				
Interest paid	(17,952)	(41,230)	(16,183)	(37,780)
Settlement to minority interest	-	(593)	-	(69)
(Repayment)/receipt of borrowings	98,073	95,468	5,230	(40,523)
Amounts Paid to Group Companies	(136)	()	-	-
New Loan Fees Paid	(175)	(175)	-	-
NET CASH USED IN FINANCING ACTIVITIES		79,810	53,470	(10,953) (78,372)
NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS		27,619	30,615	(2,845) (28,313)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		61,058	53,841	41,112 61,349
Effects of foreign exchange rates		6,857	11,079	(10,184) (4,954)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		95,535	95,535	28,082 28,082

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

1. GENERAL

With effect from 12 August 2016, the name of the company was changed from Vougeot Bidco plc to Vue International Bidco plc.

2. BASIS OF PREPARATION

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

On the 20 August 2015 Vue International acquired 100% of the share capital of Jogchem Theatre B.V. and its subsidiaries outside of the Vue Restricted Group as defined by the Company’s indenture dated 18 July 2013 (“Indenture”). The business was subsequently rebranded to Vue Nederland (VNL). On 29 July 2016 the investment in VNL was moved into the Vue Restricted Group. The group has applied Predecessor Accounting to the transaction as it represents a business combination between entities under common control. Accordingly, the Vue International Bidco plc consolidated financial statements include the results of VNL as though it owned VNL from the date that the business was originally acquired.

The comparative results for the balance sheet refer to the annual unaudited IFRS balance sheet as at 26 November 2015 including Vue Nederland.

Explanation of transition to IFRS

Reconciliation of equity

	As at 26 November 2015 £000	As at 27 August 2015 £000	As at 27 November 2014 £000
Equity reported under UK GAAP	(198,206)	(176,018)	(112,009)
Adjustment to prior year - VNL	(1,080)	1,984	-
Equity reported under UK GAAP (Inc VNL)	(199,286)	(174,034)	(112,009)
Adjustments to equity on transition to IFRS			
1 Opening balance sheet adjustments	(77,234)	(77,235)	-
2 Rent Adjustments	1,647	1,251	(78,444)
3 Write-off negative goodwill	-	-	8,137
4 Reversal of goodwill amortisation	40,192	30,160	-
5 Recognition of finance leases	483	216	(16,495)
6 Recognition of interest rate swaps	1,686	1,318	(3,213)
7 Write-off of capitalised transaction costs	-	-	(1,645)
8 Bond valuation adjustment	(1,101)	(742)	2,131
9 Intangibles amortisation	(1,656)	(1,272)	(94)
10 Other adjustments	(155)	-	(433)
11 Foreign exchange differences	3,395	2,539	-
12 Deferred tax impact of above	(7,493)	390	12,821
13 Write off transaction costs within Goodwill (VNL)	(1,030)	-	-
Equity reported under IFRS (Inc VNL)	(240,552)	(217,409)	(189,244)

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

Notes to the reconciliation of equity

2. Write off of negative goodwill

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

3. Reversal of goodwill amortisation

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

4. Recognition of finance leases

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

5. Recognition of interest rate swaps

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

6. Write off of capitalised transaction costs

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

7. Bond valuation adjustment

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

8. Intangibles amortisation

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

9. Other adjustments

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

10. Foreign exchange differences

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

11. Deferred tax impact

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

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

Explanation of acquisition of Vue Nederland

Interim condensed consolidated Profit and Loss account
for the period ended 25 August 2016

	26 Weeks as reported May 2016	26 Weeks May 2016	13 Weeks ended 25 August 2016	39 weeks ended 25 August 2016
	Bidco ex VNL £000	VNL £000	Bidco inc VNL £000	Bidco inc VNL £000
REVENUE	381,779	20,780	173,710	576,269
Cost of sales	(145,086)	(7,890)	(67,199)	(220,175)
GROSS PROFIT	236,693	12,890	106,512	356,095
Administrative expenses	(189,221)	(10,330)	(102,115)	(301,666)
OPERATING PROFIT	47,472	2,560	4,397	54,429
Other gains/(losses)	(20,218)	-	(33,644)	(53,861)
Finance costs	(61,952)	(1,872)	(31,647)	(95,471)
Finance income	73	-	23	96
LOSS BEFORE TAX	(34,625)	688	(60,871)	(94,808)
Tax	(9,322)	(747)	1,019	(9,051)
PROFIT/(LOSS) FOR THE PERIOD	(43,947)	(59)	(59,852)	(103,859)
Attributable to:				
Owners of the Company	(44,047)	(53)	(59,881)	(103,981)
Non-controlling interests	100	(6)	29	123
	(43,947)	(59)	(59,852)	(103,859)

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

3. FINANCE COSTS

	13 Weeks ended 25 August 2016 £000	39 weeks ended 25 August 2016 £000	13 Weeks ended 27 August 2015 £000	39 weeks ended 27 August 2015 £'000
Senior secured notes and bank loans	12,114	35,628	11,515	34,896
Amortisation of capitalised issue costs	317	1,037	77	185
Shareholder loans - rolled up interest	18,964	57,182	14,781	44,218
Unwinding of discount factor on provisions	252	1,623	977	2,248
	31,647	95,471	27,349	81,546

Unrealised foreign exchange losses of £53,861k (2015: gain of £22,530k) arising on the translation of the euro denominated senior secured notes are included within other gains and losses.

4. GOODWILL

	£000
Cost	
At 27 November 2014	759,092
Addition	-
Adjustment to 2014 goodwill	48,125
Foreign exchange	(9,086)
At 26 November 2015	798,131
Addition	-
Foreign exchange	25,663
At 25 August 2016	823,794
Carrying amount	
At 25 August 2016	823,794
At 26 November 2015	798,131
At 27 November 2014	759,092

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

5. OTHER INTANGIBLE ASSETS

	£000
Cost	
At 26 November 2015	32,437
Addition	1,566
Foreign exchange	7,255
	<hr/>
At 25 August 2016	41,258
Amortisation	
At 26 November 2015	6,781
Charge for the period	3,334
Foreign exchange	2,190
	<hr/>
At 25 August 2016	12,305
Carrying amount	
At 25 August 2016	28,954
At 26 November 2015	<hr/> <hr/> 25,656

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

6. PROPERTY, PLANT AND EQUIPMENT

	As at 25 August 2016 £000	As at 26 November 2015 £000
Opening net book value	349,139	393,451
Additions	20,953	23,577
Disposals	(166)	(821)
Depreciation	(39,049)	(47,181)
Impairment charge	-	(2,610)
Foreign exchange movement	27,866	(15,858)
IFRS reclasses	-	(1,418)
Transfers	72	-
	<hr/>	<hr/>
	358,817	349,139
	<hr/> <hr/>	<hr/> <hr/>

7. INVENTORIES

	As at 25 August 2016 £000	As at 26 November 2015 £000
Finished goods and goods for resale	<hr/> <hr/> 4,469	<hr/> <hr/> 5,041

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

8. TRADE AND OTHER RECEIVABLES

	As at 25 August 2016 £000	As at 26 November 2015 £000
Trade receivables	25,907	25,363
Other debtors	6,923	15,776
Prepayments	27,148	24,769
	<u>59,978</u>	<u>65,908</u>

9. CASH AND CASH EQUIVALENTS

	As at 25 August 2016 £000	As at 26 November 2015 £000
Cash - unrestricted	88,576	48,248
Cash - restricted	6,959	5,593
	<u>95,535</u>	<u>53,841</u>

10. TRADE AND OTHER PAYABLES

	As at August 2016 £000	As at 26 November 2015 £000
Trade creditors and accruals	120,065	130,760
Taxation and social security	4,435	5,776
	<u>124,500</u>	<u>136,536</u>

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

11. BORROWINGS

	As at 25 August 2016 £000	As at 26 November 2015 £000
Unsecured borrowings at amortised cost		
Shareholder loans	649,784	658,553
	649,784	658,553
Secured borrowing at amortised cost		
Senior secured euro - floating notes	298,067	244,181
Senior secured sterling - fixed notes	294,865	293,983
Term Loan B	100,209	-
Finance lease liabilities	40,351	36,647
External loans	618	919
Unamortised capitalised bank fees	(827)	(1,521)
	733,282	574,209
Total	1,383,065	1,232,762
Amount due for settlement within 12 months	2,190	2,427
Amount due for settlement after 12 months	1,380,875	1,230,336

Senior Secured Notes

Senior secured fixed rate sterling denominated notes of £300m were issued on 18 July 2013 with a termination date of 15 July 2020. Interest is fixed at 7.875% and payable on a semi-annual basis.

Senior secured floating rate euro denominated notes of €290m (£229.7m) were issued on 18 July 2013 with a termination date of 15 July 2020. Interest is floating at three month EURIBOR plus a margin of 525 bps. Interest is payable on a quarterly basis. An Original Issue Discount fee (OID) of €1.2m (£1.0m) was paid on the date of issue of the notes.

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

Senior Term Loan Facility

A senior secured floating rate euro denominated term loan of €120m (£100.2m) 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.

Revolving Credit Facility

The Group is able to draw down on a £60m multicurrency revolving credit and overdraft facility with Lloyds Bank plc. On 1 July 2016, the facility was increased from £50m to £60m. At 25 August 2016 there were no drawings against the facility (2015: £nil). The facility is available until August 2019. The facility bears interest at LIBOR, EURIBOR, CIBOR or WIBOR depending on the currency drawn down plus a margin of 3.50%. On 30 June 2016, local Italian bank facilities of €15m expired.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

11. BORROWINGS (Continued)

Swap Contracts

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

Capitalised Issue Costs

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

Security

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

External Loans

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

Shareholder Loans due after more than One year

Shareholder loans bear interest of 11.0% and have a termination date of 9 August 2033. Early repayment can be requested but not before the termination of the senior secured notes. As at 25 August 2016 accrued interest totalled £168.8m (2015: £122.5m).

12. PROVISIONS

	As at 25 August 2016 £000	As at 26 November 2015 £000
Property provisions	109,687	114,294
Jubilee retirement	2,015	1,721
	111,702	116,015

	Property provisions £000	Jubilee retirement £000	Total £000
At 26 November 2015	114,294	1,721	116,015
Additions	-	75	75
Utilised during the period	(2,507)	(208)	(2,715)
Unwinding of the discount factor	1,371	-	1,371
Foreign exchange movement	(3,471)	427	(3,044)
At 25 August 2016	109,687	2,015	111,702

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

13. SHARE CAPITAL

	As at 25 August 2016 £000	As at 26 November 2015 £000
Allotted, issued and fully paid		
4,718,100 Ordinary shares of £1.00 each	<u>4,718</u>	<u>4,718</u>

14. CASH GENERATED FROM OPERATIONS

	13 Weeks ended 25 August 2016 £000	26 weeks ended 25 August 2016 £000	13 Weeks ended 27 August 2015 £000	26 weeks ended 27 August 2015 £000
Profit for the year	(59,852)	(103,859)	(28,319)	(14,959)
Adjustments for:				
Finance costs	31,624	95,374	27,325	81,468
Other gains and losses	33,644	53,861	7,003	(22,530)
Income tax expense	(1,019)	9,051	(1,522)	4,569
Depreciation	13,237	39,106	11,281	34,918
Amortisation of intangible assets	1,737	3,287	482	1,325
Increase/(decrease) in provisions and other non-cash items	(1,791)	(3,287)		(6,076)
Operating cash flows before movements in working capital	<u>17,580</u>	<u>93,533</u>	16,250	78,715
Decrease/(increase) in inventories	79	1,043	175	(213)
Decrease/(increase) in receivables	(1,114)	9,176	1,633	5,669
Increase/(decrease) in payables	<u>17,151</u>	<u>(20,897)</u>	<u>(2,549)</u>	<u>(12,626)</u>
Cash generated by operations	<u>33,696</u>	<u>82,855</u>	15,509	71,545
Taxation paid	<u>(1,570)</u>	<u>(6,303)</u>	<u>(1,696)</u>	<u>(5,496)</u>
Net cash inflow	<u><u>32,126</u></u>	<u><u>76,552</u></u>	<u>13,813</u>	<u>66,049</u>

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

15. ANALYSIS OF CHANGES IN NET DEBT

	26 November 2015		Fair value gains and losses	Exchange movements	Interest charges	Other non- cash movements	25 August 2016
	Cash Flow						
	£000	£000	£000	£000	£000	£000	£000
Cash and bank balances	53,841	30,615	-	11,079	-	-	95,535
Derivative Financial Instruments	(1,527)	-	1,527	-	-	-	-
Senior secured notes and loans	(536,860)	(101,104)	-	(23,621)	(30,108)	(617)	(692,310)
Shareholder loans Unamortised	(658,553)	(48,412)	-	-	57,182	-	(649,783)
capitalised bank fees	(919)	641	-	(165)	-	-	(443)
Finance leases	(36,647)	3,834	-	(7,539)	-	-	(40,352)
	(1,180,665)	(114,426)	1,527	(20,246)	27,074	(617)	(1,287,353)

16. TAXATION

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

17. FINANCIAL RISK MANAGEMENT

The interim condensed consolidated financial statements do not include the financial risk management information and disclosures required in annual financial statements. A description of major risk factors considered by the Group can be found in the audited annual report and financial statements of Vue International Bidco plc for the period to 26 November 2015, a copy of which is available on the group website (<http://corporate.myvue.com/home/investor-relations>).